CHASE & PARTNERS C&P

Dacorum Borough Council

Retailer Demand Assessment

in connection with

Proposed Developments at
Jarman Park and Maylands Avenue,
Hemel Hempstead

Dated

November 2015

Prepared at the offices of

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1.0 Introduction

1.1 Chase & Partners were instructed on 5 November 2015 by Dacorum Borough Council to report on whether there is sufficient retailer demand from prospective tenants to make either the proposed development at Jarman Park or the proposed development at Maylands Avenue, or both together, viable with or without planning controls/conditions.

1.2 Additionally, we have been asked for a professional view on whether implementation of either or both schemes would be likely to lead to retailers relocating from Hemel Hempstead town centre.

1.3 A copy of the letter of instruction is attached at Appendix 1.

1.4 Our report and findings are based on research and market knowledge. Given the time constraints placed upon us to prepare our report we have concentrated on retailer demand, the retail profile of the town centre and endeavoured to speak directly to retailers to ascertain their position.

1.5 In compiling our shortlist of retailers to contact, we identified those retailers who are established tenants on out of centre retail parks and also those comparison goods and convenience retailers identified by GOAD as “key attractors”.

1.6 We visited Hemel Hempstead on Friday 8th November, 2015 inspecting both application sites, the town centre and existing retail parks. During our inspection of the town centre we updated the street traders plan (Goad plan) and from this we have assessed the current vacancy rate within the town centre.

1.7 For the purposes of our report we have identified Hemel Hempstead town centre as that being represented by the GOAD plan. (Appendix 2)

1.8 We have also been provided with copies of Retail Reviews relating to both proposals prepared by Peter Brett Associates LLP.

1.9 The floor areas referred to in our report are Gross Internal Areas, unless specified.

2.0 Proposed Development Sites

2.0 The out of centre development sites, the subject of this report, are situated at Jarman Park and Maylands Avenue, both of which lie approximately one mile and two miles respectively to the east of Hemel Hempstead town centre. Both sites are accessed off the A414, which links the town centre with Junction 8 of the M1 motorway, a drive time of less than five minutes. The sites are located within one mile of each other, a drive time of less than two minutes. (Appendix 3)

2.1 Jarman Park, St Albans Road, Hemel Hempstead HP2 4JN

2.1.1 The 2.02 hectare site is located within Jarman Park, an established out of town leisure park and Tesco Extra food store, situated off St Albans Road (A414). The site is situated approximately one mile to the east of the town centre, being at the eastern end of Jarman Park, bounded by St Albans Road and Jarman Way. Jarman Park provides the following offer:

- Multiplex cinema – Empire Cinemas
- Ice Rink – Planetice
- Health and Fitness Club – The Gym
- Climbing Centre – The XC Centre
- Café – Subway
- Family Pub – The Hungry Horse
- Restaurants – Chiquito, Bella Italia, Coast to Coast, Nando's and Frankie & Benny's
- Drive-through restaurant – McDonalds
- Food store – Tesco Extra

2.1.2 The outline planning application was submitted by Ediston Properties Ltd on behalf of Tesco Pensions Trustees Ltd. Reference: 4/00424/15/MOA. The application was for the construction of Class A1 retail development (to include convenience and comparison retail floor space and ancillary café) and Class A3 drive-through cafe/restaurant unit (with ancillary takeaway) together with access, car parking, service yard and associated works.

2.1.3 The planning application sought outline planning permission for 10,305 sq m (110,925 sq ft) of A1 floor space split between convenience-food, gross floor space of 1,505 sq m (16,200 sq ft) (822 sq m / 8,848 sq ft net) and comparison non-food gross floor space of 8,800 sq m (94,725 sq ft) (8,000 sq m / 86,114 sq ft net) additionally an A3 café/restaurant drive-through (with ancillary takeaway) of 185 sq m (1,990 sq ft). This therefore seeks to extend the existing facility in terms of its current leisure and food store offer (which includes an element of non-food sales) and to add comparison non-food retailing to the user and tenant mix profile.

2.1.4 We note that the planning application was refused.

2.2 Maylands Avenue, Hemel Hempstead, HP2 7DF

2.2.1 The 6.4 hectare site is located at the junction of Maylands Avenue and Breakspear Way (A414). The site is situated approximately two miles to the east of the town centre and is vacant, having formerly been occupied as industrial premises by Lucas Aerospace.

2.2.2 A planning application has been submitted by Aviva Life and Pensions UK Limited, Reference: 4/01132/15/MOA. The outline application is for the construction of Retail Floorspace (Use Classes A1) measuring 12,503 sq. m (134,585 sq ft), Office Floorspace (Use Classes B1) measuring 3,004 sq. m (32,335 sq ft), Restaurants measuring 650 sq. m (7,000 sq ft), and associated car parking, access and landscaping works. This is therefore a new use for this site (previously industrial) plus an office facility to promote a mixed use offer.

