Knight Frank Retail Consultancy

Royal Tunbridge Wells Town Centre Retail Study & Healthcheck

September 2022

Prepared for LDA / Tunbridge Wells Borough Council / Town Centre Plan Working Group

CONTENTS

1. EXECUTIVE SUMMARY

1.1 Overview

1.1.1 Royal Tunbridge Wells has many inherent strengths as a town. The underlying economic and demographic structure of the town and its wider hinterland are generally supportive of a robust town centre. The absence of another competitive centre of equal scale and quality effectively renders its catchment captive. With some areas of exception, the town remains aesthetically pleasing.

1.1.2 At the same time, the town could be significantly improved through an updated and revised Masterplan. Rather than total re-invention, the town needs to recognise both its strengths and weaknesses - to consolidate and build on the former, to proactively address the latter through a series of strategic intervention initiatives.

1.1.3 Key weaknesses currently include an over-supply of retail floorspace, a higher-than-desirable vacancy rate and obvious areas of under-investment and neglect. Some of these shortcomings are largely a reflection of national retail trends, a by-product of general structural change. Some are particular to Royal Tunbridge Wells. Both need to be addressed to future-proof the town.

1.1.4 The development sites identified in this report can prove a catalyst for positive change and pillars upon which other initiatives can hang. Given their profile and location, the former cinema site and potential re-development of Royal Victoria Place are the two projects that stand to have the most material impact on the fortunes of the town centre itself.

1.1.5 Strategic initiatives to arise from this consultation process need to be carefully planned and sensitively managed. Above all else, we believe a ‘piecemeal approach’ whereby the initiatives are managed in isolation would be counter-productive. The process of improving the town needs to be coordinated as a joined up process, involving full collaboration of the stakeholder base.

1.2 Local Economics and Forecasts

1.2.1 The Borough of Tunbridge Wells’ economic constitution is relatively robust, albeit with some medium-term question marks over an ageing population base. In general terms, the Borough’s econometrics compare favourably versus national averages, although they may lag behind some of its peer group centres in the South East.

1.2.2 Total Gross Value Added (GVA) in the Tunbridge Wells Borough in 2022 is £3.5bn. GVA is forecast to grow at a compound average annual growth rate (CAGR) of 1.67% over the next decade, above the UK average (1.61%) but slightly below the average for the South East (1.76%). By 2032, Tunbridge Wells’ GVA is forecast to reach £4.2bn (+18.0%, +£645m).

1.2.3 Real Estate (17%), Retail & Wholesale (16%), Financial & Insurance (14%) and Professional, Scientific and Tech (11%) are currently the largest contributing sectors to local GVA. Significant growth over the next decade is forecast in Information & Communication (+32.7%), Administration and Support (+25.4%) and Real Estate (+25.3%) prompting some evolutionary change to the economic base of the Borough.

1.2.4 The local labour market is very tight. Tunbridge Wells' International Labour Organisation ('ILO') unemployment rate is currently just 2.9%. Local unemployment is forecast to peak in 2023 at 3.3% before recovering and stabilising at 2.8% by 2026. This is significantly below both national (3.7%) and regional averages (3.0%).

1.2.5 Tunbridge Wells benefits from a diverse employment structure. Retail & Wholesale is the single largest employment sector (20.2% vs 15.3% UK vs 14.2% in SE) followed by Human Health and Social Work (15.7% vs 13.6% UK vs 13.2% SE). Total employment in Tunbridge Wells is forecast to grow by +4.7% over the next decade, higher than the national figure (+4.3%) but lower than that for the South East (5.8%).

1.2.6 In terms of demographics, ca. 60% of Tunbridge Wells' population is of economic age (16 – 64 years), in line with the South East Average (61%). However, there is notable under-representation from the 20 – 34 age brackets and this could potentially have a slightly negative ripple effect through the local economy in the medium term.

1.2.7 The town centre Masterplan needs to be aligned to the existing employment and economic structures of Tunbridge Wells, whilst also factoring in evolutionary change. In particular, it would ideally address potential ongoing migration of the younger populace.

1.3 Benchmark Centres

1.3.1 For the purposes of our retail audit and wider 'healthcheck' of the town's vitality and viability, we have identified a peer group of 10 benchmark centres, which have strong similarities to Royal Tunbridge Wells on three key measures:

- Similar retail provision / ranking
- Comparable demographics
- Significant heritage qualities

1.3.2 All the benchmark centres identified rank in the 30 – 80 bracket (Royal Tunbridge Wells is 52nd) and have geodemographic correlation ratios of more than 0.8. They include a mixture of other spa towns (Harrogate, Cheltenham, Bath), 'cathedral' / affluent market towns (Guildford, York, Solihull, Chester and Worcester), as well as the two heritage centres of Oxford and Cambridge.

1.3.3 The benchmark centres identified, both individually and collectively, represent a good, realistic but at the same time challenging yardstick against which to compare Royal Tunbridge Wells' various 'healthcheck' key performance indicators (KPIs). The one key difference is that Royal Tunbridge Wells does not have a university. However, it would be difficult to benchmark the town against other non-university centres as they are unlikely to be of similar scale.

1.4 Catchment Area and Consumer Demand

1.4.1 The dynamics of Royal Tunbridge Wells' catchment area and the demographics that underpin it are very strong. Without an obvious competing centre, the town enjoys a relatively captive audience. That audience is demonstrably affluent, although this brings its own challenges.

1.4.2 Royal Tunbridge Wells draws from a wide geographic area (broadly, northwards as far as the M25, southwards almost as far the coast). According to CACI's Retail Footprint, the total residential population of Royal Tunbridge Wells' catchment area is 489,762. The town's shopper population (defined as the number of people that use Royal Tunbridge Wells for their main comparison goods shop) is 149,725.

1.4.3 Royal Tunbridge Wells' shopper population is forecast to increase fairly significantly over the next decade. The town's audience is forecast to grow by +2.1% over the next five years to 152,909 (a net increase of +3,184 people) and by +3.8% to 155,443 by 2031 (+5,718).

1.4.4 The town dominates its catchment area. Its market share of its Primary Catchment is 91.3% (vs. a benchmark average of 83.1%), reducing to 30.6% of its Total Catchment (vs. a benchmark average of 25.0%). The main source of leakage is to North Farm / Longfield Road retail area (Primary 4.8%, Total 7.5%), with a degree of 'lost' trade in the Total Catchment to Bluewater (5.2%), Maidstone (4.4%) and Sevenoaks (3.5%).

1.4.5 Royal Tunbridge Wells generates annual comparison goods spend of £355m, slightly (ca. -8%) below the average of all the benchmark centres (£385m). Around 86% of this spend comes from local residents, while 10% is derived from tourists / visitors, while the residual 4% comes from workers. This spend profile differs considerably from most of the other benchmark centres, in that they enjoy higher proportions of tourist spend.

1.4.6 The shopper profile is undeniably affluent. 'Executive Wealth' is the dominant ACORN Group, accounting for 27.7% of the audience (vs. a national average of 12.4%). The three most affluent ACORN Groups ('Lavish Lifestyles', 'Executive Wealth' and 'Mature Money') collectively make up over 46% of the shopper profile, more than double the national average figure (ca. 22%).

1.4.7 But the demographic profile is not wholly affluent and there is notable diversity in the mix. Mass-market ACORN Groups such as 'Starting Out' also over-index (143) vs national averages. Although the most challenged social groups under-index vs national averages, in aggregate they still account for a significant proportion of the catchment – 20.7% or 30,947 in absolute terms.

1.4.8 A diverse customer profile, as represented by Royal Tunbridge Wells, provides both an opportunity to capitalise on a wide range of customer segments, but also throws up a considerable challenge of balancing the very differing needs / aspirations of various social groups.

1.5 Comprehensive Retail / Town Centre Audit

1.5.1 Our retail audit provides the essence of our 'healthcheck' of Royal Tunbridge Wells' vitality and viability. It explores the town's strengths and weaknesses relative to its peer group of benchmark centres and highlights areas of focus and opportunity. Elements can be factored into the wider Masterplanning process.

1.5.2 Royal Tunbridge Wells currently places 52nd in CACI's Retail Footprint Ranking of retail centres across the country (based on modelled estimates of comparison goods spend). Since 2020, the town's ranking has slipped four places. Royal Tunbridge Wells should aspire to be a Top 50 UK retail location on a consistent and permanent basis.

1.5.3 The retail mix in Royal Tunbridge Wells is split between: Value (15.2%), Mass (48.7%) and Premium (36.1%). Although this largely mirrors the town's geodemographic profile, Royal Tunbridge Wells is possibly slightly underweight at the Premium end of the market, the benchmark average being somewhat higher (38.1%).

1.5.4 Our analysis highlights other potential deficiencies in Royal Tunbridge Wells' town centre proposition. Its PMA Retail Provision Score (an amalgam of four individual KPIs) is just 174, considerably short of the benchmark centre average score (238) and placing it second last in the peer group, ahead only of Worcester (152).

1.5.5 Of the four component scores that drive the overall Retail Provision Score, Royal Tunbridge Wells scores relatively well on Key Anchor Stores (ranking 5th out of 11), but far less well on the other measures. It ranks 8th on Presence of Multiple Retail Operators and 10th on National and Regional Fashion Operators, suggesting considerable scope for improvement in these areas.

1.5.6 Royal Tunbridge Wells also emerges as particularly weak relative to its peers on the Leisure side. In Food & Beverage (F&B) Provision (which does not include independent operators) it ranks last of the peer group with a score less than half the benchmark average (30 vs. 65). Again, this suggests considerable upside potential on the F&B side.

1.5.7 There is a strong case for a new cinema within the boundaries of the town centre, our audit suggesting considerable under-supply. On an indexed basis, cinema screen provision in Royal Tunbridge Wells is just 59 (with 100 representing an average across 200 centres). This is the 2nd lowest of the peer group, ahead only of Guildford (56).

1.5.8 Royal Tunbridge Wells' retail proposition is also slightly 'under-weight' in certain key retail sub-sectors if benchmarked against the peer group centres. These sub-sectors include ladieswear, menswear, footwear, greetings cards and health & beauty. But it is well-serviced (possible even 'over-weight') in categories such as furniture, carpets, sports goods, chemists, childrenswear, antiques and charity shops.

1.5.9 Under-supply is very apparent across virtually all Leisure sub-sectors. On the F&B side, Royal Tunbridge Wells has around 25% fewer restaurants than the benchmark average, 40% fewer cafes and ca. 50% fewer pubs. There are also major question marks over the town's nighttime economy, with an almost total absence of clubs, nightclubs, bingo/amusement and 'big box' leisure provision.

1.5.10 Our analysis also suggests that a number of existing tenants in the town are trading in under-spaced units relative to their sister stores in the benchmark centres. Some 93 retailers in total emerge as being 'under-spaced' although in many cases the differential is slight (<1,000 sq ft). For 36, the differential is >1,000 sq ft and around 30 of these trade from units at least half the size of their benchmark averages. This highlights potential for a degree of churn / 'right-sizing' within the town.

1.5.11 Around 25 operators have active requirements for new space in Royal Tunbridge Wells. For some, (e.g. Matalan) this need is more likely to be fulfilled out-of-town. But there are also some good F&B brands (e.g. Ole & Steen, Vapiano, Zambrero) and high street names (e.g. Dune, Savers) on the list. The Leisure operators with active requirements (e.g. Everyman Cinema, David Lloyd Leisure, Travelodge – unconfirmed whether historic or active) are potentially the most game-changing.

1.5.12 Our 'gap' analysis of missing retailers highlights a far greater pool of potential new operators who could / should be in Royal Tunbridge Wells. We identify ca. 350 retailers that trade in at least two of the benchmark centres. Of these, ca. 60 trade in at least four of the benchmark centres and are therefore 'higher priority' / 'more likely'.

1.5.13 The list of 'gaps' includes a number of key Large and Medium Space Users (LSUs and MSUs) such as John Lewis, Waitrose, Primark, H&M, Zara, New Look, The Entertainer and TK Maxx (presently out-of-town), a whole host of fashion brands (e.g. River Island, Joules, Schuh, Phase Eight, Reiss, Skechers etc) and F&B operators (e.g. Nando's, McDonald's, Zizzi, All Bar One, ITSU etc).

1.5.14 Translating this from potential to active demand is a challenge. Not all the 'gap' retailers identified will want to open in Royal Tunbridge Wells town centre by any means – some may prefer to trade in an out-of-town location, others may have previously traded in the town but exited for whatever reason and may be reluctant to return.

1.5.15 For other ‘gap’ retailers, Royal Tunbridge Wells may have been discounted as an option as the right units were not previously available at an affordable rent. Of course, they may well re-visit this decision if the necessary investment is made into the town centre and regeneration initiatives come to fruition.

1.6 Assessment of Vacant Floorspace

1.6.1 Vacant units are the most obvious manifestation of decay and a struggling town centre, a key barometer of the dynamics of supply versus occupier demand. However, the causes of vacancy are nuanced and the prospects for re-occupation can vary significantly.

1.6.2 The town centre vacancy rate in Royal Tunbridge Wells stood at a record high of 18.1% at the end of 2021. This marked a +90bps deterioration from the end of 2020 and compares to just 13.9% pre-COVID (end 2019). COVID-related fall-out has accelerated a long-term trend in rising vacancy rates across the town. The 10-year average rate between 2000-2010 was just 5.7%, in the decade after (2011-2020) it stood at 11.8%.

1.6.3 Although above the Local Data Company’s (LDC’s) equivalent UK average figure (15.9% at 2021 year-end), Royal Tunbridge Wells’ vacancy figure is only marginally above the average of the benchmark group of centres (17.8%), which range from 12.4% (York) to 21.2% (Worcester). Only York and Cambridge have a vacancy rate lower than the national average.

