



**Lambert
Smith
Hampton**

www.lsh.co.uk

Economic Assessment

In respect of the proposed development at

**Land and Buildings On The South Side Of High Street,
Former Debenhams Store, Staines**

On behalf of

Future High Street Living (Staines) Ltd

Prepared by: Lambert Smith Hampton

55 Wells Street
London W1T 3PT

Tel: +(0) 20 7198 2000
Date: 02/11/2022

Contents

1	INTRODUCTION.....	1
2	APPEAL SITE AND PROPOSAL	2
3	RETAIL MARKET OVERVIEW	4
4	STAINES-UPON-THAMES RETAIL CONTEXT.....	8
5	ECONOMIC BENEFITS.....	12
6	SUMMARY	18

1 INTRODUCTION

- 1.1 This Economic Assessment (EA) has been prepared by Lambert Smith Hampton (LSH) on behalf of Future Street Living Staines Ltd (the Appellant), in support the redevelopment of the former Debenhams Store in Staines Town Centre. The proposal seeks to redevelop the site to provide 226 Build-to Rent dwellings (Use Class C3) and commercial units (Use Class E) at ground floor.
- 1.2 The site is at prominent location with a corner frontage onto High Street and Thames Street.
- 1.3 Debenhams ceased trading within the building in January 2021 following the retailer's collapse nationwide. The building has remained vacant ever since.
- 1.4 The proposal will provide 226 flats and will retain Class E uses at ground floor, alongside car and cycle parking, hard and soft landscaping, amenity space and other associated infrastructure and works.
- 1.5 Planning permission for the scheme was refused by Spelthorne District Council ('the Council') in June 2022. In summary, the reasons for refusal related issues relating to heritage, design and scale, and affordable housing provision.
- 1.6 This EA assesses the potential economic benefits of redeveloping the site, which will bring a currently vacant site back into use. The assessment will explore benefits associated with supporting new residential living in Staines Town Centre and the spin off economic benefits, alongside job creation from the construction and operation stages, and an estimate of the Gross Value Added (GVA) contribution to Staines' economy.
- 1.7 The assessment is presented across the following report sections:
 - Section 2 provides a description of the site and the Appeal Scheme.
 - Section 3 of this report provides an overview of the retail market, the demise of the department store format and the retail context for Staines Town Centre.
 - Section 4 provides an overview of Staines-upon-Thames ('Staines') Town Centre's retail profile and wider town centre use profile.
 - Section 5 examines the potential economic benefits that will be generated from the Appeal Scheme.
 - Section 6 concludes the report.

2 APPEAL SITE AND PROPOSAL

Appeal Site

- 2.1 The appeal site (the 'Site') is situated within the town centre and comprises the former Debenhams building at 37 - 45 High Street. The Site has a prominent corner position fronting Thames Street (A308) to the west and High Street to the north.
- 2.2 The surrounding uses are predominantly retail, leisure and office with small pockets of residential in the town centre. Elmsleigh Shopping Centre and the Two Rivers Shopping Park are located close by.
- 2.3 The figure below illustrates the position of the Site (denoted by the red line) within in the town centre.

Figure 2.1: Site Location



Source: Site Location Plan (Dwg no. 21115-CW-XX-ZZ-A-DR-0301), Planning reference: 21/01772/FUL

Appeal Scheme

- 2.4 The proposal ('Appeal Scheme') seeks permission for the demolition of the former Debenhams Store and the redevelopment of site to provide 226 dwellings (Use Class C3) and commercial units (Use Class E) together with car and cycle parking, hard and soft landscaping, amenity space and other associated infrastructure and works.
- 2.5 The proposed residential dwellings will be contained within two 14 storey towers. Dwellings will comprise 106 (47%) one bed apartments and 120 (53%) two bed apartments all located above ground floor level. The tenure mix will include 199 (88%) market dwellings and 27 (12%) affordable homes.

2.6 The breakdown of the residential element is as follows:

Table 2.1: Composition of Residential Units

	No. units
1B1P	12
1B2P	94
2B3P	66
2B4P	54
Total	226

2.7 The commercial element will provide 406 sqm gross of active ground floor uses with the flexibility to support sub-uses within Use Class E, which is expected to support two units.

2.8 Other notable aspects of the scheme include the provision on-site outdoor (1,853 sqm) and indoor 181 sqm) amenity space.

Intended Occupiers for the Commercial Element

2.9 The proposed commercial floorspace will support town centre Class E uses, which could include a retailer, food and beverage (F&B) operator, personal or professional services, office, and certain types of leisure use.