2.2.3 A Planning Statement attached to the application prepared by Savills (UK) Ltd, informs us that the precise floorspace is yet to be finalised, with the layout and design of the floorspace reserved for subsequent approval. An indicative layout has been provided, "based on the anticipated demand for floorspace at the application site." Savills report outlines the detail of the proposed floorspace and uses as:

- A food store measuring 2,356 sq. m (25,360 sq ft) (GIA)
- Non-food retail units totalling 10,147 sq. m (109,225 sq ft) (GIA) to be configured as 7,102 sq. m (76,448 sq ft) at ground level and 3,045 sq. m (32,777 sq ft) at mezzanine level
- A three storey office building measuring 3,004 sq. m (32,335 sq ft) (GIA)
- Restaurant floorspace totalling 650 sq. m (7,000 sq ft)
- 553 car parking spaces and

- Minor amendments to an existing internal access road

2.2.4 Additionally the Planning Statement states that the proposed food store will be configured across ground floor level only and will be used for the sale of convenience and comparison goods, estimating a net sales area of the store at 1,414 sq. m (15,220 sq ft), of which 1,060 sq. m (11,410 sq ft) will be convenience (75%) and 353 sq. m (3,800 sq ft) comparison goods sales (25%). This will add an additional convenience food retail offer in Hemel Hempstead, reflecting current market trends.

2.2.5 The Planning Statement also outlines that an anchor tenant will be accommodated in the south-west corner of the site and this will be, "a high quality retailer selling a mix of furniture, homeware, garden and electrical goods and clothing and footwear. The operation would significantly enhance the retail offer of Hemel Hempstead by extending choice in terms of product range and retail format." The retailer is not identified by the applicant, but we suspect that it may be Next Home & Garden.

2.2.6 We are further informed in the Planning Statement that the, "other non-food units will all be large format and will accommodate business models that are associated with retail warehouse premises. The floorspace at the site will complement rather than compete with the more traditional retail premises located within Hemel Hempstead town centre." We do not support this view in the context of the original application without suitable conditions, as otherwise this proposal could represent a significant and unchecked retail facility, which in planning terms at least could replicate the town centre user profile. Savills have subsequently informed the council that Decathlon are a potential occupier and we have been able to verify this.

3.0 Current Retail Offer in Hemel Hempstead

3.1 The principal retail offer in Hemel Hempstead is focused within the town centre and a number of retail and leisure parks including Apsley Mills Retail Park, London Road Retail Park and Jarman Park. According to Property Market Analysis (PROMIS) Hemel Hempstead has approximately 70,604 sq m (760,000 sq ft) of retail space in the town centre. PROMIS describe the town as average and rank it at 149 of the 200 PROMIS centres. Properly Market Analysis reports that the town, "has broadly the expected volume and quality of retail provision, given the size and affluence of the shopping population." A copy of the PROMIS report, dated 10 November 2015 is attached at Appendix 4.

Hemel Hempstead Town Centre

3.2 The town centre is focused on The Marlowes, a pedestrianised street that runs north to south from Midland Road to The Riverside Shopping Centre. Retailing in the town centre is underpinned by two purpose built shopping centres, the fully enclosed Marlowes Shopping Centre (1990) and Riverside (2005), which is an open scheme. Anchor stores include Debenhams, Marks & Spencer and Primark, while there is strong representation from national multiple retailers including Next, Topshop, Boots, WH Smith, TK Maxx, River Island and New Look. Goad extracts are attached at Appendix 5.

3.3 The prime retail pitch has moved to the Riverside Shopping Centre since it was built with the result that the Marlowes, both in the pedestrianised sector and beyond has lost a number of retailers and now promotes a more secondary frontage and occupier mix. This is not uncommon in many UK towns and cities today.

3.4 G L Hearn prepared a Retail Study update for Dacorum Borough Council in October 2011. We have not been instructed to update this study or to undertake a health check of the town centre, however, in order to report to you we have visited the town centre and recorded the tenants in occupation and calculated the current vacancy rate.

3.5 Based on our street survey conducted on 6 November 2015, there are currently 246 units trading in Hemel Hempstead town centre. We set out in the table below the composition of the retailing trades:

Table 1 – Uses in Hemel Hempstead Town Centre

Category	No. of units	%	National Average %
Convenience	10	4.1%	8.1%
Comparison	110	44.7%	36%
Service	95	38.6%	43.8%
Miscellaneous	3	1.2%	
Vacant	28	11.4%	12.1%
Total	246	100%	100%

Source: Chase & Partners street survey, November 2015 and Experian Goad 2014

3.6 The above table divides the town centre retail uses into five distinct categories, which then enable analysis to be undertaken and comparisons to be drawn, between different town centres. The five categories which are as follows:

1) Convenience goods
2) Comparison goods
3) Services and
4) Miscellaneous
5) Vacant property

Convenience retailers such as butchers, grocers, fishmongers and supermarkets, supply the basic day to day goods that people require such as food, alcohol, tobacco and newspapers. Comparison retailers include those that specialise in items for the home such as DIY, furniture, homewares and white goods, personal goods such as clothes, footwear and chemists, or personal interests/hobbies such as books, sporting goods etc. Service retailers such as restaurants, hairdressers, banks and estate agents usually provide a service as opposed to the sale of goods. Miscellaneous includes trades such as Post Office and information offices. Vacant units and floorspace are self-explanatory.

