

Agenda item:

Title of meeting: Cabinet

Subject: Portsmouth Retail Centres - Occupancy Report 2014

Date of meeting: 7th April 2014

Report by: Alan Cufley
Head of Corporate Assets, Business and Standards

Wards affected: All

1.0 Purpose

To update members on the current occupancy rates of the city's retail centres, set against the national & South East averages.

2.0 Background

2.1 Portsmouth, like many cities across the UK, has seen a change in consumer spending habits with technological advances and access to home computing and portable devices for electronic purchasing. It has also suffered as a result of the global economic downturn, with reduced spending by consumers and the closure of a number of large employers and retailers. Additionally the delayed development of the Northern Quarter has resulted in uncertainty and most likely has deterred retail investment. However, it has weathered the challenging economic climate better than many other similarly sized cities across the UK.

2.2 The continued investment by the city council in environmental improvements and support for events such as the Southsea Food Festival has helped maintain the attractiveness of the city's retail centres to shoppers. As such, Portsmouth continues to retain a high number of retail and service units within its centres, and occupancy rates around Portsmouth remain high year on year; with a healthy turnover of vacant units for commercial re-let.

North End - Widening of pavements to provide better pedestrian facilities has secured the performance of this important district centre.

Cosham - Traffic management measures, including a one way system allowed for the widening of pavements and the inclusion of seating provided much needed facilities for the High Street.

Southsea - Improvements to Palmerston Road commenced in 2006, with new planters and seating in the pedestrianized precinct has maintained occupancy levels and allowed the development of specialised markets.

Further retail benefits to the southern end of Palmerston Road will be fully realised when the gates are installed allowing use of this new pedestrian area.

Council support and investment into the Love Albert Road day ensured that the event was a great success

City Centre - The city centre interim project provided funds towards the refurbishment of the ever popular Jubilee fountain and funded the installation of new seating and new tree planting in the pedestrian precinct.

This project was essential to continue the environmental improvements following the successful Arundel Street project. It was approved to overcome the lack of the planned city centre improvements that were associated with the Northern Quarter development

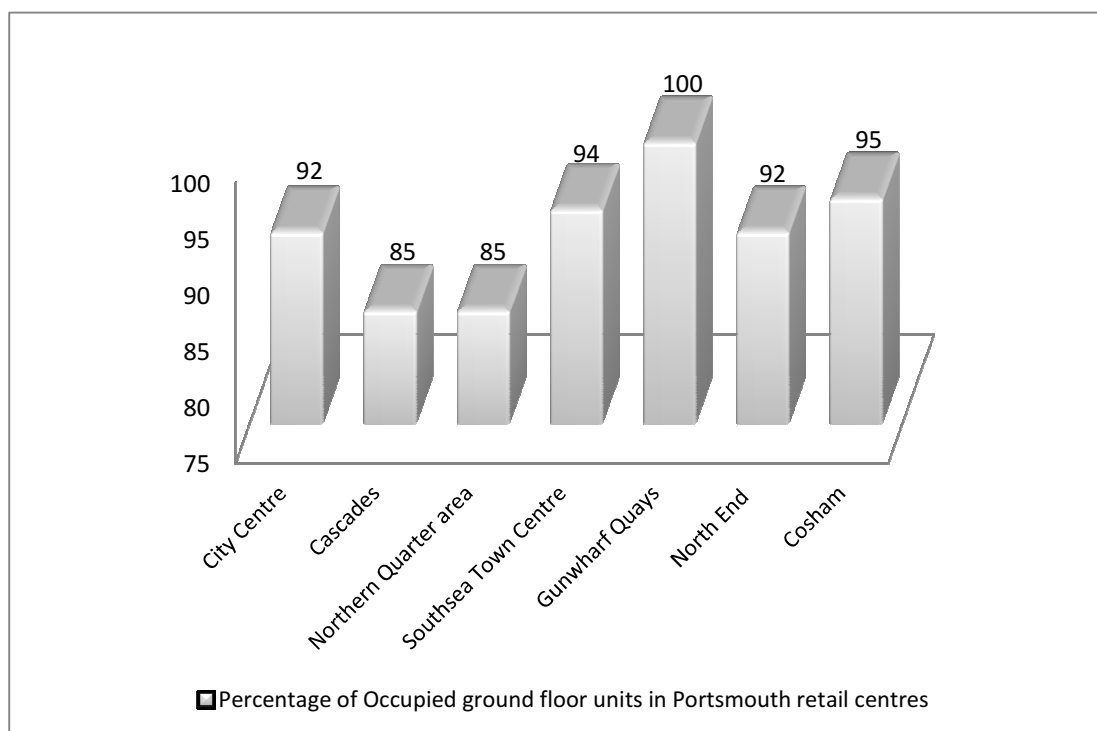
2.3 Figures compiled by Springboard Research show that, within the last financial year, occupancy levels have continued to slowly rise in retail centres across the UK, to a recorded national average of 88.9% in October 2013, with the South East seeing a slightly higher increase up to 89% for the same period. These figures continue to increase into January 2014, with the national average reaching 89%, set against a 90.3% rate for the South East.

3.0 Occupancy Statistics

3.1 Portsmouth, as a city, continues to remain above both the national and South East average occupancy levels. As of 25th March 2014, the occupancy percentages for the city's main managed retail areas ranges between 92% to 95% for occupied premises in the City Centre, Southsea Town Centre, Cosham and North End. The two main privately run centres, Cascades and Gunwharf Quays, came in at 85% and 100% occupied respectively. It is worth noting that the Cascades have opted to use a number of its lettable units for centre storage purposes, although these premises ultimately remain lettable units even if, as a centre, they are not actively marketed as such.