2.10 The southern end of High Street where the Site is located is mainly made up of retail service and F&B offer. Therefore, it is reasonable to assume that the Appeal Scheme will attract similar uses, particularly a café, which are popular ground floor tenants within town centre residential schemes.

2.11 While the site has traditionally supported retail, we consider that retail use is less likely to appeal to the market on the basis that retail activity has gravitated to the Elmsleigh Centre and Two Rivers Shopping Park. However, the units could potentially appeal to retailers that seek out off pitch locations, such as cycle, furniture, and homewares retailers, and niche retailers.

3 RETAIL MARKET OVERVIEW

- 3.1 The retail sector has experienced continuous change over the last ten years as shopping habits have evolved, which has been accelerated as result of the COVID-19 pandemic and the current cost of living crisis. The biggest influence on retail market has been the growth in popularity of online shopping, which has impacted on the viability of many bricks and mortar stores in certain locations. This has led to a contraction in the demand and need for retail floorspace as retail multiples consolidate store portfolios in locations where their continued sustainability is more viable. It is accepted by many developers, commercial asset owners, and local authorities that town centres have an oversupply of retail floorspace.
- 3.2 The COVID-19 pandemic has inevitably had a dramatic impact on consumer spending and retail sales in 2020. Although consumer spending has been a key driver of economic growth since the BREXIT referendum in June 2016, there had been increasing signs pre pandemic that growth was starting to “soften”. For example, household spending slowed to an eight year low (+1.2%) in 2019 due principally to the impact of Brexit on consumer confidence. The latest figures show that household spending fell by over 20% quarter-on-quarter in the second quarter of 2020. This was the largest quarterly contraction on record and is attributed to the impact of the COVID-19 pandemic, particularly the effect of containment measures that limited spending potential and the impact on employment (i.e. job losses and furlough scheme). Spending on hospitality, travel and leisure was dramatically impacted during this period. Retail also suffered as businesses were forced to close; although this was partly cushioned by an increase in food and online purchases.
- 3.3 The latest Experian retail and leisure spend per head forecasts show for:
- Convenience goods: after a significant +8.2% growth in spend in 2020 from household spend on “essential” food and convenience goods during the pandemic, spend is forecast to drop by -3.7% in 2021 and by -2% in 2022 as convenience spend patterns return to “normal” conditions. Experian predict that annual (per capita) growth in convenience spend will “flatline” at around +0.1% from 2023 in to the foreseeable future (up to 2040). This rate is still an improvement on the historic long term trend (1997-2020) of -0.6% per annum.
 - Comparison goods: experienced less fluctuation in per capita growth than compared to convenience per capita growth. Growth rates dropped from 2.2% per annum in 2019 to 1.6% in 2020, with Experian forecasting a steady improvement on growth rates in 2021 (1.9%) and 2022 (2.1%) before settling at 2.8% up to 2028 and 2.9% in future years. Although, this growth forecast is significantly below the historic long term trend (1997-2020) of +5.1% per annum.
- 3.4 Clearly any further dampening of growth rates over the short to medium term due to the current cost of living crisis which will impact on the economic capacity forecasts identified by the study, as well as on the business models of investors and operators (including the demand for new space).

Online Shopping

- 3.5 The growth in non-store retail sales has undoubtedly had the most significant impact on consumer spend and behaviour over the last decade, and on our High Streets and traditional shops. ONS figures show that the value of non-store retail sales (including the internet) stood at £84.2bn in 2019 (in 2016 prices). This represented more than a four-fold growth from £17.1bn in 2006.
- 3.6 The latest Experian forecasts indicate that total SFT market shares will increase to 36.5% by 2040 (i.e. over one in every three pounds spent on retail in 17 years' time will be online). Comparison and convenience goods non-store retail sales are forecast to reach 40.2% and 25.7% respectively.
- 3.7 In terms of forecasting the potential capacity for new physical retail floorspace, Experian estimate that currently approximately 25% of all SFT sales for comparison goods and 70% for convenience goods are sourced through traditional ('bricks-and-mortar') retail space, rather than through 'virtual' stores and/or 'dot com' distribution warehouses. On this basis, Experian adjust their SFT market shares downwards, to 12.2% in 2018, rising to 19.3% in 2021 (boosted by online sales during the pandemic) before dropping back to 18.2% in 2022. SFT picks up again and is forecast to increase based on the adjusted rate to 22.5% by 2032 and 24.5% by 2040. In line with standard approaches these adjusted/recalibrated market share figures are preferred for retail capacity assessments.

