

RETAIL & TOWN CENTRES STUDY

2025 REFRESH: Volume 1

Prepared for:

Runnymede Borough Council

May 2025

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1. INTRODUCTION

1. Lambert Smith Hampton (LSH) was commissioned by Runnymede Borough Council (hereafter 'the Council') to update and provide a 'refresh' to the key findings of their '2022 Retail and Town Centre Uses Study' (hereafter the '2022 Study').
2. This 'refresh' updates the future need ('capacity') assessment for new retail (convenience and comparison goods) floorspace with a base year of 2023 and with continued projections to 2043. It should be noted that the new Local Plan period may go beyond this date, but we are unable to provide reliable economic forecasts to a later end period due to the absence of forecasting data on retail expenditure growth and productivity growth.
3. This assessment utilises the same study area and market share analysis from the household survey that informed the 2022 Study together with the latest forecasts from Experian Business Strategies on expenditure per capita and retail sales efficiencies.
4. On this basis it should be stated at the outset that this refresh represents a partial update. It does not update retail market shares identified for the borough and its centres, thereby assuming no change has occurred. In reality, market shares will have altered to some extent. However, we do not consider that new evidence is required at this stage but should form part of a more comprehensive update in the future.
5. For ease of reference this report is structured as follows:
 - **Section 2** highlights current trends that are driving the dynamic changes in the town centres, retail and leisure sector(s).
 - **Section 3** provides an update on a short list of Key Performance Indicators to gauge the extent to which vitality and viability has changed for the borough's three town centres: Addlestone, Chertsey and Egham.
 - **Section 4** sets out the key assumptions and forecasts underpinning the quantitative need ('retail capacity') assessment.
 - **Section 5** details the updated outputs of LSH's in-house CREAT^e (excel-based) capacity model.
 - **Section 6** presents an update on commercial leisure expenditure and a refresh on the capacity assessments for cinema screens, food & beverage provision, and gym/ fitness provision.
 - **Section 7** summarises the key findings and considers whether any changes are required to current draft policies that support and management town centre uses.

2. TOWN CENTRE & RETAIL TRENDS

6. This section summarises some of the key economic, consumer and property market trends that have driven the changes in the retail sector over the last decade and how town centres can respond to these dynamic trends to remain competitive and enhance their overall vitality and viability in the future.
7. The pandemic created one of the toughest trading environments for the retail and leisure sectors and the post pandemic phase has been characterised by low growth, rising inflation and the cost-of-living crisis. This section details the impact of these factors on the commercial retail and leisure market and the potential impact arising from emerging economic events, such as geopolitical events surrounding the U.S. government's evolving position on international trade tariffs.
8. Over the last five years, the UK economy has faced significant headwinds from shocks of the pandemic, surging inflation, high energy costs and supply chain disruptions. According to the Office of Budget Responsibility (OBR) (Economic and fiscal outlook – March 2024), the period between 2022-23 remained the fiscal year with the largest year-on-year drop in living standards since ONS records began in the 1950s. The UK economy fell into a mild technical recession in the second half of 2023, shrinking by -0.2%. Followed by exiting the recession in the first quarter of 2024, reporting a 0.9% growth in 2024. The expected GDP growth in 2025 is thought to be 1.0%, lower than the predictions in October 2024. Having steadily declined since early 2022, OBR projects GDP per person to have a 0.3% growth in 2025. This is below pre-pandemic levels, which were forecasted to regain in 2025; it is now expected to be in 2026-2027. Real household disposable income (RHDI) per person – a measure of real living standards per person - is expected to have a growth rate of 0.5% on average from 2025 to 2030, slower than previously predicted.
9. The 2024 Autumn budget revealed that from April 2025, the employer National Insurance rate rose by 1.2% to 15%, while the threshold for contributions lowered from £9,100 to £5,000 a year, and the national living wage (for those aged 21 and over) increased by 6.7%. This has all contributed to increased operational costs and tax obligations. Retailers have responded with workforce reductions and redundancies, which are thought to hit entry-level jobs the most. The British Retail Consortium revealed that 160,000 retail positions could be at risk over the next three years. Other global economic pressures include the ongoing war in Ukraine (which is affecting certain supply chains) and the U.S. government's evolving position on import tariffs. These pressures further heighten global economic uncertainty and financial pressures on businesses.
10. Experian Business Strategies (Experian) predict in their latest Retail Planner Briefing Note 22 (March 2025) ('**RPBN 22**') that GDP growth is expected to improve slightly in 2025 (1.3%) following weak growth in 2024 (0.4%) and increasing to 1.6% in 2026 and 2027. Similarly, retail sales growth is expected to 'rebound modestly' in 2025 driven by an increase in discretionary spending for comparison goods. What is notable from Experian's latest report is that consumer

confidence remains 'fragile' meaning that households will take a more cautious approach to spending, at least in the short term. There are also uncertainties over how the US government's recent increase on global trade tariffs will impact on the global economy, which will ultimately increase the costs of many household products in the UK. It is for this reason that Experian has downgraded their UK retail sales forecasts to 2040 from what was published in last year's RPN (RPN21).

RETAIL SPENDING

11. The latest Experian forecasts from RPN 22 and for retail spend per head show:
 - **Convenience goods:** The surge in convenience goods spend per head during the pandemic (driven by the limitations on eating out) has been in decline annually post-pandemic, partly due to customers returning to pre-pandemic eating out habits but also due to a squeeze on household budgets from the cost-of-living crisis and the increasing cost of household debt. Experian estimate that 2024 convenience spend fell by -1.6%, which is lower than what they forecasted previously (i.e. RPN21). Convenience is forecast to contract by -0.8% in 2025 and will continue to decline over the remainder of forecast period (to 2040) by -0.2% annually. Note that Experian do not provide forecasts beyond 2040.
 - **Comparison goods:** Spend for comparison goods was estimated to have declined by -1% in 2024 but returned to negligible growth in 2025 (0.1%). The outlook for comparison goods spend is slightly more positive than for convenience goods. Experian forecast that comparison spend will increase by 1.3% in 2026 before rising to 2.5% per annum between 2027 and 2031, and to 2.6% per annum for the rest of the forecast period. While comparison spend figures may seem positive compared to convenience, these rates of spend are lower than what Experian forecasted previously. While disposable income has increased for many households, consumers are taking a cautious approach to comparison goods spend. This is due to a number of reasons but notably fears of potential job losses that could arise from the increase in NIC costs on businesses and the impact of U.S. trade tariffs on products and UK businesses.
12. These expenditure growth trends, and forecasts, have informed the updated assessments of retail capacity. Clearly any further dampening of growth rates over the short to medium term due to external shocks such as rising business costs, uncertainties on jobs, a continuing cost-of-living crisis, and a potential global trade war will have implications for the viability of existing retail businesses and the demand for new space.

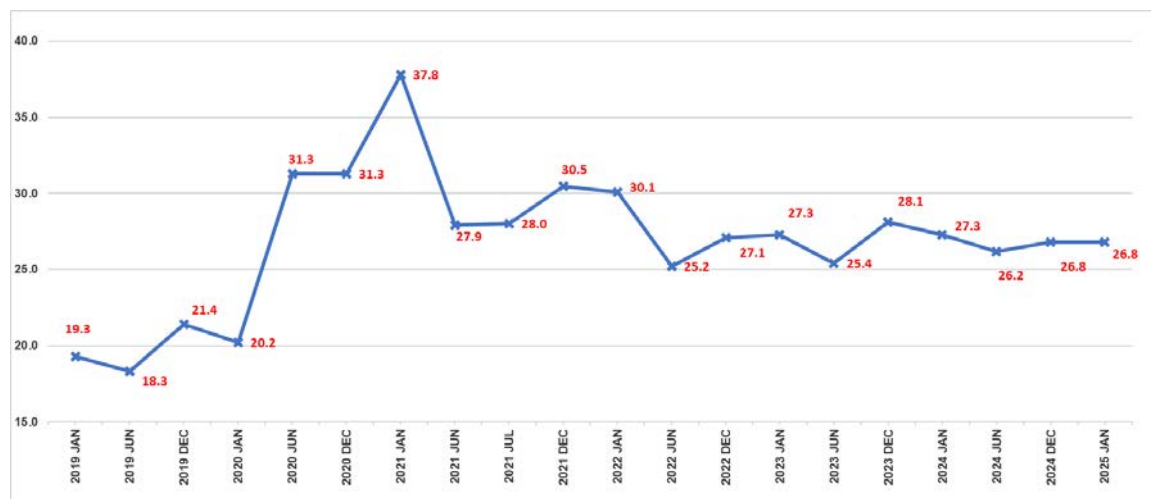
ONLINE SHOPPING

13. The growth in non-store retail sales has undoubtedly had the most significant impact on consumer spend and behaviour over the 15 years, and on our high

streets and traditional shops. Non-store retailing is commonly referred to as Special Forms of Trading (SFT).

14. This comprises all non-store retail sales made via the internet, mail order, stalls and markets, door-to-door and telephone sales. On-line sales by supermarkets, department stores and catalogue companies are also included in the data collected by the Office for National Statistics (ONS).
15. The COVID-19 pandemic had a notable impact on SFT trends. The graph below presents online retail sales as a percentage of total retail sales before, during and after the pandemic. The data shows a steep increase from 17.8% in 2019 (pre-pandemic) to 27% in 2020 and 27.7% in 2021 (during the pandemic). What is most notable for the post-pandemic years (2022 onwards) is that SPT market share has not returned to pre-pandemic levels which confirms that SFT habits have become entrenched.

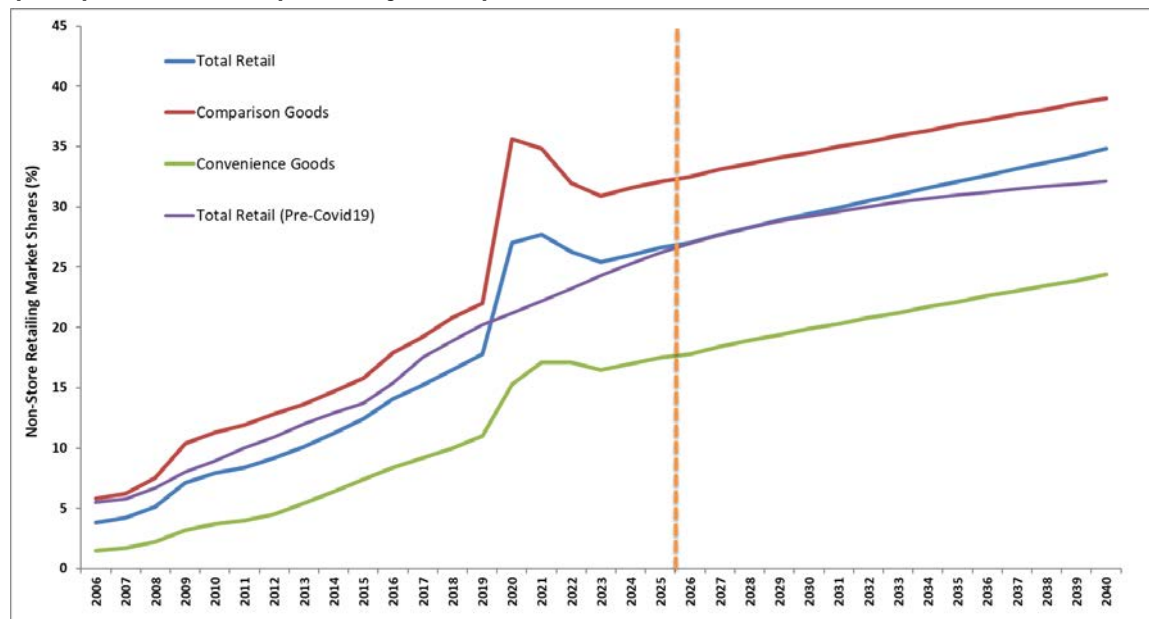
Figure 1: Internet Sales as a Percentage of Total Sales (%) (to Jan 2025)



Source: ONS: Retail sales, Great Britain: March 2025

16. Up until the pandemic, SFT sales as a proportion of total sales has steadily increased from 3.8% in 2006 to the most recent estimate of 25.4% for 2023. Of this total in non-store retail sales, Experian estimate that comparison and convenience goods retailing achieved market shares of 30.9% and 16.5% respectively in 2023.

Figure 2: Estimated and Projected Market Shares of Non-Store Retail Sales (SFT), 2006-2040 (Not Adjusted)



Source: Experian Retail Planner Briefing, March 2025

17. The latest Experian forecasts indicate that total SFT market shares will increase to 34.8% by 2040. Comparison and convenience goods non-store retail sales are forecast to reach 39% and 24.4% respectively by 2040.
18. According to Experian, the rising share of internet sales in total retail transactions is the key trend. The ease of online purchasing has also continued to improve rapidly, with technological advances, particularly around smartphones and connectivity. Faster delivery times, including same day delivery, and easier returns processes have also encouraged the trend. The expansion of 5G and fibre networks should ensure the momentum is maintained over the medium term. The proliferation of the 'buy now, pay later' business model and price tracker sites is also supporting growth.
19. With the growth predicted in online sales and market shares, it is clear that high streets, town centres and physical retailers will need to work even harder to retain their existing customer base and attract new customers over the short (post-pandemic), medium and long term.
20. In terms of forecasting the potential capacity for new physical retail floorspace, Experian estimate that approximately 25% of all SFT sales for comparison goods and 70% for convenience goods are still 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 forecasts for SFT market shares downwards for total retail goods to 16.6% in 2024, 16.9% by 2025, 18.9% by 2030 and 22.9% by 2040. In line with standard approaches these adjusted/recalibrated market share figures are preferred for retail capacity assessments and used in this assessment.

21. In summary, both retailers and high streets will need to compete for shoppers and expenditure through a variety of means including creating experiences that will attract the interest and attention of potential consumers across all age and socio-economic groupings.