1.6.4 The vacancy profile varies considerably across the five notional zones we have identified across the town (1. The Pantiles. 2. High Street. 3. Mount Pleasant. 4. Calverley Road and environs. 5. Royal Victoria Place.)

1.6.5 The two most southern zones are clearly the most healthy in terms of occupation. At the time of our audit, there were just three vacant units in the Pantiles and a further nine in and around the High Street (inc. Vale Road and London Road). Although older, smaller and often compromised in terms of configuration, there has been a resurgence in demand in this part of town in recent years from both national multiples and independents. Most vacant units are largely the result of churn and the prospects for re-occupation are generally good.

1.6.6 The picture is more nuanced further up the retail pitch. There are ca. 12 vacant units in the Mount Pleasant zone (which includes Crescent Road, Grosvenor Road and Monson Road). As this area incorporates the former ABC site, there is some evidence of decay and long-term vacancy, with potential demand from new would-be new tenants either derailed or deferred by drawn-out / ongoing uncertainty around the development proposals.

1.6.7 Vacancy at the two most northern zones is much more problematic. Our audit identified 22 vacant units in and around Calverley Road, with a further 27 voids in Royal Victoria Place itself. According to LDC, the vacancy rate at Royal Victoria Place stood at 38% at the end of 2021. Evidence would suggest that it has risen since.

1.6.8 Although there may be some piecemeal re-occupation of the vacant units around Calverley Road and in Royal Victoria Place, realistically there will not be a major reduction in vacancy rates without significant intervention. This is one of the key reasons we advocate major re-development of the shopping centre and measured investment in the key prime pitch as a central plank of the town's Masterplan.

1.7 Capacity Analysis

1.7.1 The UK retail market as a whole is unquestionably over-supplied, in large part due to over-zealous development in the past and the absence of a recognised process of obsolescence, as much as the oft-cited reason of the rise of online retailing. Increasingly, questions are being raised as to the ongoing relevance and veracity of traditional capacity assessment methodologies.

1.7.2 Royal Tunbridge Wells is over-supplied in retail floorspace, albeit less so than many of its peer group centres. Town centre floorspace (convenience and comparison goods) in Royal Tunbridge Wells is currently ca. 1,167,000 sq ft, slightly (-5%, -69,000 sq ft) lower than the average of the benchmark centres (1,236,000 sq ft). A further 578,000 sq ft of local retail warehousing space increases Royal Tunbridge Wells total retail footprint to 1,745,000 sq ft. This is -12% lower than the benchmark average (1,974,000 sq ft).

1.7.3 The relativities of floorspace productivity is absolutely key in understanding and quantifying capacity. Royal Tunbridge Wells achieves a respectable rate of productivity of £304/sq ft. This ranks it 30th of 300 PROMIS centres, but is marginally (ca. 3%) below the benchmark average of £312/sq ft and significantly adrift of "best in class" towns such as Guildford (£485/sq ft) and Oxford (£468/sq ft).

1.7.4 Reducing Royal Tunbridge Wells' retail floorspace could potentially improve these metrics. A reduction of 28,000 sq ft (-2.4%) would see its productivity increase to £312/sq ft, in line with the benchmark average. We believe that £350/sq ft is an achievable target and this would require a reduction in total retail floorspace of ca. 151,000 (-13.0%).

1.7.5 Although deploying a different methodology, Knight Frank's capacity parameters are fairly consistent with the outputs from Nexus Planning's updated (2021) Town Centre Uses Study. Their figures suggest current (2021) over-supply of between 7,600 – 11,900 sq m (82,000 – 128,000 sq ft). This level of over-supply increases by 2026, before levelling off thereafter as spend forecasts slowly catch up with existing supply.

1.7.6 But quantifying capacity is essentially a scientific process, the real art lies in how the process of space reduction is implemented and executed. Any scenario assumes that spend levels are maintained despite the loss of space, the reality is far more nuanced. A straight, un-managed reduction in floorspace is actually likely to result in a *decrease* in vitality and in turn a decline in shopper population and spend – the polar opposite of what a Masterplan should be aspiring to achieve.

1.8 Property Market Performance

1.8.1 Many of Royal Tunbridge Wells' property performance metrics make for sobering reading for landlords and investors. Retail rents and capital values have re-based dramatically in recent years and although this is not peculiar to Royal Tunbridge Wells, the level of correction has been more severe in the town than many other areas of the country.

1.8.2 Prime zone A retail rents in the town are currently around £120/sq ft. This represents a decline of 30% on the £170/sq ft peak sustained between 2014 – 2017. Prime retail rental tones are now at their lowest level in ca. 25 years, having not been around the £120/sq ft mark since the late 1990s.

1.8.3 Underlying rents (i.e. all market, not just prime) have shown a similar downward trend, particularly over the last three years. Since 2019, retail rents in Royal Tunbridge Wells have declined at an annual average rate of -14.0% (vs. -5.9% in the South East and -5.4% for the UK as a whole). In 2021 alone, retail rents tumbled -22.6%, making Royal Tunbridge Wells the 2nd worst performing of the 108 Morgan Stanley Capital International (MSCI) Local Centres (behind only Swansea).

1.8.4 But prime rents are showing signs of stabilisation and the decline in underlying rents is slowly bottoming out. Positive rental growth, albeit modest, is forecast to return from 2025. In the meantime, the re-basing of rents has made Royal Tunbridge Wells infinitely more affordable for occupiers and there are considerable opportunities for those wishing to take space.

1.8.5 A similar re-basing story on the capital values side. Prime retail yields in Royal Tunbridge Wells are currently 7.00%, a +250bps discount on the peak pricing achieved (4.50%) in 2016/17. As with the re-basing of rents, this correction may actually bring opportunity. With retail values moving out, there is a higher chance of achieving parity with other property use classes, which could potentially make selected re-purposing projects financially viable.

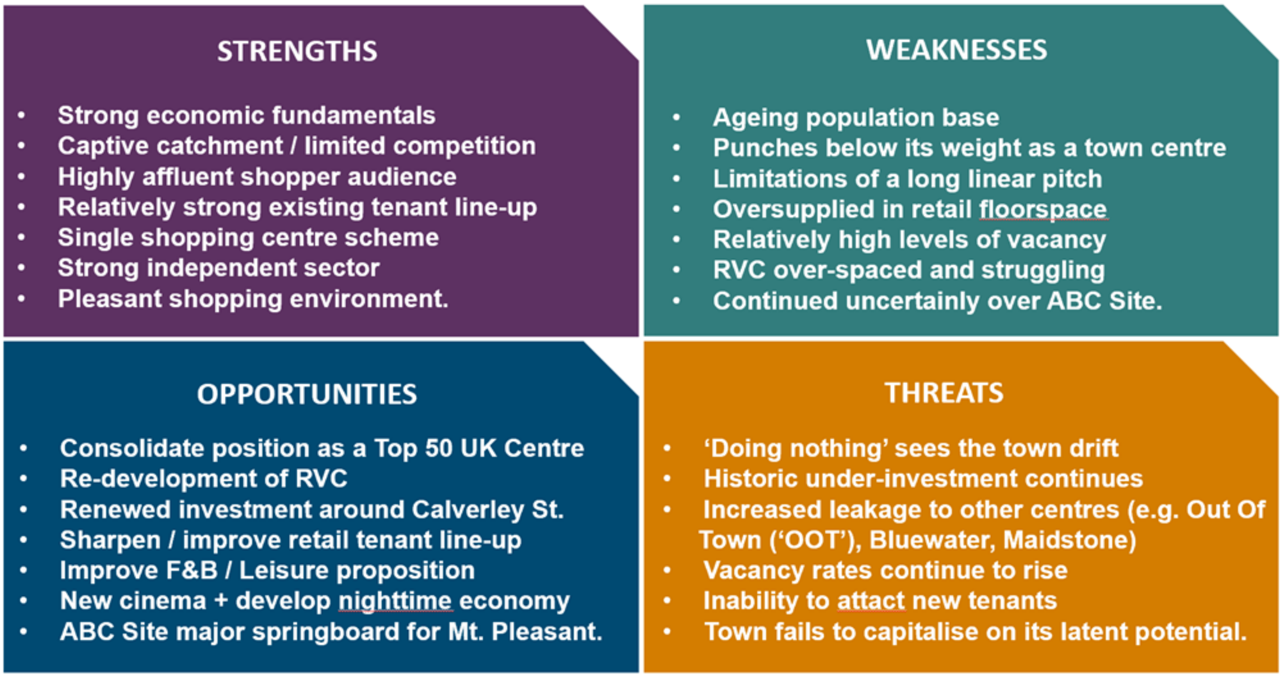
1.8.6 Both Royal Victoria Place and a large portion of Calverley Road (14 units, nos. 2-46) have undergone ownership changes over the last five years, to British Land and Evolve Estates respectively. Concentrated (as opposed to fragmented) ownership is a definite plus point in any Masterplanning process in that it maintains the number of stakeholders at a manageable level. We would urge full engagement with both of these key landlords.

1.9 Strengths, Weaknesses, Opportunities, Threats (SWOT) Analysis and Strategic Recommendations

10 Strategic Recommendations

1. Programme of **measured improvements**, rather than total re-invention
2. Slight **reduction** in total retail footprint to address current over-supply
3. Less, but **better** floorspace
4. Royal Victoria Place and ABC Site both **transformational** in realising vision
5. Royal Victoria Place – floorspace reduction, consolidation and **partial re-purposing**
6. **Re-location** and **rightsizing** of existing tenants
7. Catalyst for wider **regeneration** of Calverley Road and environs
8. Proactively targeting / **'managing' vacant units**
9. Attracting **new / former retail tenants** and new Leisure / F&B operators
10. ABC – encouraging **mixed-use development** (including F&B and **cinema**).

Fig 1 - SWOT analysis of Royal Tunbridge Wells



Source: Knight Frank

2. INTRODUCTION

2.1 Knight Frank ('KF') has been invited to contribute to the 'Royal Tunbridge Wells Town Centre Study' as a sub-contractor to LDA Design ('LDA'). LDA has been commissioned on behalf of Tunbridge Wells Borough Council ('TWBC'), which in turn forms part of the Town Centre Plan Working Group ('TCPWG').

2.2 KF understands that 'The Royal Tunbridge Wells Town Centre Study' will inform the future work on the Royal Tunbridge Wells Town Centre Plan (TCP). The TCP will be a land use planning document – a Local Plan specific for that area, comprising a vision, strategy, masterplan and planning policies for the town centre to ensure its long-term prosperity and success.

2.3 KF's involvement principally centres on assessing the town's future vitality and viability, as detailed in Paragraph 6.2 in the Invitation to Tender (ITT) Document.

2.4 In undertaking a thorough 'healthcheck' of the town, we have addressed the following sequential issues as individual chapters in this report:

- Local Economics and Forecasts
- Benchmark Centres
- Catchment Area and Consumer Demand
- Comprehensive Retail / Town Centre Audit
- Assessment of Vacant Floorspace
- Capacity Analysis
- Property Market Performance
- SWOT Analysis and Strategic Recommendations.

2.5 We are aware of other studies that have been undertaken to date, as detailed in the ITT document. Of particular relevance to KF's inputs is 'The Retail and Leisure Study' produced by Nexus Planning in 2017 and updated by the 'Tunbridge Wells Retail, Commercial Leisure & Town Centre Uses Study Update (RCLTCU)' also produced by Nexus Planning in 2021.

2.6 KF has fully reviewed these documents as a fundamental aspect of the wider Town Centre Healthcheck. It is beyond our remit to revisit and reproduce the methodologies and processes of these studies and essentially 're-invent the wheel'. Instead, we have referenced the key outputs of these studies in our wider 'healthcheck' and updated the work taking into account new evidence, data, and trends.

2.7 Any queries relating to this document should be directed to:

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3. LOCAL ECONOMICS AND FORECASTS

3.1 Background

3.1.1 This initial section provides a micro-economic overview of Tunbridge Wells at Borough level. It sets the scene in terms of understanding the key economic forces and fundamentals that underpin the town, as well as providing forecasts for the next decade and beyond. These are designed to frame and inform any Masterplanning exercise. Specifically, we analyse the following economic key performance indicators (‘KPIs’):

- Working age population
- Unemployment
- Employment structure
- Employment growth
- 3.1.1.6 Gross Value Added (GVA).

3.1.2 All the data is sourced from our third party supplier Oxford Economic Forecasting (OeF). Where appropriate, we have added context by comparing the Tunbridge Wells Borough to regional (South East) and national averages.

3.1.3 Section 3 is the only section of this report which refers to Tunbridge Wells at Borough level. All the remainder refer to the Royal Tunbridge Wells town centre.

3.2 Working Age Population

3.2.1 Most of Tunbridge Wells’ economic KPIs are relatively strong, including its working age population. Approximately 60% of Tunbridge Wells’ population is of economic age (16 – 64 years). This ratio is in line with the South East average (61%, approximately 564,870 individuals).