Changing Retailer Requirements

- 3.8 The non-food retail sector has possibly experienced the most significant impact from the rise of online shopping over the last decade, which has impacted on business models and store viability. Many well-known retailers have either closed or have significantly reduced their store portfolios in town centre locations, which has set the trend for store closures and associated job losses.
- 3.9 National retailers with extensive high street store portfolios are struggling to maintain market shares and remain profitable in the increasingly competitive environment. The higher costs of trading from high streets compared with online and out-of-centre retailing, also means that it is not a "level playing field" and many high street businesses are burdened with rising debts. This is a further contributing factor to the significant number of store closures that have occurred over recent years. Although some retailers are better positioned to cope with the growth in online shopping, and the shifts in consumer behaviour and preferences, many are struggling to position themselves quickly enough to absorb rising costs/debt, and engineer the vital transition to a more technology-focussed business model. These trends and challenges will have been further exacerbated and accelerated by the pandemic.

Department Store Model & Redevelopment

- 3.10 The changing nature of retail and rapid growth in online shopping platforms has impacted on the traditional role of department stores. Once a town centre staple, the popularity of department stores has waned. Debenhams and House of Fraser were the first department stores to fall victim

to changing shopping habits, but now even department store giants John Lewis and Selfridges are reevaluating their role and purpose as retail destinations. Both retailers are now converting parts of some of their stores to other uses, such as residential and office. In the last few days Fenwicks announced the sale of their flagship department store on Bond Street, with the intention to relocate to a smaller unit. M&S also recently announced that it will close 25% of its bigger stores from 247 to 180 by 2028. While M&S has not specified what stores, it is understood that town centre department store formats (that retail clothing and homeware) will be prioritised for closure.

3.11 Generally, the department store format is becoming less viable for a number of reasons which were identified in a recent paper published by Chapman Taylor on their website¹. The paper quotes the following challenges:

- *“The online challenge – people no longer have the incentive to visit department stores that they once had, because they can find a wide array of goods at the touch of a button without leaving home, and often at a cheaper price.*
- *Rising overheads – the cost of maintaining a physical presence in the most expensive urban areas puts department stores at a further competitive disadvantage compared to online retailers.*
- *Tired environments – lack of investment means that many department stores retain the look and feel they had 30 or 40 years ago, and are often difficult to navigate. Downsizing is required for many, but they are often on long leases of between 30 and 50 years.*
- *Tired offers – fashions change quickly, but department stores have not proved adept at keeping up – which is a particular problem for those which rely heavily on fashion-influenced merchandise.*
- *The viewpoint from the industry is that department stores will need to downsize (in terms of retail space) and find alternative uses for either the upper floors or a part of the building.”*

3.12 With the above in mind, the potential to bring the former Debenhams building in Staines back into a single use for retail is no longer viable given the changes in the retail market and shopper habits.

3.13 Converting former department stores is also problematic given that the buildings have typically been designed to support large floorplates and without the need to rely on natural daylight to illuminate internal areas.

¹ <https://www.chapmantaylor.com/insights/repurposing-the-department-store>

3.14 The Chapman Taylor paper goes into further detail on the numerous constraints associated with department stores conversions, rather than taking a redevelopment option. The paper specifically identifies the following challenges to converting department stores to residential and office uses:

Residential	Office
<ul style="list-style-type: none"> • Single-aspect dwellings are generally discouraged in planning policy, particularly in north-facing façades, due to a lack of cross-ventilation and daylight • Single-aspect apartments should be a maximum of 7m-deep, and dual-aspect 10-11m. Therefore, an atrium is a likely solution, with rear bedrooms or kitchen spaces facing into the centre. Due to a fire escape strategy designed for retail floorplates, it is likely that the circulation spaces will be inefficient with areas not able to be used effectively. • Residential amenity space is normally required by planning authorities, as is cycle storage and refuse areas 	<ul style="list-style-type: none"> • Providing adequate daylight; with a single-aspect floor depth of over 7m, or double-aspect of over 14m, daylight provision would be difficult to resolve. • Rear access to back-of-house areas, it is likely that an atrium will be required, designed to a depth necessary to achieve an adequate daylight factor. • Floor heights are also a major constraint, and key to any feasibility study will be achieving a free height of at least 2.7m after installation of new mechanical ducting (perhaps 0.6m), and a raised floor (0.3-0.4m). • Providing a dramatic entrance experience, with direct access to lifts, and ancillary spaces such as kitchens and WCs

3.15 The above constraints will apply to the former Debenhams building in Staines. The structure and design of the building limits the potential to convert the building for alternative uses to retail, such as housing, which brings the benefit of helping to address (an assumed) housing need in Spelthorne District, supporting jobs, and generating expenditure for town centre businesses. Section 5 of the assessments considers these economic benefits further.

