

MILTON KEYNES COUNCIL  
THE MILTON KEYNES RETAIL CAPACITY AND LEISURE STUDY



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## EXECUTIVE SUMMARY

Final Report February 2010

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- 1.1 This document provides an executive summary of the findings of the Milton Keynes Retail Capacity and Leisure Study, undertaken by Roger Tym & Partners (RTP) on behalf of Milton Keynes Council. RTP prepared a draft report of this study in December 2008, which was placed on public consultation. This final report takes into account the responses from this consultation, and also updates the strategic floorspace requirements for Milton Keynes based on recently-published updates to data sources.
- 1.2 The study will form part of the evidence base for the Council's new Local Development Framework Core Strategy and will enable the Council to develop preferred options for the location of additional retail floorspace in the Core Strategy.

### *Compliance with national, regional and local planning policy*

- 1.3 The study has been produced to reflect the Government's requirements, as set out in PPS6 and PPS12. The study has a forward horizon of 2026, but we also provide assessments of need to the years 2011, 2016 and 2021. The study is set within the context of the aforementioned national planning policy guidance, as well as, at the regional level, the recently-adopted South East Plan, which establishes the level of growth which Milton Keynes must accommodate to 2026. This amounts to a total of 46,750 dwellings by 2026, including two significant urban extensions to the south-east and south-west of Milton Keynes (the latter within Aylesbury Vale District). The study is also fully informed by local-level planning policy, including the Council's adopted Local Plan and regeneration strategies.

### *Performance analysis of centres in Milton Keynes*

- 1.4 The study undertakes a detailed performance assessment of the principal centres in Milton Keynes, namely Central Milton Keynes (CMK); Bletchley; Wolverton; Westcroft; Kingston; Olney; Newport Pagnell; Stony Stratford; Woburn Sands; Fenny Stratford; as well as considering the principal retail parks and local centres. Section 3 of the report presents a full review of these findings, including, in the case of Central Milton Keynes, detailed 'benchmarking' exercises against comparator centres (Bedford, Luton and Northampton).
- 1.5 CMK has made strong upward progress in the UK retail rankings over the past decade and is currently ranked in 30<sup>th</sup> position; its upward movement has recently plateaued as no significant new retail floorspace has come forward. The centre is under-represented in terms of convenience goods provision but has a strong comparison goods offer, particularly in the clothing sub-categories, which can be considered strong drivers of footfall. There is good representation both from major 'anchor' stores (such as John Lewis and Marks & Spencer), and higher-end retailers such as Hobbs and Hugo Boss. However a number of high-profile footfall drivers such as Primark are absent from the retail offer. Demand for representation in CMK from operators remains strong, despite the current economic climate. Vacancy rates, at 7.11 per cent of all units, remain below the national average, although we note the mall to the western side of the Food Court currently has a high concentration of vacant units.
- 1.6 Bletchley is the second highest ranking centre in Milton Keynes, and performs a role akin to that of a Sub-Regional centre. The centre benefits from strong convenience goods

representation and a solid, if fairly standard, comparison goods offer, which shows under-representation in the key fashion sub-sectors, with the offer which is present geared towards the lower-end of the market. Retailer demand for the centre is currently limited, and the retail property offer is generally limited to smaller units, which in turn is likely to limit levels of operator interest. Whilst prime rental levels in the centre have improved, the current high vacancy level of circa 14 per cent represents cause for concern.

1.7 Wolverton town centre appears to be currently performing reasonably well; the anchor Tesco store trades successfully and is likely to help drive footfall to the remaining units within the centre. Again, the retail offer is geared towards the lower-end of the market, however vacancy rates are low. The densely compacted centre and residential and industrial surroundings ensures access to and congestion within the centre are issues. Westcott and Kingston district centres, anchored by Morrisons and Tesco Extra foodstores respectively, are akin to retail parks and trade well. Kingston has the stronger retail offer of the two, but suffers from poor pedestrian access.

1.8 Olney is an attractive and vibrant town centre which performs a strong role as a centre niche/high end comparison goods, and the retail offer largely consists of independent retailers. Newport Pagnell also currently exhibits strong signs of vitality and viability, with representation of convenience, comparison and services operators in line with UK averages, strong pedestrian flows and low vacancy rates. Stony Stratford performs similarly, but currently suffers from under-representation in the convenience goods sub-sector, as does the centre of Woburn Sands. The smaller centre of Fenny Stratford performs adequately but also would benefit from additional convenience goods representation. Pedestrian flows in the centre are low and the town centre environment is not as pleasant as other town centres in Milton Keynes. Opportunities exist within the centre for the improvement of both its retail offer and environmental quality.