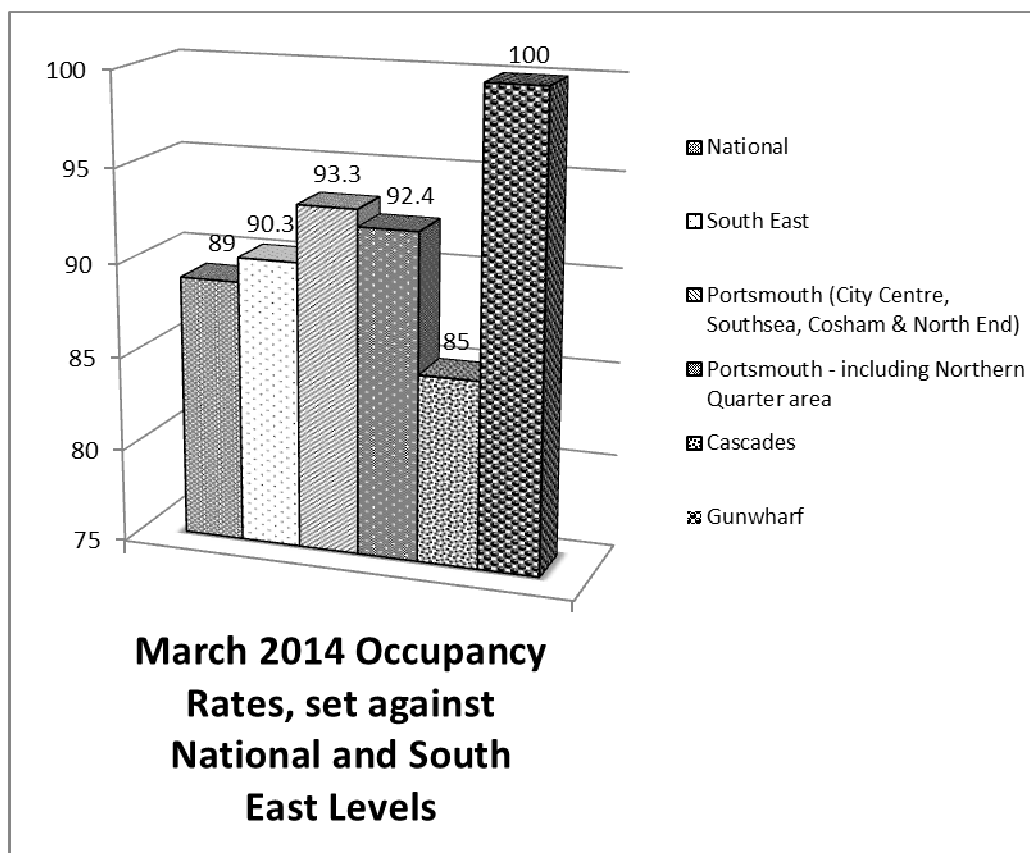
3.2 The tabulated Portsmouth occupancy statistics for the end year period are shown below in Figure 1: "Percentage of occupied ground floor units in Portsmouth retail centres", while Figure 2 shows "March 2014 occupancy rates set against National and South East levels".

Figure 1: Percentage of occupied ground floor units in Portsmouth retail centres



3.3 It is important to note that the occupancy figures for the City Centre are broken into 2 areas for the purpose of this report. The main count is the city centre area south of the proposed Northern Quarter development, which retains a current occupancy level of 92%. The section north of the HMV store, as far up as Sainsbury's, which is in the NQ development zone currently shows an 85% level of occupancy. While a number of these units are let on short term leases, with others currently being renovated for re-let, they are not included within the main count for the City Centre as their leases are not seen as attractive to a proportion of incoming tenants.

Figure 2: March 2014 occupancy rates set against National and South East levels



4.0 Summary

- 4.1 In summary, Portsmouth's occupancy levels have remained healthy over the past few years, sitting comfortably above the national and South East occupancy levels. Primarily this is due to a good turnover in vacant units, with national retailers continuing to commit to taking on larger vacant units and a diverse and vibrant mix of independent and start-up businesses moving into some of the smaller High Street and District Centre units.
- 4.2 While consumer spending continues to rise, and retailers' confidence to remain and increase their footprint in the High Street market strengthens, Portsmouth remains an attractive location for many to relocate and set up in through its continued prominence as a local and regional retail destination centre.
- 4.3 The ongoing environmental enhancement of centres, alongside the organisation of popular street based events in areas such as North End, Cosham, Palmerston Road helps put the shopper at the forefront of the drive to provide safe, clean and pedestrian friendly centres.

- 4.4 Investment to date can be seen to have resulted in better than regional and national vacancy rates. In addition, future plans for works in Osborne Road and the commitment to the Northern Quarter development, together with other city centre environmental enhancements, demonstrate the Council's ongoing investment to protect High Street shopping in Portsmouth for the medium and long term future.

- 4.5 It is expected that with this continued support, Portsmouth will increase its attractiveness to national retailers and continue to increase the retail footprint of the City as a whole, putting Portsmouth at the forefront of destination visits across the South Coast.

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Alan Cufley Head of Corporate Assets, Business & Standards

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

| Title of document | Location |
|-------------------|----------|
| None | |
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