3.7 Table 1 shows that at 4.1%, the number of convenience stores in Hemel Hempstead is below the UK average of 8.1%. This would suggest that most convenience retailing in Hemel Hempstead has moved out of town, Sainsbury's and Tesco both trade from out of town stores. However, within the town centre, Asda, Iceland and Tesco Express have a strong presence and provide butchery, bakery, fishmongers and off licences which otherwise have limited representation elsewhere within the town centre.

3.8 The level of comparison retailers in Hemel Hempstead is well above the national average at 44.7% compared with 36% in the UK. The majority of comparison/convenience retailers are national multiples and include Debenhams, Marks & Spencer, Next, Boots, W H Smith and Primark who provide the town centre with a strong draw.

3.9 The proportion of service retailers is slightly below the national average of 43.8% at 38.6%.

3.10 Our survey shows that comparison retailers occupy the largest proportion of units within Hemel Hempstead. The proportion of comparison goods retailers within any centre provides a good indication of its health. Most comparison goods are reasonably expensive and consequently only those centres which attract affluent, spending shoppers will be able to support large numbers of comparison goods retailers. Therefore, the proportion of comparison retailers in Hemel Hempstead is indicative that the town is in reasonable health.

3.11 The vacancy level in Hemel Hempstead is slightly below the national average. We have calculated that the current vacancy rate is 11.4% whilst the Local Data Company has recently reported that the national vacancy rate is 12.9%. This is also an indicator that the town is in reasonable health, at about average.

3.12 It should be noted, however, that during our inspection of the town centre, a number of units that we have noted as being occupied do appear to have been let to temporary tenants. If these temporary lettings are short term then the vacancy rate within the town centre could well be higher than the reported figure. It is difficult to assess which units are occupied by temporary traders but from our inspection we would estimate that perhaps as many as ten properties are occupied on a temporary basis, mainly within The Marlowes Shopping Centre. This figure, in our opinion, does not raise cause for concern but is standard throughout the majority of town centres of this size in the UK at present.

3.13 In addition to the mix of users, the level and quality of existing retail representation provides an additional measure of the strength of any centre and illustrates the desire of the retailers to be located there. National multiples, department stores and variety stores are usually much larger organisations than independent retailers with higher turnovers and profit margins. They are well known to consumers and consequently are able to achieve higher sales densities and to pay higher rents. Therefore, when a desirable retail unit becomes available within a town where they have a requirement it will often be acquired by a multiple retailer.

3.14 Experian Goad has identified a number of multiple retailers as being “key attractors”. Our recent town centre survey revealed that of the 30 GOAD key attractors, 23 are represented within Hemel Hempstead, including Debenhams, Marks & Spencer, Argos, Boots, TK Maxx, Tesco, H&M, New Look, Primark, Topshop and Next. Again, this is a positive indicator of the town being in reasonable health. The Goad key attractors who are not represented within Hemel Hempstead include BHS, House of Fraser and John Lewis, but they are unlikely to be represented within a town of this size.

3.15 It is important for a town to have a variety and mix of multiples and independent retailers and at present Hemel Hempstead does offer a wide range mix of multiple and independent retailers.

3.16 The development of the Riverside Shopping Centre to the southern end of the High Street provided modern retailing facilities following the completion of the development in 2005 and this has strengthened the retail offer in the town centre, but moved retail pitch. The scheme has attracted a number of multiple retailers including a Debenhams department store and many fashion retailers including H&M, Next and Topshop/Topman. This shopping centre did take some time to let, however, with one unit still available. Topshop/Topman and Clarks have only recently relocated into Riverside from The Marlowes Shopping Centre, while Toys R Us opened as recently as October 2015.

3.17 The Marlowes Shopping Centre is somewhat older than Riverside having been constructed in October 1990. The scheme has seen a number of vacancies in recent years and most recently Topshop/Topman and Clarks have vacated. As it re-positions itself within the retail hierarchy of the town, The Marlowes has attracted a number of new tenants including The Entertainer, Poundworld and Pep & Co, whilst it remains anchored by Marks & Spencer, Wilko and New Look. There are likely to be opportunities within this shopping centre to reconfigure accommodation if and when it becomes vacant, to meet current retailers' needs and adjust the tenant and user mix.

3.18 The freehold investment in The Marlowes Shopping Centre was sold in September of this year by Standard Life Investments to Capital & Regional. It has been reported that the purchaser paid £40million showing a net initial yield of 8%. Standard Life originally purchased the investment in July 2003 at a figure of £68.5million, showing a net initial yield of 7.3%. There has been an obvious fall in capital value of this shopping centre during this 12 year period, reflecting the positioning of the Marlowes in the retail hierarchy and the increased competition that this scheme has faced since the opening of Riverside. The landlords of the town centre shopping centres may object to any out of centre proposals. Therefore the planning applications for out of centre retailing do need to be carefully considered and appropriate conditions attached to give the town centre a degree of protection. We will consider the planning conditions that have been suggested later in this report.

