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**Former Police Station,
Windmill Street, Gravesend
Supporting Employment Evidence
Final Report**

Planning Issues Ltd / Churchill Retirement Living Ltd

April 2022

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Contents

1.0	Introduction	1
	Site Context and Proposed Scheme	1
	Report Structure	1
2.0	Evidence Review	3
	Policy Review	3
	Economic Context	6
	Summary	9
3.0	Market Outlook	10
	Retail Outlook	10
	Office Outlook	11
	Summary	12
4.0	Market Signals in Gravesend	13
	Retail Market	13
	Local Office Market	19
	Summary	22
5.0	Site's Contribution	23
	Economic Benefits of the Proposed Development	23
	Summary	24
6.0	Conclusions	25

1.0 Introduction

- 1.1 This report has been prepared by Lichfields on behalf of Planning Issues Ltd (i.e. Churchill Retirement Living Ltd) to support the planning application submission for the proposed redevelopment of the Former Police Station, Windmill Street, Gravesend, DA12 1DP (“the site”). The purpose of this report is to provide an objective, evidence-based assessment of the requirements for retail or business floorspace provision at the site, and how the proposed development can contribute in that context.

Site Context and Proposed Scheme

- 1.2 The proposal site is adjacent to, but outside of, the Gravesend Town Centre boundary and falls within the Gravesend Town Centre Opportunity Area (Core Strategy Policy CS05). Gravesham Local Plan Core Strategy was adopted in 2014 and the Local Plan 5-Year Review was undertaken in 2019.
- 1.3 The Council is currently preparing a New Local Plan, and the Draft Regulation 18 (Stage 2) Local Plan was consulted at the end of 2020. Policy CS05 is proposed to be retained with no further modifications.
- 1.4 On this basis, the site falls within Gravesend Town Centre Opportunity Area, and particularly the South of Town Centre sub-area. Justification paragraph 4.6.28 states:
- “The former Police Station on Windmill Street is vacant. The council considers that this site is suitable for a range of town centre uses including a significant component of residential development. Active commercial uses should occupy the ground floor to complement The Woodville to the north and existing business uses on the east side of Windmill Street. The site currently has an outstanding planning permission for redevelopment to provide residential uses on the upper floors and shops/financial and professional services/ business/non-residential institutions (use classes A1/A2/B1/D1) on the ground floor.”*
- 1.5 Policy CS05 states that the Council will, “Support the redevelopment of under-used sites where this makes more efficient use of the sites and improves townscape character” (4.6.41, bullet point 7) and “Support the provision of new residential development where a satisfactory living environment can be achieved” (bullet point 6).
- 1.6 The proposed development will provide a wholly residential, retirement development as opposed to delivering retail or business floorspace on the ground floor. On this basis, this report reviews the existing market conditions within Gravesend town centre and the wider area to assess the retail and office market activity since adoption of the Core Strategy in 2014 and assesses how the proposals respond to the relevant policy test of the emerging Policy CS05.

Report Structure

- 1.7 This report is structured under the following sections:
- **Evidence Review (Section 2.0):** summarises the relevant policies, and the economic context of the proposed development;

- **Market Outlook (Section 3.0):** provides the latest market outlook in Kent and England for the retail and office markets;
- **Market Signals in Gravesend (Section 4.0):** presents an assessment of market signals in Gravesend, looking at the rate of take-up of retail and office floorspace over recent years, the demand for such uses and the current supply position;
- **Site's Contribution (Section 5.0):** details the potential economic benefits arising from the proposed development and its contribution to the town centre's vitality;
- **Conclusions** are presented in section 6.0.

2.0 Evidence Review

- 2.1 This section summarises the policy and economic context in Gravesham Borough with particular focus on Gravesend Town Centre to provide the baseline and context of the proposed development.

Policy Review

- 2.2 The Council adopted the Gravesham Local Plan Core Strategy in September 2014 covering the period of 2011 to 2028. In 2018, the Council undertook a Stage 1 Consultation which considered what development would be needed to meet the needs of the Borough's population up to 2028, and where this development could potentially be located in the Borough.
- 2.3 Gravesham Borough Council is currently preparing a new Local Plan comprising a partial review of the Local Plan Core Strategy to 2036, Site Allocations and Development Management Policies Document. A Regulation 18 Stage 2 Consultation took place from 23 October to 31 December 2020. The partial review focuses on updating in particular the following policies:
- Policy CS02: Scale and Distribution of Development, where according to the Consultation Draft the policy requires modification in respect of the Borough's objectively assessed development needs which may also necessitate a modification to the development strategy, Green Belt boundaries and the duration of the plan period.
 - Policy CS07: Economy, Employment and Skills, where according to the Consultation Draft the policy generally conforms with the NPPF, however the '2019 NPPF' now refers to only retail and leisure development at 2,500 sq.m or greater outside of Gravesend Town Centre requiring an impact assessment i.e. no longer for office development. As the NPPF is a material consideration in decision-taking, no modification is needed. Changes have also been made to the General Permitted Development Order that were not reflected in the existing Policy CS07.
 - Policy CS08: Retail, Leisure and the Hierarchy of Centres, where, as above, changes have been made to the General Permitted Development Order that are not currently reflected in the existing Policy CS08.
- 2.4 Most of the existing Local Plan Core Strategy Policies are proposed to be retained as set out in Appendix 3, including CS05: Gravesend Town Centre Opportunity Area where no modifications are proposed.
- 2.5 The proposal site falls within Gravesend Town Centre Opportunity Area, and particularly the South of Town Centre sub-area (referred as sub-area 3.3). Gravesham Local Plan Core Strategy 2014 Policy CS05 'Gravesend Town Centre Opportunity Area' sets out the policy for future development within these areas. Particular reference to the site is provided in justification paragraph 4.6.28 by stating that the Council "*considers that this site is suitable for a range of town centre uses including a significant component of residential development. Active commercial uses should occupy the ground floor to complement The Woodville to the north and existing business uses on the east side of Windmill Street.*"
- 2.6 Policy SC05 paragraph 4.6.41 bullet points 6 and 7 state that within the opportunity area, the Council will, "*Support the provision of new residential development where a*

satisfactory living environment can be achieved;” and “Support the redevelopment of under-used sites where this makes more efficient use of the sites and improves townscape character;”.

- 2.7 On this basis, the policy test for the proposed development relates to justifying that there is no requirement for town centre commercial uses in the absence of any being proposed at the proposal site.

Gravesham retail and commercial leisure evidence

- 2.8 The Regulation 18 Stage 2 Consultation Draft states in paragraph 1.7.13 that, “Gravesend Town Centre is evolving; there has been significant investment in the St Georges Shopping Centre, and further investment will be taking place in the near future to bring forward the Heritage Quarter Site known as The Charter and St Georges Phase 2”.
- 2.9 This investment is intended to play a key role in changing the focus of the town centre from a retail destination to one that encompasses office floorspace, retail, leisure and recreation whilst supporting the town centre’s role as a place to live, work and play. In terms of retail floorspace need, this is the same as quantified in the [North Kent SHENA- Retail and Commercial Leisure Assessment \(November 2016\)](#) (2016 Retail Assessment), however the Local Plan notes that less growth is anticipated in convenience goods now and that a greater shift is expected towards online sales for comparison goods.
- 2.10 According to the 2016 Retail Assessment, the comparison goods market share for Gravesend town centre has contracted from 26.7% in 2007 to 15.8% in 2015, meanwhile market shares for convenience goods in Gravesend town centre remain consistent. Gravesend town centre is the primary retail centre in Gravesham. However, according to the Venuscore ranking system, which ranks UK’s top 2,500 plus retail destinations and provides an indication of the quality of the retail offer, Gravesend is identified as being towards the ‘lower middle’ end of the market. By way of comparison, the position of higher-order locations surrounding the Borough comprise Bluewater Shopping Centre positioned as ‘upper middle’ market and Maidstone positioned as ‘middle’ market.
- 2.11 The 2016 Retail Assessment states that for comparison goods there is an ‘additional need’ (i.e. including commitments at the time of the assessment) for 1,400 sq.m to 2,900 sq.m net floorspace in the Borough by 2025, increasing to 15,800 sq.m to 17,600 sq.m net by 2037. In terms of convenience goods, the assessment estimates a need for an additional 3,800 sq.m to 4,500 sq.m net floorspace by 2025, increasing to 6,300 sq.m to 7,200 sq.m net by 2037, as shown by Table 2-1.