4 STAINES-UPON-THAMES RETAIL CONTEXT

- 4.1 This section provides an overview of Staines-upon-Thames ('Staines') Town Centre's retail profile and wider town centre use profile.
- 4.2 Socio economic data has been derived from Experian and PMA. Data that has informed the town centre's retail profile is also derived from PMA and Experian Goad. Data on vacancies has been obtained from the latest Experian Goad survey for the town centre (dated July 2022).

Catchment Profile

- 4.3 The age profile of the Staines Primary Retail Market Area includes a relatively high proportion of young adults aged 15-24. In contrast, children aged 0-14 are moderately under-represented within the Staines area. Between 2001 and 2011 the town's age structure fell broadly in-line with the PROMIS average.
- 4.4 Staines supports a relatively affluent catchment based on the Mosaic Consumer Profile published by Experian. Some 8% of all households in Staines are categorised in the top two affluent consumer expenditure brackets, which are identified as A – City Prosperity and B: Prestige Positions². Representation in these categories is much lower compared to averages for Spelthorne District (12%), Surrey (30%) and the South East (15%). However, the largest proportion of households in Staines is identified within the G: Domestic Success consumer classification. This group is defined by Experian as high-earning families who live affluent lifestyles in upmarket homes situated in sought after residential neighbourhoods.
- 4.5 In terms of retail expenditure per capita, in 2021 Experian estimate that residents in Staines spent on average £7,125 per annum (2021 Prices) on retail goods, which is higher than average per capita rates for Spelthorne District and the South East, but lower for Surrey.

Retail Profile

- 4.6 Staines Town Centre has a reasonable strong retail market that is largely supported by affordable/ value retail brands. The town has a number of popular high street anchors including Primark, H&M, Sports Direct, and Matalan, which are located within the Elmsleigh Centre. The shopping centre, which is owned by Spelthorne District Council is set across one floor and hosts a range of other value led brands.
- 4.7 Further retail is found within Two Rivers Shopping Park, which is owned by Abrn Property Investors. The centre comprises three retail terraces which comprise a mix of 'big box' format units and smaller F&B outlets. Two of the terraces are connected to High Street via Norris Road and Tilly's Lane. Key retail anchors include Lidl, Boots Chemist and Opticians, Marks and Spencer (Foodhall), Pets at Home, Hobbycraft, and Wilko. A Vue Cinema is located here and trade alongside a good range of popular F&B (TGIs, Nandos, Pizza Hut, Five Guys, Pizza Hut,

² 'A: City Prosperity' defined as households who work in high status positions, command substantial salaries, and are able to afford expensive urban homes. 'B: Prestige Positions' defined as affluent married couples whose successful careers have afforded them financial security and a spacious home in a prestigious and established residential area.

Zizzi). The third retail terrace is located beyond Mustard Mill and includes a large Next, TK Maxx, Furniture Village and Carpet Right. A Travelodge and McDonald's drive-through are located nearby.

- 4.8 According to PMA, Staines has broadly the expected volume and quality of retail provision, given the size and affluence of the shopping population.
- 4.9 New brands that have come to Staines in the past year include Sports Direct, Pets at Home, and Savers, while brands that have left Decathlon, Currys, Sharps, and Shoezone. This highlights trends across many other town centres and reflects the market commentary in Section 2 which is that growth in the market is being led by value/affordable retail brands.

Vacancies

- 4.10 According to PMA, the vacancy rates decreased in the majority of towns in the UK between Q2 2021 and Q2 2022, which was largely influenced by the take-up of units by independent retail and service businesses, and in some cases the conversion of retail to other uses (e.g. residential and office).
- 4.11 Experian Goad recorded 28 vacant units in the town centre in July 2022, which equates to a vacancy rate of 11.3%, which is below Experian Goad's UK average for town centres. The vacancy rate will be lower given that Experian Goad has counted Debenhams as a vacant unit.
- 4.12 A high proportion of vacant units in the town centre comprise larger floorplates of over 400 sqm. Some of the larger units include the Debenhams store (2,390 sqm), Elmsleigh Road (720 sqm), Elmsleigh Centre (1,230 sqm), N5 Two Rivers Shopping Park (1,570 sqm), S5A Two Rivers SP (440 sqm) and Unit 12 Two Rivers SP (490 sqm). 61 High Street (760 sqm). The figure below identifies where these larger units are positioned in the town centre.