### *Current patterns of retail and leisure spending*

1.9 In order to establish the current patterns of spending on convenience and comparison goods and leisure services, Roger Tym & Partners instructed NEMS Market Research to undertake a survey of 2,503 households between February and March 2008. Reflecting the draw of Milton Keynes as a shopping destination across the South Midlands, the catchment area extends across a significant geographic area, incorporating seven 'inner' zones (broadly equivalent to the Milton Keynes urban area) and 18 'outer' zones, which cover a catchment area stretching to Kettering and Northampton to the north, Banbury and Bicester to the west, Bedford to the east, and Aylesbury and Luton to the south. The survey established the most popular destinations for 'main' and 'top-up' convenience shopping, and visits to smaller shops; as well as the destinations of respondents for clothing and shoes; furniture, carpets and soft furnishings; DIY and decorating goods; domestic appliances; and specialist comparison goods items.

1.10 The total population of the catchment area was 1,685,885 persons in 2008; this is forecast to increase to 2,040,745 persons by 2026. By applying the population to per capita expenditure forecasts supplied by MapInfo, an overall 'pot' of expenditure of £5,323.1m is available to residents of the catchment area for comparison goods spending, once an allowance for special forms of trading (such as online shopping) is made. This includes

£621.6m for the seven 'inner' zones. The majority of this expenditure is retained within the catchment area, which retains 88.8 per cent of available expenditure. This can be considered a healthy retention rate, particularly given the fact a number of strong retail destinations (Central London, Leicester, Oxford) lie proximate to the boundaries of the catchment. The 'inner' zones have a stronger retention rate still, at 97.2 per cent, thus only 2.8 of available comparison goods expenditure to residents of the Milton Keynes urban area flows to destinations outside of Milton Keynes.

- 1.11 Within the catchment area, CMK attracts the greatest proportion of expenditure, drawing £1,054m from residents of the 25-zone catchment. This represents over 20 per cent of all available comparison expenditure to residents of the catchment. This is almost double that of the second most popular destination, Northampton (£540m), and significantly greater than Bedford (£386m), Luton (£359m), Aylesbury (£259m), Banbury (£197m) and Kettering (£125m). Bletchley attracts a notable £73m of expenditure, although this figure is inflated by the presence of significant retail parks. Of the small proportion of expenditure which flows to destinations beyond the catchment, the principal recipient destinations are Stevenage (which lies just outside the catchment boundary), Central London, Oxford and Welwyn.
- 1.12 CMK's primary catchment (where it attracts a market share of upwards of 40 per cent) can be considered to be the seven inner survey zones (i.e. the MK urban area), as well as Zone 18, which covers Leighton Buzzard. Its secondary catchment (from where it attracts a market share of between 20 and 40 per cent) covers areas including South Northamptonshire, Dunstable, Ampthill/Flitwick and the rural parts of Milton Keynes District.
- 1.13 In respect of convenience goods, our assessment has focussed on the inner survey zones, given the more localised shopping patterns brought about by food shopping. A total of £346.1m is available to residents of the inner zones for convenience goods spending, and 98.6 per cent of this expenditure (£341.1m) is retained within these zones; there is virtually no 'leakage' to stores outside the Milton Keynes urban area. The foodstores which attract the greatest proportion of expenditure from residents in Milton Keynes are Tesco, Wolverton (£60.4m); Tesco Extra, Kingston (£52.3m); Tesco Extra, Bletchley (£43.5m); Morrisons, Westcroft (£42.0m); and Sainsbury's, CMK (£33.6m).

### *Quantitative and qualitative need in the retail and leisure sectors*

- 1.14 Section 5 of the study sets out the quantitative requirements for additional comparison and convenience floorspace in Milton Keynes over the period to 2026. Having ascertained the existing levels of population and retail expenditure, and established the proportion of this expenditure which is retained within the catchment area, this is applied to forecasts of population change (supplied by the Milton Keynes Observatory for those zones covering Milton Keynes), and per capita expenditure growth<sup>1</sup>. Allowance is then made for existing

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<sup>1</sup> A full explanation of RTP's methodology in terms of calculating population change and expenditure growth is provided in the technical briefing note appended to the main report (Volume 3, Appendix 6).

planning commitments<sup>2</sup>, growth in turnover of existing retailers, and growth in special forms of trading, before calculating the residual 'pot' of expenditure which is potentially then available to support new retail floorspace. In our assessment of comparison goods floorspace requirements, the study presents two scenarios - a 'static' retention scenario, whereby the centres in Milton Keynes maintain their current aggregate retention rate of 25.8 per cent, and an 'increasing' retention scenario, whereby the retention rate of the catchment increases to 30.0 per cent by 2026.