3.2.2 Slightly less economically positive is the town’s age profile. Tunbridge Wells’ age profile is relatively middle aged, with all the age brackets between 40 -60 years over-represented vs South East averages (Fig 2):

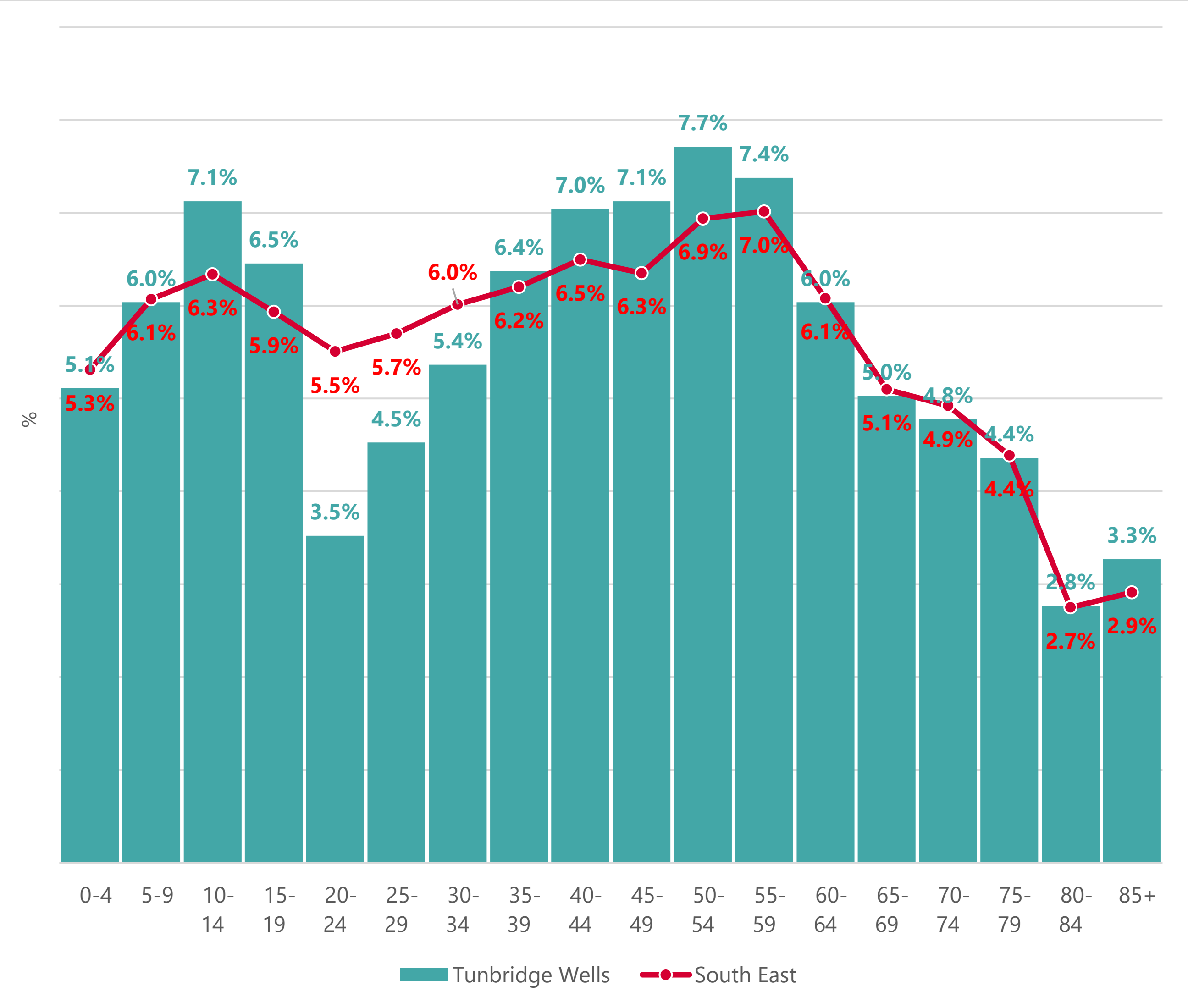
- 40 – 44 years (+0.5 percentage points higher) 7.0% Tunbridge Wells vs. 6.5% South East
- 45 – 49 years (+0.8 percentage points higher) 7.1% vs. 6.3%
- 50 - 54 years (+0.8 percentage points higher) 7.7% vs. 6.9%
- 55 – 59 years (+0.4 percentage points higher) 7.4% vs. 7.0%

3.2.3 However, only a small number of more youthful age brackets are over-represented versus South East averages. The majority are dependents. Populations aged 10 – 14 years (7.1%) are +0.8 percentage points higher than South East average (6.3%), whilst 15 – 19 years (6.5%) rank +0.6 percentage points higher than regional average (5.9%).

3.2.4 In contrast young adults are under-represented, with all age brackets 20 – 34 all below South East averages:

- 20 – 24 years (-2.0 percentage points lower) 3.5% Tunbridge Wells vs. 5.5% South East
- 25 – 29 years (-1.2 percentage points lower) 4.5% vs. 5.7%
- 30 – 34 years (-0.6 percentage points lower) 5.4% vs. 6.0%
- Elderly populations aged 80+ years (6.0%) are broadly in line with South East averages (5.7%).

Fig 2 – Population age pyramid – Tunbridge Wells vs. South East



Source: Knight Frank, Oxford Economics

3.2.5 In essence, Tunbridge Wells is an example of a town with an ageing population.

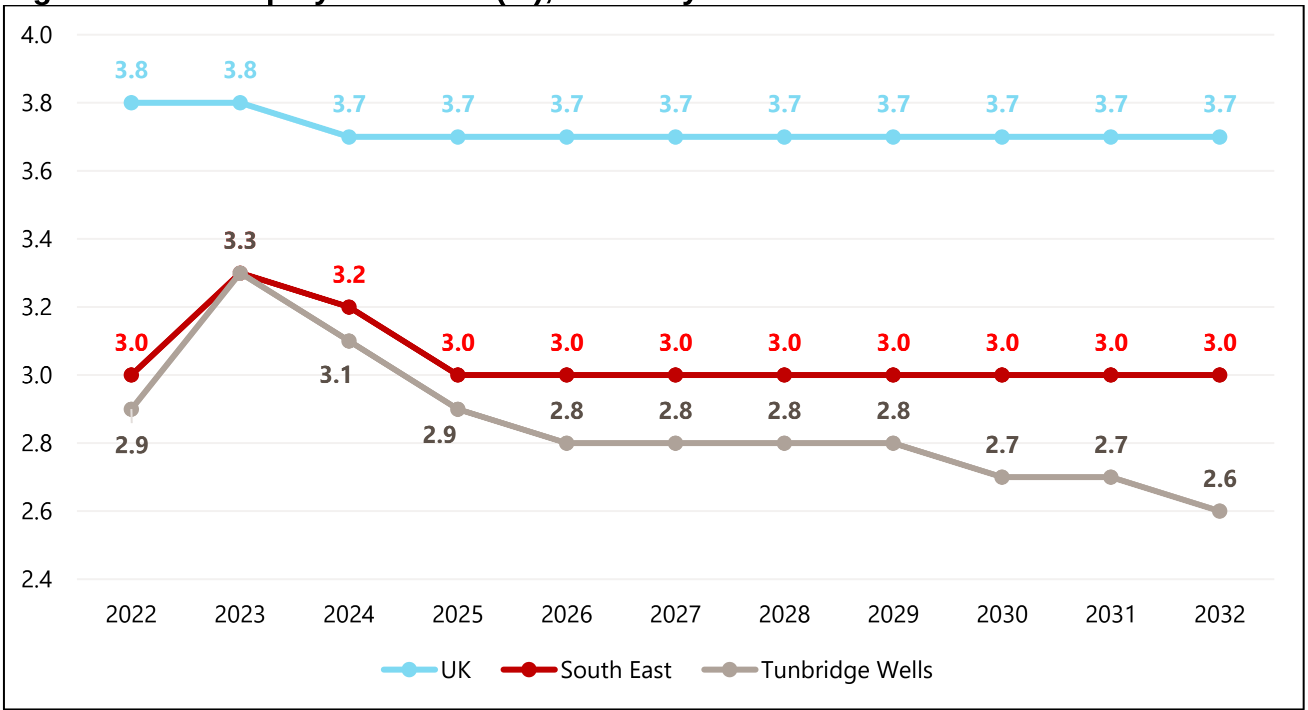
3.2.6 In the medium term, the current under-presentation of 20 – 34 year olds will have a slightly negative ripple effect through the local economy. Longer term, the challenge will be to retain those currently in the 5 – 19 age brackets and limit any potential migration.

3.3 Unemployment Rate

3.3.1 Employment markets nationally are currently very tight and Tunbridge Wells is no exception. Tunbridge Wells' International Labour Organisation ('ILO') unemployment rate is currently low (Fig 3), affecting just 2.9% of the population considered economically active. ILO defines unemployed people as being a) without a job, actively seeking work in the past four weeks and available to start in work in the next two weeks, or b) out of work, have found a job and waiting to start in the next two weeks. Claimant count (number of people claiming unemployment benefit) stands slightly lower at 2.4%. These metrics compare favourably to national and regional employment rates of 3.8% and 3.0% respectively. Claimant counts register nationally 3.7% and 2.9% regionally.

3.3.2 UK unemployment rates are forecast to stabilise at 3.7% over the next few years, a 10bps recovery from 3.8% in 2022 / 2023. In Tunbridge Wells unemployment is expected to remain below national and regional levels, peaking by 2023 at 3.3% before recovering to ca. 2.8% by 2026.

Fig 3 – ILO Unemployment Rate (%), next 10 years



Source: Knight Frank, Oxford Economics

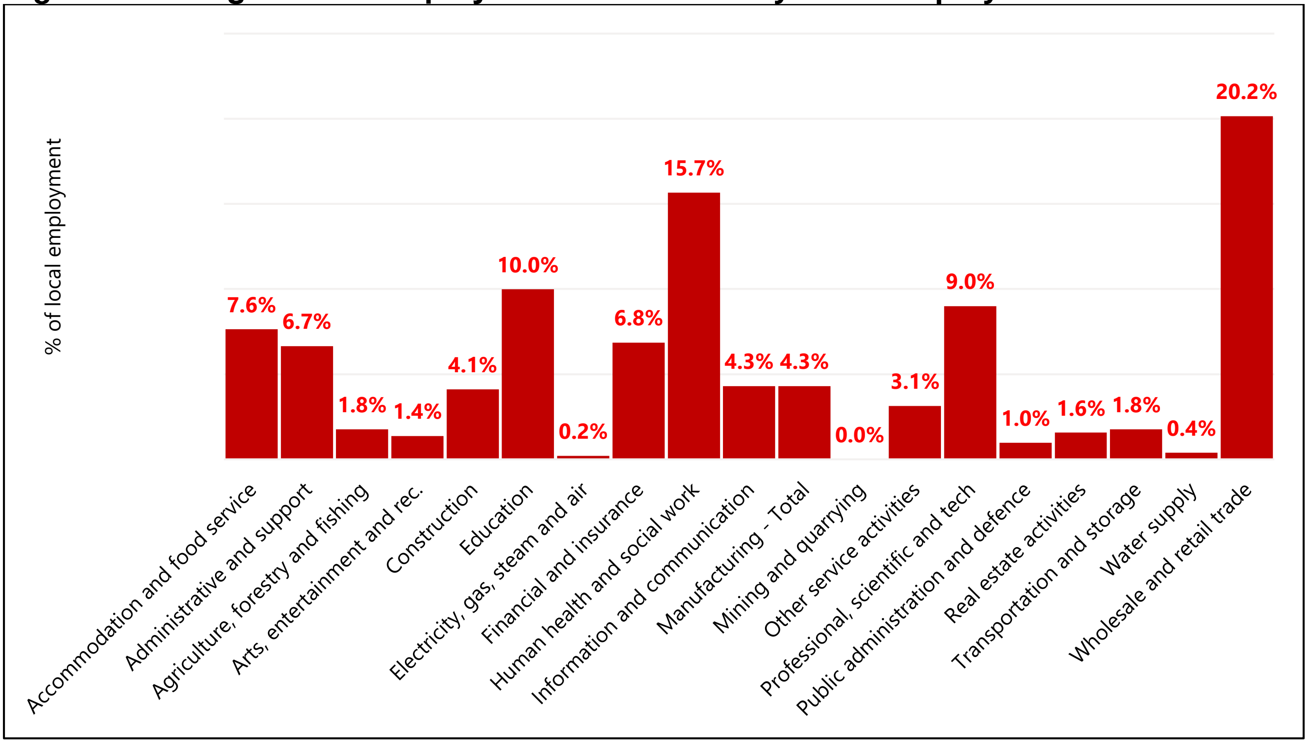
3.3.3 The local employment market is tight and expected to tighten further, rather than loosen.

3.4 Employment Structure

3.4.1 Tunbridge Wells benefits from a diverse employment structure.

3.4.2 The Retail sector is the single largest sector in Tunbridge Wells in terms of number of people employed (Fig 4). Approximately 20.2% of the employed population in Tunbridge Wells (ca. 10,300 individuals) work in Wholesale & Retail. The second largest sector is Human Health and Social Work (15.7%, ca. 8,000 individuals), followed by Education (10.0%, ca. 5,100 individuals) and Professional, Scientific and Technical services (9.0%, ca. 4,600 individuals).