3.19 Edmonds Parade and Stephyns Chambers, 212-254 Marlowes and 2-8 Bank Court, an unbroken shopping parade within the town's prime retail pitch has recently been placed on the market. Tenants include Caffe Nero, Vodafone, 02, National Westminster Bank, Maplin Electronics, Claires Accessories, Trespass and Robert Dyas. The current income is £868,430 per annum. A price of £9.62 million is being quoted for this freehold and long-leasehold interest, showing a net initial yield of approximately 9.00%. A copy of the sales particulars is attached at Appendix 6.

3.20 The yields paid and quoted for these investments reflect Hemel Hempstead's position in the retail hierarchy at present and are somewhere higher than one may expect. The town faces strong competition from nearby Watford in particular, which is classified as a major regional centre and benefits from a John Lewis department store. Additionally, both Brent Cross and Milton Keynes are also within access of Hemel Hempstead residents and this competition does appear to result in leakage of the shopping catchment and reduced tenant demand. Additional out of centre retail facilities could help to reduce leakage from Hemel Hempstead.

3.21 Dacorum Borough Council has been pro-active in its efforts to improve the quality of offer and environment within Hemel Hempstead town centre through its "Hemel Evolution" strategy. The council has, "focused on revitalising the town centre with the ultimate goal of increasing its prosperity and celebrating and conserving its heritage for future generations." Hemel Evolution identified a number of key locations in the town centre for regeneration and the Hemel Hempstead Town Centre Masterplan to strengthen and diversify the town centre economy and create a quality environment is currently being progressed, providing a vision to 2031.

3.22 During our inspection we noted that this work is ongoing with enhancements to the public realm, including an upgrade to the fabric of the Marlowes. This investment will be critical for the future health and longer term success of the town centre as a retail destination. We understand that this strategy is not without its challenges, especially given the impact of the recent recession on retailing in the UK generally.

3.23 Town centres need to be attractive to shoppers, offering a wide range of choice, easy access by both public and private transport and provide a welcome environment. Town centres evolve and today they must be able to respond and adapt to meet changing shopping patterns and compete with multi-channel retailing.

Out-of-centre retailing

3.24 The majority of out-of-town retail accommodation is situated to the south of the town centre on London Road.

3.25 Apsley Mills Retail Park is the largest out-of-town scheme in Hemel Hempstead, providing 9,073 sq m (97,661 sq ft) and is occupied by Argos Extra, Carpetright, Curry's/PC World Superstore, Homebase and Wren Living. The park sits directly adjacent to a Sainsbury's foodstore. This is a relatively small scheme in real terms.

3.26 Halfords, McDonalds, Pets at Home and Staples are located at London Road Retail Park which totals 3,369 sq m (36,263 sq ft).

3.27 Dunelm and Wickes sit on effectively solus sites on London Road, close to both Apsley Mills Retail Park and London Road Retail Park.

3.28 B&Q is located at Two Waters Road, Hemel Hempstead in a store that we understand is 2,887 sq m (31,080 sq ft).

3.29 Jarman Park also provides an out of centre facility but is principally a leisure scheme with a Tesco Extra foodstore adjacent.

3.30 We are of the opinion that the out of centre retail offer in Hemel Hempstead is limited in comparison with similar towns, a view shared by Property Market Analysis. PROMIS estimate total existing retail warehouse supply in Hemel Hempstead at 25,083 sq m (270,000 sq ft), but fragmented, ranking 176 of the PROMIS centres, below the PROMIS average. They report that, "most goods categories are under-represented... particularly Child/Sport, Fashion/Other High Street and Furniture/Furnishing goods." We comment on this later within this report.

4.0 Retail Requirements

4.1 In order to assess current retailer demand for out of centre retailing on the basis as instructed by the Council, we have undertaken our own research, contacting retailers directly by telephone and/or email. Where we have not received responses in the short space of time that has been available to us to undertake our survey, we have utilised our market knowledge to assess their position.

4.2 We set out in Table 2 a list of the retailers that we have endeavoured to contact as part of our survey. This target list has been based upon those retailers who are established tenants on out of centre retail parks and also those comparison goods and convenience retailers identified by GOAD as "key attractors" who one could expect to locate in a town such as Hemel Hempstead.