### *Comparison goods*

- 1.15 In respect of comparison goods, it can be seen that there is presently an over-supply of floorspace in the region of 24,300 sq.m gross. However this over-supply is short-term and we forecast that post-2011 there will return to be a positive requirement for additional comparison goods floorspace in Milton Keynes. Under the 'static retention' scenario, this amounts to an additional 27,200 sq.m gross floorspace by 2016. Post-2016, the quantum of additional comparison floorspace required increases significantly as a result of increases in population and an expected return to higher levels of comparison expenditure growth. Under the 'static retention' scenario we forecast an additional 72,300 sq.m gross floorspace will be required in the period 2016-21, and a further 71,700 sq.m gross between 2021 and 2026.
- 1.16 Under the 'increasing retention' scenario the quantum of additional floorspace required increases significantly, despite a relatively modest (and achievable) increase in the retention rate being applied. Under this scenario there is a requirement for an additional 51,000 sq.m gross floorspace in the period 2011-16, a further 92,000 sq.m gross between 2016-21 and 97,900 sq.m gross between 2021 and 2026. We caution however that the variables which affect the level of floorspace requirements - most expenditure growth rates - remain in a state of flux - and it is recommended that longer term forecasts in particular are subject to regular review and monitoring.
- 1.17 The comparison goods floorspace projections are summarised in Table ES1 below:

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<sup>2</sup> It should be noted that the proposed extension to the centre:MK is not included as a planning commitment, as planning permission for this development has recently lapsed.

**Table ES1 - Quantitative Need in the Comparison Goods Sector (Sq.m Gross)**

	<b>Static Retention (<i>Spreadsheet 10a refers</i>)</b>	<b>Increasing Retention (<i>Spreadsheet 10b refers</i>)</b>
<b>2008-11</b>	-24,300	-24,300
<b>2011-16</b>	27,200	51,000
<b>2016-21</b>	72,300	92,000
<b>2021-26</b>	71,700	97,900
<b>Total to 2026</b>	146,800	216,500

### *Convenience goods*

- 1.18 For the convenience sector, it has been assumed the current high level of expenditure retention (98.6 per cent) will remain, and will not increase further. There is a current over-supply of convenience goods floorspace in the region of 7,700 sq.m gross at present, however there is positive requirement for additional convenience floorspace post-2011. The requirements for additional floorspace are, however, relatively modest, and amount to 15,100 sq.m gross over the period 2008-26. Between 2011 and 2016 there is a requirement for an additional 5,100 sq.m gross convenience floorspace, which increases to 9,100 sq.m gross between 2016-21 and a further 8,600 sq.m gross between 2021-26.
- 1.19 The study also assesses the level of over-trading of existing convenience stores in MK, and it can be observed that existing stores are cumulatively over-trading in the region of £16.0m. However the figures are skewed by significant over-trading of three stores (most notably the Tesco store in Wolverton) and substantial under-trading in others (in particular the Asda store at Bletchley). As the over-trading is highly localised we do not consider there to be a need to adjust the existing position for the assessment of additional convenience goods floorspace.
- 1.20 As convenience goods shopping is relatively localised, it is important that future floorspace needs are aligned with patterns of expenditure growth and in accordance with the planned growth of Milton Keynes. In particular we consider there is scope for additional foodstore provision in zone 4 (aligned to the south-east expansion of MK), zone 5 (which includes CMK), and zone 6 (aligned to the western expansion of MK). In the case of the latter, we note planning permission exists for a foodstore in the region of 3.000 sq.m gross to serve the expansion area, and therefore further convenience retail provision in this area over and above this should be confined to meeting local needs.
- 1.21 The convenience goods floorspace requirements are summarised in Table ES2 below. Again we emphasise that these forecasts should be the subject of regular review throughout the Council's LDF period.

**Table ES2 - Quantitative Need in the Convenience Goods Sector (Sq.m Gross)**

	<b>Constant Retention (<i>Spreadsheet 17 refers</i>)</b>
<b>2008-11</b>	-7,700
<b>2011-16</b>	5,100
<b>2016-21</b>	9,100
<b>2021-26</b>	8,600
<b>Total to 2026</b>	15,100

### *Leisure goods*

- 1.22 Expenditure on food and drink leisure services from the overall catchment area attracted to Milton Keynes is projected to grow by £97.0 million in the period up to 2026, whilst the leisure expenditure for zones 1-7 (excluding food and drink uses) is projected to grow by £1122.5 million in the same timeframe. A high proportion of expenditure growth is forecast for eating and drinking establishments, and capturing a sizeable proportion of this growth in expenditure through the provision of a better and more appealing choice of restaurants, cafés and pubs/bars will be vital to the future health of all of the town centres. Whilst CMK already has a reasonable food & drink offer, further appropriate facilities, including better quality establishments, should be welcomed both in CMK and in other town centres in the borough. We have identified a qualitative need for a Casino, since there are no such facilities in CMK.