Table 2-1 Convenience and comparison goods floorspace (net additional) requirements (2016)

	2025	2028	2031	2037
Convenience goods	3,800 - 4,500 sq.m	4,400 – 5,200 sq.m	5,000 - 6,100 sq.m	6,300 - 7,200 sq.m
Comparison goods	1,400 - 2,900 sq.m	4,700 - 6,500 sq.m	8,300 - 10,300 sq.m	15,800 - 17,600 sq.m

Source: 2016 Retail Assessment

2.12 It should be highlighted that the commitments that were included within the estimation of the above outstanding requirement comprised a total of 4,920 sq.m (net) convenience floorspace through mainly two schemes, namely Ebbsfleet-Northfleet Rise (1,760 sq.m) and the Heritage Quarter in Gravesend Town Centre (3,160 sq.m). In addition, a total of 7,420 sq.m (net) comparison floorspace was estimated driven mainly by the envisaged provision in the Heritage Quarter (c 6,600 sq.m).

2.13 These figures did not include an allowance for the Lidl Store at Coldharbour Road in Northfleet, which was subsequently permitted. This relates to an additional 2,125 sq.m of convenience and 3,270 sq.m comparison floorspace provision. In addition, the Northfleet Embankment East (planning ref: 17/0038) and Northfleet Embankment West (planning ref:16/0004) schemes will include up to 1,900 sq.m of retail and leisure floorspace since the 2016 Study. In addition, more recently Albion Waterside (planning ref:2021/0270) has been permitted for 1,700 sq.m of retail space. On this basis, there is an additional 8,995 sq.m of retail floorspace that is expected to come forward in the near future reducing the outstanding requirements across the Borough to up to 2,705 sq.m to 2028 as presented below.

Table 2-2 Demand/Supply position of retail space to 2028

Retail (convenience and comparison) additional need to 2028	9,100 to 11,700 sq.m
Supply position - extant permissions (post 2016 Retail Assessment)	8,995 sq.m
Outstanding requirement	105 to 2,705 sq.m

Source: Retail and Commercial Leisure Assessment (2016), Gravesend planning register / Lichfields analysis

2.14 Moreover, it is important to highlight that the market is undergoing significant change. The share of online retailing has seen an increase of 190% from 9.4% share of total expenditure in January 2012 to 27.1% in January 2022. This excludes the peaks during lockdowns, where the share of online shopping climbed to 37.8%, according to Office for National Statistics (2022)¹. This together with other changes in consumer attitudes, such as the dominance of supermarket in convenience and some of the comparison goods together with the trend towards regional shopping centres (i.e. Bluewater Shopping Centre) have been highlighted in the [Retail and Commercial Leisure Background Paper \(October 2020\)](#) (2020 Background Paper), which provides an update to the 2016 Retail and Commercial assessment for Gravesham. This update discusses the uncertainty over the future retail and commercial leisure landscape post Covid-19 pandemic and Brexit.

2.15 Finally, in progressing to the Regulation 19 Consultation Stage, the Council has identified that further work will be undertaken in relation to retail, commercial and leisure capacity in line with the Council's spatial strategy and national policy directions as stated in the 2020 Background Paper.

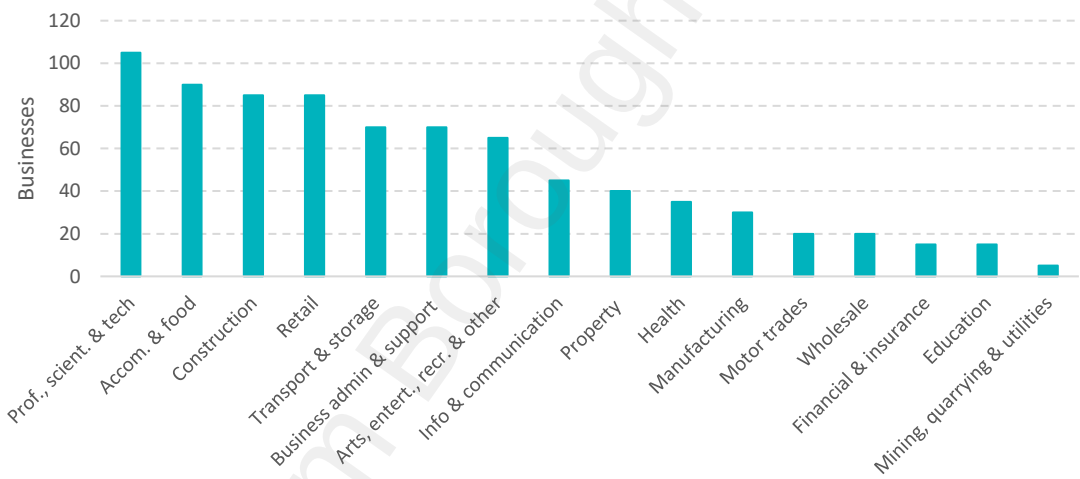
¹ ONS- Internet sales as a percentage of total retail sales, Available at: <https://www.ons.gov.uk/businessindustryandtrade/retailindustry/timeseries/j4mc/drsi> [Last visited on 15/02/22]

Economic Context

Business Count

2.16 Data from the ONS (2021)² indicates that there are 800 businesses within the Gravesend Town Centre, which expands across the Opportunity Area³. This equates to 19% of the total businesses within the Borough of Gravesham (i.e. a total of 4,115 businesses). Of these, 85 are within the retail sector (10.6%), 90 accommodation and food service (11.3%) and 65 within the arts, entertainment and recreation services (8.1%). A total of 235 businesses are in the professional, scientific, and technical together with business administration, financial and insurance and information and communication sectors (29.4%), which typically are associated with the use of office space. It should be noted that the retail offer in Gravesend town centre accounts for 30.4% of all retail businesses (i.e. number of enterprises) across the Borough.

Figure 2-1 Number of businesses in Gravesend Town Centre (2021)



Source: ONS Business Counts (2021)

2.17 Looking at historic trends since 2011, Gravesend has seen an overall increase in retail businesses of 41.5% (+235 businesses). Transport and storage (+55 businesses)⁴, followed by construction (+35) and professional, scientific and technical (+30) and business administration (+30) have seen the highest increases. Accommodation and food (+20 businesses) and arts, entertainment and recreation (+20) sectors have also seen important increase in their businesses base in Gravesend Town Centre. In contrast, retail (-5) and wholesale (-5) are the only sectors having seen a decrease since 2011.

Stock of Employment Space

2.18 In 2021, Gravesham contained 169,000 sq.m of retail floorspace and 36,000 sq.m of office space, as shown in Figure 2-2. From 2000/01 to 2020/21, the stock of retail floorspace in Gravesham increased by 9,000 sq.m (+6%), in line with the growth experienced in the wider area of Kent (+10%). On the other hand, the stock of office floorspace in Gravesham

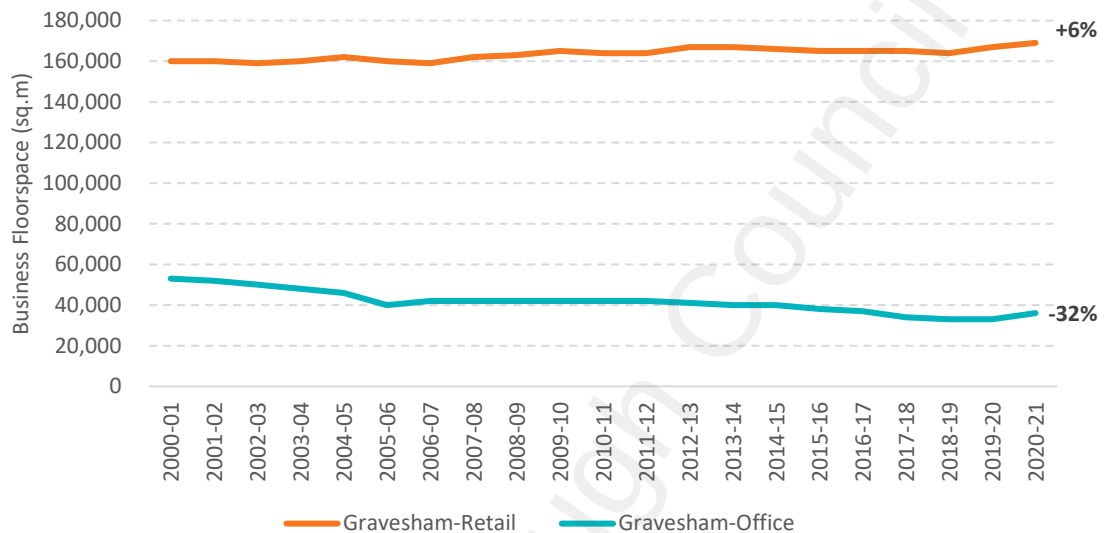
² ONS (2021); UK Business counts

³ Extending across the middle layer super output area with reference E02005056 : Gravesham 002

⁴ It should be noted that the extend of the Opportunity Area covers the Imperial Business Estate.

declined by 32% equivalent to a loss of 17,000 sq.m of office floorspace. Kent has seen some growth in office floorspace (i.e. 2%); however, this is relatively small in comparison to the growth shown in retail floorspace (i.e. 10%) across the same monitoring period.

