

APPENDIX 3 HEMEL HEMPSTEAD TOWN CENTRE DATA ANALYSIS MARCH 2021

In preparation for a Strategy for Hemel Hempstead Town Centre, existing data has been pulled together to inform the commissioning of a Project Team and to provide background information to initial discussion and plans.

The data has been divided into:

- Commercial Property
- People
- Business
- Infrastructure

The list of data is not exhaustive and further data evidence will be commissioned to provide comparators and trends.

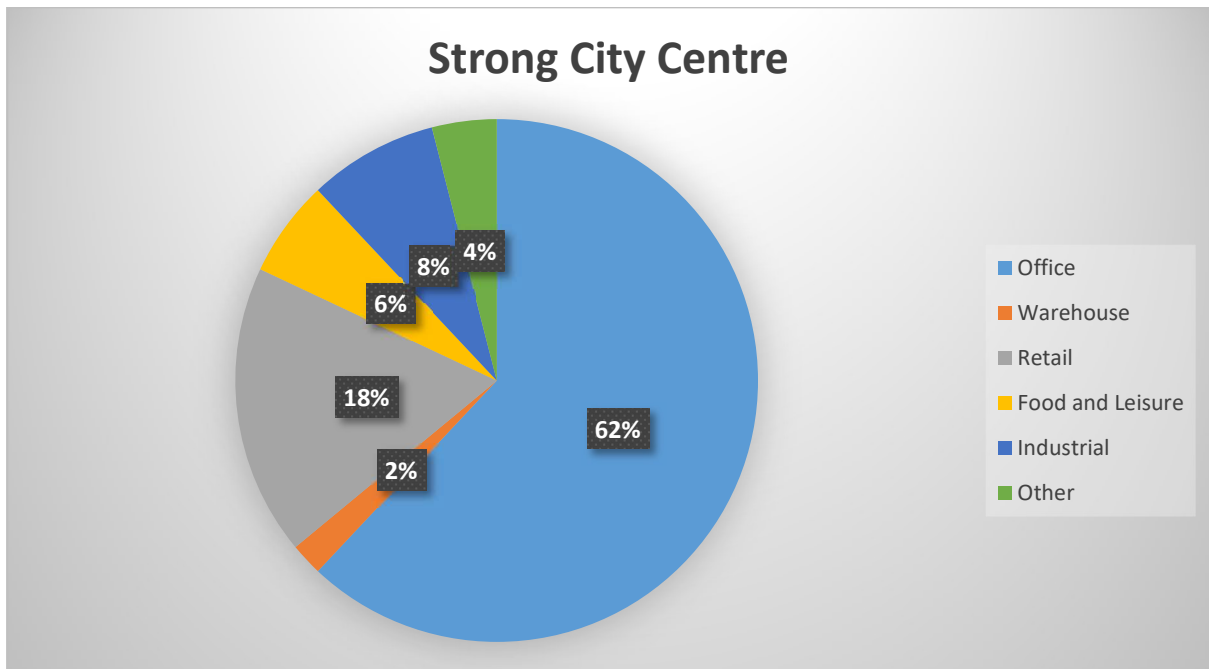
TOWN CENTRE COMMERCIAL PROPERTY

What is a strong City Centre?

Centre for Cities sets out the components for a Strong City Centre in their report; *City Centres; Past, Present and Future*. The profile of a strong city centre is dominated by employment uses, rather than retail, to provide footfall and spend. The Centre for Cities report¹ identifies the components for a successful City Centre in the figure below. The amount of Retail is no more than 18% with Office 62%.

¹ City Centres; Past, Present and Future, Nov 2019

Strong City Centre



This can be compared to retail space in Hemel Hempstead which was nearly 40% in 2017 and Office space which was 14%,² showing a weakness in the town centre. In recent years approximately 40,000 square feet of office space has been lost to Permitted Development, further weakening the town centre's capability to provide employment opportunities and increased footfall to support retail and business services.

Whereas it is highly unlikely that Hemel Hempstead Town Centre would reach the level of office space referred to above, the findings do point to a need to strengthen business activity and plan accordingly.

There is need to update figures from 2017 to take into consideration the work in the town centre after 2017 and the effects of COVID. However it provides a good indication of the need to reimagine the town centre offer to provide a wider offer to ensure future sustainability.

Dacorum's Local Plan³ identifies the lack of employment space as a real concern and of the challenges of permitted development rights. *"Vacancy rates are now so low that any further losses are likely to result in the displacement of jobs and businesses"*. Particularly it says; *"The Dacorum Employment Land Availability Assessment states that office floor space has fallen in the Borough's town centres and that there was no justification for any further losses. Indeed, the concern is that further losses in Hemel Hempstead town centre will force some local businesses to relocate out of the town"*.

Although Centre for Cities profile of a successful town centre may not be what the aim would be for Hemel Hempstead, it is clear that loss of employment space has contributed to the challenge of recovery for the town centre.