Table 2 – Retailers Surveyed

Retailer	Retailer	Retailer
Aldi	Go Outdoors	Poundstretcher
Arcadia	Halfords	Poundworld
Argos	Harveys	Primark
B&M Bargains	Hobbycraft	River Island
B&Q	Home Bargains	ScS Furnishings
Bathstore.com	HomeSense (TK Maxx)	Smyths Toys
Benson's For Beds	House of Fraser	Sofa Workshop
Boots	IKEA	Sofaworks
Brantano	JD Sports	Sports Direct
Carpetright	John Lewis @Home	Store 21
Carphone Warehouse	Laura Ashley	Superdrug

Clarks	Lidl	Tapi
Cotswold Outdoor	Maplin Electronics	Tile Giant
CSL	Marks & Spencer	TK Maxx
Currys	Matalan	Topps Tiles
Debenhams	Mothercare	Toys R Us
Decathlon	Multiyork	Waitrose
Deichmann Shoes	New Look	Waterstones
DFS	Next Home	WH Smith
Dreams	Oak Furniture Land	Wickes
Dunelm Soft Furnishing	Paul Simon	Wilko
DW Sports & Leisure	PC World	Wren Living
Evans	Peacocks	
Furniture Village	Pets at Home	
GAP	Poundland	

4.3 We set out in Appendix 7 details of those retailers who have confirmed that they would consider an out of centre opportunity in Hemel Hempstead, should a suitable opportunity be promoted and delivered.

4.4 We have identified potential demand for approximately 39,222 sq m (422,200 sq ft) of accommodation at ground floor with a further requirement for 9,336 sq m (100,500 sq ft) of mezzanine floorspace and 2,973 sq m (32,000 sq ft of garden centre accommodation. Retailers who have confirmed demand include: Arcadia who would take a store of 10,000 sq ft with a 8,000 sq ft mezzanine; Marks & Spencer Simply Food who require 11,000 sq ft at ground floor and a 5,000 sq ft mezzanine; Next Home & Garden 25,000 sq ft ground floor and 50,000 sq ft on two upper floors plus garden centre; Bensons Beds 5,000 sq ft ground floor; Go Outdoors 30,000 sq ft ground floor; Aldi 18,700 sq ft ground floor; Lidl 26,500 sq ft – 29,000 sq ft ground floor; Oak Furniture Land 10,000 sq ft ground floor.

Bulky Goods Demand

4.5 Bulky goods demand is limited to some 10,637 sq m (114,500 sq ft), with 1,858 sq m (20,000 sq ft) for mezzanine and 2,323 sq m (25,000 sq ft) garden centre. This limited demand is not unexpected, as the retail market for bulky goods uses has changed and declined in recent years and a number of bulky goods retailers are already represented within Hemel Hempstead including; Carpetright, Currys/PC World, Homebase, Wren Living, Wickes, Halfords and Pets at Home and Staples.

4.6 Of those bulky goods retailers who have confirmed requirements, both B&Q and Dunelm are already represented in Hemel Hempstead.

4.7 B&Q informed us that they trade reasonably well from their current location at Two Waters Road, but their premises are under sized and the layout is compromised. Ideally they require a store of 4,645 sq m (50,000 sq ft) plus a garden centre. They have 3 or 4 years remaining on their lease and they would therefore consider relocating if a suitable opportunity comes forward.

4.8 Dunelm informed us that they over-trade from their existing store on London Road and that they would relocate to a store providing them with 2,044 sq m (22,000 sq ft) at ground floor and a 1,858 sq m (20,000 sq ft) mezzanine. However, they also stressed that any relocation would be conditional upon disposing of their existing leasehold interest as they have ten years to expiry.

Open A1 Demand

4.9 Of the retailer demand identified, the majority of ground floor accommodation, 29,421 sq m (316,700 sq ft), is for Class A1 retail use. Of this, 78%, 23,039 sq m (248,000 sq ft) is for comparison retail with the remaining 22%, 6,382 sq m (68,700 sq ft), for convenience retail.

4.10 Comparison retail demand is for fashion/clothing, discount variety stores, footwear, sportswear and cycle shop uses. Fashion retailers who have confirmed requirements include Arcadia for their Outfit fascia, JD Sports, Matalan and Next.

4.11 The Outfit is Arcadia Group’s out of centre clothing and fashion format and they would be a new entrant to Hemel Hempstead. Their parent company, Arcadia Group, already operates a number of fascias in the town centre including Topshop/Topman and Evans. They informed us that it would be their intention to retain Topshop/Topman in the town centre, but, in any event, Evans is likely to close at the termination of the existing lease.

4.12 JD Sports trade within the Marlowes Shopping Centre and they informed us that they would trade from both locations.

4.13 Next currently trade from a store in Riverside Shopping Centre, where they have 1,300 sq m (14,000 sq ft) over 3 levels with a net trading area of 743 sq m

(8,000 sq ft). The lease expires in 2020. Next have informed us that they do have a requirement for an out of centre store and that either location, Jarman Park or Maylands Avenue could be suitable for them. Their requirement is for their Next Home & Garden Store, which they are currently expanding throughout the UK. Departments included within a Next Home & Garden include women's, men's, children's, home, sports, Lipsy, garden centre and a cafe. They have not yet fully assessed their requirement and are unable to confirm precisely what they require but it is likely to be in the region of 1,858/2,322 sq m (20,000/25,000 sq ft) at ground floor with two upper floors providing full cover and thus a store with a total gross internal area of up to 6,968 sq m (75,000 sq ft). They may also require a garden centre as part of their offer. Next are aware of both proposals but at this stage they have not progressed negotiations on either opportunity. They did express their preference for being close to Junction 8 of the M1 motorway in order to maximise the drive time catchment of the store. Next have not considered how this would impact on their town centre store and were therefore unable to comment on whether they would remain trading in the town centre should they open a Next Home & Garden store out of centre. We are of the opinion that if Next do open in an out of centre location then their town centre store may well close and this would have an impact on the town centre.