Figure 4.1: Distribution of vacant units (July 2022)



Large vacant units (above 400sqm):

- 1. Debenhams store (2,390 sqm)
- 2. 61 High Street (760 sqm)
- 3. Elmsleigh Road (720 sqm)
- 4. Elmsleigh Centre (1,230 sqm)
- 5. N5 Two Rivers SP (1,570 sqm)
- 6. Unit 12 Two Rivers SP (490 sqm)
- 7. S5A Two Rivers SP (440 sqm)

Source: Experian Goad, July 2022

- 4.13 Whilst the vacancy rate is below average for Staines it should be noted that the current vacancy figures is an increase from 18 recorded by Experian Goad in July 2014 and reported in the

Council's 'Town Centres Study 2015'. This may indicate that the town centre has oversupply of retail accommodation; a theme across most town centres in the UK today. For Staines, the presence of large vacant units in the town's most popular shopping locations suggests that the retail market could be vulnerable.

Commercial Indicators

- 4.14 Estimates on commercial indicators are identified by PMA from various agent sources, which suggests that Staines achieved Zone A rents of to £75 psf in Q2 2022. This represents decline in prime rents since end 2017 of -21.1%.
- 4.15 By comparison with other centres in the sub-region Staines is achieving higher Zone A rents compared to Slough (£35 psf), Camberley (£45 psf), and Woking (£70 psf), but lower than stronger retail centres such as Bracknell (£85 psf), Windsor (£100 psf) and Kingston-upon-Thames (£185 psf).

Planned Retail Investment

- 4.16 Opportunities coming forward for new retail investment in Staines are mainly focused on the grocery sector. Currently there are plans to develop a Lidl foodstore on the former Hitchcock and King depot. We are not aware of any other investment plans for retail for Staines. This is expected given the state of the market

Competition

- 4.17 Staines will be competing with higher order centres within the region that are larger and provide a stronger retail and leisure offer. Notably, the Council's latest evidence base (Retail and Town Centre Study Update 2018) identified that Staines is competing for non-food catchment expenditure with Kingston in particular. However, given retail profile of Staines compared to other higher order centres we expect that the town is also competing with Windsor, Bracknell, Camberley, and Uxbridge. In respect to food shopping, data from the Retail and Town Centre Study Update 2018 indicates that town centre businesses are competing with out of centre foodstores in the Borough (Tesco Extra stores in Stanwell and Sunbury Cross).

Summary

- 4.18 Staines is considered to have a young and affluent catchment, which expenditure rates above average for Spelthorne District and the wider South East Region.
- 4.19 The town's retail offer is concentrated within the Elmsleigh Shopping Centre and Two Rivers Retail Park.
- 4.20 Staines' retail offer sits is best described as value to mid-market based on the type of brands currently present.

- 4.21 Vacancies in the town centre have grown in the last eight years, but still remain below the national average. Notably, a number of larger retail units are vacant and the increase in vacancies may indicate that the town has an oversupply of retail floorspace.
- 4.22 Linked to the above point, retail rental values have fallen considerably in Staines and the latest values are significantly lower than higher order retail centres but stronger than a number of sub-regional centres in the region.

5 ECONOMIC BENEFITS

- 5.1 This section examines the potential economic benefits that will be generated from the Appeal Scheme and taking account of a potential construction programme spanning Q1 2023 to Q1 2026.
- 5.2 Full scale operational activity including the occupation of the residential and commercial units is assumed from 2026 onwards.
- 5.3 The potential economic benefits that have been assessed are as follows:
- Potential retail and leisure expenditure generated from the operational phase to support local businesses;
 - Potential increase in employment levels in Spelthorne District and more locally, both:
 - In the construction phase (temporary), and
 - In the (permanent) – in terms of direct onsite and indirect offsite jobs
 - The assessment also looks qualitatively at potential catalytic impacts the scheme could have on the local economy.
- 5.4 The methodology for assessing the economic benefit categories is as follows:
- 5.5 **Population and expenditure:** The assessment quantifies potential available retail and leisure expenditure that will be generated by new residents of the scheme using data from the Office of National Statistics (ONS) and Experian. An assessment is then made on the potential for some of this expenditure to be spent in Staines Town Centre (i.e. retained expenditure).
- 5.6 **Construction Jobs:** Benchmark evidence has been used to broadly estimate the volume of construction jobs that could be created during the construction programme. This analysis is based on the potential number of construction jobs derived from the most recent construction cost estimate using a coefficient/ multiplier. Consideration is also given to the potential to support local apprentice and placement positions during the construction phase.
- 5.7 **On-Site Operational Jobs:** Relates to operational jobs associated with the building management and businesses trading within the ground floor commercial units. This analysis is based on a review of comparable operations elsewhere and accepted employment densities (for commercial uses).
- 5.8 **Off-Site (Indirect) Jobs:** Official guidance from UK government has been used to determine standard off-site multiplier effects in the local economy.