Figure 2-2 Change in Retail and Office Space in Gravesham, 2000/01-2020/21

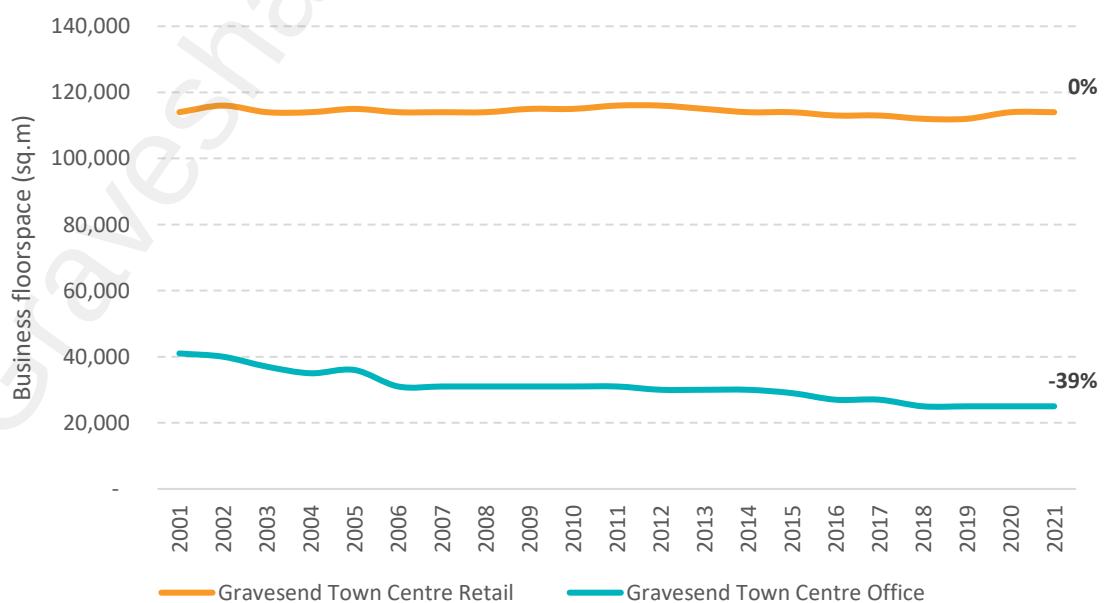


Source: VOA (2021)/Lichfields analysis

2.19

Figure 2-3 shows the change in retail and office space in Gravesend Town Centre from 2001 to 2021. It shows a decline in office floorspace of 39% (16,000 sq.m) close to the decline seen in Gravesham, as a whole. There has been no real change in retail floorspace across the monitoring period. In 2021, Gravesend Town Centre had 114,000 sq.m of retail floorspace, equivalent to 67% of the total retail stock in Gravesham and 25,000 sq.m of office floorspace (i.e. 69% of office stock in Gravesham).

Figure 2-3 Change in Retail and Office Space in Gravesend Town Centre, 2000/01-2020/21



Source: VOA (2021)/Lichfields analysis

Employment and Productivity

- 2.20 In terms of employment, Experian data (2021)⁵ shows that employment in Gravesham Borough has increased by 15.3% since 2011. However, there has been a loss in employment reported between 2019 and 2021 primarily due to Covid-19 disruptions with a total 1,000 jobs been lost boroughwide driven by losses in professional and other private services (-500 jobs).
- 2.21 The largest employment sectors in Gravesham in 2021 comprise the public services sector (26.8%), followed by professional services and other private services (22.4%), retail and wholesale (14.1%) and accommodation, food and recreation sectors (10.2%). When compared with the average share of employment in the South East, the Borough is over-represented in the professional services, construction, accommodation and food services and transport and storage sectors.
- 2.22 Employment growth in Gravesham Borough since 2011 has been driven by the professional & other private service sectors (+2,800 jobs), accommodation & food services (+700), transport and storage (+600), construction (+600) and public services (+300) sectors. Only two sectors in the Borough has registered employment losses over this period, namely manufacturing (-300 jobs) and agriculture, forestry & fishing (-200). In terms of the retail sector, it has only grown by 2% equivalent to a gain of 100 jobs. Both Kent and the South East saw higher levels of growth during the same period in the retail sector at 6.3% and 5.6%, respectively.
- 2.23 Data from ONS Business Register and Employment Survey (BRES, 2020), shows similar trends. In particular, the largest employment sectors in Gravesham in 2020 were business administration (15.5%), education (10.8%), retail (9.3%), accommodation and food services (9.3%) and health (9.3%). In total, BRES recorded 32,275 total jobs in the Borough, this is lower than the 36,000 jobs recorded from Experian, however both data sets show a loss in employment from 2019 to 2020. BRES records a loss of 325 jobs between 2019 and 2020, a smaller decline in jobs than what recorded by Experian (i.e. 1,200 jobs lost during the same period).
- 2.24 The workforce's productivity in Gravesham can be measured using the Gross Value Added (GVA) generated per job. In 2021, Gravesham had a total GVA of £1.7bn and £41,061 GVA per workforce job. This is significantly lower than the South East and national equivalents of £52,294 and £49,065, respectively. The highest performing sectors in Gravesham economy - measured in terms of GVA per job - are manufacturing, professional services, construction and public services. The retail sector contributes to £36,784 GVA per workforce job in the Borough, lower than the equivalents in Kent (i.e. £40,487) and the South East (i.e. £48,086).

⁵ Experian (December 2021); Employment and GVA trends

Summary

2.25 The key finding of the policy and economic baseline position are summarised below:

- 1 Gravesend is the main town centre in Gravesham, but has recently suffered a decline in comparison spending due to a combination of factors including the increased competition from nearby shopping locations such as Bluewater Shopping Centre, but also the changing shopping patterns and the increase in online retail.
- 2 According to latest data from ONS Business Counts, there are 800 businesses within the town centre, of which around 30% relate to retail, food, accommodation and entertainment-based sectors, while 30% related to office-based sectors.
- 3 The town centre accounts for 30% of all the retail businesses based in the Borough, which in terms of floorspace (according to VOA) relates to 67% of the entire retail floorspace in Gravesham.
- 4 The town centre's office stock represents 69% of the Borough's equivalent and relates to around 20% of the Borough's business base in office-related sectors.
- 5 Since 2016 the supply position increased to c9,000 sq.m, which subsequently reduces the outstanding requirements to 2028 to up 2,705 sq.m in purely quantitative terms and without considering the recent shift of the retail sector.
- 6 The adopted and emerging town centre policy aims to rejuvenate the area's vitality and increase the offer of services and attractions to the local centre. Key is to increase the population of the town centre, together with enhancing its cultural offer, regenerating the public realm and improving the environment of the area.
- 7 Finally, the emerging policy should be informed by recent evidence, namely an updated assessment for retail and leisure needs, as there have been structural changes in retail sector that are not captured in the latest evidence published in 2016. This has been recognised by the Council that stated clearly in the 2020 Background Paper that further work will be undertaken in relation to retail, commercial and leisure capacity across the Borough.

3.0 Market Outlook

- 3.1 This section summarises the latest retail and office market outlook in Kent and England to present the overarching market trends that inform the local market in Gravesend and capture the recent market shift and impacts following the pandemic and Brexit.