4.14 Discount variety stores with requirements include B&M Bargains, Home Bargains, TK Maxx, Poundland, Poundworld and Wilko.

4.15 B&M Bargains, Poundland, Poundworld and Wilko all trade from premises in the town centre and stated that they would take additional accommodation and remain trading from their existing stores.

4.16 Convenience demand is from Aldi, Lidl, Iceland and Marks & Spencer Simply Food.

4.17 Marks & Spencer informed us that their, "store in Hemel Hempstead is fine and we are unlikely to do anything to it.....extensions/relocations etc are unlikely to be pursued unless retail pitch moves significantly or financially we are tempted." They have expressed interest in a Simply Food store out of centre and require 11,000 sq ft at ground floor and 5,000 sq ft mezzanine. They are aware of both out of town sites but have not agreed terms at either location.

4.18 Aldi expressed interest in acquiring a store of 1,737 sq m (18,700 sq ft), with 100 dedicated car parking spaces. They already trade from two stores in the town at Redbourn Road and London Road and this is an additional requirement. They would consider either the Jarman Park or Maylands Avenue proposal.

4.19 Lidl are not represented in Hemel Hempstead but have an active requirement for a store between 2,415 sq m (26,000 sq ft) and 2,694 sq m (29,000 sq ft), with 120 car parking spaces. They were recently refused planning permission for a new store on a site opposite Maylands Avenue, on the grounds of design and loss of employment. They would also consider either the Jarman Park or Maylands Avenue proposal.

4.20 Iceland would remain trading in the town centre if they open at either of the proposed schemes.

5.0 Retailers with no requirement

5.1 Retailers who informed us that they do not have a current requirement are set out in Table 3.

Retailer	Comment
Argos	Already represented
Bathstore.Com	Already represented
Cotswold Outdoor	Snow & Rock fascia represented at Snow Centre
Currys PC World	Already represented
Debenhams	Already represented
Deichmann Shoes	Represented in The Marlowes
DFS	No requirement for Hemel Hempstead
Dreams	Already represented
Furniture Village	Watford store covers catchment
H&M	Already represented in town centre
Halfords	Already represented
Harveys	Watford store covers catchment
John Lewis @ Home	Watford store covers catchment
Maplin Electronics	Represented in The Marlowes
Marks & Spencer	Already represented in town centre
New Look	Already in town centre
Primark	Already in town centre
Savers	Already in town centre
Sports Direct	Represented in The Marlowes
Toys R Us	Already in town centre
WH Smith	In town centre, no requirement to relocate at present
Wren Living	Already represented

5.2 The majority of retailers who do not have an active requirement are already represented in the town in some format. Department store Debenhams, variety stores Marks & Spencer and Primark do not have a requirement for an out of centre presence and it is their current intention to continue trading in the town centre from their existing premises.

5.3 John Lewis' Watford department store covers the Hemel Hempstead catchment and therefore they do not have a requirement for their department store or their John Lewis at Home concept.

5.4 We have spoken with Waitrose and they have informed us that they have considered opportunities in Hemel Hempstead in the recent past and have concluded that the demographics do not meet their retailer's criteria. We understand that they may have considered the Maylands Avenue site but withdrew from discussions.

6.0 Planning Conditions

6.1 You have provided us with suggested planning conditions relating to both applications, copies of which are attached at Appendix 8.

6.2 At Jarman Park it is proposed to limit the development to 10,305 sq m (110,925 sq ft) gross floor area. Of this, 1,505 sq m (16,200 sq ft) will be convenience food gross floor space and 8,880 sq m (94,725 sq ft) comparison non food gross floor space. Additionally, class A1 retail units shall have a minimum gross floor area of 696 sq m (7,500 sq ft) and A1 retail use will not be for the sale and display of clothing and footwear (except ancillary clothing or footwear or DIY, motor or cycling activities) unless formal written approval is granted by the local authority.

6.3 Considering the retail demand that we have identified, the convenience food floor space restriction would enable the requirement of Marks & Spencer Simply Food or Iceland to be satisfied at Jarman Park. The requirement that any class A1 unit shall have a minimum gross floor space of 696 sq m (7,500 sq ft) will only effect a limited number of retailers who trade out-of-town as the majority of requirements on out-of-town retail parks are for units of 696 sq m (7,500 sq ft) plus. There are exceptions, however, and it can be seen from the retail requirements set out that this would preclude lettings to Bensons Beds, Brantano and Evans Cycles.