Residential Expenditure and Value to Staines Town Centre Economy

- 5.9 The Appeal Scheme will result in an increase in the town's resident population, in turn supporting the potential for town centre businesses to capture additional expenditure generated from new residents.
- 5.10 The proposal will provide 226 new homes within the town centre. The accommodation schedule in the table below identifies the maximum household size for the different unit sizes, which together could support a residential community of 614 persons based on the full occupation of the units.

Table 5.1: Estimated population of Appeal Scheme

	Persons/unit	No. units	Total Persons
1B1P	1	12	12
1B2P	2	94	188
2B3P	3	66	198
2B4P	4	54	216
Total			614

- 5.11 According to data from Experian, residents living in the Staines Electoral Ward spent on average £5,857 per head annually on retail goods in 2020. This value excludes sales made online and other sales that fall under Special Forms of Trading (SFT)³, but includes online sales that are sourced from physical stores. As such, it is expenditure that is estimated to be spent in physical stores and which we consider in this assessment.
- 5.12 On average residents spent £3,907 per head annually on a range of leisure activities in 2020. Of this total average leisure spend per head, we have identified that £2,283 per head would relate to expenditure on leisure activities offered in the town centre and that could potentially benefit operators in Staines Town Centre. This includes expenditure identified by Experian on food and beverage (i.e. dining and drinking out), cinema going, personal grooming establishments (e.g. hair salons, beauty salons, barbers, etc), gym and fitness facilities, and social protection services (e.g. nurseries, child care, home help, etc).
- 5.13 The table below summarises expenditure per head variables within the retail and leisure sectors. For retail expenditure rates, the table first identifies expenditure per head including SFT at 2020. It is then adjusted for 2020 to exclude SFT. Expenditure rates are then forecast to 2026 using national average annual expenditure growth rates identified by Experian Business Strategies in their Retail Planner Briefing Note 19 (published in January 2022). Convenience goods retail

³ Experian identify that in 2022 5.7% of convenience goods expenditure per head is spent on special forms of trading (SFT), which mainly comprises online sales. The percentage increases to 23.9% for comparison goods expenditure per head. The percentages account for sales of SFT goods to be sourced from physical stores. These SFT market shares increase annually for the forecast years. Estimates are sourced from Experian Business Strategies' Retail Planner Briefing Note 19 (published in January 2022).

decreased by -3.7% between 2020 and 2021, and by -2% between 2021 and 2022. From 2022, expenditure growth sits at 0.1%. Comparison goods expenditure is more steady and increased by on average +2% between 2020 and 2022 and is forecast to increase by +2.8% annually thereafter. Leisure expenditure growth surged post COVID-19 due to pent up demand from the closure of leisure businesses. Leisure expenditure grew by +21.9% between 2020 and 2021 and by +24.1% between 2021 and 2022 and is forecast to average at an annual growth rate of +1.1% thereafter.

Table 5.2: Average expenditure per head for retail and leisure in 2020 and 2026 – Staines Electoral Ward

	Including SFT*	Excluding SFT*	
	2020 £/head	2020 Retail £/head	2026 £/head
Convenience retail	£2,840	£2,688	£2,610
Comparison retail	£4,285	£3,169	£3,628
Total Retail	£7,125	£5,857	£6,238
All Leisure	£3,907	n/a	£6,169
Cultural services (e.g. cinema, theatre, etc)	£247		
Games of chance (betting shops, bingo, etc)	£232		
Hairdressing salons and personal grooming	£81		
Recreational and sporting services	£184		
Restaurants, cafes etc	£1,158		
Social Protection (e.g. home help, childcare, etc)	£381		
Town Centre Leisure Uses	£2,283	n/a	£3,604

Source: Experian MMG3 Software

Notes:

* SFT – Special Forms of Trading includes retail sales made online, catalogue shopping, telemarketing, temporary market stalls, etc.

Expenditure rates based on 2022 Prices. Retail expenditure per head rates are presented as including Special Forms of Trading and excluding it.

Town Centre Leisure excludes: accommodation services; education services, games of chance; insurance, and other leisure services (e.g. property transactions, bank charges, etc).

Expenditure per head projected to 2026 using annual growth rates identified in Experian Business Strategies' Retail Planner Briefing Note 19 (published January 2022).

Notes: Town Centre Leisure excludes: accommodation services; education services, games of chance; insurance, and other leisure services (e.g. property transactions, bank charges, etc).