### *Strategies for meeting retail and leisure needs*

- 1.23 Section 6 of the report sets out a series of three strategies for meeting the retail and leisure needs identified above. This reflects guidance in PPS12 in respect of ‘soundness’; the Council must demonstrate that its chosen strategy is the most appropriate, when considered against reasonable alternatives, and that the strategy is effective and deliverable. Although we have identified there to be no requirements for additional comparison goods floorspace in Milton Keynes prior to 2011, larger scale developments have a long gestation period and the Core Strategy needs to assess the period to 2026. Therefore, strategies to deliver the floorspace requirements we have forecast need to be included within the future development plan documents.
- 1.24 Thus, we have focused our evaluation on three alternative strategies, as follows:
- Strategy 1: seeking to meet almost all of the comparison retail and commercial leisure needs in CMK, with convenience retail needs aligned with localised population growth;
  - Strategy 2: seeking to channel most of the comparison retail and commercial leisure needs to a combination of CMK and to the town and district centres elsewhere in the borough, but again with convenience retail needs aligned with localised population growth; and



- Strategy 3: seeking to rebalance the network of centres in Milton Keynes borough, by channeling comparison retail and commercial leisure needs to a combination of CMK and the town and district centres elsewhere in the borough.

- 1.25 The report considers Strategy 1 to be the most appropriate strategy for the Council to progress through its Core Strategy. This would involve:
- i) meeting most of the comparison retail and commercial leisure needs, including food and drink, in CMK
  - ii) allow for smaller scale comparison retail and commercial leisure needs in the town and district centres in order to accommodate a locally derived need.
  - iii) align new convenience floorspace with the areas of high population growth, with a residual to support smaller incremental increases and extensions to existing facilities, where this is appropriate to the role of the centre it is located within.
  - iv) limit the amount of significant retail and commercial leisure development in out-of-centre locations only allowing such increases where it will not be detrimental to achieving the objectives of i -iii outlined above.
- 1.26 Under Strategy 1, 85 per cent of the comparison goods floorspace requirements would be directed towards CMK, with the other town centres accommodating 15 per cent. The implications for this strategy are demonstrated in Table ES3 below; in the 2008-2016 period, the main requirement for CMK would be met by the extension to c:mk, should it progress (or Midsummer Place or another development of a similar scale).
- 1.27 For convenience goods, the requirements have been aligned with the planned housing growth of Milton Keynes. We have allowed for a foodstore of approximately 3,500 sqm gross in each of the expansion areas and strategic development areas and phased these requirements alongside when this housing growth is likely to be delivered.
- 1.28 It should be noted that as the economy is currently in flux an early review of the of the expenditure and floorspace capacity forecasts is required. We would advise that this takes place once more data becomes available, perhaps in early 2011 which would also allow for the results of the general election to have been taken into account.

**Table ES3 - Gross Floorspace Requirements (after commitments) under Strategy 1 (sq.m gross)**

	2011-2016	2016-2021	2021-2026
<b>Comparison Goods Sector</b>			
<b>Total requirement</b>	<b>27,200-51,000</b>	<b>72,300-92,000</b>	<b>71,700-97,900</b>
CMK	23,200-43,300	61,400-78,200	61,000-83,200
Other town and district centres	4,100-7,600	10,800-13,800	10,700-14,700
<b>Convenience Goods Sector</b>			
<b>Total requirement</b>	<b>5,100</b>	<b>9,100</b>	<b>8,600</b>

Notes: The range of floorspace is due to the two scenarios (static and increasing retention), as discussed in Section 5. See text of main report for commentary on distribution of convenience goods floorspace requirement.

\*Figures may not add due to rounding.

### *Recommendations on policy and retail hierarchy*

- 1.29 In respect of the current network and hierarchy of centres in Milton Keynes, no major changes to the existing hierarchy are recommended. However, the need for the continuation of Local Plan to encourage a greater diversity of uses in the District Centres of Westcroft and Kingston is acknowledged, as these two centres currently offer an unsatisfactory level of non-retail service uses. Consideration should also be given to the downgrading of the centre of Woburn Sands in the retail hierarchy as there is considerable difference in the size and offer of the centre compared to the other identified town centres (Newport Pagnell, Olney and Stony Stratford); Woburn Sands shares characteristics to many of the larger, fifth-tier Local Centres.
- 1.30 We consider the town centre boundaries as defined the adopted Local Plan to be appropriate and no changes are recommended in this respect, with the exception of the Dukes Drive area in Bletchley town centre.