6.4 The clothing and footwear restriction would have an impact on a number of retailers including The Outfit, Brantano, TK Maxx, JD Sports, Matalan and Next.

6.5 The conditions suggested by the applicant at Maylands Avenue would limit the total class A1 retail floor space to 12,503 sq m (134,580 sq ft), the leisure floor space would be limited to 1,031 sq m (11,000 sq ft). Convenience would be limited to 1,414 sq m (15,220 sq ft) (net sales) and this condition would enable the premises to attract retailers including Marks & Spencer Simply Food, Aldi and Iceland. Furthermore, if Waitrose did have a requirement for Hemel Hempstead we believe that this design would meet their requirement. Comparison goods are to be restricted to 7,848 sq m (84,500 sq ft), however, we note this is net sales and not gross internal area. The retail units shall not be used for the primary sale of any of the following goods:

a) clothing and footwear

b) jewellery and fashion accessories

c) pharmaceuticals, toiletries and cosmetics

This condition is qualified by Condition 6, which would permit the sale of clothing and footwear, jewellery and fashion accessories up to 1,350 sq m (14,530 sq ft), but only when sold from a single unit which would include the sale of some or all of the following goods from the minimum of 1,350 sq m (14,530 sq ft):

a) DIY and garden goods

b) furniture

c) hard and soft furnishings

d) electricals

e) homewares

f) flooring and floor coverings

g) seasonal goods for home and garden

Additionally, the applicant is seeking permission for the sale of sports and clothing footwear from up to 825 sq m (8,880 sq ft) but only when sold from a single unit with this being the primary use. Furthermore, no unit shall have a gross internal of less than 650 sq m (7,000 sq ft).

6.6 In addition, the applicant has confirmed that, "general clothing and footwear can only be sold from an ancillary area (e.g. 5% of net sales)". The applicant will also reduce the quantum of Class A3 space from 1,031 sq m to 650 sq m to limit competition with the town centre.

6.7 It is our interpretation that the proposed conditions would limit the number of clothing and footwear, jewellery and fashion accessories and pharmaceutical, toiletries and cosmetics retailers and thus provide a degree of protection to the town centre. In effect, retailers that we have identified with requirements including The Outfit, Boots and Carphone Warehouse could not be accommodated as tenants under these restrictions. However, we do believe that the suggested conditions would enable Next to locate on the park to operate their Next Home & Garden store, subject to the size proposed meeting their requirement for Hemel Hempstead.

6.8 The Local Authority would be responsible for enforcing the planning conditions.

7.0 Conclusion and recommendations

7.1 We have identified over 500,000 sq ft of potential retail demand for representation in Hemel Hempstead. On a simple floor area basis it is apparent that there is sufficient occupational demand to support both proposals.

7.2 The majority of the retail demand recorded requires Open A1 planning permission with only limited requirements from bulky goods retailers.

7.3 If open A1 planning permission is granted for both schemes we are of the opinion that this could have considerable impact on the town centre, through retailers relocating out of centre. It is not possible to predict precisely who would relocate or to quantify the numbers of tenants who may do so. None of the retailers that we contacted would confirm whether they would close their town centre stores if they acquired space at either Jarman Park or Maylands Avenue, but this does not mean that they would not do so in practise. At this stage, many retailers will not have considered their options in enough detail to express a considered view. For example, Next have not made any decision but it is a possibility that they would relocate out of centre if a suitable opportunity, such as Maylands Avenue, is brought forward. We believe that this would be the likely outcome. Retailers who have not expressed any interest in relocating could potentially and are likely to change their position, especially if an out of centre Fashion Park is established.

7.4 There is insufficient bulky goods demand to support proposals at either Jarman Park or Maylands Avenue unless B&Q or Dunelm decide to relocate. Thus, either and possibly both proposals will require some degree of Open A1 planning permission to be granted if they are to attract enough tenant demand to make them viable.

7.5 The planning conditions suggested by both applicants should help to protect the town centre from out of centre competition. The restrictions suggested will limit the number of retailers who would be able to trade from the proposed parks and thus the retailer demand that we have identified will be reduced.

7.6 The planning conditions proposed at Jarman Park would limit the amount of retail floor space to a gross floor area of 10,305 sq m (110,925 sq ft), with convenience food restricted to 1,505 sq m (16,200 sq ft) and comparison non-food restricted to 8,800 sq m (74,725 sq ft). Class A1 units would have a minimum gross floor space of 696 sq m (7,500) sq ft, thus restricting the number of possible tenants. Furthermore and most importantly, clothing and footwear sales will be prohibited (except ancillary clothing or footwear for DIY, motoring or cycling activities).

7.7 We have established that there is sufficient convenience demand for the proposed food store to attract a tenant at Jarman Park, with Marks & Spencer Simply Food and Iceland both indicating that they have a requirement. Both Aldi and Lidl's requirements could not be satisfied in this location as proposed.