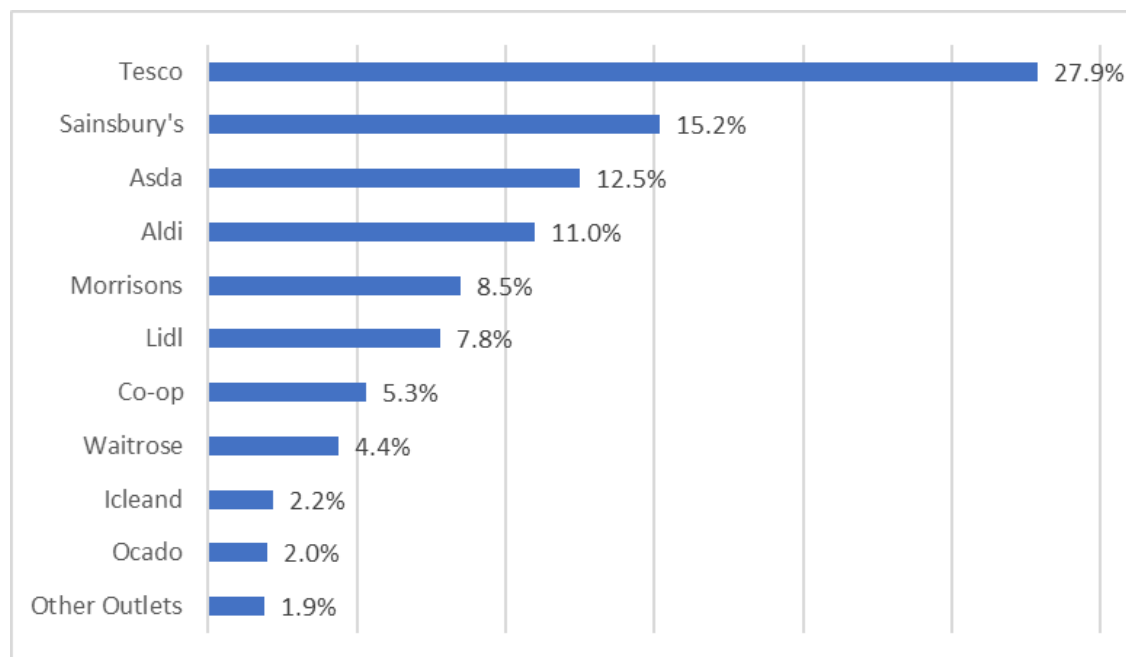
RETAILER BUSINESS MODELS AND REQUIREMENTS

22. The challenging economic conditions and growth in online sales have had a significant and permanent impact on consumer shopping and spending behaviour. Retailers have faced challenges across the supply chain, inflationary pricing, economic uncertainty and geo-political factors.
23. This has created significant challenges for traditional 'bricks-and-mortar' retailing and the high street. Consequently, national multiple retailers are having to constantly review and rapidly adapt their business strategies, requirements and store formats to keep pace with the dynamic changes in the sector and consumer demand. As retailers adjust to 'new normal', a seamless experience and hybrid shopping are shaping the future of retail; the key trends that will impact the industry include:
- Hybrid or 'Phygital' (physical and digital) shopping – Retailers want to deliver a seamless experience across all shopping methods, including online, in-store, mobile devices, social media, live streaming and shopping and virtual storefronts.
 - Use of Artificial Intelligence (AI): using AI in augmented chatbots to aid customers with product inquiries, sizing questions, and order tracking, further enhancing the customer experience.
 - Social media sentiment monitoring is collecting and analysing information about a retailer or brand on social media. Actively engaged on social media, retailers can better understand data about their customers' sentiments, preferences, and attitudes toward their company and its competitors. Social media and e-commerce are converging, enabling brands, influencers and other sellers to pitch products directly on social platforms in an engaging way, creating stronger consideration and higher conversions to online sales.
 - Physical retail stores and websites are becoming increasingly crucial as sources for additional advertising revenue for retailers.
 - Changes to retail formats and design – retailers are testing different formats as well as including new offerings on the click and collect method including out-of-centre operators such as IKEA opening a store on Oxford Street.
 - Changes in Consumer behaviour – the growing trend in repair, recycling, reuse, and thrifting is set to grow. This is seen in the rise of the popularity of second-hand shops, vintage clothing and markets, and charity shops once again. Additionally, more brands are championing sustainability, including:
 - IKEA has launched its buy-back and re-sale scheme, in an attempt to reduce the number of products going to landfill.

- The George at Asda brand has joined forces with specialist wholesaler Preloved Vintage Kilo. The supermarket's clothing brand, George, will be selling second-hand clothing in 50 UK stores after a successful trial in Leeds in 2021.
- H&M were the first fashion brand to launch a global garment collection initiative in 2013, allowing customers to hand in any unwanted clothing to a H&M store.
- Decathlon's Second Life initiative, where repaired products (e.g., bikes, fitness equipment, kayaks, tents) are sold.

24. These dynamic trends are best illustrated by the changes in the grocery sector over the last decade. Since 2010, the top five main grocery operators have been Tesco, Sainsbury's, Asda, Waitrose and Morrisons who have dramatically changed their business models; their focus has been on growing market share through online sales and new smaller convenience store formats (including Tesco Express, Sainsbury's Local, Asda Express and Little Waitrose). Consequently, applications for large store formats have slowed to a virtual standstill over the last decade and extant permissions have not been implemented.
25. Previously outside of the so-called top five grocers, the 'deep discount' food operators (namely Aldi and Lidl) have significantly increased their respective market shares through new store openings. Notably Aldi has now overtaken Morrisons to become the one of five grocers dominating the grocery market as shown in the graph below. As customers continue to look for savings it is likely that Lidl will also improve its position having recently surpassed Co-op and is now likely to be a key challenger for Morrisons.

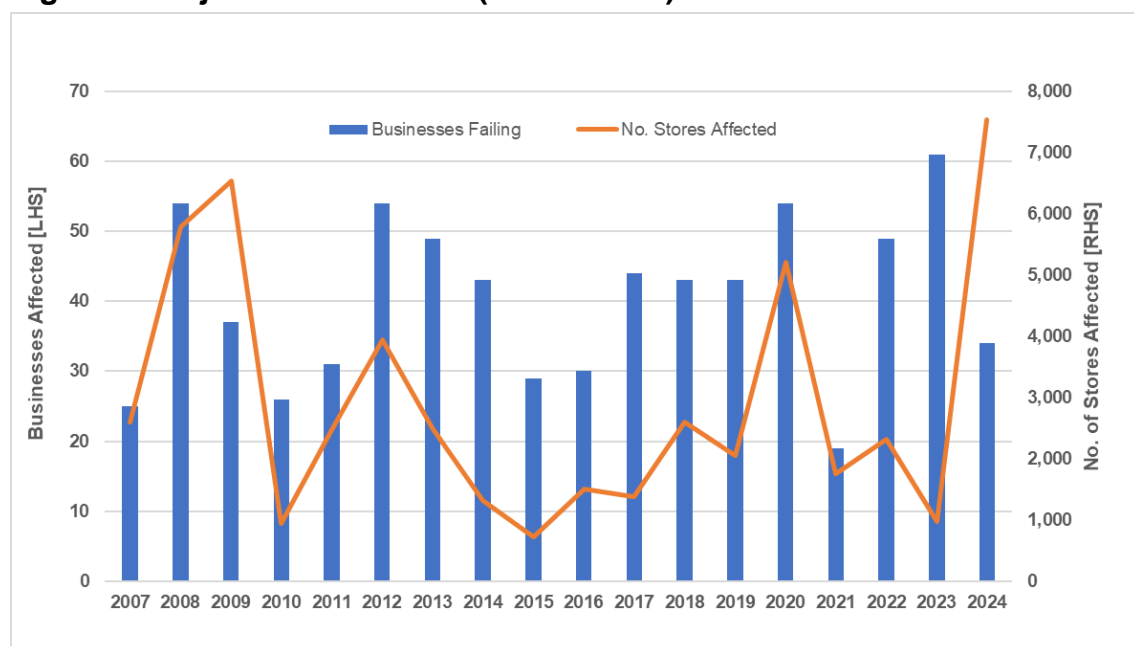
Figure 3: Grocery Market Share (12 Weeks ending)



Source: Kantar, March 2025

26. The non-food retail sector has also experienced a 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.
27. The challenges facing consumers, businesses and town centres continue to intensify. The latest industry research shows that over 13,479 stores closed in 2024 due to businesses entering administration, with circa 169,400 jobs lost. Data for the first two months of 2025 identified 1,483 store closures and 6,689 job losses. These figures are predicted to jump to 17,349 store closures, 14,660 are expected to be independent retailers, and 201,953 job losses by the end of the year.

Figure 3: Major Retail Failures (2007 – 2024)



Source: Centre for Retail Research (May 2025)

28. According to Centres for Retail Research, the main drivers for store closures is linked to “changed customer shopping habits, inflation, rising energy costs, rents and business rates” (UK Retailing Outcomes 2024: Lost Stores and Lost Jobs, January 2025). In addition, and more specific to predicted closures in 2025, are the factors such as the cost of crime (from shoplifting) and increased labour costs (increase in the national living wage, increase in the minimum wage for 18- to 20-year-olds, and increase in employers NIC).
29. National retailers/ multiples 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’. This is a further contributing factor to the sizeable number of store closures that have occurred over recent years. There are also other factors that are impacting on the profitability of retailers

30. However, while national retailers/multiples account for the greatest proportion of job redundancies in the retail sector, according to Centres for Retail Research, independents (operators with one to three outlets) accounted for 65% of store closures in 2024, and 75% in 2023.
31. In summary, 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 and engineer the vital transition to a more technology-focussed business model.

RISING OCCUPANCY COSTS

32. 'Bricks and mortar' retailers are having to absorb higher than inflation increases in year-on-year occupancy costs (for example, rents, business rates, service charges, utility bills, staff costs, etc). This outpaces sales growth for many retailers, eroding profitability and resulting in more store closures.
33. As described above it is not a 'level playing field' between high street and online retailing, or between high street and out-of-centre retailing. In response to the budgetary challenges from rising costs and tight margins, retailers will need to drive up efficiencies and productivity from existing floorspace to remain viable.
34. It is standard practice for retail planning assessments to make a reasonable and robust allowance for the year-on-year growth in the average sales densities of existing and new (comparison and convenience) retail floorspace for it to remain vital and viable. However, there is limited evidence detailing actual changes in the turnover and profitability of retailers over time.
35. The latest Retail Planner Briefing Note (RPN 22) (March 2025) provides forecasts of annual floorspace productivity growth rates based on two different scenarios: (i) the 'constant floorspace scenario', based on limited potential for new retail development, resulting in greater efficiency of existing floorspace; and (ii) the 'changing floorspace scenario', which takes account of the impact of new retail development on average retailer sales performance. The table below sets out the differences between the two scenarios.

Table 1: Floorspace Productivity Growth Rates (year-on-year growth %)

	2023	2024	2025	2026	2027-31	2032-40
CONSTANT FLOORSPACE						
Convenience Goods	-2.40%	-2.30%	0.00%	0.10%	0.10%	0.10%
Comparison Goods	-0.50%	-0.10%	0.50%	1.70%	2.50%	2.50%
CHANGING FLOORSPACE						
Convenience Goods	-2.40%	-2.30%	-0.10%	0.00%	0.00%	-0.10%
Comparison Goods	-0.50%	-0.10%	0.40%	1.60%	2.30%	0.10%

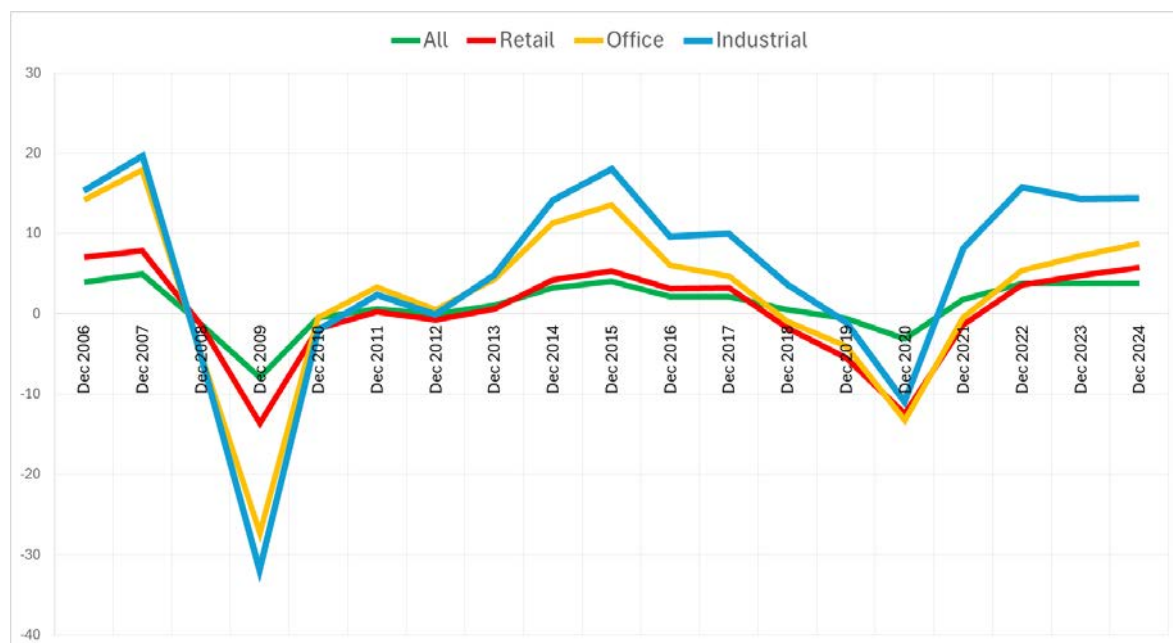
Source: Experian Retail Planner Briefing Note 22, (March 2025); Figures 3a/3b and 4a/4b

36. As Experian explain the volatility in sales densities in 2021 and 2022 have been driven by sharp swings in retail spending due to temporary business closures during the pandemic and subsequently the impact of high inflation. Sales density

growth rates are expected to grow but mainly within the comparison goods retail market. Budgetary challenges from rising costs and tight margins will be a key factor underpinning floor space efficiencies over the coming years. These results reflect national trends and there will be marked differences between local areas.