Retail Outlook

- 3.2 The national outlook for retail and office remains negative as both sectors continue to struggle by the surge in Covid-19 cases seen in Q4 2021 according to the RICS Commercial Property Market Survey⁶. Occupier and investor demand remain subdued across the retail and office sectors. Similarly, the tenant demand during Q4 of 2021 suggests a negative trend for both sectors with -3% tenant demand for offices and -21% for retail.
- 3.3 Expectations remain negative for retail, with prime rents envisaged falling by 3% while secondary rents expected to see a near 6% decline. 2021 was one of the weakest years for retail investment in a decade, with volumes likely to come in at around half the 2014 peaks of nearly £14 billion. Average yields are rising as a result, with retail property now trading at a big discount. GfK's confidence index falling to an eight-month low in October 2021.
- 3.4 On the supply side, limited new retail space is likely to be built in the next few years, which should offer some support to the availability rate. The trend of converting retail space to other uses is also likely to accelerate. For example, former department stores in London and other UK cities are being converted into co-working spaces and other uses. Recent changes to permitted development rights will likely lead to the accelerated removal of redundant retail space in many towns and cities.
- 3.5 Kent's large population of 1.9 million people makes it an important retail market. It has a diverse range of retail offer, including designer shopping in Ashford's McArthur Glen Outlet; antiques in Margate and Ramsgate; an independent start-up hub in Herne Bay; traditional high streets in Tunbridge Wells, Canterbury and Deal; and shopping centres throughout the region. By far the largest shopping centre is Bluewater Shopping Centre in Dartford, at circa 170,000 sq.m retail floorspace. To put this in context, Gravesend Town Centre concentrates a total of 114,000 sq.m (see paragraph 2.19). This is in less than 7 km distance from Gravesend Town Centre and it is considered as a key shopping attraction across the wider area. Kent retail market contains 3.8 million sq.m of retail space, equating to around 2 sq.m per capita, in line the national average.
- 3.6 The pandemic has had a marked impact, in both the occupier and investment markets. Government mandated mitigation measures such as national lockdowns, social distancing, travel restrictions and forced closures of nonessential retailers has resulted in weak occupier confidence resulting in sluggish occupier activity. Take-up in 2021 fell to the lowest level in over a decade, with less than 42,000 sq.m of leasing activity - half of the 10-year annual average in Kent.
- 3.7 The strain of existing structural challenges facing the sector had started even at a pre-pandemic period, with closures from large retailers nationwide including Mothercare, Debenhams and Boots. As a result, vacancies increased, and the situation got worst with a

⁶ RICS (2021); UK Commercial Property Survey

number of recent completions including the Riverside in Canterbury. It should be noted that 2019 has been the strongest year in terms of new supply since the financial crisis. These dynamics have seen rental growth slow rapidly, with rental contraction set to persist into 2023.

Office Outlook

- 3.8 As referenced above, according to the RICS Commercial Property Market Survey, the office market continues to struggle with its recovery after the pandemic. Occupier demand for office was -3% marking a slight setback from a modest positive trend cited in Q3 2021 (+7%), with omicron variant influencing negative the outlook for Q4 2021. A modest pick-up in prime office rents is expected over the coming twelve months (+1%), while rents for secondary office spare are anticipated to fall by around 3%.
- 3.9 Looking at the longer term, some additional questions were included in the RICS Commercial Property Market Survey to examine further structural changes sweeping the office sector as a result of the pandemic. Importantly, when asked if office space is still essential for a company to operate successfully, 66% of respondents replied 'yes', while 29% felt otherwise (the remaining 5% did not have an opinion). Alongside this, 76% of contributors report that they are seeing a relative increase in demand for flexible and more local workspaces compared to only 13% who replied negatively. When asked if space allocation per desk had increased in the wake of the pandemic, 69% reported that more space has been allocated to individual desks. Notwithstanding the general perception that offices are still essential for businesses, 87% of respondents also report seeing re-purposing of office space for other uses, with 15% highlighting that this is occurring in significant volumes.
- 3.10 The office market activity in Kent has varied over the past few years. Vacancies in the Kent office market have loosened over the past year or two, with the Covid-19 pandemic resulting in quiet leasing activity. As a result, vacancy levels are expected to see a seven-year high in 2022; however, relatively speaking, they remain tight in comparison to both the national and the market's long-term average. The limited supply of new developments over the past decade has been one of the main factors that has helped with keeping vacancies tight in comparison to regional and national levels. However, the market is in the midst of a wave of new supply of office floorspace, with several significant projects being delivered recently, including the Number Six building at Eclipse Park, Maidstone and the Eurolink Business Park in Sittingbourne together with the Innovation Centre, Newham Court Way, Weavering, Maidstone.
- 3.11 The drop in demand for office space, coupled with the arrival of new supply, saw landlords move to adjust rental expectations, with asking rents in Kent decreasing for much of 2021. The office rent currently stands at around £17.60 per sqft in Kent, considered among the most affordable in the South East.
- 3.12 Leasing activity remains below pre-pandemic levels and net absorptions has been primarily negative. Over the past two years Kent saw very limited leasing activity of large office spaces. This dynamic has translated to rising vacancies, with the majority of activity seen for the smaller office premises.

Summary

3.13

The key points in relation to the wider market output include:

- 1 The national outlook for the retail market remains negative as the sector continues to adjust and recover to pre-Covid-19 activity levels. Prime rents for retail continue to fall and 2021 was reported as one of the weakest years for the retail sector over the last 15 years. This is mirrored in Kent where the lowest level of take-up of retail floorspace was reported in 2021. The Kent market is expected to continue contracting until 2023.
- 2 Similarly, the office market has seen declining prime office rents and occupier demand. However, the office market nationwide is likely to recover at a quicker pace, but structural changes in working patterns will continue to impact on the market's recovery. Kent remains an attractive office area and one of the most affordable in the South East, but it has impacted significantly during the pandemic with higher than the average vacancies level and limited take-up activity, particularly, regarding the larger office spaces.

4.0 Market Signals in Gravesend

4.1 This section presents the local commercial property market activity including recent trends in demand and supply. The analysis draws on proprietary data by CoStar, published market reports, local authority monitoring data and records from the Borough's planning register.

Retail Market

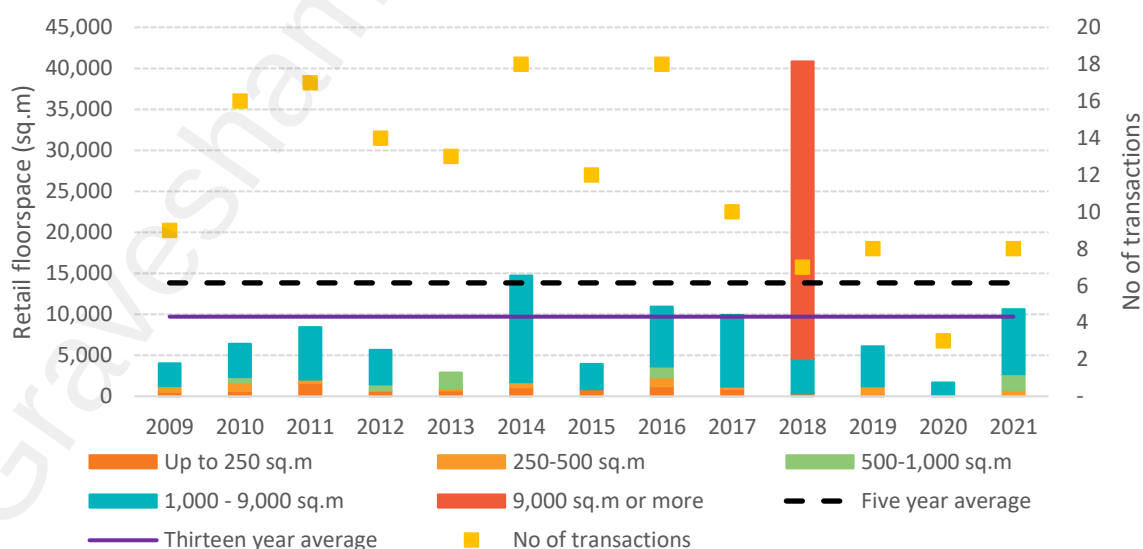
4.2 Retail vacancies in the Borough have increased compared to the five-year average, while rents have fallen by 4.1%. According to CoStar, this is considered the weakest performance observed over the past five years. At £15.0 per sq ft, rents are considerably lower than the Kent's average pricing of £30.0. As Gravesend Town Centre concentrates around 30% of the Borough's retail business base and almost 70% of the total retail floorspace across Gravesham, it has been significantly impacted by the pandemic. These impacts are discussed in the following sections.