Fig 4 - Tunbridge Wells' Employment Structure – by Total Employment



Source: Knight Frank, Oxford Economics

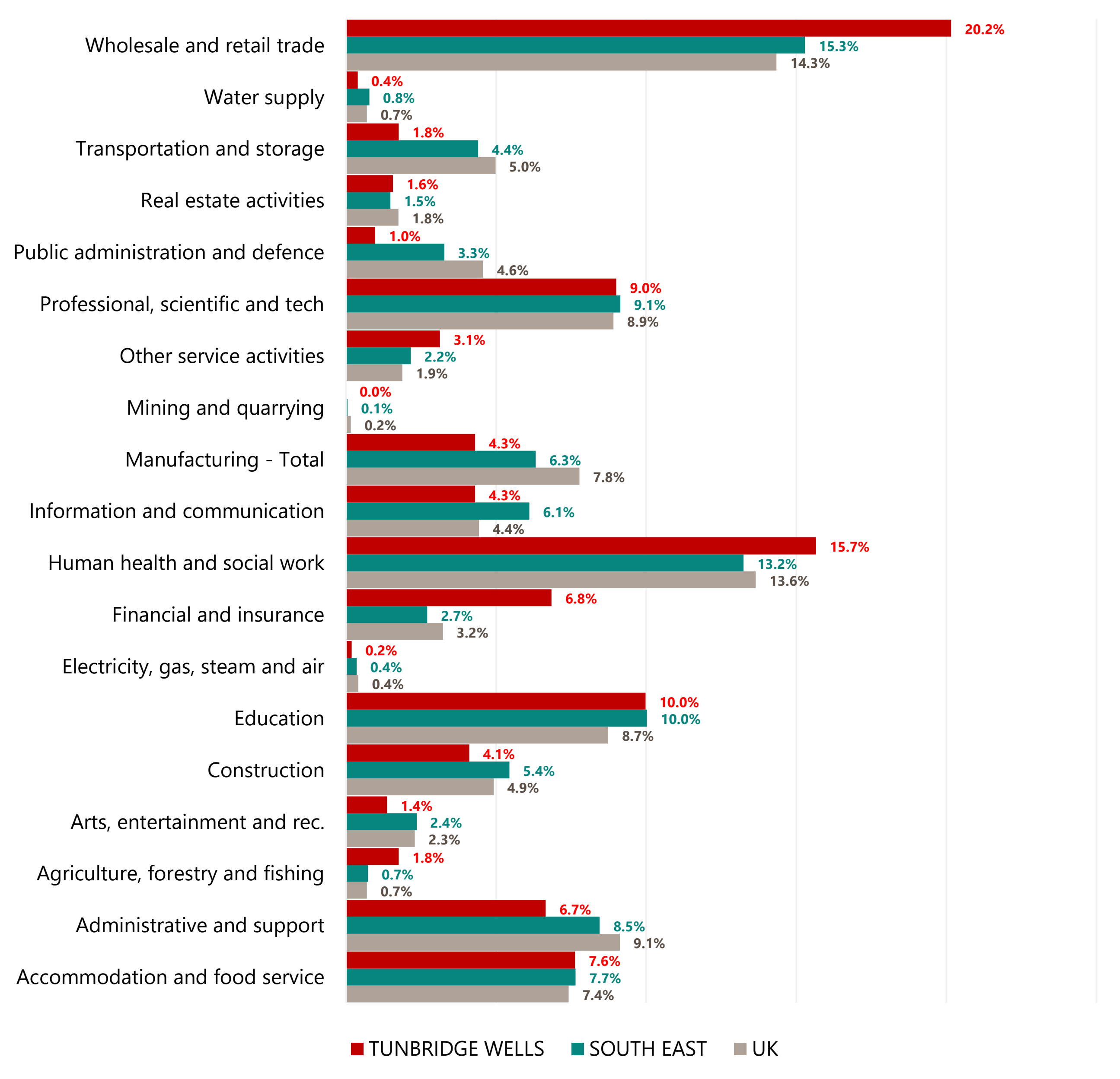
3.4.3 The significance of Retail to the employment economy is often overlooked. In Tunbridge Wells, it is of paramount importance. Compared to national and regional averages, the proportion of those employed by the Retail sector in Tunbridge Wells is significantly higher. On average, 15% of the UK and 14% of the South East are employed by the sector. This underlines the need to continue supporting Retail as part of the Town Masterplanning process.

3.4.4 Other employment sectors which are larger in Tunbridge Wells than national/regional averages include:

- Education (10.0% vs. UK 8.7%)
- Financial & Insurance (6.8% vs. UK 3.2%, South East 2.7%)
- Human Health & Social Work (15.7% vs. UK 13.6%, South East 13.2%)

In contrast, Public Administration & Defence is underweight at 1.0% versus national (4.6%) and regional (3.3%) averages.

Fig 5 - Employment Structure by employee numbers versus UK & South East



Source: Knight Frank, Oxford Economics

3.5 Employment Growth

3.5.1 The forward-looking view also paints an interesting picture. Total employment in Tunbridge Wells is forecast to expand by 4.7% over the next decade, higher than the national figure (4.2%), but lower than that for the South East (5.8%).

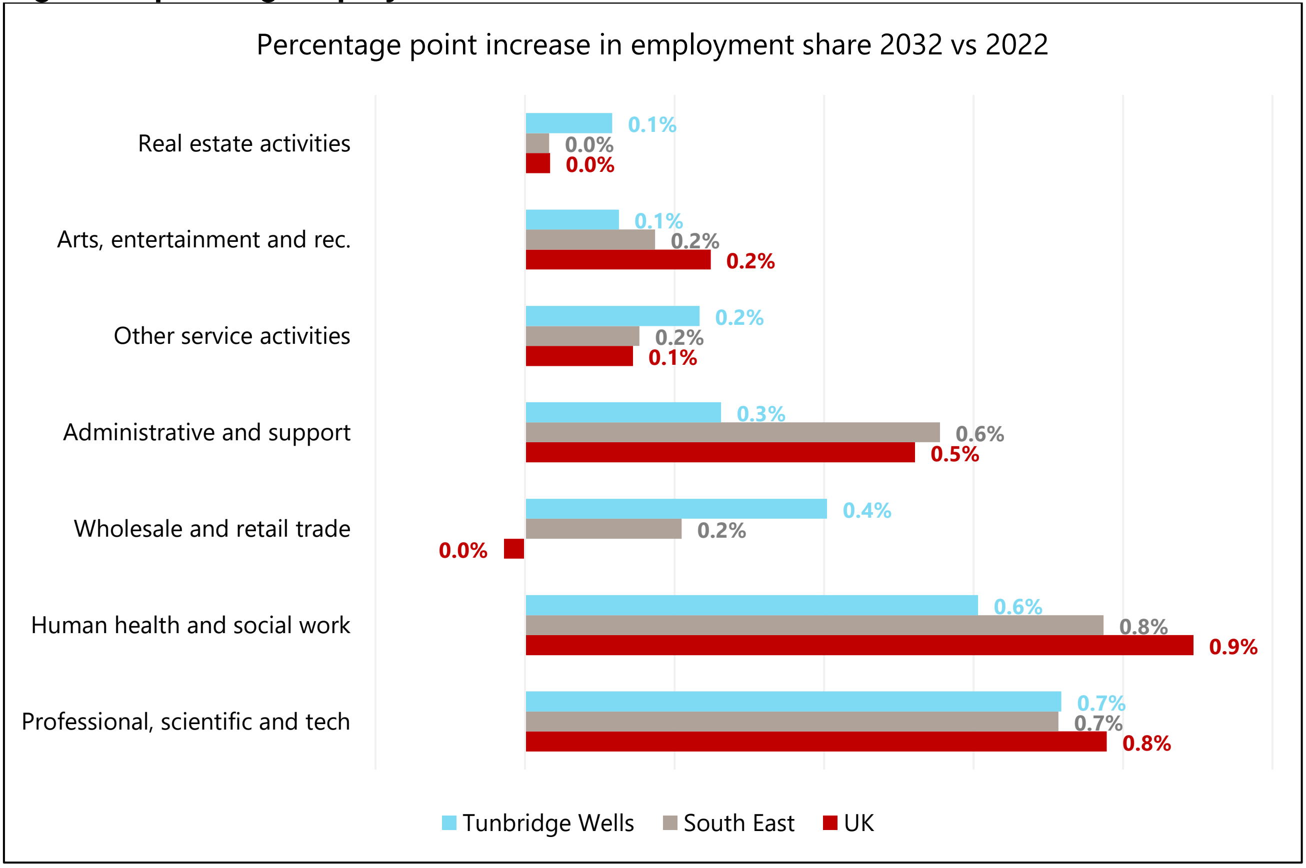
3.5.2 The various employment sub-sectors are forecast to experience contrasting degrees of growth by 2032. Only Public Administration & Defence (-20.0%) and Manufacturing (-22.7%) are projected to witness declines in employment. Those forecast to achieve the highest growth in percentage terms tend to be smaller employment sectors where growth is being leveraged off a low base e.g. Arts, entertainment and recreation (+14.3%).

3.5.3 There will be some small but significant structural changes in the employment base of Tunbridge Wells over the next decade. Over the next 10 years, seven employment sectors will experience above-average growth in Tunbridge Wells and therefore increase their relative share of the employment base (Fig 6).

3.5.4 In common with national trends, the Professional, Scientific and Technical sector will experience the greatest share increase, growing +0.7 percentage points to employ 9.7% of the population in Tunbridge Wells in 2032 (vs. 9.0% in 2022). This rate of increase is broadly in line with UK (+0.8 percentage points) and South East (+0.7 percentage points) growth.

3.5.5 Growth in the Retail & Wholesale sector (+0.4 percentage points) will be above the rate witnessed across the UK (+0.0 percentage points) and South East (+0.2 percentage points). Approximately 20.6% of Tunbridge Wells' economically active population is forecast to be employed by the Retail sector in 2032 (ca. 11,000 individuals), versus 20.2% in 2022 (ca. 10,300). This is an increase of ca. 700+ individuals employed.

Fig 6 – Expanding Employment Sectors versus UK & South East 2022 - 2032

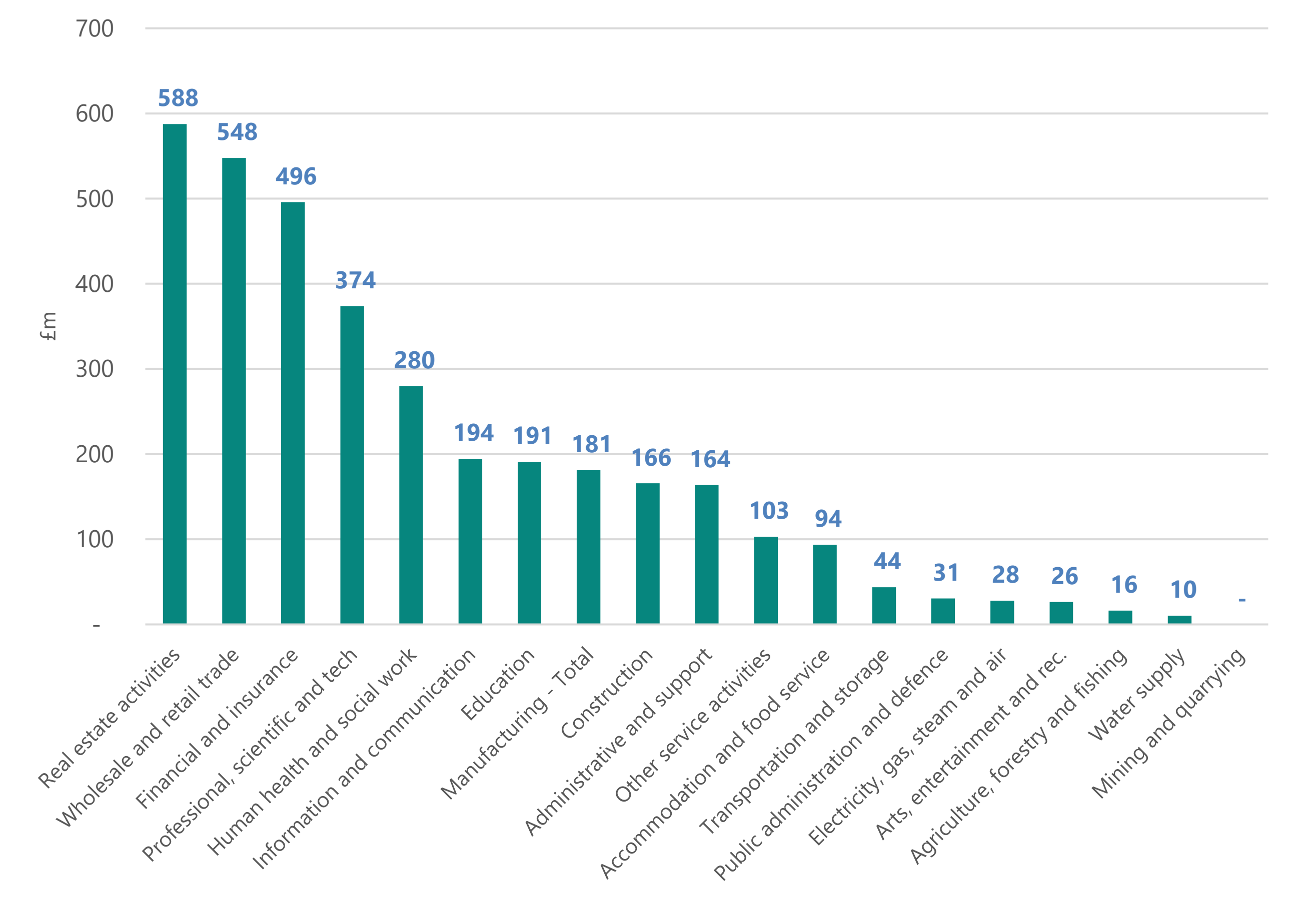


Source: Knight Frank, Oxford Economics

3.6 Gross Value Add (GVA)

3.6.1 Total GVA in Tunbridge Wells in 2022 is in the order of £3.5bn. The sector which makes the biggest contribution to Tunbridge Wells' local economy is Real Estate (Fig 7). Approximately 17% of GVA is generated by the sector, equating to £588m. The Retail & Wholesale sector is the second largest sector, contributing £548m (16%), followed by Financial & Insurance (£496m; 14%), Professional, Scientific, Technical (£374m; 11%), and Human Health & Social Work (£280m; 8%).