² South West Herts Leisure and Retail Study, 2017, Nexus Planning

³ Dacorum Local Plan; Economic Topic Paper chapter 3

Lower commercial property rents than comparative towns

Hemel Hempstead is struggling to be seen as an attractive option for businesses. This is reflected in the price of commercial property compared to other areas. The average price of commercial units⁴ for rent in Hemel Hempstead is currently £20.29 per square foot and this is compared to Stevenage (£22.25 per square foot) and Aylesbury (£23.38 per square foot), which indicates that there is less of a demand from businesses to establish in the town centre, than in other comparative towns.

The lack of demand for commercial space is a strong case for developers to use permitted development rights to reduce commercial space even further. There is a case for disrupting the market, in spite of the low demand, and resist further loss of commercial space. This has to be seen in relation to the need to provide further residential provision in Hemel and presents a challenge. However as is set out later in this report, evidence is clear that Hemel will need to also provide a strong employment offer to enable its recovery.

Online retail and business rates are often blamed for the reduction in retail; however this doesn't tell the whole story. Research⁵ shows that the real challenge for retailers is insufficient footfall in their city centres, due to the lack of jobs in these central locations, which would provide customers during the week. Growth has occurred in successful city centres principally because of their ability to attract jobs. These jobs have in turn created additional footfall for shops, bars and restaurants and together these developments have altered the benefits the city centres offer as places to live.

High vacancy rates and falling footfall

Vacancy rates are closely related to what makes a town successful or not. Prior to the Pandemic in April 2019, Hemel Hempstead town centre had a vacancy rate of 14.9% which can be compared to successful town centres such as Brighton and Swindon who had vacancy rates around 8% at the same time. Current vacancy rates for Hemel Hempstead are yet to be obtained, and a higher level can be anticipated due to closures arising from the Pandemic but with a starting vacancy rate of 14.9%, the challenge of recovering is substantial.

A report from KPMG⁶ establishes that high streets of the future will need to become multi-purpose locations, combining retail and hospitality amenities with residential, education, healthcare, cultural, technology, community and more. Office space will need to be transformed for three main purposes: collaboration, creativity and culture, with less space devoted to tasks that could be done remotely. Transport links will also need to be reconsidered, as well as additional infrastructure needs.

⁴ Realla listings, March 2021

⁵ City Centres; Past, Present and Future, Nov 2019

⁶ The Future of Towns and Cities post COVID, KPMG Jan 2021

In contrast, the KPMG report states that Hemel Hempstead town centre has a very weak offering of sports, culture and restaurant facilities, the third weakest out of 109 town centres.

Hemel Hempstead also has an oversupply of retail jobs, compared to UK average. Due to a shift in shopping patterns the town is expected to lose 31% or 1,401 retail jobs over the next few years.

Herts LEP identifies the current concentration of retail as a weakness of Dacorum's economy. Hemel town centre could provide the catalyst to grow future jobs and Herts LEP identifies⁷ Professional and Business Services as a growth opportunity for Dacorum.

The footfall has been reduced by 60% in last year, which is not unexpected due to the pandemic but to enable the town centre to recover, there needs to be a purpose for people to visit Hemel town centre, and this can no longer be relied on being for shopping only. Instead shopping is anticipated to become a secondary reason to visit the town centre, with working, living or spending leisure time being the primary reason.

In the KPMG report, Hemel Hempstead is the town out of the 109 towns and cities with the highest proportion of residents working from home, 27,4%. This will hugely effect the current offer in Hemel Town Centre and highlights the need to repurpose the offer to enable a recovery.

This fact, together with a very weak leisure and cultural offer attracting footfall, will make the recovery for the town centre challenging. The KPMG research, identifies Hemel Hempstead as one of the most vulnerable towns in England, to the effects of COVID and with the most challenges.

Changing trends providing opportunities

Post-COVID we are unlikely to see a return to old commuting habits, with a significant proportion of those able to work from home doing so for at least part of the week. At the same time, the collapse in high street retail, will serve to exacerbate the vacuum in city and town centres, with less people calling in to shop.

The reduction in commuter footfall and the consequent fall in commercial property values could open up opportunities to reshape town and city centres. By attracting new tenants for prime commercial property that will now find the rent affordable, town and city centres may be able to serve their inhabitants differently. To survive town centres need to move away from being predominantly retail and services to offer space to a different kind of tenant. For example, new tenants could include skills and training providers such as the College and Universities who can expand their remit to help support workers who lost their jobs during the crisis. Other new tenants could be spaces for start-ups and on-line businesses who are seeking pop up space to interact with its customers.

⁷ Recovery Plan, Herts LEP 2020

Trends in New Working practices

The increase in homeworking will also provide an opportunity to repurpose office space to smaller flexible units. There is also an opportunity to attract City companies looking for regional bases as they are reducing their City presence.

The Council carried out a survey in 2020 to identify the effects of Covid on residents' lives and behaviours. The survey showed that 75% were working from home at least one day a week but that 33% of people do not have a suitable workspace at home. The survey concludes that post Covid, there will be a significant increase in the number of people who work 2-4 days a week from home. This provides an opportunity for Hemel town centre to provide flexible drop down work spaces, which are close to services and retail.