Take Up

4.3 Total retail take-up⁷ in Gravesend⁸ since 2009 has amounted to 115,800 sq.m or 9,700 sq.m per annum based on CoStar data. Almost two-thirds of the total transactions (i.e. 59 transactions) were attributed to large premises of over 1,000 sq.m in size, with a further 31% falling in the largest size bracket of over 9,000 sq.m, as shown in Figure 4-1. The total quantum of take-up has declined over recent years following peaks in 2014 and 2018.

4.4 In 2018, take up stood out due to the sale of St Georges Shopping Centre (i.e. 36,000 sq.m) to Reef Group. This increases the five-year take up average to 13,800 sq.m against a long-term average of 9,700 sq.m.

Figure 4-1 Retail Take-Up by Size in Gravesend town centre, 2009-2021



Source: CoStar (2022) / Lichfields analysis

⁷ This includes total transacted floorspace including data from both sales and leases across the monitoring period.

⁸ Expanding across the Town Centre Opportunity Area

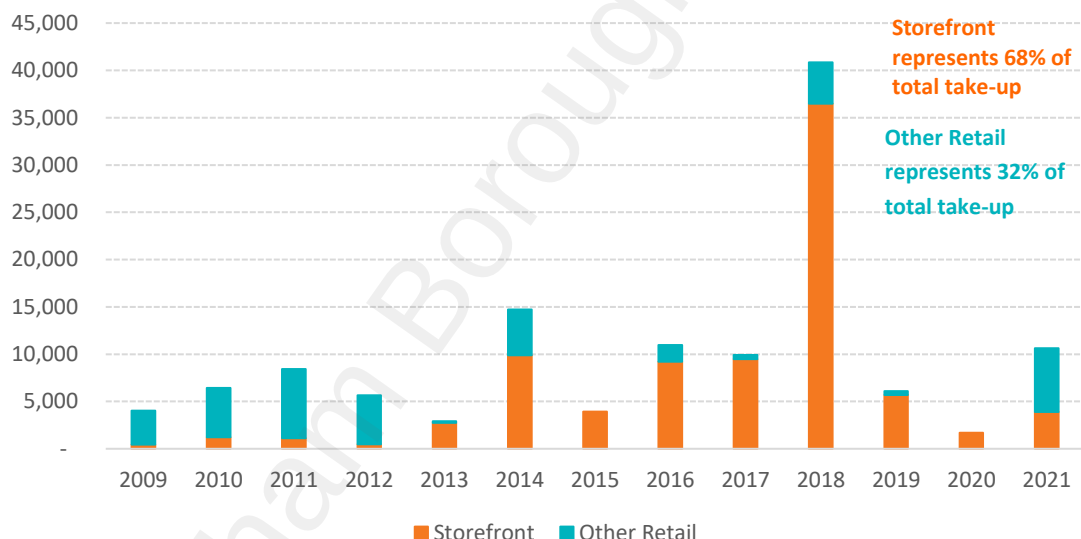
4.5 If the sale of the St George Shopping Centre in 2018 is excluded from the records, on the basis that a transaction of such scale is not likely to be repeated in the near future, the average take up would have reduced to 6,570 sq.m per annum over the last 5 years and 6,900 sq.m per annum over the last 11 years.

4.6 CoStar sets the below sub-categories for retail floorspace:

- a storefront retail premise includes any retail unit on the ground floor; and
- other retail premises refer to all other retail premises that are not on the ground floor, including for instance units in St Georges Shopping Centre or the High Street.

4.7 Figure 4-2 shows take-up by sub-category, indicating that 68% of floorspace was attributed to storefront stock (74% of the total transactions), while 32% of the transacted floorspace (or 26% of the transactions) related to 'other retail' uses. This is expected in a town centre with the vast majority of retail offer relates to a storefront concept, but Gravesend has also a couple of small shopping centres with shops in the upper floors.

Figure 4-2 Take-Up by type of use in Gravesend town centre, 2009-2021



Source: CoStar (2022) / Lichfields analysis

Stock Age and Quality

4.8 Table 4-1 below summarises the age and quality of existing retail premises in Gravesend according to latest CoStar data. This shows that the town centre's stock, comprising around 350 premises, is quite dated with half (51%) of the town centre's retail floorspace being built before 1980s. This is also reflected in terms of quality, where all premises are rated by CoStar as 3 stars or less (out of 5).

Table 4-1 Age and Quality of Existing Retail Space in Gravesend Town Centre (2022)

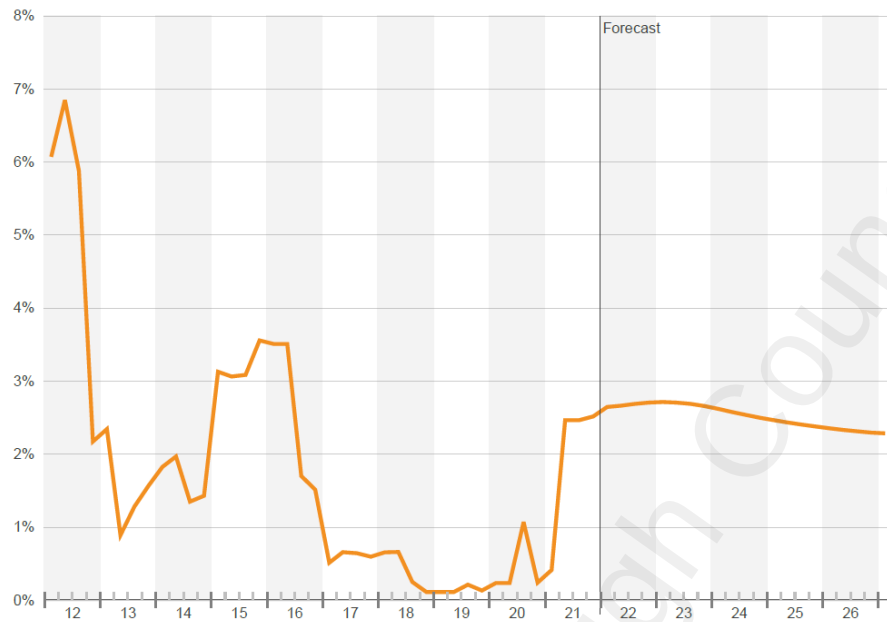
	Properties		Floorspace (sq.m)	
	#	% of Total	#	% of Total
Age of Stock				
Pre 1940s	243	69%	35,619	22%
1940s-1980s	90	26%	47,011	29%
1980s-2000s	16	5%	66,230	41%
Post 2000s	2	1%	12,126	8%
Total	351	100%	160,986	100%
CoStar Star Rating				
1-2 Stars	250	71%	42,413	26%
3 Stars	101	29%	118,573	74%
4-5 Stars	0	0%	0	0%
Total	351	100%	160,986	100%

Source: CoStar (2022) / Lichfields analysis

Vacancy Trends

- 4.9 Figure 4-3 provided by CoStar shows the latest vacancy trends in Gravesend town centre as well as a forecast for future vacancy levels to 2026. Overall, the trend shows low retail vacancy over the last five years with an average at 1.0%. Since 2012, vacancies have reduced from 7.0% to 2.5%.
- 4.10 Before the pandemic, the vacancy rate stood at around 0% in the town centre. In 2020, the vacancy levels increased to over 1% reflecting the impact of the first lockdown, followed by a spike at 2.9% in 2021, as a result of the second and third lockdowns. As at February 2022, vacant stock totalled 4,200 sq.m relating to 3 units in New Road, 1 unit in Rathmore Road and 1 unit in St George's Shopping Centre. The forecast for the next 5 years shows that the rate will remain between 2% and 3%.