Fig 7 – Annual GVA contribution to Tunbridge Wells, by sector 2022 (£m)

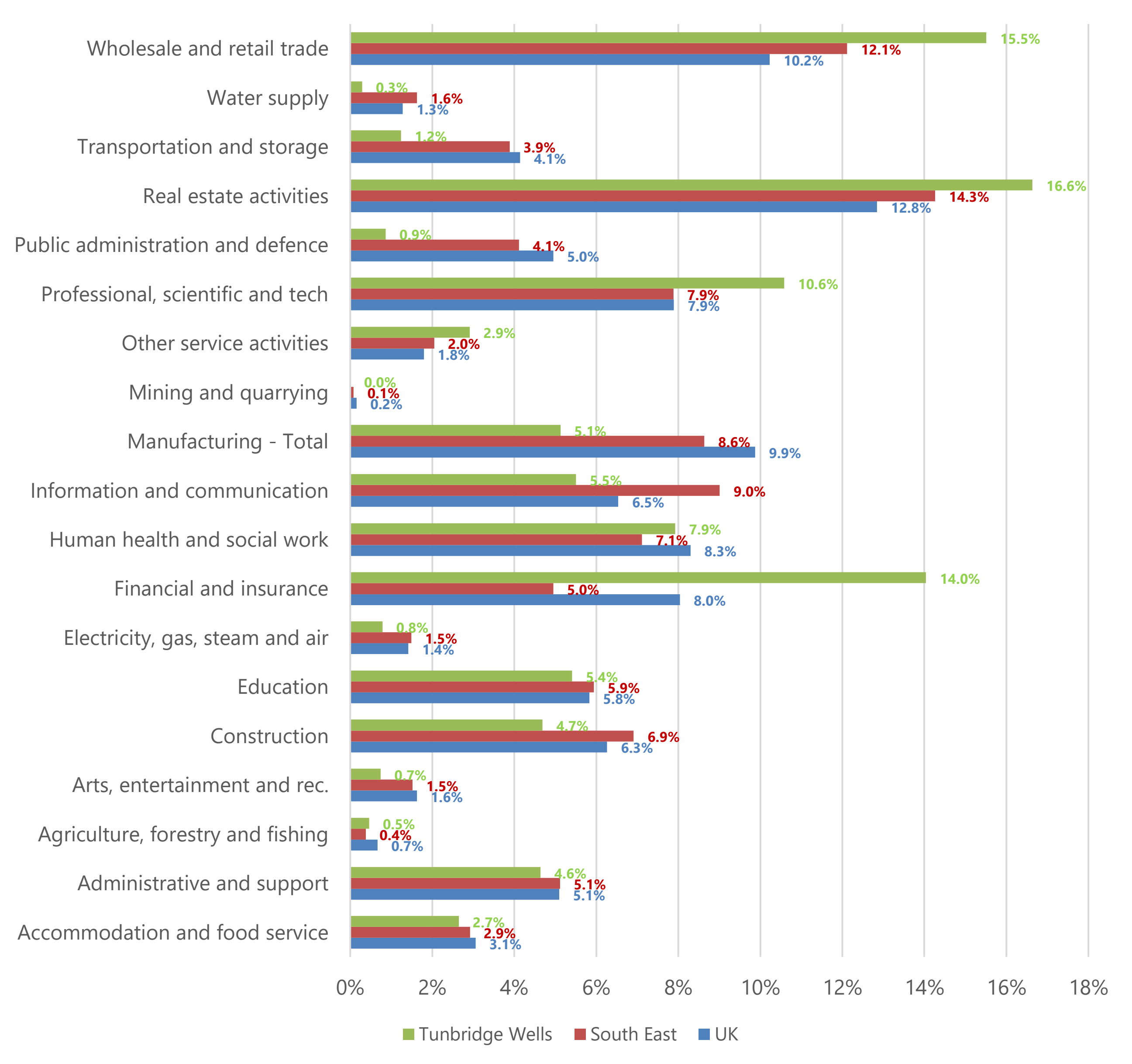


Source: Knight Frank, Oxford Economics

3.6.2 The GVA contribution made by Real Estate to the Tunbridge Wells economy (17%) is larger than national (13%) and regional (14%) averages (Fig 8). Other sectors punching above their weight include:

- Retail (Tunbridge Wells 16%) vs UK (10%) and South East (12%)
- Financial & Insurance (14%) vs UK (12%) and South East (10%)
- Professional, Scientific and Technical (11%) vs. UK and South East (8%)

Fig 8 – GVA sector contribution (%) to local economy: Tunbridge Wells vs SE vs UK



Source: Knight Frank, Oxford Economics

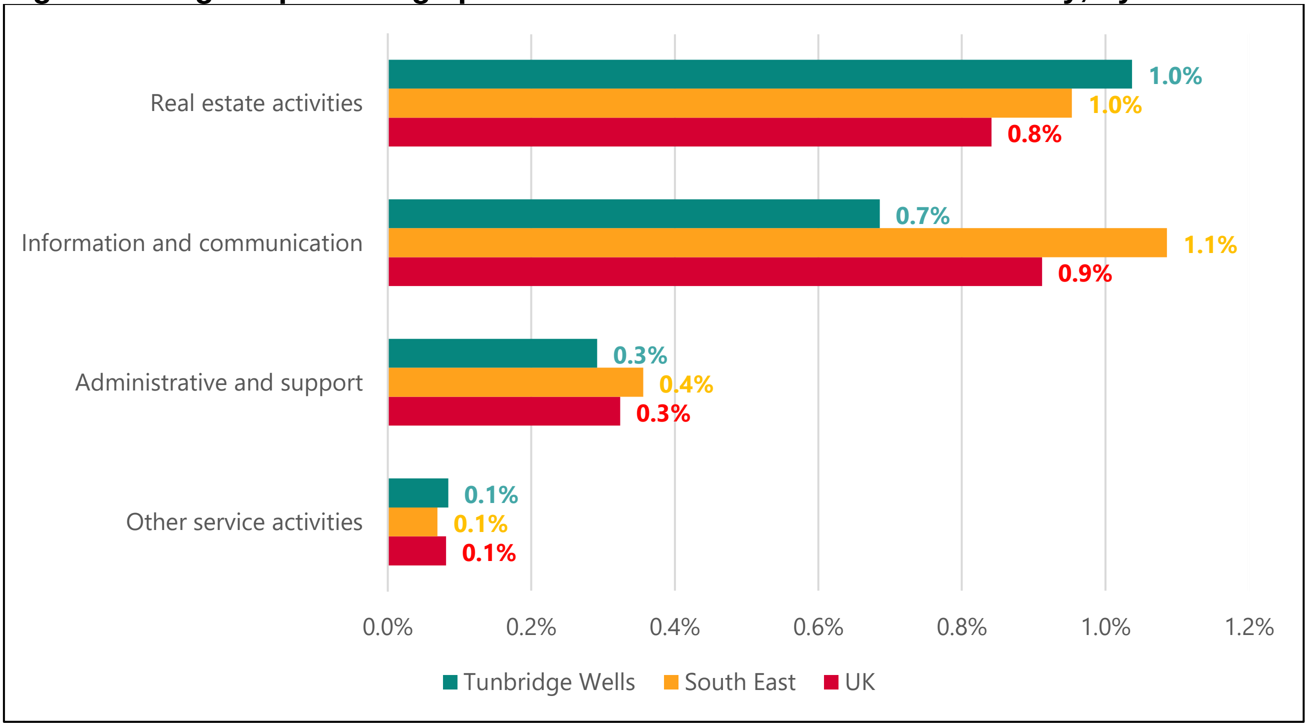
3.7 GVA Growth

3.7.1 Tunbridge Wells is forecast to register strong underlying economic growth in the future. GVA is projected to grow at a compound annual average growth rate (CAGR) of 1.67% over the next decade, above the UK average (1.61%) but slightly below the average for the South East (1.76%). By 2032, Tunbridge Wells' GVA is forecast to reach £4.2bn, an aggregate increase of 18.0%, or £645m in absolute terms.

3.7.2 Four sectors in particular are projected to achieve above-average growth over the next decade and therefore grow their share of GVA contribution to the local economy over the next 10 years (Fig 9). The sectors expected to make the biggest percentage point increases are:

- **Information & Communication** (+32.7% growth, absolute increase of +£64m, contribution increase +0.7 percentage points)
- **Administration and Support** (+25.4% growth, absolute increase of £42m, contribution increase +0.3 percentage points)
- **Real Estate** (+25.3% growth, absolute increase of +£149m, contribution increase +1.0 percentage points)
- **'Other' Service Activities** (+21.4% growth, absolute increase +£22m, contribution increase +0.1 percentage points).

Fig 9 – Change in percentage point GVA contribution to local economy, by sector



Source: Knight Frank, Oxford Economics

3.8 Summary

3.8.1 The local economy of Tunbridge Wells is currently sound and growth prospects are fairly strong. Generally, it is likely to out-perform the rest of the country on most forecast metrics, although it may lag slightly behind some of its peer group centres in the South East.

3.8.2 If there is one concern within Tunbridge Wells' economic framework, it is the fact that the population is ageing and there is potentially a relative gap in working age population in the medium term.

3.8.3 The town centre Masterplan clearly needs to be aligned to the existing employment and economic structures of Tunbridge Wells, while also factoring in forecast evolutionary change.

4 BENCHMARK CENTRES

4.1 Background

4.1.1 We recognise that every town and retail destination is unique. By extension, definitions of 'vitality and viability' will vary by location and there is no 'one size fits all' blueprint for a successful town centre. Each town has its own parameters of 'vitality and viability' and Royal Tunbridge Wells is no exception.

4.1.2 Accepting this point, there is still considerable merit in identifying a peer group of benchmark towns to put any 'healthcheck' of Royal Tunbridge Wells into meaningful context. The benchmark centres are designed to be highly comparable to Royal Tunbridge Wells on all counts, but most specifically we have identified:

- Centres with similar retail provision (towns which rank close to Royal Tunbridge Wells in national retail centre rankings)
- Centres with similar demographics (towns elsewhere which have a similar customer profile to Royal Tunbridge Wells).

4.1.3 The third key consideration - whether the centres have significant heritage qualities – is less numeric.

4.2 Royal Tunbridge Wells' Benchmark Centres

4.2.1 The 10 benchmark centres we have identified are listed in Table 1.

4.2.2 Royal Tunbridge Wells is classified by CACI as a 'City Centre'. CACI is a management consultancy company who provide market leading consumer and demographic data insight and consultancy. More information can be found here: https://www.caci.co.uk/services/consumer-demographic-data/

4.2.3 'City Centres' are defined as "*representing the central retail offer of large cities across the UK which are prominent within their own regions. Retail Footprint attractiveness in excess of 950, with at least 22.5% premium retailing. This demonstrates the strength and diversity of the retail offer across all qualities of retailer."* Accordingly, all the benchmark centres are similarly classified as 'City Centres', with the one exception of Worcester, which is classed as a 'Major Town Centre'.

4.2.4 For assessment of the national retail hierarchy, we have used CACI's industry-standard Retail Footprint ranking. This ranks ca. 4,500 retail centres in the UK based on modelled estimates of comparison goods spend that they generate. In the latest (2022) iteration of the ranking, Royal Tunbridge Wells ranked 52nd in the national hierarchy, just below Huddersfield (50th) and York (51st) and just above Castlepoint in Bournemouth (53rd) and Coventry (54th).

4.2.5 All the benchmark centres fall broadly into the 30th – 80th banding. Oxford (30th) and Cambridge (32nd) are the two highest ranked centres, Harrogate (73rd) and Worcester (81st) the two lowest. Cheltenham (49th), York (51st) and Solihull (55th) are the closest ranked to Royal Tunbridge Wells.

Table 1 – Royal Tunbridge Wells' benchmark centres

Centre	CACI Classification	2022 CACI RF Ranking	Geodemographic Correlation to TW
Oxford	City Centres	30	0.94
Cambridge	City Centres	32	0.94
Guildford	City Centres	33	0.94
Bath	City Centres	38	0.90
Cheltenham	City Centres	49	0.97
York	City Centres	51	0.87
Tunbridge Wells	**City Centres**	**52**	**1.00**
Solihull	City Centres	55	0.86
Chester	City Centres	64	0.92
Harrogate	City Centres	73	0.96
Worcester	Major Town Centres	81	0.94

Source: Knight Frank, CACI

4.2.6 To assess geodemographics, we have used CACI's ACORN classification (for more detail please refer to the *'Catchment Area and Consumer Demand'* section of this report). We have compared and correlated the geodemographic profile of Royal Tunbridge Wells' catchment with other centres. The correlations range from -1 (no correlation) to +1 (total correlation). Broadly speaking, the higher the number (i.e. the closest to +1), the greater the similarity of the customer profile to Royal Tunbridge Wells.

4.2.7 All the benchmark centres identified have correlation ratios of more than 0.8 and are therefore very similar to Royal Tunbridge Wells. Cheltenham (0.97) and Harrogate (0.96) have the highest correlation. Even those with the lowest correlations (Solihull 0.86, York 0.87) are still very demographically comparable to Royal Tunbridge Wells.

4.2.8 On the slightly less quantifiable measure of heritage, Harrogate, Cheltenham and Bath are, like Royal Tunbridge Wells, spa towns, while Oxford and Cambridge obviously have huge kudos by virtue of their respective universities. The rest (Guildford, York, Solihull, Chester and Worcester) are all 'cathedral' / affluent market towns, with an historical heritage and strong identity generally. Taking all factors into consideration, Cheltenham probably emerges as the single closest benchmark centre to Royal Tunbridge Wells.

4.2.9 In summary, the benchmark centres selected, both individually and collectively, represent a good and realistic yardstick against which to compare Royal Tunbridge Wells' various healthcheck KPIs.

4.2.10 The one key caveat is that Royal Tunbridge Wells does not have a university, while the benchmark centres have at least one seat of higher education. This is the one key difference between Royal Tunbridge Wells and the benchmark centres. However, it would be difficult to benchmark the town against other non-university centres as they are unlikely to be of similar scale. Indeed, very few of the Top 100 ranked centres do not have a university.

5 CATCHMENT AREA AND CONSUMER DEMAND

5.1 Background

5.1.1 Understanding the entire audience of Royal Tunbridge Wells, their existing behaviours, propensities, expectations and aspirations, is absolutely fundamental to assessing the town's 'vitality and viability' – only by fully catering to the needs of those it serves will Royal Tunbridge Wells flourish to its full potential.