37. On this basis, budgetary pressures mean that retailers will have to increase efficiencies from current floorspace including through redevelopment/repurposing of existing floorspace; adoption of modern technology and innovations; more effective marketing strategies; and adopting an 'omni-channel' strategy (this refers to the integration of different methods of shopping available to consumers e.g., via the internet, in a physical shop, or by phone (both in terms of telesales and shopping via a smartphone)) that uses internet sales to increase the sales performance of physical shops. This is against a backdrop of weak demand for retail property, high vacancy levels and a significant fall in new retail-led development in centres across the UK.
38. For these reasons we prefer to test higher '**constant floorspace productivity**' growth rates for retail planning assessments, as they better reflect national trends and the need for existing retailers to increase their sales potential and profit margins to remain viable.
39. Demand for retail space in centres across the UK has fallen dramatically since 2007. In turn this fall in demand is impacting on property values and rents. As shown below the retail sector has performed poorly compared with the other property sectors with its origins back to the economic crisis in 2007/08. This trend has been further exacerbated by the pandemic and the current cost of living crisis.

Figure 4: Property: Average Rental Growth (2006-2024) (%)



Source: MSCI UK Quarterly Property Index (January 2025)

40. One of the obvious impacts of the difficulties experienced within the retail sector is the fall in retail rental values. The larger retail groups have enjoyed a particularly strong negotiating position and lease events represent an opportunity to reduce costs and increase flexibility. Over the past year we have experienced multiple retailers seeking some or all the following lease provisions when agreeing lettings:
- An increase in rentals linked to turnover as opposed to contracted rents linked to market rental value.
 - Where rent reviews are to market value a cap as to the quantum of any future increase.
 - Shorter leases and regular tenant break options.
 - Capped increases to service charge.
 - Pandemic clauses with rent cessation provisions in case of forced closure.
 - Larger incentive packages, including capital contributions.
41. Overall, many centres and shopping locations across the UK simply have too much retail floorspace stock, or they have the 'wrong type' of retail floorspace that does not meet the needs of modern national retailers for larger format shop units.
42. Our recent (April 2024) research together with REVO titled '**Places & Spaces Reinvented**' indicated that high occupancy costs, along with business rates, are consistently identified amongst the top five challenges facing our towns, high streets and shopping centres, alongside an oversupply of retail space and the growth of online retail spend.
43. This over-supply of retail floorspace and limited market demand is placing further pressures on the viability of existing stores and shopping centres. In turn, this makes it difficult for landlords, investors and retailers to justify additional capital expenditure.

OUT-OF-CENTRE RETAILING

44. As mentioned in our previous assessments the development and take-up of food and non-food out-of-centre space has also slowed over recent years, in line with the trends impacting on high streets and town centres. The main grocery retailers have pulled back from new larger format superstore openings in edge and out of centre locations to focus on maintaining and increasing market shares through online sales and opening smaller convenience outlets. The exception to this is the discounters, Aldi and Lidl, who continue to seek new sites in mainly edge and out-of-centre locations.
45. Notwithstanding this, most out-of-centre shopping locations retain their significant competitive advantages over town centres and high streets in terms of their supply of larger format modern outlets, ease of access and ability, their lower occupancy costs, extensive free parking as well as their ability to serve as last-mile delivery hubs. This remains an attractive proposition for those retailers that are still seeking

space in the current market. For example, as part of its revised business model Marks & Spencer has closed a number of its traditional high street stores and 'replaced' these with 'Simply Food/Food Hall' branded stores in out-of-centre locations.

46. The latest Investment Property Forum (IPF) Consensus Forecasts published in March 2025 (Winter 2025 Survey of Independent Forecasts for UK Commercial Property Investment) predict that shopping centre rental growth will average at 1.3% between 2025 and 2029, which represents a more positive outlook on forecasts published last year. Standard retail rents (e.g. high streets) are expected to perform better with an average rental growth of 2% between 2025 and 2029. Retail warehousing is forecast to mirror average growth rates for standard retail accommodation. Retail sits below other commercial sectors in terms of rental value growth. For example, the highest rate of growth is predicted for industrial space and office space in London's West End where average annual growth between 2025 and 2029 is predicted to increase by 3.2% and 3.1%, respectively.

VACANCY RATES

47. At the end of 2023, the GB national average 'All Vacancy Rate' (retail and leisure combined) according to the Local Data Company (LDC) stood at 14% (an increase from 13.8% in 2022). The current rate is still higher than the pre-pandemic (second half of 2019) level of 12.1%, so the sector has yet to fully recover.
48. LDC state that over the past five years, retail parks and shopping centres have shown an overall decline in vacancy rates, while high streets have experienced an increase. From a vacancy high of 19.4% in the second quarter of 2021, shopping centres dropped to 17.7% by the final quarter of 2023.

LEISURE TRENDS

49. The most recent leisure spend projections by Experian Business Strategies (EBS) as set out in Retail Planner Briefing Note 22 (March 2025) shows that following a dramatic -36.3% fall in leisure spend per head in 2020 due to the pandemic, there was an upsurge in 2021 of 29.5% that continued until 2022 (of some 20.9%) followed by a reduction in 2023 (-2.6%) due the cost of living crisis and rising inflation. Experian predict a continued reduction in 2024 (-1.6%) followed nil growth in 2024. From 2025 onwards, annual growth will be minimal (0.3%).

Table 2: Leisure Spend and Projections (year-on-year growth %)

	2019	2020	2021	2022	2023	2024	2025	2026-40
Annual Leisure expenditure growth	-0.1%	-36.3%	29.5%	20.9%	-2.9%	-1.6%	0.0%	0.3%

Source: Retail Planner Briefing Note 22 (March 2025)

50. Spending on leisure is linked to consumer confidence and the wider economy. In recent times, higher mortgage rates, the rate of inflation and the broader cost of

living crisis has impacted sector. This is illustrated with a review of the following selective commercial leisure categories:

- **Cinemas:** the sector is going through change as consumers become more price conscious and as a result are more selective in their frequency. While new cinemas opening across the UK, particularly from the boutique sector (such as the Everyman in Egham), the cinema sector generally remains under pressure and operators such as Cineworld and Empire having filed for administration in 2023.

Food & Beverage (F&B): the sector has faced a number of challenges from Brexit, the pandemic and the cost-of-living crisis and rising inflation. This has meant that the sector has been under strain for a while. 'Eating out' to 'eating in' has become the norm as consumers are forced to cut back on spending. Currently online food delivery companies are competing for consumer spend as consumers choose to stay at home continue to treat themselves despite potential economic cutbacks. Within the leisure sector, and most notably pubs, have seen sharp rises in expenditure, with the heightened costs of energy, staffing and goods exerting pressure on operators. Growth in eating out is predicted as consumer wages and confidence grow.

- **Coffee shops:** these seem to remain an essential for consumers. The coffee shop spend trend closely links to retail trends, where visitors to the high street and shopping centres see the coffee shop break as integral to the shopping experience. However, the price of coffee has pushed up prices, so whilst demand volume is stable, price increases account for the revenue growth in the sector.
- **Competitive socialising:** despite the inevitable impact on consumer finances, former retail spaces are being repurposed into leisure venues that are having an impact on the vitality of town centres. Competitive socialising is a key trend driving this change. The range leisure activities include escape rooms, axe throwing to immersive group virtual reality (VR) experiences. This is being driven by younger demographic seeking new and diverse forms of entertainment and a desire for real social connection together with the availability of previously retail-dominated space. This form of entertainment is expanding into centres across the UK, with KickX (a football theme venue) opening in Addlestone in 2023.
- **Night-Time Economy:** according to recently published analysis from the Night-Time Industries Association (June 2024), the UK night-time economy was worth £33.3 billion in 2022, down from £37.2 billion in 2019. From its declining music scene to the loss of significant numbers of clubs and pubs, the UK's night-time economy is under strain. The government's Interdepartmental Business Register (IDBR) indicates that the number of pubs and bars declined by 10% in the decade to 2022, while the number of licensed clubs fell by 28%, amounting to a total loss of around 7,000 establishments over ten years. In the same period, however, the number of licensed restaurants in the UK has

increased by 30%. The decline in the night-time economy is attributed to squeezed consumer finances detailed previously as well as changing consumer preferences including the decline in drinking particularly among younger demographics. UK Government has announced a pilot scheme in London to allow pubs, clubs, and restaurants to stay open later and changes to licensing to boost growth.

- **Health & Fitness (H&F):** according to the State of the UK Fitness Industry Report 2023 the UK had slightly fewer gyms (0.9 per cent) in 2023 than in 2022 but member numbers were up by 3.9%. The increases in member numbers were greater in the private sector than in the public sector, with budget chains PureGym and The Gym Group the two leading operators in terms of new gym openings. The increasing emphasis on wellbeing, good health and preventative healthcare remain a positive sign of the sector's longer-term resilience.

SUMMARY

51. Our towns, traditional high streets and shopping centres have been challenged for more than a decade by falling market demand, rising occupancy costs and increasing competition from online and out-of-centre shopping. Trends accelerated and compounded by the COVID-19 pandemic are resulting in an increase in vacant shop units, often in primary shopping areas, as retailers and occupiers either choose to downsize and/or close stores in some locations, or they are forced out of business altogether due to failing business models and unmanageable debts. As online spending has increased, the demand for physical retail demand has been impacted. Where there is vacant space there is a need for a strategic evaluation as to how town centres realign themselves.
52. Today, many of our traditional towns and shopping centres simply have too much retail space. The critical challenge over the short, medium and long term will be how to retain existing businesses, fill/replace the voids and attract new investment. The danger is that an increase in long-term vacancies in centres will lead to a 'spiral of decline', which will further engender feelings of neglect and lack of investment confidence in town centres, and 'push' more people to shop online.
53. As town centres evolve, residential provision in centres is already being encouraged, including by previous national planning changes (such as office to residential conversions through prior approval, and permitted development for two flats above a shop). In those cases where retail vacancies are long-term and more often than not concentrated in secondary shopping streets/pitches, it will be necessary to plan for alternative uses and/or consider options for redevelopment. As a result of the increasing drive towards more flexible planning through changes to the Use Classes Order and Permitted Development Rights, there will inevitably be more mixed-uses within centres, particularly residential, and this should be encouraged and planned for through enabling planning policies.

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54. It will be important to maximise intergenerational residential provision in the most sustainable locations, particularly in centres, as part of a balanced mix of uses. Therefore, consideration needs to be given to planning policies and allocations enabling the growth of other uses, such as education, leisure and recreation, within centres, which, along with residential, are particularly positive in terms of enhancing the vitality of centres.

3. HEALTH CHECK UPDATE: SUMMARY

55. This section provides a high-level update on how the borough's main towns of Addlestone, Chertsey, and Egham have changed since 2022 when comprehensive health check assessments were undertaken for the 2022 Study.

Methodology

56. The 2022 health check assessments considered a broad range of Key Performance Indicators. This update focuses on a selection of KPIs that help gauge how the vitality and viability of the three town centres has changed from the 2022 findings, including:
- Diversity of uses
 - Proportion of vacant street level property
 - Pedestrian flows
57. The **Diversity of Uses** is informed by survey data provided by Experian Goad ('Goad') and examines the current number of outlets and quantum of floorspace for each commercial category. These are Convenience and Comparison Retail, Leisure Services (including food and drink outlets, games of chance venues (e.g., casinos, bingo halls, gambling arcades, and betting shops), sports and leisure facilities, night clubs, cinemas, theatres, concert halls and hotel/guesthouse accommodation), Retail Services (including health and beauty services (beauty salons, tattoo parlours etc.), post offices, dry cleaners & laundrettes, travel agents, photo processing outlets & studios, and other personal services) and Financial & Business Services. **Vacancies** are also discussed separately.
58. **Pedestrian Flows** uses Footfall data from MSCI Property Intel who harvest data from over 10 million mobile devices. All data is fully anonymised and GDPR compliant. Data is collected daily and MSCI Property Intel can identify footfall levels at different times of the day. The heat map included in the report also indicates concentrations of footfall, green indicating lower levels and orange/ red higher concentrations.
59. The KPIs help to identify the critical Strengths and Weaknesses of each centre; the Opportunities for future sustainable development and any current and potential Threats to their overall vitality and vitality, summarised in the main report.
60. The findings of the health check assessments are set out in the following proformas:

ADDLESTONE TOWN CENTRE

Diversity of Uses

61. Goad boundaries may be different to the previous 2021 study. The previous study used Local Data Company; there may be fewer or more units included within the boundary, and differences in classing diversity of uses; therefore, it does not allow a like-to-like comparison.
62. Goad data from January 2024 has been used to assess Addlestone's mix of uses. The figure below shows the area covered by Goad.

Figure 5: Addlestone Town Centre Units Map



Source: Experian Goad, January 2024

63. The table below shows that Addlestone has a total of 401 units and an overall quantum of 24,240sqm in floor space.

Figure 6: Diversity of Uses

	No. of Outlets	% of Total Outlets			Gross Floorspace (sqm)	% of Total Floorspace		
		2024	2021	UK Average		2024	2021	UK Average
Comparison Retail	22	17.2%	19.2%	26.4%	3,010	12.4%	12.6%	29.4%
Convenience Retail	12	9.4%	9.6%	9.3%	8,000	33.0%	38.5%	15.6%
Retail Services	27	21.1%	22.4%	15.9%	2,710	11.2%	12.2%	7.3%
Leisure Services	46	35.9%	32.8%	25.8%	8,440	34.8%	27.2%	26.7%
Financial & Business Services	7	5.5%	7.2%	8.3%	700	2.9%	3.9%	6.3%
Vacant	14	10.9%	8.8%	14.1%	1,380	5.7%	5.6%	14.2%
Total	128	100.0%	0.8%	100.0%	24,240	100.0%	0.0%	100.0%

Source: Experian Goad, 2021 and 2024

64. The proportion of comparison retail outlets is lower than 2021 figures, however, the floorspace is at a similar level, still below the UK average by 9.2% for number of outlets and 17.0% for floor space. The previous report showed that comparison retail

had seen a decrease year-on-year from 2017 to 2022, this trend has continued as comparison retail has further decreased in 2024.