Figure 4-3 Retail Vacancy Rates in Gravesend town centre



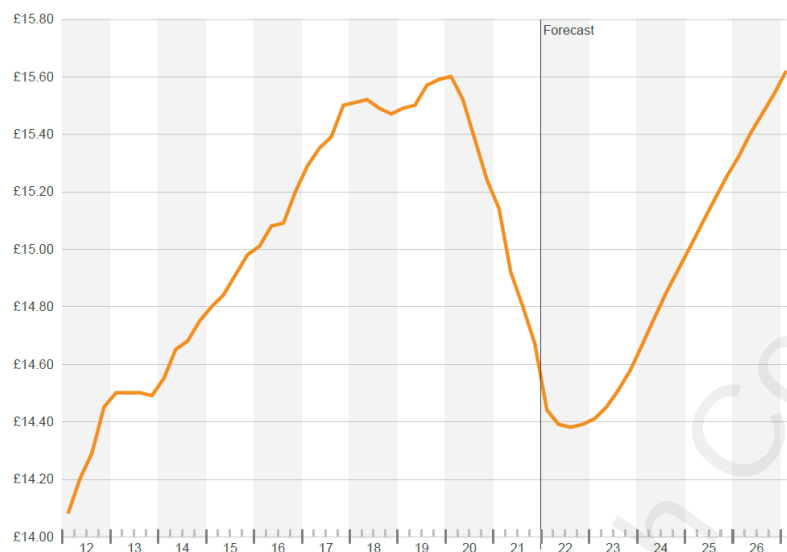
Source: CoStar (February 2022)

- 4.11 These levels are not considered significant and are aligned with Kent's outlook. The regeneration that is currently underway in the Town Centre will better utilise the existing sites and modernise parts of the retail stock.

Retail Rents

- 4.12 The rental prices currently stand at £14.60 per sqft. These are significantly lower compared to Kent's equivalent of £30 per sqft. As shown in Figure 4-4, these rents have been increasing over the last few years at a moderate rate from £14.0 to £15.6 in 2020. Based on the forecast for the next 5 years, there will be some increase after 2023 and post 2026 the prices will reach the pre-pandemic levels.

Figure 4-4 Market retail rent in Gravesend town centre (per sqft)



Source: CoStar (February 2022)

Market records of development activity and the supply position

- 4.13 Over the last ten years, Gravesend town centre recorded the delivery of 522 sqft (48 sq.m) of retail floorspace according to CoStar. During the same period, Gravesham Borough saw the delivery of 24,411 sqft (2,267 sq.m) of retail floorspace, with the majority of floorspace delivered in 2021. In terms of future developments in the town centre, CoStar records a total of 120,000 sqft (11,148 sq.m) of retail floorspace in relation to the Heritage Quarter, which is set to start construction by 2023.
- 4.14 As presented in paragraphs 2.12 and 2.13 (Section 2.0), the retail supply position across the Borough totals 19,635 sq.m, comprising 4,920 sq.m of convenience and 7,420 sq.m of comparison floorspace permitted to 2016 (as recorded in the 2016 Retail Assessment) together with 8,995 sq.m of retail space permitted since then.
- 4.15 In Gravesend town centre, alongside the Heritage Quarter (c 9,760 sq.m permitted retail space⁹), there is one extant permission, namely the Albion Waterside (planning ref: 2021/0270), which lies in the border of the town centre and comprises 1,700 sq.m of retail space. Therefore, there is a total of 11,460 sq.m being permitted within the town centre, similar to market records.

Retail Availability

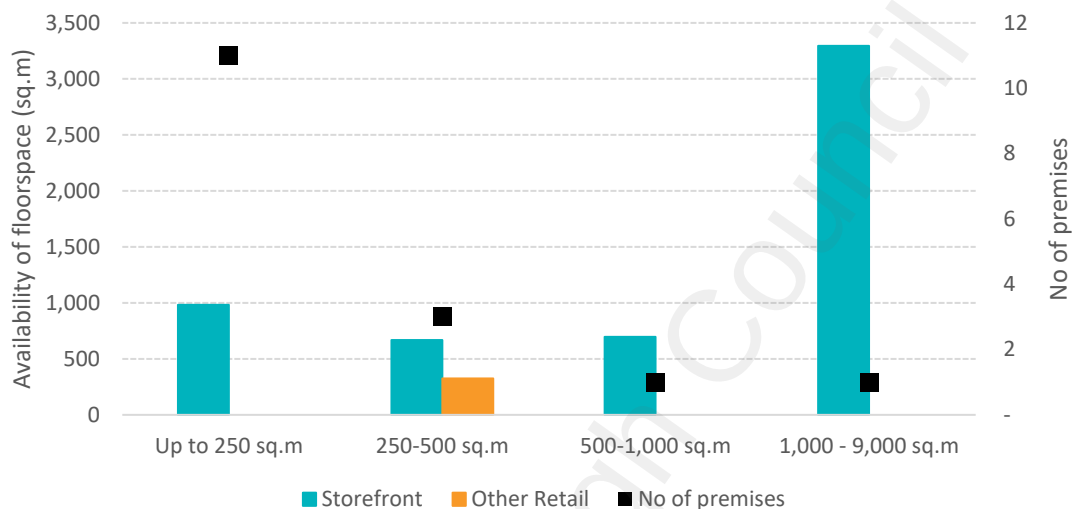
- 4.16 CoStar data indicates that current availability¹⁰ equates to 3.7% of the town centre's retail stock (as recorded by CoStar). This relates to a total floorspace of around 6,000 sq.m through 16 premises. Figure 4-5 below highlights the size bands of the available retail floorspace in the local area. Across a total of 16 premises, 55% are large-sized premises of over 1,000 sq.m and 17% falling under the smaller size category of 250- 500 sq.m. Of the

⁹ Core Strategy CS05 (2014) states a total of 10,500 sq.m of retail floorspace

¹⁰ The available stock is not similar to the vacant stock discussed in paragraphs 4.9-4.11. This typically includes vacant stock and stock that is currently occupied, but the relevant leases will expire in the near future and a lease refresh has not been agreed yet.

available retail floorspace within the town centre, 94% is attributed to storefront retail premises.

Figure 4-5 Availability of Retail Floorspace in Gravesend Town Centre (2022)



Source: CoStar (2022) / Lichfields analysis

Supply/Demand Balance

4.17 Table 4-2 shows the total supply of retail floorspace in the town centre comprising the currently available stock, as reported in CoStar, together with the extant planning permissions and the further town centre allocations. It is noted that within Gravesend town centre, there are is one allocation highlighted in the Core Strategy which relates to the Heritage Quarter. The latest report, Part 1: Local Plan Core Strategy Review and Site Allocations (2020) also highlights the Canal Basin Regeneration Area as an allocation within the area. This allocation is also known as the Albion Waterside development which was granted planning permission in July 2021 and is expected to be delivered by 2030.

Table 4-2 Supply of retail space in Gravesend Town Centre (as in February 2022)

Source of Supply	Site/Information	Floorspace (sq.m)
Available Stock - CoStar	5 units (see paragraph 4.16)	6,000
Extant Permissions	Albion Waterside and permitted floorspace in Heritage Quarter	11,460
Allocations	Remaining floorspace in Heritage Quarter (800 sqm)	800
Total Supply		18,260

Source: Lichfields

4.18 In Table 4-3 the retail supply position (i.e. including available stock, allocations and extant permissions) is set against the 13-year, 5-year and 2-year average take-up in the town centre. Based on this, there is on average two to three years of available supply to meet the transacted activity across the various monitoring periods.

- 4.19 However, these figures include the sale of St George Shopping Centre, a scale of transaction which is not likely to be repeated in the near future. Once this is excluded, across all periods a take up of 6,150 sq.m to 6,900 sq.m per annum is recorded which compares to supply results in around 3 years of remaining supply.