5.1.2 This section addresses these key factors. It provides an overview of Royal Tunbridge Wells' existing position in terms of its retail catchment area. It maps and quantifies the draw of Royal Tunbridge Wells as a retail centre and highlights competing centres. It also assesses whether Royal Tunbridge Wells is sufficiently capitalising on its local market and whether there is scope to increase consumer traffic and spend.

5.1.3 Understanding the socio-economic make up of Royal Tunbridge Wells and its hinterland are obviously central in analysing the town's role as a retail and leisure centre. The key question is whether the existing proposition caters sufficiently for all key consumer segments within its catchment.

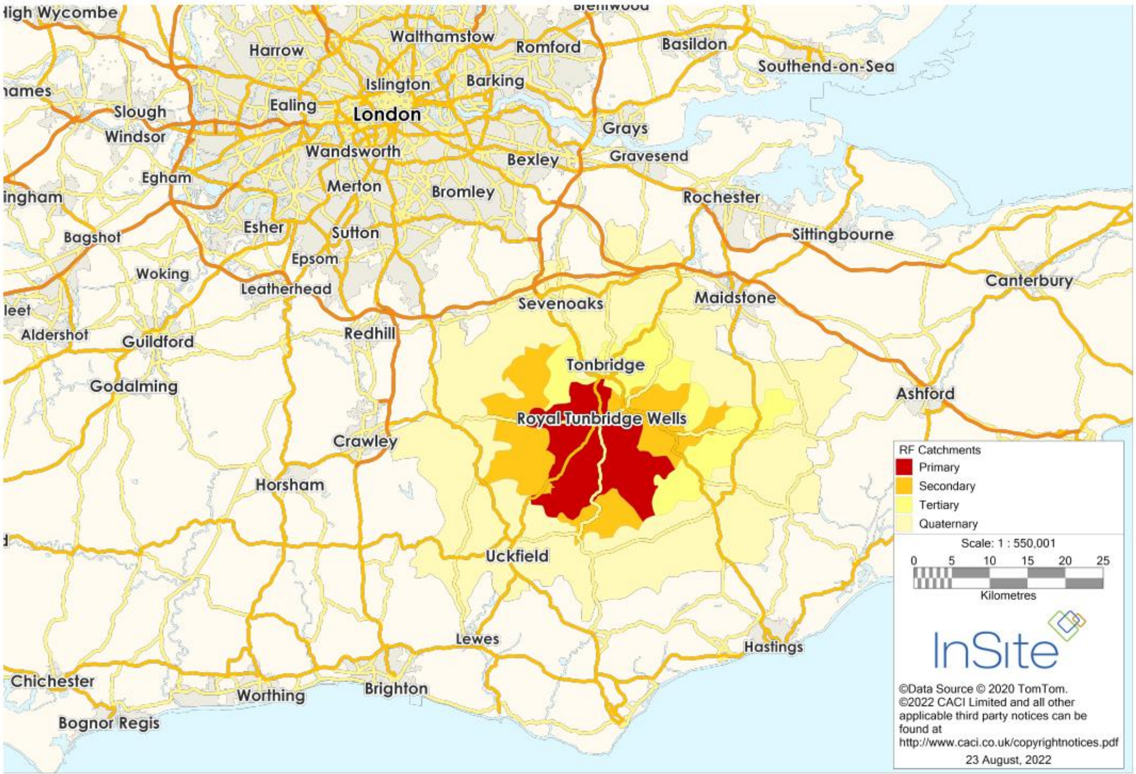
5.2 Catchment Area

5.2.1 We have defined Royal Tunbridge Wells' catchment area using CACI's Retail Footprint gravity model (Maps 1 and 2 overleaf). In essence, the model is underpinned by two key drivers – a centre's 'attractiveness score' ('RF Score') to reflect the relative quality of its retail offer versus the geographic location (and relative 'attractiveness') of competing centres / retail destinations. The model is then calibrated using actual consumer data from leading credit card operators.

5.2.2 One of the key positive factors of Royal Tunbridge Wells is that it enjoys a relatively captive catchment area. The main competitive centre of any comparable scale is Maidstone, some 17 miles away from the town. Consequently, Royal Tunbridge Wells enjoys a relatively large catchment area geographically. It extends northwards towards the M25, including Sevenoaks in its outer fringes, and southwards along the A267 towards Hailsham. It also draws heavily from the east, with its catchment to west constrained slightly by East Grinstead and the larger (but more distant) centre of Crawley.

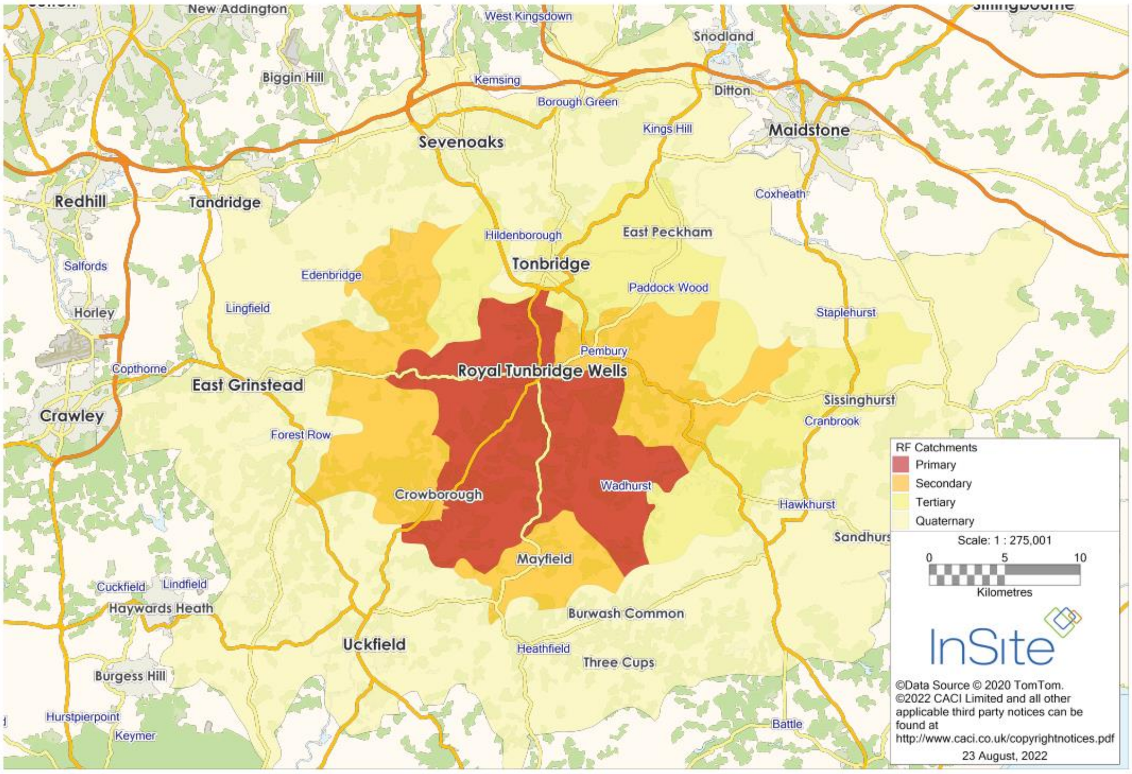
5.2.3 A number of smaller centres fall within the boundaries of Royal Tunbridge Wells' catchment. These include Wadhurst and Crowborough in the Primary catchment, Pembury and Mayfield in the Secondary, Tonbridge and Paddock Wood in the Tertiary and Uckfield, Sevenoaks and East Grinstead in the Quaternary.

Map 1 – Royal Tunbridge Wells' Retail Catchment Area



Source: CACI, Knight Frank

Map 2– Royal Tunbridge Wells' Retail Catchment Area (zoom version)



Source: CACI, Knight Frank

5.3 Market Shares – Retention vs Leakage

5.3.1 Not only does Royal Tunbridge Wells draw from a wide geographic area, it also achieves significant levels of penetration, reflecting the fact that it is by far the dominant centre in the region and has limited local competition of any scale.

Table 2 – Market Shares in Royal Tunbridge Wells' Primary retail catchment area

Centre Name	Type	RF Score	Distance (miles)	Weighted Pop.	Market Share
Tunbridge Wells	City Centres	1,101	0.00	80,955	91.3%
Tunbridge Wells - Longfield Road	Shopping Parks	462	2.06	4,219	4.8%
Crowborough	Regional Towns	102	6.73	1,389	1.6%
Other (< 1% share)					2.3%

Source: CACI, Knight Frank

5.3.2 In terms of market share (Table 2) Royal Tunbridge Wells unsurprisingly dominates its Primary catchment, accounting for over 90% of trade. North Farm / Longfield Road retail area captures a share of around 4.8%, while leakage to Crowborough (1.6%) and Tonbridge (0.2%) is fairly minimal.

5.3.3 These figures compare favourably with the benchmark centres (Table 4). Across the 10 peer group centres, the average Primary catchment retention rate is 83.1% and Royal Tunbridge Wells' is surpassed only by Harrogate (96.9%), Bath (96.6%) and Cheltenham (92.9%).

5.3.4 A more competitive picture emerges away from the Primary catchment, and shopper flows inevitably become increasingly fragmented over a wider geographic area (Table 3). Royal Tunbridge Wells' share of the Total catchment shrinks to 30.6%, suggesting some scope for potential clawback. North Farm / Longfield Road retail area's share increases to 7.5%, while larger centres such as Maidstone (4.4%), East Grinstead (5.1%), Uckfield (3.7%) and Sevenoaks (3.5%) also come increasingly into play in the outer reaches of the catchment.

5.3.5 Perhaps more significant is the 5.2% leakage from the catchment to Bluewater. Leakage to London's West End (1.8%) and Covent Garden (0.4%) is probably reflective of commuter patterns.

Table 3 – Market Shares in Royal Tunbridge Wells' Total Retail Catchment Area

Centre Name	Type	RF Score	Distance (miles)	Weighted Pop.	Market Share
Tunbridge Wells	City Centres	1,101	0.00	149,121	30.6%
Tunbridge Wells - Longfield Road	Shopping Parks	462	2.06	36,515	7.5%
Bluewater	Regional Malls	2,204	21.20	25,168	5.2%
East Grinstead	Regional Towns	302	11.90	24,836	5.1%
Maidstone	Major Town Centres	1,160	14.88	21,567	4.4%
Uckfield	Regional Towns	182	13.43	17,949	3.7%
Sevenoaks	Regional Towns	333	10.12	17,216	3.5%
Sevenoaks - Otford Road Retail Park	Retail Parks	154	11.73	14,546	3.0%
Tonbridge	Satellite Towns	289	4.25	11,416	2.3%
Crawley	Major Town Centres	901	19.61	10,030	2.1%
London - West End	City Centres	8,225	31.64	8,673	1.8%
Heathfield	Regional Towns	69	11.23	7,860	1.6%
Ashford - McArthurGlen Outlet Centre	Outlet Centres	550	26.75	5,601	1.2%
Aylesford - South Aylesford Retail Park	Retail Parks	146	14.31	5,476	1.1%
Tonbridge - Cannon Lane	Retail Parks	60	4.50	5,011	1.0%
Haywards Heath	Regional Towns	369	18.46	4,359	0.9%
Other (< 1% share)					25.0%

Source: CACI, Knight Frank

5.3.6 In terms of the wider peer group, Royal Tunbridge Wells' retention rate of its Total catchment again compares favourably against the benchmark average (25.0%) and is surpassed only by York (32.2%) and Oxford (30.9%).

Table 4 – Catchment Market Shares vs Benchmark Centres

	Primary Catchment Retention Rate (%)	Total Catchment Retention Rate (%)
Bath	96.6	22.4
Cambridge	75.9	27.5
Cheltenham	92.9	28.6
Chester	66.8	13.2
Guildford	87.1	20.4
Harrogate	96.9	27.9
Oxford	74.9	30.9
Solihull	74.5	12.2
Tunbridge Wells	**91.3**	**30.6**
Worcester	82.9	28.7
York	74.6	32.2
Average	**83.1**	**25.0**

Source: CACI, Knight Frank

5.3.7 Royal Tunbridge Wells' existing catchment is undeniably a strong one. However, there is always scope to increase both the geographic 'reach' of a centre, as well achieve deeper penetration of the catchment – in simple terms, ensuring that as many people that live around it actually visit the town. The fact that Royal Tunbridge Wells already dominates its catchment should by no means preclude new retail development, selective repurposing or improvement in the town. Indeed, with such a high shopper population, the town has a major responsibility to ensure that it continues to meet the changing demands and aspirations of its customer base. There is an onus for the town centre proposition to be reviewed constantly and evolve accordingly.

5.4 Population and Spend

5.4.1 The total residential population of Royal Tunbridge Wells' catchment area is 489,762. The town's shopper population (defined as the number of people that use Royal Tunbridge Wells for their main comparison goods shop) is 149,725. Of these, 81,291 (54%) come from the Primary catchment.

5.4.2 Royal Tunbridge Wells’ shopper population is around 3% lower than the benchmark average figure (153,786). This masks quite a broad spread between the various benchmark centres, with Guildford having a shopper audience double the size of Chester (207,428 vs. 102,967), at the two extremes.