65. Leisure services units have increased since 2021 by 3.1% and floor space has also increased 7.6% , making this above the UK average. Tenants such as KickX, and Snap Fitness moved to the area in 2023, increasing leisure capacity in Addlestone.
66. Notable multiple representation occupiers that have exited Addlestone are Iceland, Holland & Barrett and a Lloyds pharmacy, with no new multiple representation tenants having entered the market.

Figure 7: Food and Beverage Units and Floorspace, 2021 and 2024

	No. of Outlets	% of Total Outlets			Gross Floorspace (sqm)	% of Total Floorspace		
		2024	2021	UK Average		2024	2021	UK Average
Bars & Wine Bars	2	1.4%	0.7%	2.3%	460	1.7%	0.4%	2.4%
Cafes	9	6.5%	4.3%	5.1%	1,260	4.6%	2.9%	2.9%
Fast Food & Take-Away	8	5.8%	6.5%	6.1%	1,080	3.9%	3.4%	3.1%
Public Houses	4	2.9%	2.9%	2.6%	1,030	3.7%	3.7%	3.4%
Restaurants	9	6.5%	6.5%	5.1%	1,510	5.5%	6.0%	4.3%
Total	32	23.2%	21.0%	21.2%	5,340	19.3%	16.4%	16.1%

Source: Experian Goad, 2021 and 2024

67. In Addlestone, the food and beverage (F&B) offer occupies 23.2% of the total units, closely aligned to the 2021 and the UK average.
68. The number of outlets for restaurants and public houses have remained the same. Cafes, bars and wine bars have seen a slight increase in units and floorspace, also surpassing the UK average. Tenants that have closed in Addlestone are Harris + Hoole, Esquires coffee, with new openings by tenants such as Mooboo, Thai Chef and Terra Brazil.

Vacancies

69. The 2024 Goad survey identified a total of 14 vacant outlets of a total of 128 units in Addlestone, which represents 10.9% of the overall outlets, lower than the Goad UK average of 14.1%. 5.7% of the floorspace in Addlestone is vacant, which compares favourably to the Goad UK average of 14.3%.
70. This compares to the previous study that showed 11 vacant units at 7.9% from Local Data Company data; this is a slight increase in vacant units of three units. Comparison to 2021 Goad data shows that even though there has been an increase in vacant units, occupiers have stayed at a similar level, with increased units in Addlestone.
71. The image below illustrates where vacant units are in Addlestone as of 2024. As can be seen, there is a high cluster within Addlestone One, and some vacancies at the west and east ends of the centre. The town centre's built environment deteriorates moving out from the centre in condition and quality, suggesting the reason partially behind the vacancy increases.

Figure 8: Vacancy maps of Addlestone, Jan 2024

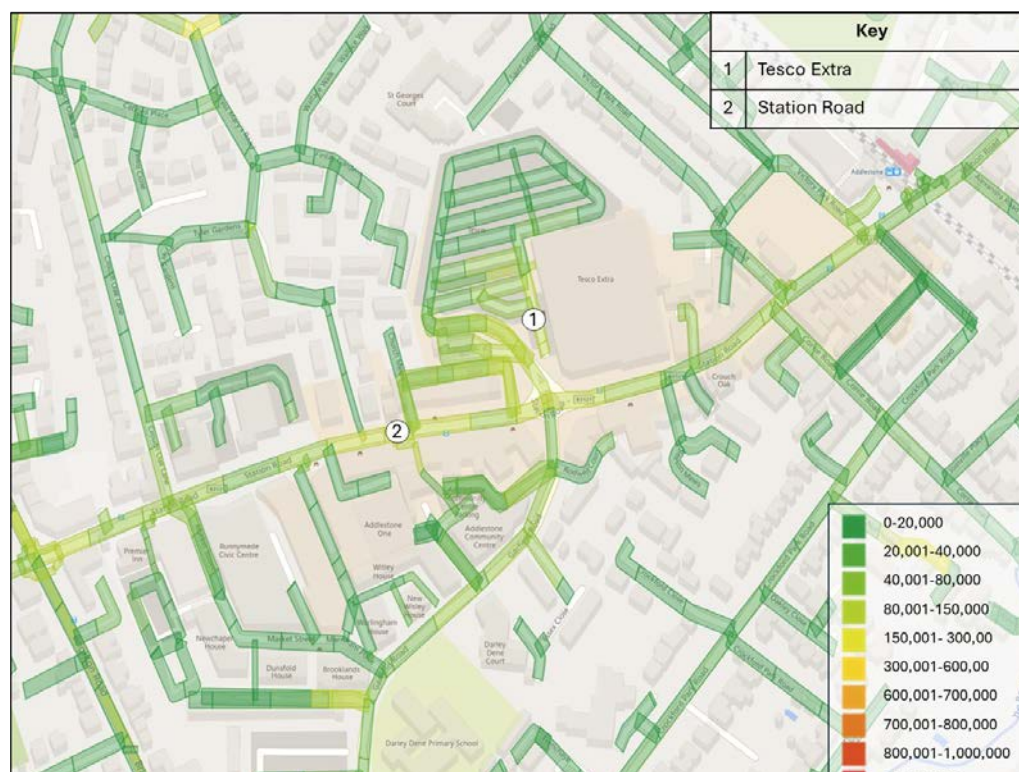


Source: Experian Goad

Pedestrian Flows

72. The figure below illustrates the pedestrian flows for Addlestone in the form of a heat map showing total pedestrian movements for February 2025. As can be seen, footfall is concentrated at Tesco and on Station Road, particularly between Addlestone One shopping centre and Tesco. As well as highlighting potential linked trips between Tesco and the shopping centre, this could also reflect linked trips with Civic Centre staff and visitors to Tesco. There is also a smaller concentration of footfall along Garfield Road, near Addlestone Community Centre.

Figure 9: Addlestone Footfall Heat Map, Feb 2025

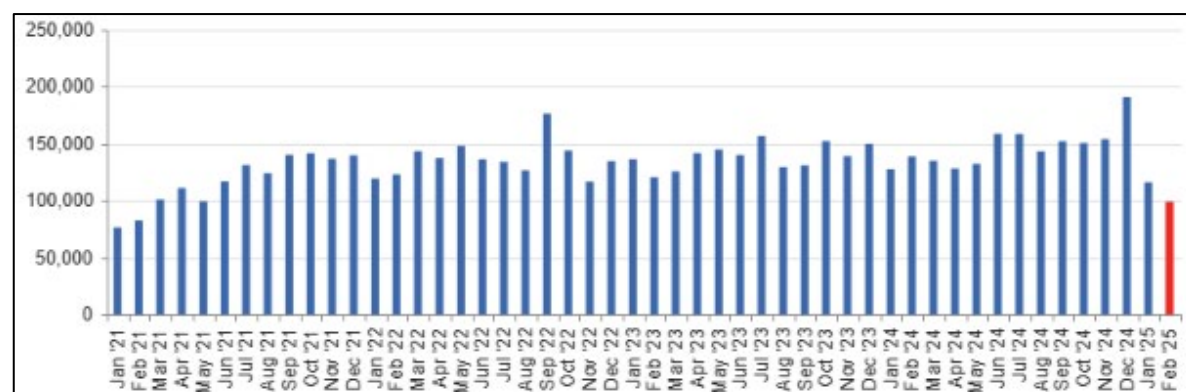


Source: MSCI

A central section of Station Road and the street to Tesco was sampled to obtain information on how footfall levels have changed between January 2021 and February 2025.

73. As can be seen in the figure below, footfall levels have increased since 2021. Footfall has been at a consistent level since late 2021 and stays reliable throughout the year. Footfall levels were regularly above 150,000 in the second half of 2024, with 2024 at a monthly average of 147,000. Footfall fell below 110,000 in the first 2 months of 2025. This reflects typically lower footfall in January for other years (and likely influenced by a post-Christmas lull and poor weather).

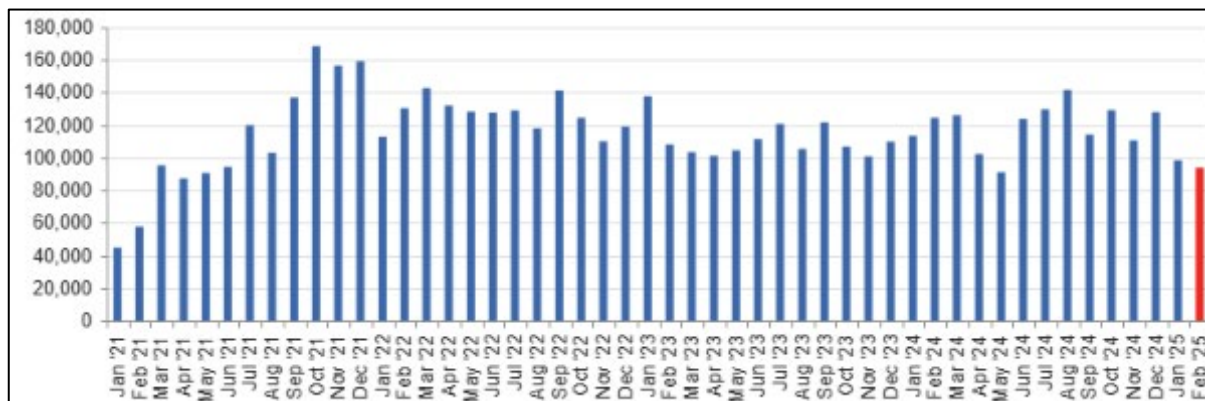
Figure 10: Monthly Footfall Activity, Jan 2021– Feb 2025, Tesco Extra



Source: MSCI

74. A central point along the town centre on Station Road was obtained. Footfall increased throughout 2021, reaching the highest point in late 2021. Since then, footfall has slightly fallen and stabilised at an average of 120,000 for 2024.

Figure 11: Monthly Footfall Activity, Jan 2021 – Feb 2025, Station Road



Source: MSCI

Summary

75. Addlestone retail offer has seen a steady performance. The number of tenants has stayed at a similar level since 2021, however, there has been an increase in the number of vacant units, indicating an increase of the number of overall retail units recorded within the centre.
76. The retail diversity has stayed fairly similar, however leisure services have increased more than other retail uses, while financial services and comparison retail have seen a slight decrease. Tesco Extra remains an anchor to the town, with the highest level of footfall recorded around the unit.
77. Addlestone One has a high vacancy concentration, suggesting a slight underperformance and highlighting potential difficulty finding tenants to enter the shopping centre.
78. Addlestone One's retail mix is largely composed of multiple representation brands, reflecting the centre being a choice for retail chains. The tenant mix within the centre is strongly focused on F&B, and leisure uses. There is no comparison retail that can be found within the shopping centre and is low overall in Addlestone.

CHERTSEY TOWN CENTRE

Diversity of Uses

79. Goad boundaries may be different to the previous 2021 study. The previous study used Local Data Company; there may be fewer or more units included within the boundary, and differences in classing diversity of uses; therefore, it does not allow a like-to-like comparison.
80. Goad survey data from January 2024 has been used to assess Chertsey's mix of uses. The figure below shows the area covered by Goad.

Figure 12: Chertsey Town Centre Units Map



Source: Experian Goad

81. The table below shows that Chertsey has a total of 120 units and an overall quantum of 23,900sqm in floorspace.

Figure 13: Units and Floorspace, 2021 and 2024

	No. of Outlets	% of Total Outlets			Gross Floorspace (sqm)	% of Total Floorspace		
		2024	2021	UK Average		2024	2021	UK Average
Comparison Retail	20	16.7%	18.5%	26.4%	2,850	11.9%	12.2%	29.4%
Convenience Retail	10	8.3%	9.2%	9.3%	4,630	19.4%	20.2%	15.6%
Retail Services	21	17.5%	19.3%	15.9%	1,770	7.4%	8.8%	7.3%
Leisure Services	36	30.0%	31.1%	25.8%	9,520	39.8%	40.6%	26.7%
Financial & Business Services	10	8.3%	7.6%	8.3%	1,360	5.7%	5.3%	6.3%
Vacant	23	19.2%	14.3%	14.1%	3,770	15.8%	12.9%	14.2%
Total	120	100.0%	100.0%	100.0%	23,900	100.0%	100.0%	100.0%

Source: Experian Goad, January 2024

82. There have been more tenants that have moved out than have moved in since 2021, resulting in fewer tenants.
83. The proportion of comparison, convenience, retail and leisure service units and floorspace has decreased in Chertsey since 2021. Notable convenience multiple representations that have exited the market are Martin's and Holland & Barret, which also exited Addlestone.
84. Comparison retail is lower than the UK average by 9.7%. Financial & business services units have slightly increased and are now in line with the UK average of 8.3%.

Figure 14: Food and Beverage Units and Floorspace, 2021 and 2024

	No. of Outlets	% of Total Outlets			Gross Floorspace (sqm)	% of Total Floorspace		
		2024	2021	UK Average		2024	2021	UK Average
Bars & Wine Bars	1	0.8%	0.8%	2.3%	210	0.9%	0.5%	2.4%
Cafes	9	7.5%	6.7%	5.1%	1,040	4.4%	4.3%	2.9%
Fast Food & Take-Away	7	5.8%	7.6%	6.1%	680	2.8%	3.5%	3.1%
Public Houses	4	3.3%	3.4%	2.6%	870	3.6%	3.6%	3.4%
Restaurants	6	5.0%	5.9%	5.1%	1,390	5.8%	6.7%	4.3%
Total	27	22.5%	24.4%	21.2%	4,190	17.5%	18.6%	16.1%

Source: Experian Goad, January 2024

85. F&B accounts for 22.5% of total outlets at Chertsey and 17.5% of total floor space; this is an overall decrease of 2.1% and 0.9% since 2021. Therefore, food and beverage has stayed at a similar level since 2021. This aligns closely to the UK average of 21.2% and 16.1%.