Table 4-3 Years of Available Retail Supply in Gravesend Town Centre

	Including St George sale	Excluding St George sale
Annual Average Take-Up 2009-2021 (sq.m)	9,700	6,900
Available Supply (sq.m)	18,260	18,260
Years of Available Supply	1.9	2.6
Annual Average Take-up 2017-2021 (sq.m)	13,800	6,570
Available Supply (sq.m)	18,260	18,260
Years of Available Supply	1.3	2.8
Annual Average Take-up 2019-2021 (sq.m)	6,100	6,150
Available Supply (sq.m)	18,260	18,260
Years of Available Supply	3.0	3.0

Source: CoStar (2022) / Lichfields analysis

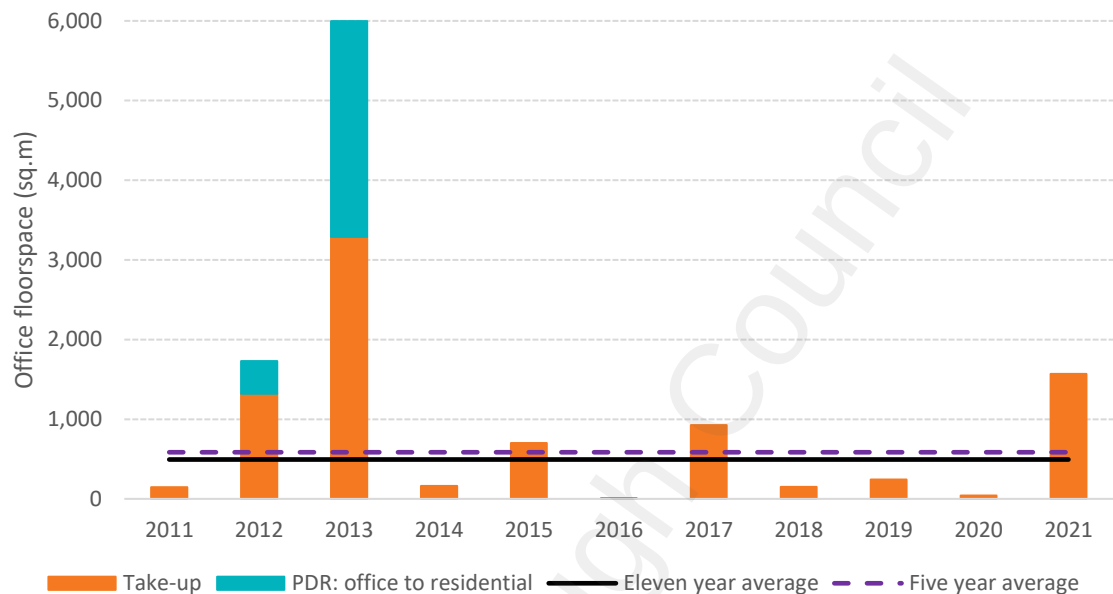
Local Office Market

- 4.20 The Gravesham office submarket is considered a small submarket with secondary activity. The vacancy rates remain below the 10- year average at 0.3% as of February 2022. The activity across the town centre is very limited with only a couple of premises having been transacted over the last three years. On a similar basis, net absorption over the past 5 years, which is essentially the total occupied floorspace (indicated as a move-in) less the total space vacated (indicated as a move-out) has been negative at -130 sq.m per annum. Rents have increased by 1.7% over the past year but are still below the long-term average.

Take-up

- 4.21 Total office take-up (including both sales and leases) in Gravesend Town Centre (covering the Opportunity Area) over the past 11 years (i.e. 2009-2021) amounted to c 10,000 sq.m, according to CoStar. As shown in Figure 4-6, the highest take-up of office floorspace was in 2013, followed by 2012 and 2021. Overall, the 11-year average take-up for office floorspace within Gravesend town centre is 780 sq.m and the five-year average take-up totals 585 sq.m. It should be noted that 8 of the premises transacted in the years 2012 and 2013 (47% of total premises transacted relating to a total of 3,119 sq.m) have since been converted into residential uses including 132 Windmill Street, 7-10 Grove Stephenson House and 195 Parrock Street as a result of the Permitted Development Rights introduced in 2013. On this basis, once premises 'transacted to be converted' are excluded, the annual take up covering the 11-year monitoring period totals 494 sq.m per annum and the equivalent for the 5-year period totals 585 sqm per annum.

Figure 4-6 Take-up of Office floorspace in Gravesend town centre, 2011-2021



Source: CoStar (2022) / Lichfields analysis

Stock Age and Quality

- 4.22 Within Gravesend town centre and opportunity area there are 79 properties equating to a total 42,000 sq.m of office floorspace, according to CoStar. Of these properties, 95% were built pre-1980s relating to 90% of the total office floorspace. Only one property was built post 2,000, equating to 1% of total office floorspace. In terms of quality, all 79 properties are rated by CoStar as having 3 stars (out of 5) suggesting an average quality of office stock across the town centre.

Office Vacancy Trends

- 4.23 The vacancy rates are low in the town centre over the last few years with an average rate at 1%. This is below the vacancy levels in the Kent office market which stand at 3.2%. It is forecast that the vacancy levels will remain unchanged over the next 5 years.

Office Rents

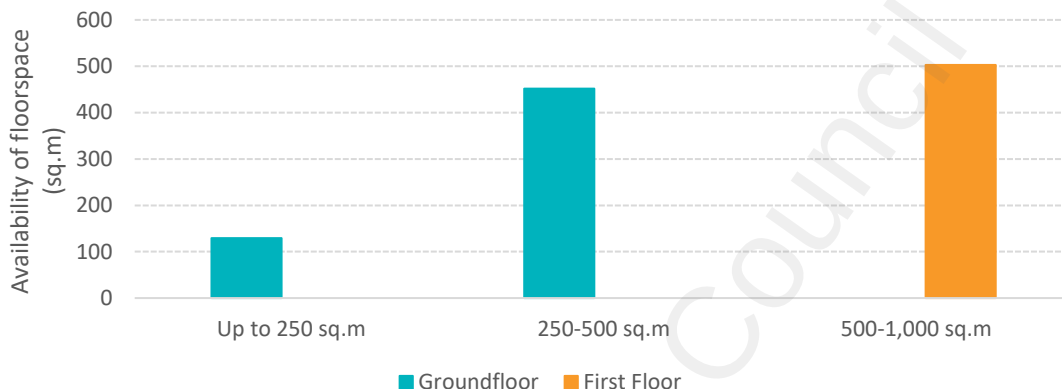
- 4.24 The office rents currently stand at £15.90 per sqft, which is lower than the Kent's equivalent at £17.60 per sqft. These rents have been increasing over the last few years until 2020, followed by a small drop. It is forecast that the office rent will recover and continue to grow to £16.80 per sqft over the next five years.

Office Availability

- 4.25 CoStar data indicates that current availability of office floorspace equates to 2.6% of the total office stock (79 properties), at around 1,100 sq.m. As shown in Figure 4-7 there are three available properties of 130 sq.m, 450 sq.m and 500 sq.m currently available. The

larger unit relates to premises at first floor, while the rest relates to premises at ground floor.

Figure 4-7 Availability of Office Floorspace in Gravesend Town Centre (2022)



Source: CoStar (2022) / Lichfields analysis

Supply/Demand Balance

4.26

Similar to retail floorspace, the Heritage Quarter is the main allocated site highlighted within the Core Strategy and 2020 Site Allocations Review expected to provide up to 930 sq.m of office floorspace. Albion Waterside extant permission is proposed to deliver also up to 1,125 sq.m of office floorspace. [The Gravesham Economy and Employment Background Paper \(October 2020\)](#) highlights that there is existing employment land supply in Gravesend Town Centre in relation to two employment sites totalling 0.8 ha. However, this area relates to existing sites, therefore the office pipeline in Gravesend Town Centre totals 3,135 sq.m (comprising 1,080 sq.m of available floorspace – paragraph 4.25 – and 2,055 sq.m of permitted office space).

4.27

Table 4-4 shows available office supply set against 11-year, 5-year and 2-year average take-up in the town centre. Based on this, for office floorspace there is estimated to be 6.2 years' supply considering the 11-year take up average and 5.3 year's supply considering the 5-year take-up average.