Table 5 – Centre Catchment Breakdown

Band	Population (Actual)	Population (%)	Households (Actual)	Households (%)
Primary	81,291	54%	34,839	55%
Secondary	31,203	21%	13,206	21%
Tertiary	23,911	16%	9,633	15%
Quaternary	13,320	9%	5,484	9%
TOTAL	**149,725**	**100%**	**63,162**	**100%**

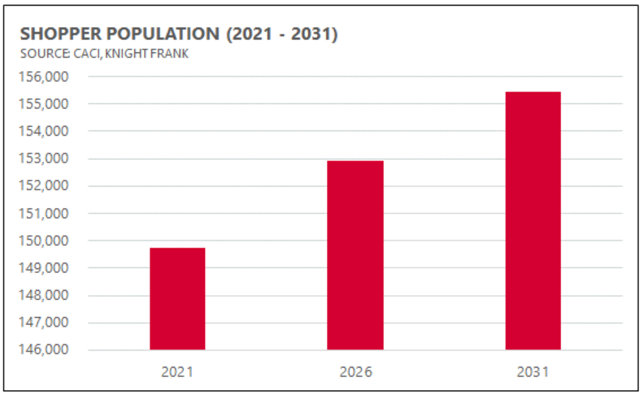
Source: CACI, Knight Frank

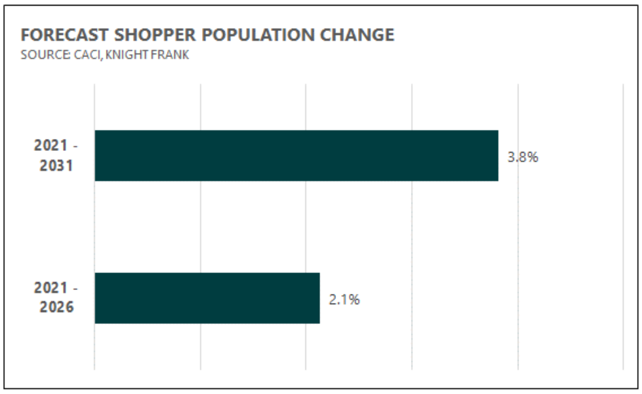
5.4.3 Royal Tunbridge Wells’ shopper population is forecast to increase fairly significantly over the next decade. The town’s audience is forecast to grow by +2.1% over the next five years to 152,909 (a net increase of +3,184 people) and by +3.8% to 155,443 by 2031 (+5,718).

Table 6 – Shopper Population Forecast Growth 2021 - 2031

	Projected Shopper Population
2021	149,725
2026	152,909
2031	155,443

	Forecast % change
2021 - 2026	2.1%
2021 - 2031	3.8%





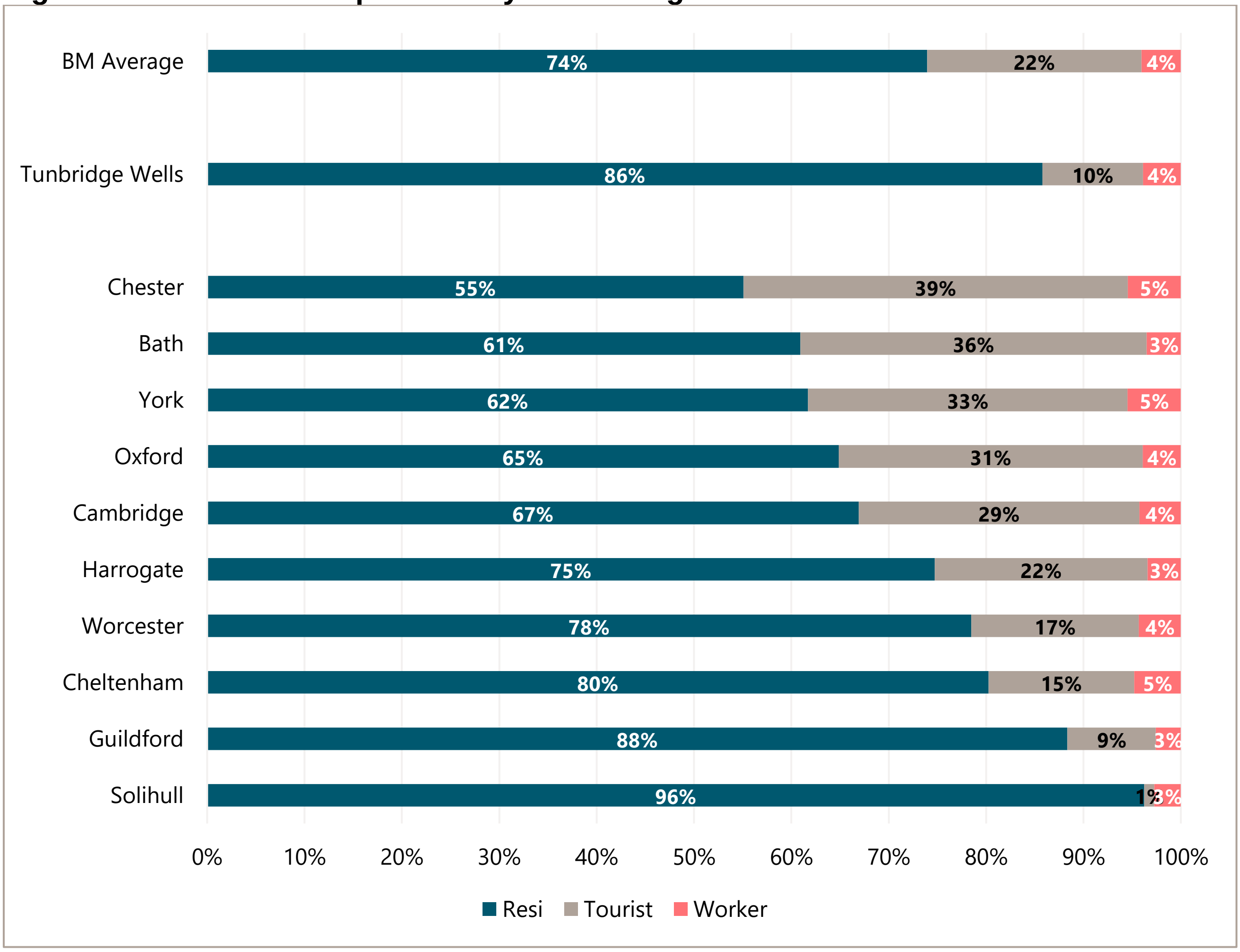
Source: CACI, Knight Frank

5.4.4 Royal Tunbridge Wells generates annual comparison goods spend of £355m. Again, this is slightly (ca. 8%) below the average of all the benchmark centres (£385m) and again, there is a considerable range between the individual centres (e.g. Oxford £510m, Worcester £251m, the two extremes).

5.4.5 Analysis of the constituent parts of the spend (residential vs worker vs tourist) makes for interesting reading. Around 86% (£305m) of Royal Tunbridge Wells’ annual comparison goods spend comes from residents, while 10% (£37m) is derived from tourists / visitors. The residual 4% (£14m) comes from workers.

5.4.6 There are significant variances in breakdown across the peer group. The contribution from workers is largely consistent at between 3% and 5% (with an average of 4%). But the dependency on tourism spend contrasts significantly. Chester (39%), Bath (36%) and York (33%) all generate more than a third of their annual spend from tourists, with Oxford (31%) and Cambridge (29%) not far behind. At the other end of the scale, tourism accounts for only 1% of spend in Solihull, while Guildford (9%) is the only centre on comparable pegging with Royal Tunbridge Wells.

Fig 10 – Breakdown of Spend – Royal Tunbridge Wells vs Benchmark Centres



Source: CACI, Knight Frank

5.5 Geo-demographic Profile

5.5.1 Understanding the socio-economic make up of Royal Tunbridge Wells and its hinterland are obviously central in analysing and defining the role of the town centre. The key question is whether the existing proposition caters sufficiently for all key consumer segments within its catchment.

5.5.2 For our analysis of geo-demographics, we use CACI's ACORN classification. The premise of ACORN is to segment every consumer in the country into one of 59 Types, which are aggregated into 17 Groups (which we use in this report), which, in turn, aggregate into 5 Categories. Types and Groups are differentiated in terms of their socio-demographics (e.g. age, lifestage, family constitution, education, employment, income, house/dwelling, car ownership), lifestyles, culture, life aspirations and consumer behaviour.

5.5.3 In terms of inputs, ACORN is built through a variety of GDPR compliant data sources, from a combination of 1. Open Data. 2. Government Data. 3 Commercial Data. 4. CACI Proprietary Data.

5.5.4 The points in Maps 3 and 4 refer to individual postcodes and the colour-coded dominant ACORN group for that postcode. Logically, there is greater clustering of points towards town centres, reflecting higher population density in these areas.

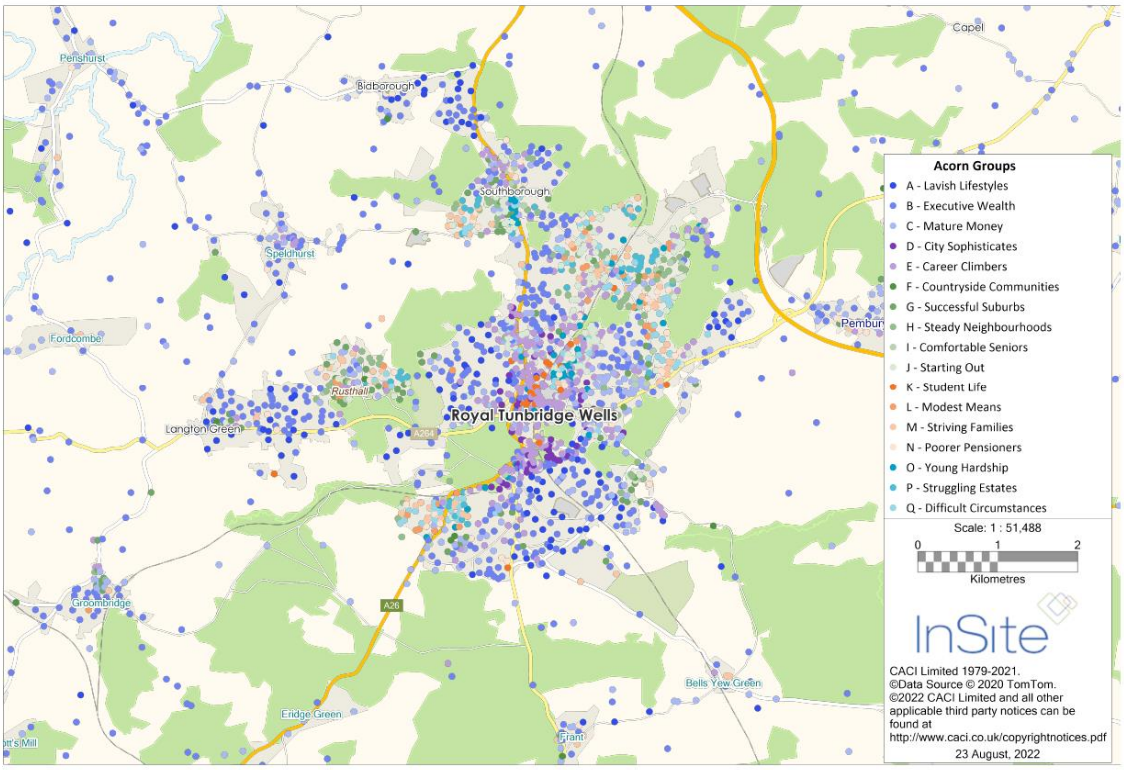
5.5.5 Royal Tunbridge Wells' catchment area is demonstrably affluent. 'Executive Wealth' is by far the most dominant ACORN Group, accounting for 27.7% of the shopper profile, compared to a national average of 12.4%. The most affluent ACORN Group 'Lavish Lifestyles' make up 4.0% of the audience, but this is still three times the national average figure (1.3%). Including 'Mature Money' (14.4%), the three most affluent ACORN Groups collectively make up over 46% of the shopper profile, more than double the national average figure (ca. 22%).

5.5.6 Although seemingly a positive dynamic, affluent catchments can also pose significant challenges for town centres. In simple terms, owning significant money and propensity to spend it can be two very different things. Affluent consumers tend to be very demanding and selective in where they spend their money and there is often significant competition for a share of wallet – the most affluent consumers tend to spend a disproportionate amount of their income on non-retail / 'non-high street' categories, such as transport, healthcare, holidays, school fees etc etc.

5.5.7 In terms of wider infrastructure, public transport tends to be low priority amongst affluent consumers and car remains king. If there is inadequate parking facilities in a given location, this is likely to be a major deterrent to these affluent ACORN groups. They will gravitate to other locations which offer the requisite parking facilities, or will shop online.

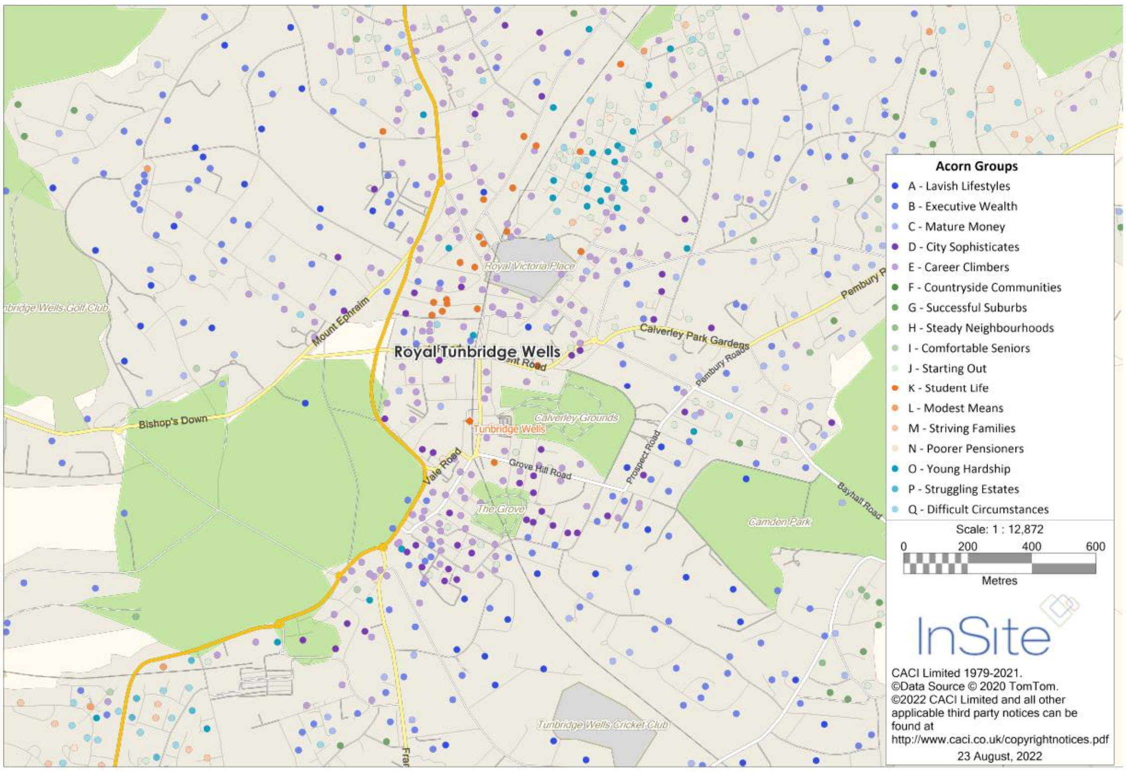
5.5.8 Despite any well-intentioned efforts to improve public transport, the reality is that Royal Tunbridge Wells will only fully reap the full benefit of its affluent catchment if it also invests in appropriate car parking provision. Appropriate car parking needs to be factored into any Masterplan, rather than ignored.