Vacancies

86. The image below illustrates where vacant units are located in Chertsey as of January 2024. As can be seen, vacant units are spread across the centre, there is a cluster of vacant units on Windsor Street.

Figure 15: Vacancy maps of Chertsey, Jan 2024



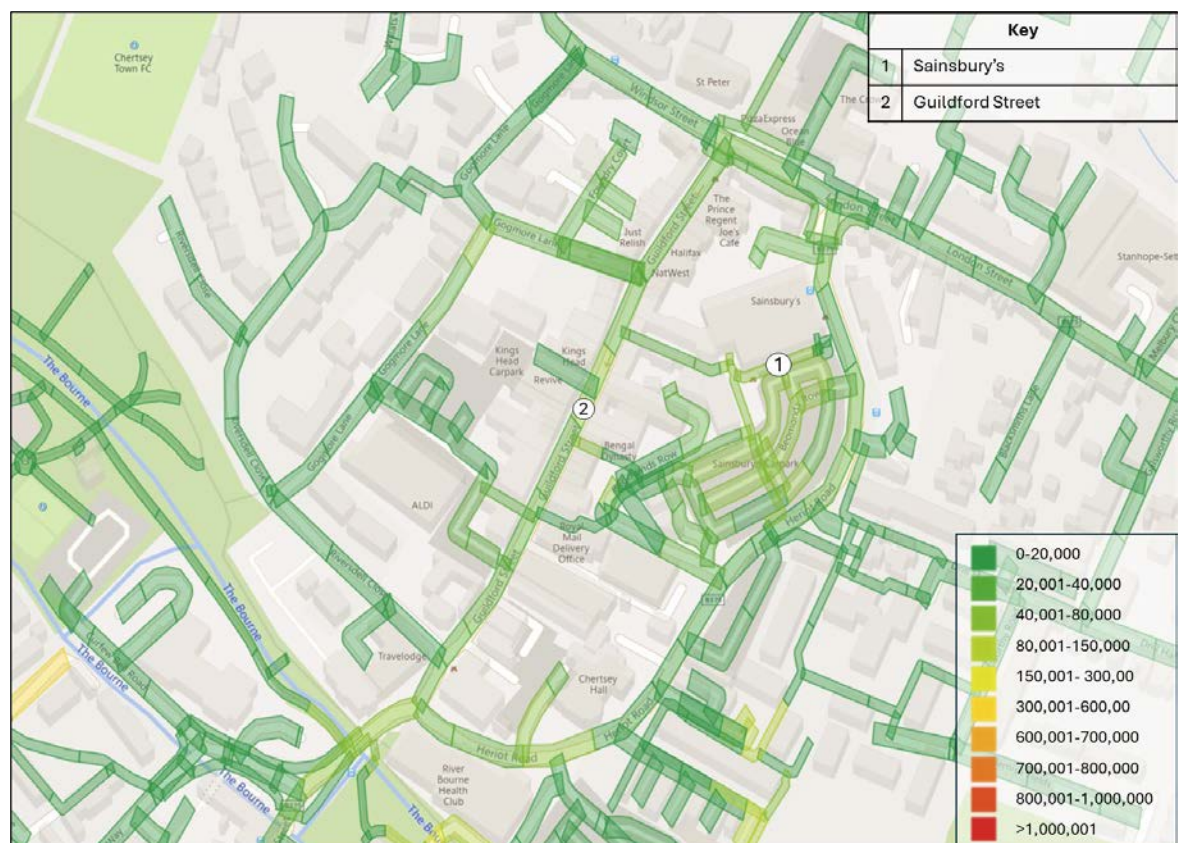
Source: Experian Goad

87. There are a total of 23 vacant outlets of a total of 120 units in Chertsey, which represents 19.2% of the overall outlets, higher than the UK average of 14.1%. 15.8% of the floor space in Chertsey is vacant, which compares unfavourably to the UK average of 14.3%.
88. Local Data Company from the previous study showed 16 vacant units at 12.4%; this is similar to Goad data from 2021, where there were 17 recorded vacant units. This shows that the vacancy rate has increased, with more vacant units in Chertsey.

Pedestrian Flows

89. The figure below illustrates the pedestrian flows for Chertsey in the form of a heat map showing total pedestrian movements for February 2025. As can be seen, footfall is higher along Guildford Street, leading up to Aldi and near Sainsbury's. There is less footfall on Windsor Street.

Figure 16: Chertsey Footfall Heat Map, Feb 2024



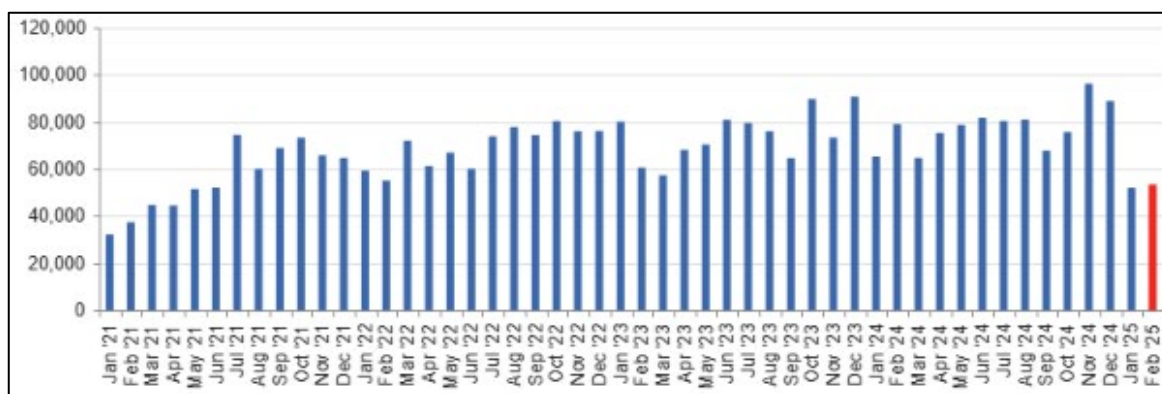
Source: MSCI

90. There were two locations that were considered across the centre, a central section of Guildford Street, where a concentration of retail is located, and Sainsbury's centre was sampled to obtain information on how footfall levels have changed between January 2021 and February 2025.

As can be seen in the figure below, footfall levels at Sainsbury's have seen a gradual increase every year since 2021. In 2024, monthly movements were between 60,000

and 80,000, surpassing 80,000 five times. The monthly movements average was at 78,000 in 2024.

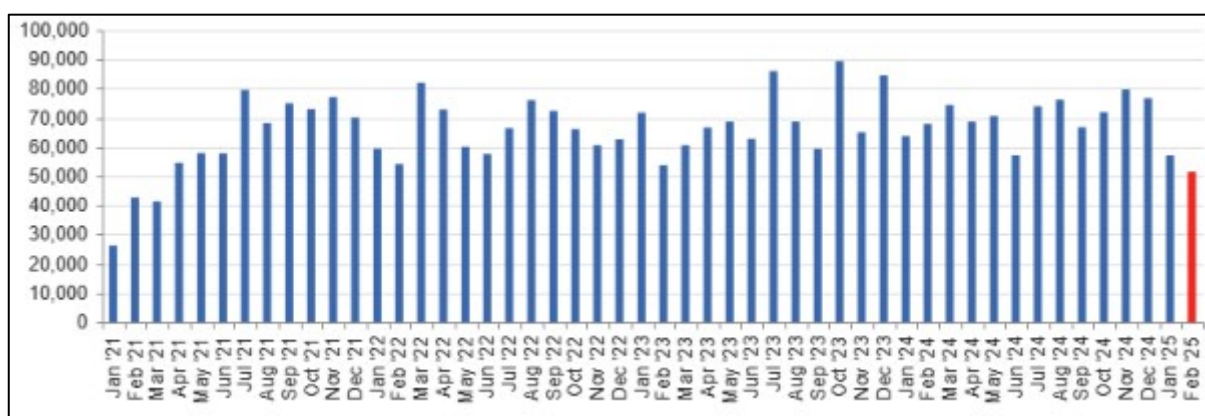
Figure 17: Monthly Footfall Activity, Jan 2021 – Feb 2025, Sainsbury's



Source: MSCI

91. Footfall along a central point on Guildford Street has seen a gradual increase in 2021. Footfall has been consistent since mid-2021, with regular monthly movements above 60,000 and 80,000, with an average of 70,600. Slightly less than seen at Sainsbury's.

Figure 18: Monthly Footfall Activity, Jan 2021 – Feb 2025, Guildford Street



Source: MSCI

Summary

92. Chertsey town centre remains the smallest of the centres occupied. The retail offer has decreased overall in the centre. This decrease can be seen across all diversity of uses expect for financial services which gained a tenant.
93. The centre is anchored by Aldi and Sainsbury's, both of which drives the local economy. Footfall data indicates that Sainsbury's attracts a higher volume of visitors.
94. The centre has seen a continued increase in vacancy rates, with unoccupied units remaining widespread throughout the centre. The centre experienced high tenant

turnover amongst food and beverage tenants, with the greatest number of move-ins and move-outs.

95. There is limited presence of comparison retail in Chertsey, which reduces the centres appeal as a shopping destination. Better retail offer and developing a daytime trade and evening economy would benefit and increase the attractiveness of the town centre.

EGHAM TOWN CENTRE

Diversity of Uses

96. Goad boundaries may be different to the previous 2021 study. The previous study used Local Data Company; there may be fewer or more units included within the boundary, and differences in classing diversity of uses; therefore, it does not allow a like-to-like comparison.
97. Goad survey data from May 2024 has been used to assess Egham's mix of uses. The figure below shows the area covered by Goad.

Figure 19: Egham Town Centre Units Map



Source: Experian Goad, May 2024

98. The table below shows that Egham has a total of 138 units and an overall quantum of 27,690sqm in floorspace.

Figure 20: Egham Outlets and Floorspace

	No. of Outlets	% of Total Outlets			Gross Floorspace (sqm)	% of Total Floorspace		
		2024	2021	UK Average		2024	2021	UK Average
Comparison Retail	30	21.7%	19.7%	26.4%	6,450	23.3%	22.1%	29.4%
Convenience Retail	17	12.3%	9.5%	9.3%	6,110	22.1%	19.3%	15.6%
Retail Services	22	15.9%	17.7%	15.9%	2,580	9.3%	9.7%	7.3%
Leisure Services	40	29.0%	25.2%	25.8%	7,970	28.8%	24.4%	26.7%
Financial & Business Services	10	7.2%	9.5%	8.3%	1,530	5.5%	12.1%	6.3%
Vacant	19	13.8%	18.4%	14.1%	3,050	11.0%	12.4%	14.2%
Total	138	100.0%	100.0%	100.0%	27,690	100.0%	100.0%	100.0%

Source: Experian Goad, 2021 and 2024

99. Egham retail offer has remained stable over the last few years, performing better than the other centres and has become more attractive. Compared to the previous study, there has been an increase in comparison retail, convenience retail and leisure services. Leisure services saw the opening of notable occupiers such as the Everyman Cinema and the addition of a bar, Liberto Lounge Café, at Magna Square.
100. There has been a slight decrease in retail services and financial & business services. Retail services decreased by 1.8%, which now aligns with the UK average. The majority of occupiers are health and beauty, which saw a slight decrease.
101. Financial & business services have seen a small decrease since 2021, number of units has decreased by 2.3% and floorspace has decreased by 7.7%, this is due to tenants such as NatWest bank and Jewson (a Builders Merchant) exiting Egham.

Figure 21: Food & Beverage Units and Floorspace

	No. of Outlets	% of Total Outlets			Gross Floorspace (sqm)	% of Total Floorspace		
		2024	2021	UK Average		2024	2021	UK Average
Bars & Wine Bars	2	1.4%	0.7%	2.3%	460	1.7%	0.4%	2.4%
Cafes	9	6.5%	4.3%	5.1%	1,260	4.6%	2.9%	2.9%
Fast Food & Take-Away	8	5.8%	6.5%	6.1%	1,080	3.9%	3.4%	3.1%
Public Houses	4	2.9%	2.9%	2.6%	1,030	3.7%	3.7%	3.4%
Restaurants	9	6.5%	6.5%	5.1%	1,510	5.5%	6.0%	4.3%
Total	32	23.2%	21.0%	21.2%	5,340	19.3%	16.4%	16.1%

Source: Experian Goad, 2021 and 2024

102. Leisure services saw the highest increase, with the majority of units being F&B units.
103. There have been several closures and new tenants move into Egham since the previous study. Notable food and beverage multiple representation occupiers that have exited Egham are Prezzo and Kaspas's, however, more have moved in, such as Fireaway, Papa Johns and Starbucks, along with six other new independent F&B occupiers present in 2024.

Vacancies

104. The image below illustrates where vacant units are located in Egham as of January 2024. As can be seen, vacant units are spread across the centre.