Table 4-4 Years of Available Office Supply in Gravesend Town Centre

Annual Average Take-Up 2011-2021 (sq.m)	500
Available Supply (sq.m)	3,135
Years of Available Supply	6.2 years
Annual Average Take-up 2017-2021 (sq.m)	585
Available Supply (sq.m)	3,135
Years of Available Supply	5.3 years
Annual Average Take-up 2019-2021 (sq.m)	600
Available Supply (sq.m)	3,135
Years of Available Supply	5.2 years

Source: CoStar (2022) / Lichfields analysis

Summary

4.28

The key points from the above analysis of market signals and trends in Gravesend town centre can be summarised as follows:

- 1 Gravesend town centre continues to concentrate most of the retail activity across the Borough and this is reflective to the distribution of retail stock across the area. However, in recent years the local retail market has experienced a decline in retail transactions, combined with an increase in vacancy and a drop in market rents. This is in line with national and regional trends in the retail market which have suffered due to Covid-19 and the changing shopping patterns.
- 2 There has been a limited supply of new retail space in Gravesend town centre and the neighbouring competition of Bluewater shopping centre has seen a reduction in consumer spending retained in the town centre. As a result of the tight supply position, vacancy rates have historically been relatively low in Gravesend, however the last two years has seen an increase in vacancy rates due to the pandemic. This is expected to change within the next five years as new supply will be brought forward in the town centre including the development of the Heritage Quarter, providing additional retail floorspace of over 11,000 sq.m.
- 3 Much of the existing retail stock in Gravesend town centre is ageing and of an average quality. Just 3% of storefront premises were built between the 1980s-2000s and none built post 2000s.
- 4 In terms of future supply, this totals over 18,000 sq.m and against the take up (i.e. transacted space per annum) recorded by CoStar this could be enough for the next 3 years. However, it should be noted that this is a quantitative estimation that does not consider the qualitative factors such as the aftermath of the pandemic or the switch to greater shopping online which are still unfolding and are expected to impact future development activity.
- 5 The office market in Gravesend town centre is considered as a small submarket and is characterised by ageing and average quality stock. The tight supply in office space and lack of new space being brought forward has historically led to very low vacancy levels within the office market of Gravesend town centre. However, despite the lack of new supply, during Covid-19 vacancy levels increased and it is forecasted that they will remain at this level for the next five years.
- 6 The existing supply of available office floorspace within Gravesend town centre is enough to provide up to 6 years of future office take up. Similar, to the retail analysis, this does not fully take into account the impacts of the pandemic on the office sector as these are still unfolding.

5.0 Site's Contribution

- 5.1 This section summarises the benefits of the proposed development and how this will contribute to the town centre's vitality in the context of the preceding sections.

Economic Benefits of the Proposed Development

- 5.2 The analysis draws on Lichfield's market leading [Evaluate](#) economic impacts framework. Data are drawn from ONS, Experian and Research studies for Homes for Later Living ([Silver saviours for the high street](#), 2021) in line with methodology included within the Homes and Communities Agency (HCA 2014) Additionality Guidance and HCA (2015) Calculating Cost per Job Best Practice Note.

Benefits during construction

- 5.3 The proposed development will result in the total construction value of £9.5 million (total construction cost). The construction period is estimated to be 26 months (i.e. 2.2 years), and on this basis it is estimated that 59 direct construction jobs per annum will be generated over the build period.
- 5.4 Housing construction involves purchases from a range of suppliers who in turn purchase from their own suppliers via the supply chain. The relationships between the initial direct spending and total economic impacts are known as the 'multiplier effect', which demonstrates that an initial investment can have much larger economic benefits as this expenditure is diffused through the economy. On this basis, it is estimated that 66 supply chain jobs per annum will be supported through indirect and induced "spin-off" effects through the construction activity of the proposed development.
- 5.5 As a result of these construction jobs, the proposed development could make a significant contribution by generating additional £10.4 million Gross Value Added (GVA). GVA is a measure of the difference between what is produced as an output (goods and services) and the inputs (such as raw materials and semi-finished products) used in the production of the output and represents the additional value that is added through economic activity.

Benefits during operation

- 5.6 The new retirement development will support 6 direct jobs (additional jobs) related to economic activities and support within the retirement development (i.e. management, carers and nurses).
- 5.7 As a result of these additional operational jobs within the retirement development, the proposed development will make an economic contribution by generating £160,000 Gross Value Added (GVA) per annum.
- 5.8 Once the 75 new retirement units are occupied by new residents, it is estimated that £1.3 million resident expenditure will be generated within local shops and services per annum in Gravesend town centre. It is estimated that 12 jobs could be supported as a result of the increased expenditure in the local area.

Wider benefits

- 5.9 As part of the wider benefits captured as a result of the scheme, it is estimated that up to 37 potential existing homes will be released for other buyers as a result of older residents moving from their homes to a retirement home. These are assumed to be mainly part of the market area around Gravesham.
- 5.10 The retirement development would also result in £357,000 fiscal savings contributions per annum to the NHS according to recent research prepared for Homes for Later Living. In addition, a total of £139,000 Council tax payments will be generated per annum.
- 5.11 Finally, the development will contribute to the local infrastructure of the area and support the vitality of the high street by redeveloping the former police station underutilised site back into a productive use that will create significant expenditure absorbed by the town centre.

Summary

- 5.12 The proposed development will generate significant employment and economic output during both the construction and operational phase together with generating a significant amount of expenditure once operational that will enhance further the vitality of the town centre.

6.0 Conclusions

- 6.1 This report has been prepared to identify and assess the need for retail and office floorspace in Gravesend in order to support the proposals against the adopted planning policy, in particular Core Strategy Policy CS05, that supports the provision of retail and commercial uses on the ground floor level of the proposal site.
- 6.2 Synthesising the analysis of the preceding sections, the key conclusions are as follows:
- 1 A review of the economic context highlights the importance of Gravesend town centre as a retail centre and business hub within Gravesham. The town centre itself is home to 67% of the Borough's retail stock and 69% of its office stock. However, it has recently suffered a decline in comparison spending due to a combination of factors including the increased competition by nearby shopping locations such as Bluewater Shopping Centre, but also the changing shopping patterns and the increase in online retail.
 - 2 The adopted and emerging town centre policy aims to rejuvenate the area's vitality and increase the offer of services and attractions to the local centre. Key is to increase the population of the town centre, together with enhancing its cultural offer, regenerating the public realm and improving the environment of the area. It is acknowledged by the Council (i.e. 2020 Background Paper for retail) that the emerging policy should be informed by more recent evidence such as an updated assessment for retail and leisure needs that captures the structural changes in retail sector and the challenges that the town centre faces from the regional competition.
 - 3 The national and regional commercial market trends for the retail and office activity present a negative outlook, with prime rents declining and occupier demand struggling to recover to pre-pandemic levels. The retail sector has already been facing existing structural challenges before the pandemic, but now this has exacerbated with the pandemic resulting in the closure of a few retailers nationwide. This is reflected by the upward pressure of vacancy levels in Kent, resulting in one of its worst years in terms of leasing and sales activity in 2021. Similarly, the office market has equally suffered due to the pandemic and various waves of lockdown and increasing home-working. Although the general perception is that offices are still essential for business, there is also the trend in favour of re-purposing office spaces for other uses.
 - 4 At the local level, Gravesend town centre reports similar retail and office market trends to the regional and national levels. The retail sector, which on average has recorded historically low levels in vacancy due to its limited supply, saw an increase in vacancy levels over the last two years due to the pandemic. The majority of available floorspace within the town centre is attributed to existing retail space and low levels of take-up were seen post Covid-19. The retail pipeline for the town centre totals over 11,000 sq.m and once this is combined with current availability, there is a supply of over 18,000 sq.m to accommodate future demand. Compared to average transacted activity, this could be enough for the next 3 years, however the estimation does not capture the unfolding impacts of the pandemic and the changes in the shopping patterns. On this basis, the supply is expected to accommodate needs for a longer period.
 - 5 The office market in Gravesend town centre was negatively impacted during the pandemic with increasing vacancy levels resulting in a drop in office rents. Also, the

existing supply of available office floorspace within Gravesend town centre is enough to provide over 6 years (post 2028, the end of the adopted Plan period) of office supply within the local area. This quantitative estimation does not also capture the unfolding impacts of the pandemic and therefore, the identified supply could potentially be adequate for a longer period.

- 6 As a result, occupier demand for both retail and offices is stagnant within the local market, and it is unclear when these markets will recover due to the structural changes associated with the decrease in demand which is still evolving. This could impact on the deliverability for such uses in the near future. Therefore, this could subsequently impact on the deliverability of the proposal site which aims to reutilise a vacant site in the edge of Gravesend town centre in line to Core Strategy Policy CS05 to *'support the redevelopment of under-used sites where this makes more efficient use of the sites and improves townscape character'*.
- 7 In this context, the proposed development for a new retirement facility in the proposal site would generate a series of benefits including;
 - i accommodating needs for elderly accommodation;
 - ii generating significant economic benefits for the Borough as a whole and particular for Gravesend town centre by adding £1.3 million of expenditure per annum in the town centre;
 - iii supporting the generation of additional employment, and
 - iv providing additional revenues to the Borough and nationally. These benefits will have a significant impact on the vitality of the town centre alongside the landscape and public realm enhancements that the redevelopment would bring in the town centre environment.

6.3 On this basis, the evidence justifies that the proposed development will support and enhance the role of Gravesend town centre which is a key objective of the adopted Core Strategy.

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