7.8 We have also identified that there is sufficient comparison goods demand within the constraints of the suggested planning conditions to support the Jarman Park proposal, albeit that the conditions do reduce the pool of retailers able to trade within these restrictions. Retailers who could be accommodated include Anglia Home Furniture, B&M Bargains, Boots, Home Bargains, Oak Furniture Land, Poundland, Poundworld, Smyths Toys, Sofa Works, Tapi and Wilko. Requirements from these retailers total 11,938 sq m (128,500 sq ft). There are a number of competing retailers with requirements and not all retailers would wish to trade together, but we believe that a viable scheme is capable of being delivered. This figure does not take into account the possible relocation of B&Q or Dunelm. If either of these retailers relocated, then their existing sites may become available for redevelopment.

7.9 A possible tenant line up of Anglia Home Furnishings, B&M Bargains, Boots, Oak Furniture Land, Wilko, Tapi and Sofa Works could work successfully in this location. Other tenant mixes would also work successfully and provide a viable development both in rental and investment terms and it will be up to the developers to seek the best tenant mix for their schemes. The retailers will also have preferences about which other retailers they are willing to trade alongside.

7.10 The conditions suggested at Maylands Avenue would limit the total floorspace to 12,503 sq m (134,580 sq ft), with convenience food restricted to 1,414 sq m (15,220 sq ft) net sales. Comparison goods would be restricted to 7,848 sq m (84,500 sq ft) net sales. The conditions would prohibit, "the primary use as clothing and footwear, jewellery and fashion accessories, and pharmaceuticals, toiletries and cosmetics." Additionally Condition 6 would only permit the retail sale and display of clothing and footwear, jewellery and fashion accessories up to 1,350 sq m (14,530 sq ft), but only when sold from a single unit which includes the sale of some or all of the following goods from a minimum of 1,350 sq m (14,530 sq ft): a) DIY and Garden Goods; b) Furniture; c) Hard and soft furnishings; d) Electricals; e) Homewares; f) Flooring and floor coverings; and g) Seasonal goods for the home and the garden. The sale of sports clothing and footwear would be permitted from up to 825 sq m (8,880 sq ft) as a principal use. No more than six individual units would be permitted and no unit would have a gross internal area of less than 650 sq m (7,000 sq ft).

7.11 As with the Jarman Park restrictions, these suggested conditions will limit retailer demand, however, we do believe that there would still be sufficient retailer demand to let a scheme of this nature on commercially viable terms.

7.12 The convenience store proposal of up to 1,414 sq m (15,520 sq ft) net sales would suit Marks & Spencer Simply Food, Aldi or Iceland. It will be for the market to decide which retailer locates on which park.

7.13 Allowing for the proposed planning conditions we also believe that there would be sufficient tenant demand to support the proposal at Maylands Avenue. We have established that Next have a requirement for their Next Home & Garden store and we understand that this could range in size between 5,574 sq m (60,000 sq ft) and 7,525 sq m (81,000 sq ft). Next may also wish to operate a garden centre as part of their offer. Additionally there are requirements from other comparison goods retailers including Decathlon, Smyth's Toys, JD Sports, Poundland, Poundworld and Home Bargains to compete for the remaining comparable goods accommodation. Furthermore, B&Q and Dunelm could relocate to Maylands Avenue. We therefore believe that there is potential for a viable development to be progressed by the applicant.

7.14 Both proposals, Jarman Park and Maylands Avenue, are suitable for the development of out of centre retail parks. Both sites, being out of centre, are considered equal in terms of the sequential test. They occupy visible and easily accessible sites with sufficient car parking to attract tenants. Ultimately, it will be for the retailers to decide on the merits of both sites and which location is best suited for their businesses unless there are restrictions which differ between these two locations or if planning permission is only granted for one of the locations. Planning permission will play an important role in the decision making process of the retailers and to some degree the planning conditions suggested by the applicants will dictate the tenant mix on each scheme. The developers will also play a part in this process, as they will be responsible for promoting their sites and agreeing terms with suitable tenants in order to create viable schemes.

7.15 At the present time the commercial property investment market is particularly strong, with demand for this type of asset attracting many potential purchasers from both home and abroad. We are of the opinion that both the Jarman Park and Maylands Avenue proposals would produce attractive and fundable retail parks in today's market. Development of these parks would add to the retail offer in Hemel Hempstead with the potential to attract customers from outside the borough.

7.16 Given the restrictions proposed in the planning conditions that have been suggested by the applicants, we feel that there will be sufficient retail demand to support each development. At the same time, the restrictions will limit those retailers who will be able to trade at each location offering some protection to the town centre, which should remain the principal retail focus for Hemel Hempstead. This approach will also enable additional out of centre facilities to be developed, increasing consumer choice, reducing leakage to larger and competing centres including out of centre retail facilities in other towns and producing further investment in the Borough and all that comes with it.

Chase & Partners

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