Figure 22: Vacancy maps of Egham, May 2024



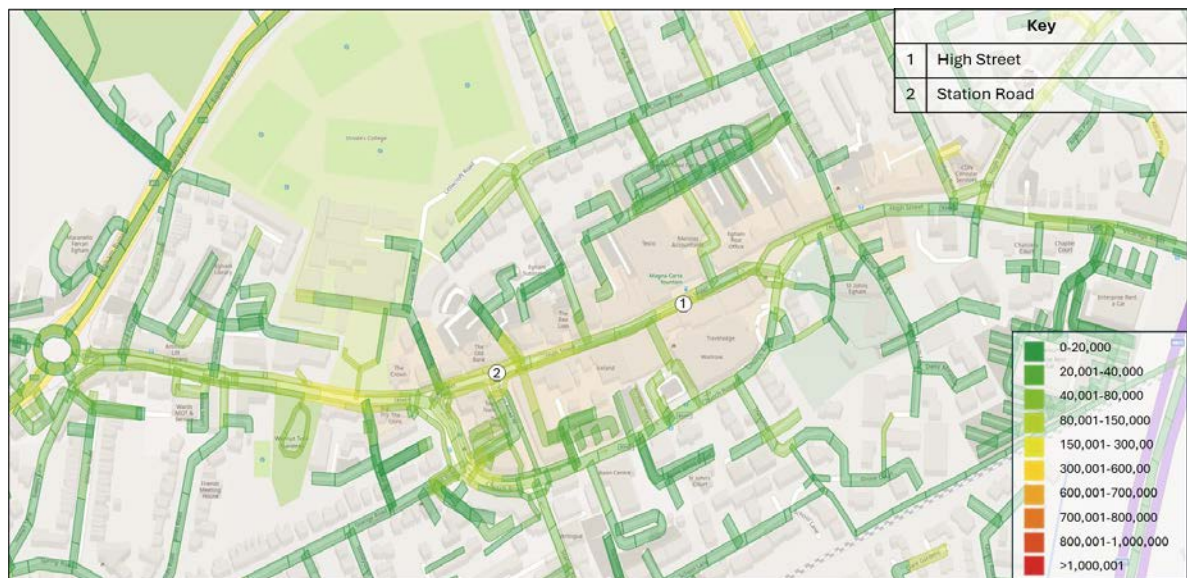
Source: Experian Goad, May 2024

105. There are a total of 19 vacant outlets of a total of 138 units in Egham which represents 13.8% of the overall outlets, lower than the UK average of 14.1%. 11% of the floorspace in Egham is vacant, which compares favourably to the UK average of 14.3%.
106. Local Data Company from the previous study showed 20 vacant units at 14.7%, this is a small decrease in the number of vacant units of one. Data from Goad 2021 shows that vacancy has dropped by 4.6%.

Pedestrian Flows

107. The figure below illustrates the pedestrian flows for Egham in the form of a heat map showing total pedestrian movements for February 2025. As can be seen, footfall is concentrated along the High Street, particularly by Tesco, Egham Museum and from Esquires Coffee Egham to the corner of the Redan Print Shop.

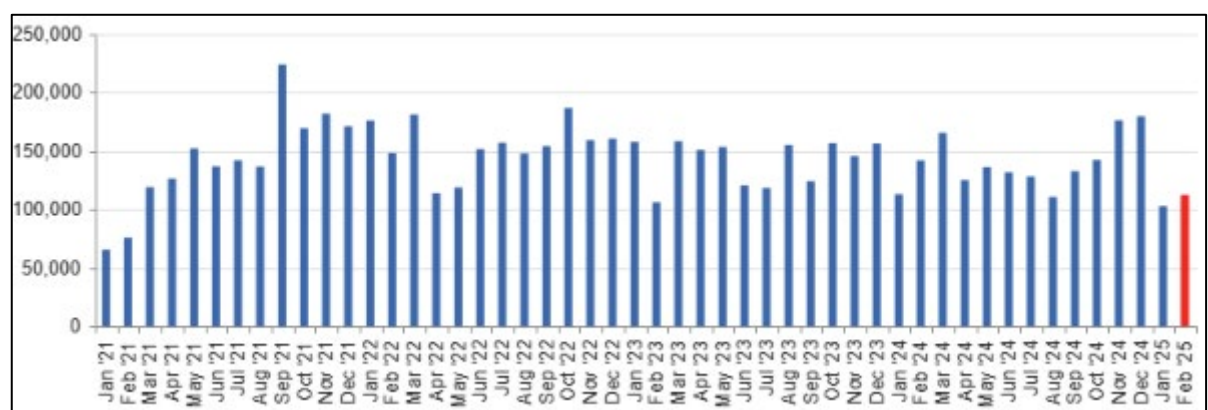
Figure 23: Egham Footfall Heat Map, Feb 2025



Source: MSCI

108. A central section of Station Road and the High Street into Tesco were sampled to obtain information on how footfall levels have changed between January 2021 and February 2025.
109. As can be seen in the figure below, footfall levels on the High Street saw a gradual increase in 2021 and regularly were above 150,000 monthly movements throughout late 2021, 2022 and 2023. This slightly decreased in 2024 as footfall between January to October was between 110,000 and 150,000 monthly movements. Footfall then increased to over 175,000 monthly movements in November and December; correlating to the Christmas shopping period. The average monthly movement in 2024 was 140,000; down from the 2022 average of 154,000 monthly movements.

Figure 24: Monthly Footfall Activity, Jan 2021 – Feb 2025, High Street

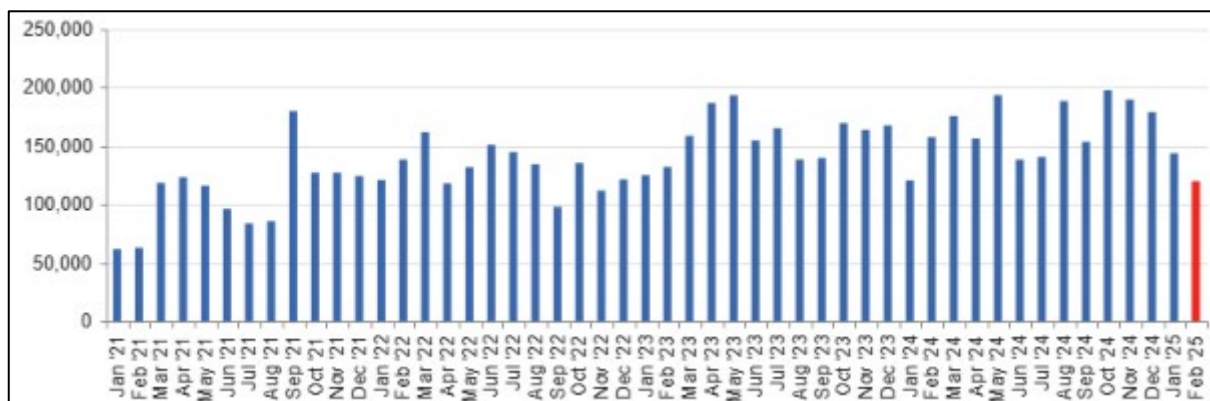


Source: MSCI

110. Footfall along a central point on Station Road has seen a gradual increase since 2021. Footfall has been consistent since 2023, with regular monthly movements

reaching 150,000 and 190,000, whereas in 2021 and 2022, movements were under 150,000. The year 2024 saw the highest footfall compared to previous years and had higher footfall peaks than previous years, with the average monthly movements at 166,000.

Figure 25: Monthly Footfall Activity, Jan 2021 – Feb 2025, Station Road



Source: MSCI

Summary

111. Egham Town Centre is the largest centre based on the quantum of floorspace and provision. The centre is performing better than other centres in this study; the retail offer is stronger, occupancy has increased while vacancy has gone down and footfall is higher overall in the centre, which is more positive than Addlestone and Chertsey.
112. Tesco and Waitrose serve as key anchor stores within the centre. The convenience offer is complemented by additional retailers, such as M&S Simply Food and Budgens, reflecting the centre's positioning towards a slightly more premium market. Holland & Barrett, contrary to the other centres did not leave Egham and continues to trade, indicating better performance and drawing in customers.
113. The recent mixed-use development at Magna Square, significantly enhanced a part of Egham's Town Centre. The scheme delivered a four-screen cinema now operated by Everyman Cinema, along with new commercial space, partially occupied by Liberto Lounge Café and Starbucks. This has improved the town's retail mix and increased its overall desirability. In addition, the development created an upgraded public space, enhanced pedestrianised area, improving the community area and further strengthening the appeal and accessibility of the area. Footfall data supports that there has been an increase on Station Road near the development over the past few years, showing positive signs of growth.

4. QUANTITATIVE RETAIL NEEDS: 2025 ASSUMPTIONS

- 114. This section provides an update on the key assumptions and forecasts underpinning the quantitative need (capacity) assessment for new retail (comparison and convenience goods) floorspace in the study area up to 2043.
- 115. It should be noted that the new Local Plan period could go up to 2045. However, we are unable to provide reliable economic forecasts to this end period due to the absence of forecasting data on retail expenditure growth and productivity growth. Experian, who publish growth rates on expenditure and productivity growth only provide forecasts to 2042. As such, we have assumed the same rate of growth from 2041 to 2042 as 2042 to 2043.
- 116. The assessment findings updates and supersedes the retail capacity findings identified in the 2022 Study.

ASSUMPTIONS & FORECASTS

- 117. The 'baseline' retail capacity assessment is informed by assessments of; retail market shares (based on evidence of shopping patterns); population and expenditure; and baseline and retained expenditure within the borough. These assessments are set out in **Appendices 2 to 8 (Volume 2)**.
- 118. For this update, more up to date population and expenditure per head data has been obtained along with the use of the most up to date forecasts on expenditure growth and productivity growth.
- 119. The following describes the key steps and assumptions underpinning the retail capacity assessment.

STUDY AREA AND ZONES

- 120. The Study Area and zones remain the same as that defined under the 2022 Study as shown in **Appendix 1, Volume 2**.

MARKET SHARES

- 121. The capacity assessment is underpinned by market shares for stores and centres across the study area which was identified by a Household Telephone Interview Survey (HTIS) conducted by NEMS Market Research in January 2022. The HTIS covered 1,002 respondents.
- 122. For this update, it is assumed that retail market shares have remained constant (i.e. no allowance for changes to market shares identified in the 2022 Study).

POPULATION & PROJECTIONS

123. **Table 1, (Volume 2, Appendix 2** for convenience goods and **Appendix 6** comparison goods) sets out the base year (2023) population and projections (to 2028, 2033, 2038, and 2043). The applied base year reflects the latest price year for retail expenditure per head (published by Experian).
124. The population projections for the Study Area are derived from two sources:
- Zones 1 to 6 – Office of National Statistics' (ONS) population estimates for 2023 and sub-national population projections for future years are adjusted to reflect housing supply based population projections for Runnymede Borough which informed the Council's Housing and Economic Development Needs Assessment (prepared by ORS).
 - Zones 7 to 10 – ONS' updated estimates for 2023 and sub-national population projections for future years.
125. Based on the above, the population projections show the Study Area population (Zones 1-10) is forecast to increase by +4% (+8,003 people) between 2023 and 2033 and by +9.9% (+18,869) by 2043. The 2022 Study indicated a higher increase of +11.2% (+23,309 people) between 2022 and 2042.

EXPENDITURE PER CAPITA & SPECIAL FORMS OF TRADING (SFT)

126. **Table 3 of Appendices 2 and 6 (Volume 2)** forecasts the growth in total available convenience goods and comparison goods retail expenditure (total expenditure is derived by multiplying the population and average expenditure per capita levels together) respectively across the Study Area and zones between 2023 and 2043 (excluding SFT).
127. The base year average expenditure figures have been updated using Experian's Location Analyst GIS system. It is based on 2023 prices (the 2022 Study was based on 2021 prices).
128. In identifying expenditure per capita, an allowance has been made for the market share of non-store retail sales (i.e. Special Forms of Trading) at the base year and over the forecast period. As with previous updates an allowance for SFT at the base year has been informed by the results of the household telephone interview survey and 'adjusted' to take account of goods sourced from traditional ('physical') retail space based on Experian's latest **Retail Planner Briefing Note 22** (March 2025) (see also **Section 2**).

TOTAL AVAILABLE EXPENDITURE

129. Total available retail expenditure over the period to 2043 has been informed by the latest estimates for expenditure per capita (2023) and forecast over the

assessment period using annual growth rates published in Experian's latest Retail Planner Briefing Note 22 (as detailed in **Section 2**).

130. The retail expenditure assessment identifies:
- a +£10.7m (+1.8%) growth in in total **convenience goods** expenditure over the period 2023 and 2043 (**Table 3, Appendix 2, Volume 2**), which masks a drop in expenditure growth in the period 2023 to 2033 (-£10.7m/ -1.8%).
 - a 47.8% (+£312.5m) growth in total **comparison goods** expenditure by 2043 (**Table 3, Appendix 2, Volume 2**).

'INFLOW' (TRADE DRAW) FROM OUTSIDE STUDY AREA

131. The 2022 Study provided an overview on the applied assumptions for expenditure 'inflow' (trade draw) from outside the Study Area. No changes have been made to the assumptions used in the 2022 Study.
132. The 'inflow' of convenience goods expenditure to the main centres and stores from outside the wider Study Area will also be more limited than for comparison goods, as households generally carry out their main food shop at their more local and convenient stores, and do not generally travel longer distances for food purchases.
133. Based on the (survey-derived) market analysis and the 'inflow' assumptions, **Table 1, Appendix 5 (Volume 2)**, sets out the revised turnover estimates for convenience goods, with estimates for comparison goods turnover presented in **Table 1, Appendices 9 (Volume 2)**.

PLANNED COMMITMENTS & NEW DEVELOPMENT

134. In terms of retail commitments, Appendix 7 (Volume 2) sets out planned retail floorspace for convenience and comparison goods, which are also incorporated within the capacity assessment tables in **Appendix 8 (Volume 2)**. Planned new food and beverage floorspace is also identified in Appendix 7.
135. The listed commitments in Appendix 7 includes commitments identified for the 2022 Study and new committed development that has come forward since.
136. It should be noted that some of the commitments identified in the 2022 Study will be completed and trading. For the purpose of this update all schemes are treated as commitments.
137. The sales densities applied to the commitments are based on those which informed the 2022 Study but have been adjusted to the 2023 base year using Experian's (constant floorspace) productivity growth rate for 2022 to 2023.
138. The only new retail commitment identified as part of this update is a planning consent for a new Aldi store on land east of Orbis Causeway Retail Park (planning reference: RU.19/0465).