The local community could be further served with a variety of new community centres, catering for a full range of ages and interests, from children's recreation to adult art courses. It is particularly important that the town centre have a clear purpose, which needs to include job creation, to try to address the reduction in commuter and shopper footfall.

BUSINESS

Healthy business growth except for micro businesses

Dacorum as a whole has a healthy growth of businesses (990 new businesses in 2019⁸) with a slightly higher than national survival rate of 45%, 5 years on. However the growth of micro businesses (10 or less employees) are reducing and declining at -1.8%. This is concerning as 92% of all businesses in Dacorum are micro businesses.

Vulnerable business sectors

Dacorum has an oversupply jobs in (33,000) vulnerable sectors such as Administration and Support Services⁹. The figure is 33% of total jobs compared to 8.9% UK average. There is also a concentration of jobs in Wholesale, Retail and Transportation¹⁰, sectors which can also be classed as vulnerable to macro-economic changes such as Automation and Brexit and which have suffered most during lockdown. In addition to this there is an oversupply of part time employment (47%) against UK average of 32%, indicating that many of these jobs are lower paid and insecure.

In order to revitalise Hemel Town Centre and to ensure a higher footfall and mix of users of services and retail, the town centre needs to attract higher value knowledge based jobs. These jobs drive productivity and growth including the increase in wages and the demand for local services. However Hemel town centre has to provide an offer

⁸ Herts LEP 2020

⁹ Official Labour Market Statistics, NOMIS, June 2020

¹⁰ Regional skills demand beyond Covid-16: Dacorum, EMSI. Nov 2020

to attract these businesses to locate in the town centre by providing an attractive environment, services and access to a skilled workforce.

Hemel Hempstead Town Plan could provide the environment to foster micro company growth within the knowledge based sector by providing new work spaces and facilities. There are some impressive UK and international examples of how larger spaces such as department stores, can be repurposed to provide a mix of work spaces, artisan eateries, niche and local retailers and community services.

Talking to the Managers of Marlow and Riverside Centres, the offer of flexible rents and turn over leases would provide an opportunity to attract cost sensitive business start- ups and community groups and to start providing a different offer.

PEOPLE

Dacorum had a low pre Covid unemployment rate of 1.5% in June 2019 but has this increased to 5.4% in June 2020¹¹. It is worth noting that there is slightly higher proportion of 18 – 24 year olds (9.5%) than the rest of East (8.7%) and the UK (9.2%).

In addition to this, the furlough rate in Dacorum is the highest in Hertfordshire and the final effect of Covid on employment will not be felt until late 2021 when furlough has ended. It may be that due to the abundance of jobs within Covid affected sectors such as retail and services, Dacorum will find itself in a worsening position compared to the rest of Hertfordshire and the UK.

Although the employment rate was high pre Covid and wages for full time work were higher than UK average, wages were lower for temporary and part time workers.¹² The existence of large amount of part time/ temporary low paid employment in vulnerable sectors affected by Covid, creates a perfect storm and could result in a decrease in economic activity and rise in unemployment.

Herts LEP Recovery Plan ¹³identifies the necessity for Dacorum to grow knowledge based jobs to underpin recovery and recognises the risk of the large concentration of retail in the town centre.

Hemel town centre can play a key part in ensuring the future stability and sustainability of the labour market by providing knowledge based employment. To support access to the higher skilled/high wage jobs, the town centre will need to provide facilities for skills training and career support in an empty shop unit.

¹¹ Recovery Plan, Herts LEP, 2020

¹² Official Labour Market Statistics, NOMIS, June 2020

¹³ Herts LEP, 2020

INFRASTRUCTURE

The Pandemic has highlighted the importance of being connected digitally and the reluctance to use public transport has encouraged people to cycle and walk more. The change in behaviour such as more home working, increased online shopping and the ideas around the 20 min neighbourhood, will present both challenges and opportunities for Hemel town centre.

Digital

Dacorum currently has a weak digital infrastructure and a considerable lack of fibre to premise broadband, 4.9% against the UK average of 20%. In comparison St Albans has 24% and Milton Keynes has 86%.

Fibre to the Premise (FTTP) rates for comparison (www.thinkbroadband.com) as at 1 March 2021	
Area	FTTP coverage (%)
UK average	20.63%
Herts	8%
Dacorum	4.9%
Milton Keynes	86.28%
St Albans	24.38%
Watford	2.38%

The ability to attract knowledge based/tech companies into the town centre and provide new work spaces will be dependent on the availability of a strong digital infrastructure. This will also support the large amount of residents working from home.

Introduction of free Wi-Fi will support leisure and entertainment activities and enable Hemel to connect with its residents and visitors.

Transport

The lack of a town centre station has been cited by the BID Chair, Philip Walker, as a barrier to attracting employment opportunities into the town centre and is a reason why the town centre is currently not seen as a viable option for employment space.

Further evidence gathering in relation to commuting patterns is required to understand the requirement.

Next Steps

This report aims to provide a snapshot of current evidence and feedback from discussions with external stakeholders. Further and more in depth research, including providing comparators and best practice is required to form a fuller picture.