- 5.14 If we assume that residents of the Appeal Scheme will have a similar rate of expenditure to those currently living in the Staines electoral ward and we assume full occupation of the residential units this would result in total available retail and town centre leisure expenditure of £6.04m in 2026.
- 5.15 Not all of this expenditure would be spent in the town centre, but it is reasonable to assume that businesses in the town centre have the potential to capture some of this expenditure.
- 5.16 There is no reliable up to date information on expenditure retention (i.e. the proportion of expenditure retained by businesses in Staines). Therefore, we have made assumptions based on typical market share retention for other similar locations where LSH have produced such evidence. Staines benefits from two supermarkets (M&S and Lidl) and a number of smaller

convenience outlets. Therefore, it is reasonable to assume that the town centre could retain at least 50% of the Appeal Scheme's available convenience expenditure. As the town centre's comparison retail pitch is geared towards value retail, we have assumed that town centre comparison retailers could retain 30% of the Appeal Scheme's comparison goods expenditure with the remainder spent in other parts of the district and beyond.

5.17 In respect to town centre leisure uses, we have assumed that leisure operators in the town could retain 30% of the Appeal Scheme's available leisure expenditure, particularly given that the town has a reasonably good range of leisure uses (e.g. Vue Cinema, branded F&B, etc).

5.18 The table below applies these market share retention rates to available expenditure to identify potential expenditure from the Appeal Scheme that could support businesses in Staines.

Table 5.3: Available and retained retail and town centre leisure expenditure based on full occupation

	Proposed Scheme Population 2026	Available Expenditure by Sector in 2026 (£m)	Expenditure Retained by Sector (%)	Retained Expenditure by Sector in 2026 (£m)
Population of Proposed Scheme	614			
Convenience Retail		£1.60	50%	£0.80
Comparison Retail		£2.23	30%	£0.67
Town Centre Commercial Leisure		£2.21	30%	£0.66
Total Available Expenditure		£6.04		
Total Potential Retained Expenditure				£2.13

5.19 As the table shows, residents of the proposal could generate a combined retail expenditure level of **+£2.13m** in 2026, which would increase in future years in line with forecast annual growth rates. Even if we were to assume that units were 50% occupied, this would still equate to over £1m in expenditure contribution to the town centre. It should be noted that expenditure retention figures quoted are based on expenditure retained in Staines Town Centre and so the value would be higher for the district as a whole.

5.20 The assessment demonstrates that residential uses would make a considerable strong contribution to the town's local economy, which will help to support employment in local businesses through increased demand for existing services. This would in turn generate indirect economic benefits such as supporting business supply chains.

Potential Increase in Employment Levels

Construction Employment

5.21 At the time of the assessment, a detailed breakdown of construction costs was not available and estimations on construction jobs has not been produced. Although final capital costs have not been calculated at this stage in the design process, an earlier assessment of construction costs at Q4 2021 estimated a value of £51,546,000 excluding fees and contingencies. If the Appeal is allowed then construction is estimated to start in 2024 and last for up to 2 years. Therefore in

assessing potential construction jobs in 2024 we have forecasted the construction cost value to 2024 based on Government Green Book indices guidance. This equates in an estimated construction cost value of £54,829,293 for 2024.

- 5.22 In the absence of estimates on construction jobs LSH has undertaken a high level assessment of potential construction jobs by applying a coefficients used elsewhere to assess construction job potential from new build projects in 2024. Using an assumed coefficient rate of 13.9 jobs per £1 million⁴ of construction cost would yield 761 construction jobs in 2024.
- 5.23 Whilst not all of these jobs will benefit local people or those living in the wider Spelthorne District we understand that the Appellant has engaged in with local authorities elsewhere to support job schemes for locals, specifically supporting local apprentices, job starts, graduate places and work experience placements. For example, for a development in Birmingham City Centre the Appellant agreed a 'Local Employment Delivery' scheme with the City Council to support 158 apprentices, job starts and placements. There is potential for the Appellant to enter into a similar scheme with the Council to generate opportunities to support and encourage locals to enter the construction workforce and benefit from training, which in turn will help those individuals to secure other construction jobs in the future.
- 5.24 Based on a GVA per construction employee of £50,625 in 2024⁵, it is estimated that the Appeal Scheme would generate an additional £38.51m for the economy.
- 5.25 Based on the indicative construction job value of 761 in 2024 it is estimated that the construction phase could support 1,498 indirect jobs⁶ in 2024.
- 5.26 In total, the Appeal Scheme could indicatively support up to 761 FTE construction jobs in 2024 and up to 1,498 off-site/ indirect FTE jobs based on an indirect job multiplier for the construction sector⁷.