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139. The turnover of the commitments set out in the tables above are discounted from the residual expenditure to estimate net residual expenditure from which forecast new retail floorspace is identified (as detailed in the next section).
 140. It is noted that there are a number of recent planning consents for schemes that will reduce the quantum of retail floorspace in the borough's centres. For example, permission to redevelop the former Pantiles Garden Centre and the redevelopment of sites in Addlestone and Egham, which combined will lead to a net reduction in retail floorspace of circa 7,825sqm gross. There is also likely to have been a reduction in retail floorspace as result of flexible uses within Class E.
 141. Therefore, there is likely to be some adjustments to retail market shares, namely the level of expenditure retained at borough and centre level.

5. RETAIL NEEDS ASSESSMENT: 2025 REFRESH

142. This section sets out the updated results of the quantitative need (capacity) for new retail floorspace (comparison and convenience goods) across Runnymede Borough over the period to 2043. The results update the capacity findings of all other updates. It also updates the population projections, expenditure forecasts and commitments.
143. It should be highlighted that the NPPF (paragraph 90d) is clear that local planning authorities should plan to meet the need for new retail and town centre uses by *'looking at least ten years ahead'*. *The PPG also states that given the uncertainty in forecasting long-term retail trends and consumer behaviour, assessments '...may need to focus on a limited period (such as the next five years) but will also need to take the lifetime of the plan into account and be regularly reviewed.'* Therefore, greater weight should be placed on forecasts over the next five to ten-year period and our findings indicate no capacity at the strategic Borough level.

METHODOLOGY

144. The refresh is based on the CREAT[®] model and draws on the most up to date average retail (convenience and comparison goods) expenditure reviewed in **Section 3**. The forecasts are presented by centres and locations. As emphasised in the 2022 Study, any potential out-of-centre 'capacity' does not support the need for future out-of-centre provision but should be subject to the national and local 'centres first' policy steer.
145. The capacity forecasts will enable the Local Authority to test the strategic options for the spatial distribution of any new retail-led development to 2043 and make informed policy choices about where any forecast need should be met in accordance with the advice set out in NPPF paragraph 90. The potential inclusion in Local Plans of any retail targets and any allocations of sites to meet any identified need will depend on a range of key considerations, including the suitability, viability and availability of sites in or on the edge of existing centres.
146. It has necessarily been assumed for the purpose of this strategic capacity assessment that the borough's convenience and comparison goods retail market is in 'equilibrium' at the base year. In other words, we assume that existing centres and stores are broadly trading in line with appropriate 'benchmark' turnover levels at the base year and based on adjusted market shares for new store openings. Therefore, any residual expenditure available to support new retail floorspace within the study area over the period to 2043 is derived from the difference between the forecast growth in 'current' (survey-derived) turnover levels; and the growth in 'benchmark' turnovers based on applying year-on-year 'productivity' ('efficiency') growth rates to all existing and new retail floorspace.
147. For all existing and new convenience floorspace we have applied (constant floorspace) productivity growth rates informed by Experian's latest Briefing Note 22 (March 2025), which is discussed in **Section 2**. It should be noted that the

latest productivity growth rates are lower in percentage terms to those applied in the 2022 Study. While this would result in an uplift in the baseline residual expenditure for new floorspace, any gains in residual expenditure are negated by lower rates of expenditure growth, which becomes apparent in the capacity forecast results (discussed below).

RETAIL CAPACITY FORECASTS

148. As with the 2022 Study, we advised the Council that the greatest weight should be placed on the short-term forecasts (carried out up to a five-year period), which can also assist with Development Management decisions. This position is supported by the Planning Practice Guidance which acknowledges the uncertainty in forecasting long-term retail trends and consumer behaviour beyond a five-year period, and which should be regularly reviewed (Paragraph 004). Whilst capacity forecasts covering a shorter period of time are more certain, notwithstanding this, and also consistent with the NPPF (Paragraph 90(d)), account should also necessarily be taken of the forecast growth over a longer period (at least ten years ahead).
149. For the purpose of this study, the terms referred to as 'capacity' and 'need' are interchangeable and relate to a quantum of retail floorspace (i.e. including convenience and comparison floorspace) that could be supported by surplus retail expenditure that is retained within the borough. If floorspace need or capacity is presented as a negative figure, it indicates that there is a deficit in retained retail expenditure, which could indicate that there is an over-supply of retail floorspace.
150. The detailed capacity tabulations for convenience and comparison goods are set out in **Appendices 5 and 9 (Volume 2)**. The capacity findings show the following:
Convenience Goods Capacity
151. There is no identified capacity for new convenience goods retail floorspace over the 10-year period to 2033 and beyond 2043 (after accounting for commitments).
152. Forecasts at the centre level should be treated as indicative but suggest that there is modest capacity for new convenience floorspace in Addlestone and Chertsey, but not until the longer term (by 2043) when forecasts are less reliable.
153. While there is very modest capacity identified for some of the centres in the short term, this potential 'need' should be treated with caution as it is likely that this could be accommodated within the existing stock of space, either through the reoccupation of vacant space or changes in the offer provided in existing units which would not require planning permission.
154. Of note, there is negative capacity identified for Egham Town Centre and Englefield Green. This accounts for the various committed schemes for convenience floorspace, but notably the development of a new foodstores as part of the Egham Eastern Gateway development and the potential delivery of a new foodstore as part of the student accommodation scheme on Victoria Road in Englefield Green..

Table 3: Convenience Goods Capacity Assessment – Summary (sqm net)

	2028	2033	2038	2043
Addlestone Town Centre	-16	181	341	621
Chertsey Town Centre	132	269	354	589
Egham Town Centre	-681	-552	-480	-198
Englefield Green	-566	-561	-558	-528
New Haw	31	62	82	130
Ottershaw	10	22	29	45
Virginia Water	15	33	45	70
Smaller Centres, Villages, Local Shops	25	56	83	124
Rest of Borough	-591	-539	-517	-341
Total Convenience Goods Floorspace Capacity	-1,641	-1,029	-621	511

Comparison Goods Capacity

155. As with convenience goods, there is no identified borough-wide capacity for new comparison goods retail floorspace over the entire study period. While planned comparison goods floorspace is attributed to capturing residual expenditure, the biggest impact on comparison goods capacity is due to low rates of expenditure retention, lower rates of comparison goods expenditure growth over the study period, and sustained levels of productivity growth for existing floorspace.
156. The assessment also identifies no or limited capacity at centre, albeit forecasts at the centre level should be treated as indicative.

Table 4: Comparison Goods Capacity Assessment – Summary (sqm net)

	2028	2033	2038	2043
Addlestone Town Centre	-198	63	285	366
Chertsey Town Centre	-62	16	62	100
Egham Town Centre	-303	-183	-111	-29
Englefield Green	-169	-157	-150	-139
New Haw	-36	8	34	48
Ottershaw	-12	13	30	40
Virginia Water	-20	18	43	61
Smaller Centres, Villages, Local Shops	-6	1	5	10
Rest of Borough	-1,172	-1,117	-1,090	-1,089
Total Comparison Goods Floorspace Capacity	-1,979	-1,339	-892	-632

157. The changes to retail capacity identified in this update is primarily due to updates on the applied economic variables, particularly floorspace productivity growth and expenditure growth. The latest efficiency/productivity growth rates for comparison retail floorspace published by Experian Business Strategies in RPN22 (published in March 2025) are lower than those that informed the 2022 Study (RPN19; published in January 2022).
158. While lower efficiencies should result in more surplus expenditure to support new floorspace, any potential for surplus residual expenditure is negated by the latest forecasts for retail expenditure growth which project lower rates of growth. As a consequence, the capacity update identifies less retained retail expenditure to support new comparison retail floorspace than that identified in the 2022 Study. Once pipeline retail floorspace is accounted for, this absorbs all residual comparison goods expenditure to support new retail floorspace over the study period.
159. It should be noted that the capacity assessment assumes that convenience and comparison goods market shares informed by the January 2022 household telephone interview survey remain unchanged over the study period. In reality, market share will change to some degree as physical retail offer changes in Runnymede's town centres or in response to new consumer trends. Any further updates on retail capacity should be informed by new data to inform more current shopping habits.

SUMMARY

160. This refresh of the capacity figures has yet again indicated that over a ten-year period to 2033 (in line with NPPF paragraph 90(d)) there is no identified borough-wide capacity for both comparison and convenience goods and there is no need to identify and allocate new sites for retail development over the ten-year period.
161. Any capacity findings for individual centres must be seen in the context of the global capacity. This does not preclude facilitating any further investment or improvements to Town, District or Local Centres.
162. A robust policy approach should therefore be adopted, especially Development Management policies in accordance with the NPPF (paragraphs 90 – 95), to enable the assessment and determination of future proposals that are not in a centre and not in accordance with an up-to-date development plan. Overall, capacity should be directed to the existing network of centres.

6. LEISURE EXPENDITURE ANALYSIS: 2025 REFRESH

- 163. This section updates the findings of the leisure expenditure assessment contained in the 2022 Study. The updated leisure expenditure analysis tables are presented in **Appendix B9, Volume 2**.
- 164. The update takes account of the most up to date forecasts on annual leisure expenditure growth and productivity growth rates for existing leisure floorspace as discussed in Section 2.

Available Leisure Expenditure

- 165. Table 2 of Appendix B9 (Volume 2) sets out leisure expenditure per head for the Study Area and for Runnymede Borough, which is disaggregated for headline commercial leisure categories. The expenditure rates per head are based on 2023 prices and as with the 2022 Study, the data has been sourced from Experian.
- 166. Available expenditure for the Study Area and borough is then calculated by applying the spend per head rates against the updated population projections for the assessment years. The findings of the total available expenditure analysis by Study Area and Zones are set out in Table 3, Appendix B9 (Volume 2).
- 167. Overall, the leisure expenditure is forecast to increase by £33.8m in the Study Area over the period 2023 to 2033, representing an increase of 4.5%. It is noted that available expenditure declines in the outer zones (Zones 8-10) in this period which is due to a combination of negative expenditure growth and a decline in population.
- 168. Total available expenditure for the study area and zones increases over the entire study period to 2043 as expenditure growth rates improve in the longer term. The Study Area is forecast to increase by +£99.7m (+13.4%). This assumes that the annual expenditure growth rate (+0.3%) predicted by Experian for 2032 to 2040 continues at the same annual rate to 2043. As highlighted in Section 2, Experian's forecasts are identified up to the year 2040.
- 169. It is noted that forecast total available expenditure for the Study Area is below that identified in the 2022 Study.
- 170. The differences are considerably more pronounced when we compare expenditure growth over the entire study period (2022/2023 to 2042/2043). The 2022 Study identified an increase of +£239.4m between 2022 and 2042, which is considerably more than the +£99.7m calculated in this update over the period 2023 to 2043.
- 171. The differences in available expenditure and expenditure growth reflect a lower rate of expenditure per head and lower rates of forecast annual expenditure growth applied in this update, which in turn reflect a more cautious position on spending by households on non-essential items and services.

172. Available leisure expenditure over the study period is also disaggregated by leisure category in Table 3, Appendix B9 (Volume 2) and replicated in the table below:

Table 5: Available Leisure Expenditure by Leisure Category – 2023 to 2043 (£m)

	2023	2028	2033	2038	2043	Growth (£m):	
						2023-33	2023-43
Accommodation services (hotels, guesthouses, B&Bs)	£78.59	£79.2	£82.5	£85.5	£89.69	£3.9	£11.1
Cultural services (cinema, theatre, concerts, etc)	£125.5	£126.4	£131.8	£136.6	£143.2	£6.3	£17.7
Games of chance (bingo, casino, betting)	£27.6	£27.8	£29.0	£30.1	£31.5	£1.4	£3.9
Personal grooming (hairdressers, barbers, etc)	£29.4	£29.6	£30.9	£32.0	£33.5	£1.5	£4.1
Recreational and sporting services (gym, fitness, etc)	£78.2	£78.8	£82.2	£85.2	£89.3	£3.9	£11.0
Restaurants, cafes, bars, etc	£433.0	£436.1	£454.7	£471.3	£494.1	£21.7	£61.1
Total Study Area Leisure Expenditure:	£772.3	£777.9	£811.0	£840.7	£881.4	£38.7	£109.0

Source: Table 4, Appendix B9.

173. Eating and drinking out, which includes purchases at restaurants and bars, remains the dominant category for leisure expenditure, capturing 56% of total available expenditure. Total Study Area spend on this category will increase by £21.7m over the period 2023 to 2033 and by +£61.1m over the entire study period (2023 to 2043).
174. As for total leisure expenditure, the updated forecasts for F&B expenditure is lower than the values identified in the 2022 Study and for the same reasons highlighted above (i.e. lower rates of expenditure per head and lower rates of expenditure growth).

Update on Cinema Screen Need and Market Demand

175. The 2022 Study identified no need for new cinema screens in the borough. The calculation for screen capacity is based on the application of an average screen density per 100,000 persons and is taking account of current cinema screen provision. The updated screen capacity calculation is set out in the following table and applies the most up to date screen density multiplier published by the British Film Institute (2023 Statistical Yearbook). The screen density multiplier is based on the average for the South East region.

Table 6: Indicative Screen Capacity for Runnymede Borough

	2028	2033	2038	2043
Population - Runnymede Borough	91,503	97,237	101,475	108,183
Screen density per 100,000 people*	6.6	6.6	6.6	6.6
Screen potential	6	6	7	7
Existing screens	10	10	10	10
The Light, Addlestone - 6 screens	6	6	6	6
Everyman, Egham - 4 screens	4	4	4	4
Indicative screen capacity	-4	-4	-3	-3

Note (*) Screen density for the South East region is sourced from the BFI's 2023 Statistical Yearbook.