Operational Employment

- 5.27 Upon completion, the Appeal Scheme will support operational jobs related to the management and maintenance of the building as well as operational jobs related to the commercial ground floor units.
- 5.28 The scheme will support direct employment opportunities related to on-site management, such as a building and maintenance manager, communal space cleaners, and others related to the

⁴ Based on a coefficient applied by One North East of 10.6 jobs per £1million and adjusted to 2022 using Government Green Book indices guidance. One North East value was sourced from an article authored by D. Forbes (Dundee University), M. El-Haram (Dundee University), M Horner (Dundee University), & Sandra Lilley (CITB-Construction Skills): Forecasting the number of jobs created through construction (January 2012).

⁵ GVA per construction job derived from 2024 GVA and construction job data for Spelthorne District obtained from Experian's UK Local Market Forecasts Quarterly.

⁶ Based on an FTE multiplier of 1.97 (round up to the nearest two decimal points) for the construction sector. Source: Blue Book 2018 (13 March 2019 release date). Note that rates have not been adjusted from the reference year (2015).

⁷ Based on an FTE multiplier of 1.97 (round up to the nearest two decimal points) for "Construction". Source: Blue Book 2018 (13 March 2019 release date). Note that rates have not been adjusted from the reference year (2015).

upkeep and security of the building. A paper produced by the British Property Federation estimated that Build to Rent (BtR) schemes typically generate 15 jobs for every 500 units⁸. Based on this, we estimate that potentially up to 7 jobs could be generated that are related to the management and maintenance of the Appeal Scheme. There will also be indirect employment related to the provision of services such as lettings and suppliers. Using a multiplier linked to the servicing of building it is estimated that the 7 operational jobs could generate 9 off site/ indirect jobs⁹.

5.29 For the ground floor commercial floorspace, an employment density of between 15 and 20 FTE jobs per net internal area (NIA) has been applied, which covers 'high street' retail, finance and professional services, cafes and restaurant uses. Based on an NIA of 406 sqm, this would generate between 20 and 27 new FTE jobs. Using an appropriate multiplier linked to retail trade this could potentially support up to 37 indirect jobs¹⁰.

5.30 In total, the Appeal Scheme could support between 27 and 34 FTE operational jobs and up to 46 indirect / off-site FTE jobs. It is assumed that direct operational FTEs are net additional jobs.

⁸ "Unlocking the benefits and potential of Build to Rent", BPF, Savills, Barclays, and reviewed by the London School of Economics, February 2017

⁹ Based on an FTE multiplier of 1.33 (round up to the nearest two decimal points) for "Services To Buildings And Landscape Activities". Source: Blue Book 2018 (13 March 2019 release date). Note that rates have not been adjusted from the reference year (2015).

¹⁰ Based on an FTE multiplier of 1.37 (round up to the nearest two decimal points) for "Retail Trade". Source: Blue Book 2018 (13 March 2019 release date). Note that rates have not been adjusted from the reference year (2015).

6 SUMMARY

6.1 The Appeal Scheme will give rise to a number of socio-economic benefits for Staines, Spelthorne District and the wider region.

6.2 These benefits are summarised as follows:

- The retail pitch of the town centre has gravitated to the Elmsleigh Shopping Centre and Two Rivers Retail Park, and there is limited potential to support the scale of retail offer that the Appeal Site previously supported. The Appeal Scheme will therefore help to reduce an over-supply of retail floorspace in the town centre and follows a nationwide trend for town centres in diversifying town centre uses.
- The Appeal Scheme will increase Staines Town Centre's population by a maximum of 614 persons based on the scheme's full occupancy rate, which by 2026 (when residential occupancy commences) will potentially generate over £6m in available retail and leisure expenditure related to town centre uses. Of this, it is estimated that over £2.13m could be captured by retail and leisure businesses in Staines Town Centre. There is also potential for other businesses in the Borough to capture additional available expenditure.
- A high level assessment of potential construction jobs indicate that the Appeal Scheme could generate 761 FTE construction jobs at the start of the construction phase in 2024, which could generate an additional £38.51m for the economy in 2024. The construction phase has the potential to generate 1,498 off-site/ indirect jobs.
- There is the potential for the Appellant to support local apprentices, job starts and placements through a 'Local Employment Delivery' scheme.
- The Appeal Scheme could support between 27 and 34 permanent operational jobs.
- A total of 1,498 indicative indirect FTE jobs could be supported from the construction phase and up to 46 indirect FTE jobs when operational.

6.3 Overall, the Appeal Scheme will support the redevelopment of a long term vacant site for a more sustainable primary use, which in turn will contribute to delivering new homes to Spelthorne District, supporting the local economy through new expenditure, and generating jobs.