176. Screen capacity is calculated by applying the screen density to the uplift in the borough's population over the study period to identify 'screen potential' and minus existing screen provision. Screen provision includes the number of screens available at existing cinema venues in the borough.
177. The 2022 Study identified no meaningful screen capacity over the study period. However, the study also advised that the capacity findings may not preclude interest from the cinema operators seeking new sites, particularly a boutique cinema operator. At the time, Everyman were identified as a potential operator for the Egham Gateway West scheme which was granted planning permission in 2021. The scheme was developed and a 4-screen Everyman cinema opened in September 2022.
178. The borough's current cinema offer (The Light in Addlestone, and Everyman in Egham) is likely to satisfy both customer and market demand for the foreseeable future. While the borough could benefit from a mainstream multiplex, the proximity of Vue Cinema at Three Rivers Retail Park in Staines-upon-Thames is likely to satisfy current demand for this type of cinema offer.
179. There may be potential to support a community cinema or cinema screen as part of a multi-purpose venue as part of any future regeneration proposals, which could be explored for Chertsey. In the longer term, there could be potential to attract a boutique cinema in the town centre, but this would require significant investment and most likely in the form of a major regeneration proposal for the town centre.

Food & Beverage Floorspace Capacity Update

180. The 2022 Study presented a high-level assessment of the potential need for new food & beverage (F&B) floorspace over the forecast period.
181. The 2022 Study quantified the potential to support new floorspace using a similar method to assessing retail need by taking account of retained F&B expenditure (derived from eating and drinking out habits identified in the household survey), an assessment of residual expenditure that takes account of the potential turnover of planned F&B floorspace, and an assumed sales density for new F&B floorspace.

182. The calculation is updated in Tables 6 to 8 of Appendix B9 based on the revised population projections and updated expenditure per head for eating and drinking out. The indicative capacity assessment table is replicated below:

Table 7: Updated forecast spend available to support new Food & Beverage uses, 2023-2043

	2028	2033	2038	2043
Total Study Area Available Expenditure for F&B (£m)	£329.6	£343.6	£356.2	£373.4
Borough Retention rate for restaurants, cafes, bars, etc.	62%	62%	62%	62%
Current retained turnover for cafes, restaurants, bars, etc (£m)	£203.8	£212.5	£220.3	£230.9
Benchmark turnover* (£m)	£198.2	£209.4	£221.1	£233.6
Net Residual Excluding Commitments (£m)	£5.6	£3.2	-£0.8	-£2.6
Turnover of Committed Floorspace* (£m)	£6.5	£6.8	£7.2	£7.6
Net Residual Capacity Excluding Committed Floorspace: (£m)	-£0.9	-£3.7	-£8.0	-£10.2
Assumed sales density* (£/gross sqm)	£1,715	£1,811	£1,913	£2,021
Forecast capacity for new café/ restaurant/ bar floorspace (sqm gross):	-497	-2,023	-4,206	-5,063

Source: Table 8, Appendix B9 (Volume 2)

Note (*) Assumed sales densities are based on productivity growth for leisure floorspace identified in RPN22.

183. The update identifies no potential need to support new F&B floorspace in the borough over the entire study period. This position emerges even before planned F&B commitments are considered, albeit there is a nominal quantum of F&B floorspace need identified in the short term. This result is primarily due to low rates of leisure expenditure growth which are outstripped by annual rates of productivity growth, which results in negative residual expenditure for medium to long term (2032 to 2043). Once planned F&B floorspace is accounted for this pushes forecast capacity further into negative values.
184. The findings contrast with the 2022 Study which identified indicative need for 1,433sqm gross for new F&B floorspace, increasing to 4,769sqm by the end of the study period.
185. Given the volatility of the F&B sector and the likely challenges that this sector will face in the coming year from rising costs and squeezed household budgets, there is likely to be limited appetite in the market for new F&B venues. The most likely scenario is that there is likely to be more closures than new openings within the borough's town centres.

186. Therefore, there is no need to plan for new sites to accommodate F&B provision. Any opportunities to support new F&B provision should be directed to the borough's three town centres, while also supporting provision in local settings such as in local centres and smaller parades.

Health and Fitness Need Update

187. The 2022 Study provided a high-level assessment of potential need for new gym and fitness facilities. The assessment was based on the likely participation of the borough's future population in this type of leisure activity which assumes the same rate of participation identified from responses to the household telephone interview survey.
188. The 2022 HTIS identified a participation rate of 30.5% for study zones that broadly reflect the Runnymede Borough administrative area. Of those that participate in fitness and leisure activities, almost two thirds visit gym, fitness and leisure centres in the borough.
189. Assuming the same participation rate applies to Runnymede Borough, based on the updated population projection, this would result in 2,644 of potential new gym members by 2033, increasing to 5,890 by 2043.
190. The average member size for a mainstream gym, such as David Lloyd is circa 1,426 per venue. On this basis, the future population of the borough could potentially support two new mainstream gym venues by 2033; increasing to four venues by 2043.
191. The take-up of any need by way of new gym openings will be driven by the market and the extent to which new gyms will target and compete for members of existing gyms.
192. Since the 2022 Study was completed a number of new gyms have opened in the borough including two new gyms in Addlestone (Snap Fitness and Anytime Fitness). In addition, the former Egham Leisure Centre has been refurbished and rebranded as Egham Orbital. This recent investment in gym and fitness offer is likely to address some of the indicative need identified.
193. However, with trends pointing to higher rates of gym memberships amongst younger age groups (particularly Gen Z) there is likely to be increased demand for gym facilities, particularly budget and niche gym offer.
194. We do not consider that there is a need to identify specific sites to support new gym and fitness venue provision as these uses will come forward organically and are most likely to be accommodated within existing commercial units within the borough's town centres or near transport nodes.

Summary

195. The leisure sector has experienced significant disruption as evidence from a notable drop in expenditure growth, mainly due to the impact of the COVID-19

pandemic, and the more recent cost of living crisis. Certain sub-sectors, such as cinemas and F&B have faced increasing challenges due to competition with home entertainment and rising costs, respectively. Consumers are becoming increasingly selective in terms of where and how they spend their discretionary leisure spending, but new activities and innovative offers will continue to evolve and attract people.

196. Runnymede supports a large enough catchment to support continued investment and market interest from new commercial leisure operators, as evident from investment in new commercial leisure facilities, such as the new cinema in Egham, new gym outlets in Addlestone, and the opening of a competitive socialising venue (KickX), also in Addlestone.
197. For cinema provision, need and market demand will be satisfied in the short term from existing facilities, although this should not discourage opportunities to support new venues where they are located within one of the town centres. This is particularly the case for Chertsey where a new cinema facility, potentially a community venue or multi-purpose venue could help support the regeneration of the centre. This form of venue would also be suitable in the borough's district centres.
198. A high-level capacity assessment of potential need for new gym venues suggests that there could be potential to support new gyms assuming the participation rates for gym/fitness activities established from the 2022 household survey remains constant. For the F&B sector, need is increasingly more difficult to gauge given the volatility of this sector (e.g. rising costs). Therefore, it is likely that need and demand will be met by existing accommodation rather than a need to identify sites to support dedicated space for F&B uses.
199. Generally, investment in new leisure provision is likely to come forward organically and in line with market demand. Opportunities to support the repurposing of vacant or under-utilised retail and commercial units in the borough's towns for new commercial leisure provision should be encouraged.

7. CONCLUSIONS

200. This report provides an update on the quantitative need for new retail (comparison and convenience goods) floorspace in the Borough area and its centres over the period to 2043. An update is also provided on forecast leisure expenditure and the need for new cinema, F&B, and gym/fitness provision.
201. The update is also informed by an overview of diversity of uses in the borough's three town centres to highlight any notable changes to town centre provision since 2022.
202. However, it remains a partial update as it does not fully revise the capacity to take account of up-to-date retail and leisure market shares which would have a significant impact on capacity outputs.
203. The above notwithstanding, this update provides sufficient evidence to ascertain as to whether the conclusions and policy recommendations contained in the 2022 Study are still valid.

Update on Retail and Leisure Need

204. The retail capacity and leisure need assessment update is underpinned by the following new forecasts, including:
 - Revised population forecasts for Runnymede Borough that are informed by the emerging HEDNA;
 - the most recent base year estimates for convenience and comparison goods, and leisure expenditure (2023 prices) by zone as derived from Experian; and
 - the latest forecast growth rates for retail expenditure, Special Forms of Trading (SFT) and floorspace 'productivity' informed by the latest Retail Planner Briefing Note published by Experian Business Strategies (EBS).
205. The updated assessment assumes that the retail and leisure market is in 'equilibrium' at the base year (2023) and that market shares identified in 2022 remain constant over the study period.
206. On this basis, the analysis shows that there is no capacity for new retail (convenience and comparison goods) floorspace over the period to 2043 after accounting for all known commitments and allocations.
207. For leisure, there is evidence of investment in new commercial leisure facilities, such as the new cinema in Egham and new gym outlets and competitive socialising venue in Addlestone. For cinema provision, need and market demand will be satisfied in the short term although this should not discourage opportunities to support new venues where they are located within one of the town centres. A high-level capacity assessment of potential need for new gym venues suggests that there could be potential to support new gyms assuming the participation rates for gym/fitness activities established from the 2022 household survey remains

constant. For the F&B sector, need is increasingly more difficult to gauge given the volatility of this sector (e.g. rising costs). Therefore, it is likely that need and demand will be met by existing accommodation rather than a need to identify sites to support dedicated space for F&B uses.

208. The NPPF (paragraph 90d) is clear that local planning authorities should plan to meet the need for new retail and town centre uses by '*looking at least ten years ahead*'. The PPG also states that given the uncertainty in forecasting long-term retail trends and consumer behaviour, assessments '*...may need to focus on a limited period (such as the next five years) but will also need to take the lifetime of the plan into account and be regularly reviewed.*' Therefore, greater weight should be placed on forecasts over the next five to ten-year period and our findings indicate no capacity at the strategic Borough level.
209. Overall, and as with the 2022 Study, our conclusions remain the same in that the Council needs to plan for less, not more retail and leisure floorspace, with an emphasis on repurposing and diversifying the high street.

Town Centre Health Check Update

210. The health check update focused on a number of tangible Key Performance Indicators to help identify any notable changes to vitality and viability of Addlestone, Chertsey, and Egham.
211. **Addlestone** Town Centre continues to perform well as an important convenience shopping destination due to the presence of Tesco Extra, but less so for comparison shopping, which is mainly supported by charity shops. However, this reflects no change from the findings of the 2022 Study.
212. Service uses continue to be an important function for the centre. While financial and professional service provision has decreased in recent years, there has been an increase in leisure services.
213. The level of footfall has remained generally consistent over the past three years with footfall highest around Tesco, as was the case in the 2022 Study.
214. The assessed indicators point to the western end of the town centre as underperforming based on higher rates of vacancies and lower rates of footfall.
215. Like Addlestone, convenience shopping services play an important role for **Chertsey** Town Centre thanks to the presence of Sainsburys and Aldi. However, the number of convenience outlets overall has decreased in the last four years along with a reduction in other active town centre outlets. There has been a notable increase in vacancies along key frontages which will impact on the centre's appeal to customers and potential investors (e.g. prospective commercial tenants). Overall, the evidence indicates that Chertsey's vitality and viability has declined and a need to prioritise regeneration. This is likely to require a contraction of commercial floorspace and the diversification of commercial uses and establishing new non-commercial uses that draw footfall (e.g. health centres, incentives for workspace providers, etc). The Council should consider what tools

could help address these issues during the preparation of the next Local Plan, for example, design codes.

216. **Egham** Town Centre remains a strong performing centre that offers a varied range of retail and service uses. Generally, the centre is performing well ahead of Addlestone and Chertsey. The retail offer has remained stable over the past number of years while service provision has increased. Of note, vacancies have fallen to below UK average rates. Recent investment in the form of a new cinema and wider station gateway regeneration scheme is likely to enhance the centre's investment potential through the delivery of new homes (which brings new expenditure) and new commercial services.

Recommended Policies

217. The 2022 Study provided recommendations on the following policy themes:

Policy	Recommendation
Policy IE6: Town centre development	Remove policy references to Primary and Secondary Shopping Frontages. No change to recommendation.
Policy IE13: Local Centres	Remove policy references to Primary and Secondary Shopping Frontages. No change to recommendation.
Town Centre Boundary & PSA boundary, Local Plan Maps	Addlestone - No changes to the town centre boundary and PSA. No change to recommendation.
	Chertsey - No changes to the town centre boundary. PSA boundary to include Aldi store and car park. No change to recommendation.
	Egham - No changes to the town centre boundary and PSA. No change to recommendation.
	Local Centres - No changes to the town centre boundary and PSA. No change to recommendation.
Policy IE5 (Centre Hierarchy, sequential approach and impact assessment)	280sqm gross for assessing the impacts of any proposed retail, leisure and other town centre uses outside of a defined centre. No change to recommendation.

New Policy – Managing Hot Food Takeaways	<p>New hot food takeaways are not permitted if it leads to hot food takeaways accounting for more than 10% of all main town centre ground floor units within the town centre boundary or more than 15% of all main town centre uses within a local centre boundary.</p> <p>400m buffer that prevents new hot food takeaways from opening close to primary and secondary schools in the Borough or restriction on opening hours (prohibited before 5pm on Mondays to Fridays).</p> <p>No change to recommendation.</p>
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218. In summary, we do not consider that there is any need to amend the draft policies relating to strategic and development management policies that support the growth the borough's defined centres and managing out of centre development.
219. It is noted the policy for managing hot food takeaways in the 2022 Study is strengthened by paragraph 97 of the revised NPPF which allows the Council to control the introduction of new hot food takeaways in locations:
- 'within walking distance of schools and other places where children and young people congregate'; and
 - 'where there is evidence that a concentration of such uses is having an adverse impact on local health, pollution or anti-social-behaviour'.
220. We do not consider that any additional new policies are required based on the outputs of this update.
221. Finally, we would recommend that the Council undertake a comprehensive capacity update at a later stage of plan-making to take account of current local shopping patterns and to address the data shortcomings highlighted above.

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