Map 3 – Royal Tunbridge Wells' ACORN profile



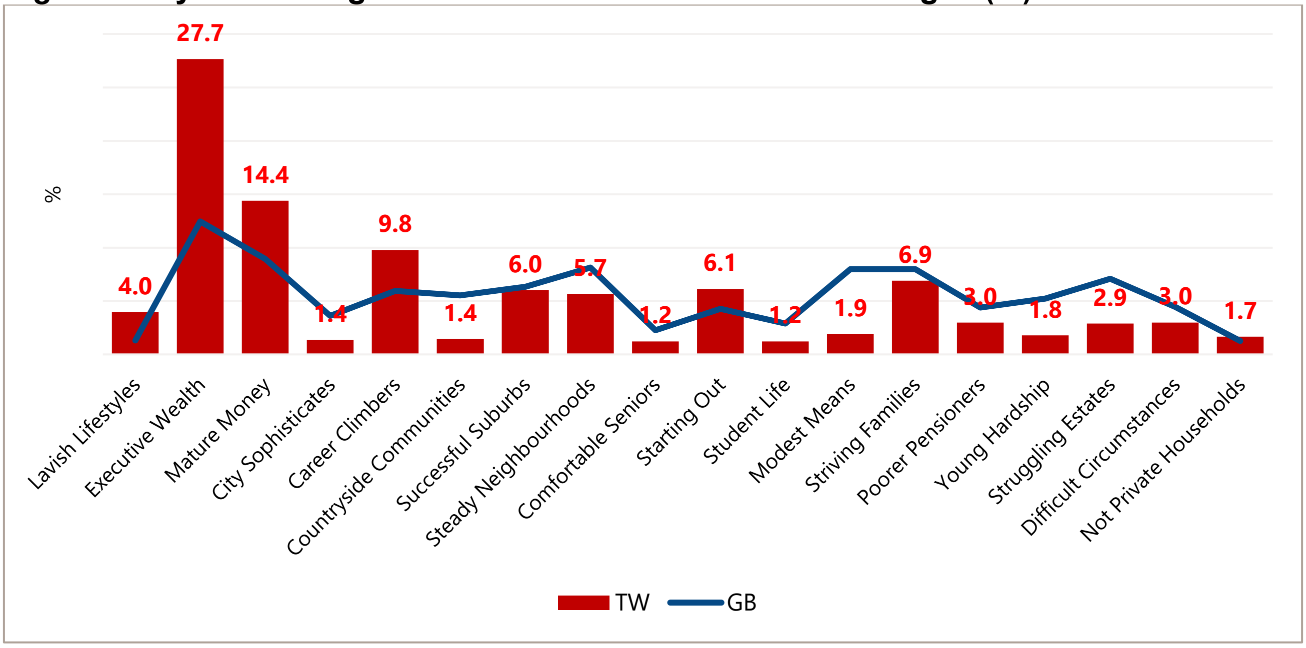
Source: CACI, Knight Frank

Map 4 – Royal Tunbridge Wells' ACORN profile (zoom)



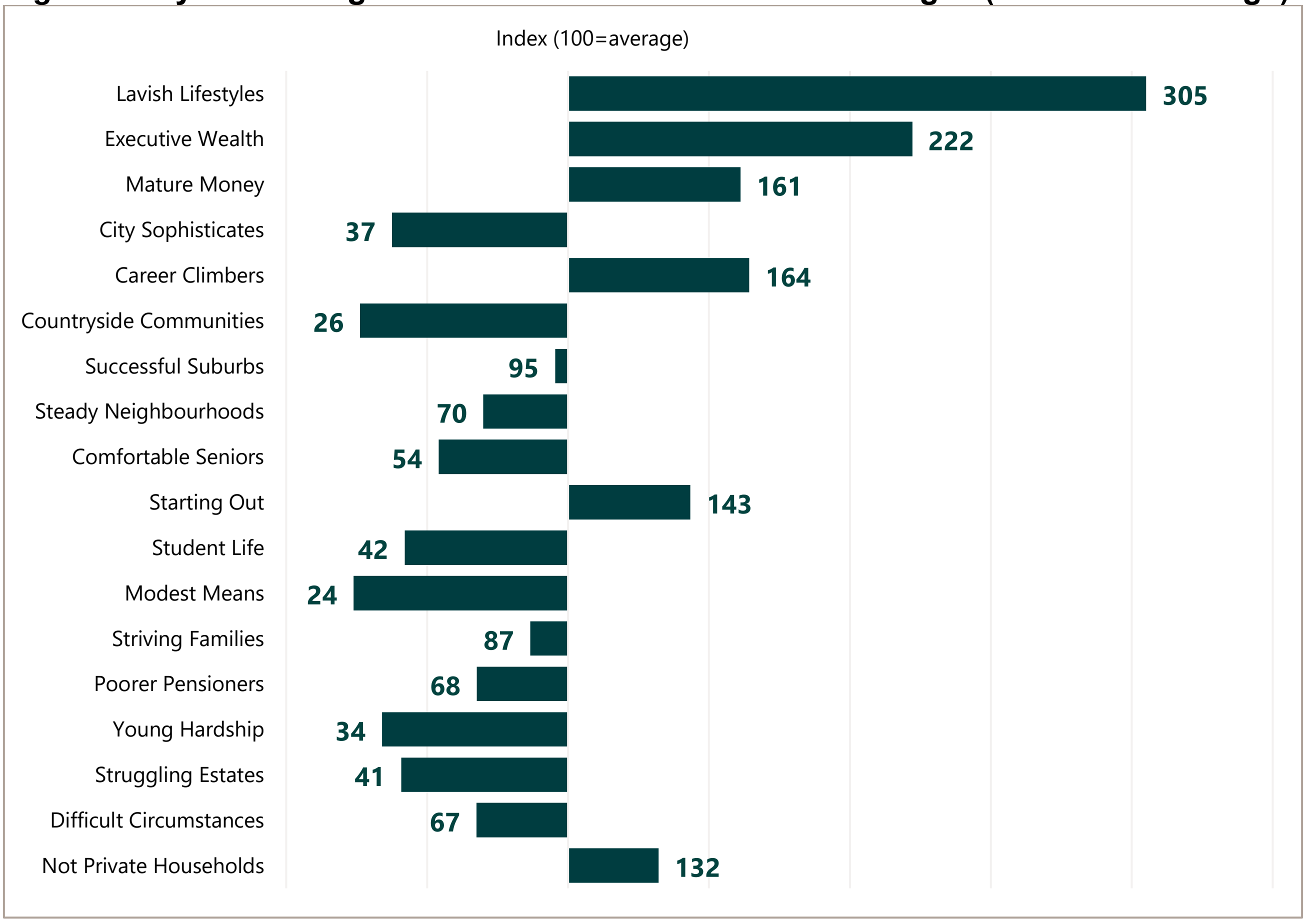
Source: CACI, Knight Frank

Fig 11 – Royal Tunbridge Wells' ACORN Profile vs GB Averages (%)



Source: CACI, Knight Frank

Fig 12 – Royal Tunbridge Wells' ACORN Profile vs GB Averages (Index 100=average)



Source: CACI, Knight Frank

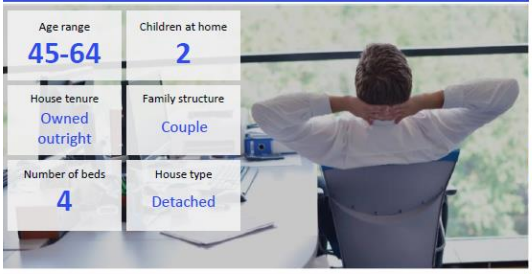
Fig 13 – Key ACORN Groups in Royal Tunbridge Wells - Affluence

1 B Executive Wealth

6.5M UK Adults | 12.3% of UK

High income people, successfully combining jobs and families. These are wealthy families living in larger detached or semi-detached properties either in the suburbs, the edge of towns or in semi-rural locations.

DEMOGRAPHICS



Age range: 45-64	Children at home: 2
House tenure: Owned outright	Family structure: Couple
Number of beds: 4	House type: Detached

BRANDS

SHOPPING: Cath Kidston, The White Company, John Lewis, Russell & Bromley
LEISURE: M&S Simply Food, Pret A Manger, Whole Foods, wahaca
WEBSITES: BBC Sport, rightmove, M&S, MoneySavingExpert.com

FINANCIAL PROFILE

Household income UK	Household income London	% Disposable income UK	% Disposable income London	Financial situation
£60k (Average: £40k)	£63k (Average: £44k)	50% (Average: 44%)	49% (Average: 39%)	Running into debt – Saving a lot

DIGITAL

ATTITUDES

I worry about online security	Shopping online makes my life easier	I couldn't live without the internet on my mobile
58% (UK average: 55%)	58% (UK average: 53%)	31% (UK average: 34%)

KEY INTERNET USAGE: This group are more likely to **browse for hotels** online. This group are more likely to **purchase holidays** online

TECHNOLOGY USAGE: This group are more likely to **own an iPhone**

1 C Mature Money

4.9M UK Adults | 9.3% of UK

Older, affluent people with the money and time to enjoy life. These people tend to be older empty nesters and retired couples. Many live in rural towns and villages, others live in the suburbs of larger towns. They are prosperous and live in larger detached or semi-detached houses or bungalows.

DEMOGRAPHICS

Age range: 65+	Children at home: 0
House tenure: Owned outright	Family structure: Couple
Number of beds: 4	House type: Detached

BRANDS

SHOPPING: Lakeland, Laura Ashley, Jo Malone, Waitrose
LEISURE: Browns, Nespresso, Caffè Nero
WEBSITES: amazon, MoneySavingExpert.com, M&S, BBC News

FINANCIAL PROFILE

Household income UK	Household income London	% Disposable income UK	% Disposable income London	Financial situation
£46k (Average: £40k)	£50k (Average: £44k)	54% (Average: 44%)	51% (Average: 39%)	Running into debt – Saving a lot

DIGITAL

ATTITUDES

I worry about online security	Shopping online makes my life easier	I couldn't live without the internet on my mobile
58% (UK average: 55%)	52% (UK average: 53%)	26% (UK average: 34%)

KEY INTERNET USAGE: This group are more likely to **research home insurance** online. This group are more likely to **purchase event tickets** online

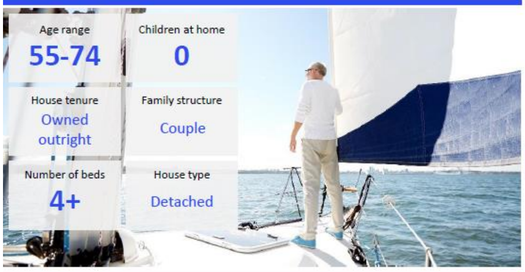
TECHNOLOGY USAGE: This group are more likely to **own a tablet**

1 A Lavish Lifestyles

0.7M UK Adults | 1.3% of UK

The most affluent people in the UK who live comfortable lifestyles with few financial concerns. These individuals are typically empty nesters, who live in large detached homes that they own outright and which are often worth millions.

DEMOGRAPHICS



Age range: 55-74	Children at home: 0
House tenure: Owned outright	Family structure: Couple
Number of beds: 4+	House type: Detached

BRANDS

SHOPPING: Boss, Harvey Nichols, Apple, Anthropologie
LEISURE: daylesford, Searcys, Gaucho, Hawksmoor
WEBSITES: Expedia, The Huffington Post, National Rail

FINANCIAL PROFILE

Household income UK	Household income London	% Disposable income UK	% Disposable income London	Financial situation
£72k (Average: £40k)	£74k (Average: £44k)	49% (Average: 44%)	48% (Average: 39%)	Running into debt – Saving a lot

DIGITAL

ATTITUDES

I worry about online security	Shopping online makes my life easier	I couldn't live without the internet on my mobile
58% (UK average: 55%)	55% (UK average: 53%)	33% (UK average: 34%)

KEY INTERNET USAGE: This group are more likely to **research savings and investments** online. This group are more likely to **purchase airline tickets** online

TECHNOLOGY USAGE: This group are more likely to **own a smartwatch, fitness band** or **payment band**

Fig 14 – Key ACORN Groups in Royal Tunbridge Wells - General

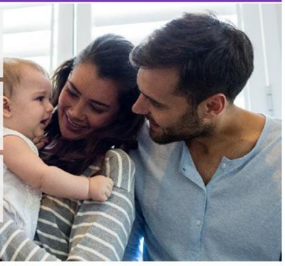
2 | E | Career Climbers

3.1M UK Adults | 5.8% of UK

Younger singles and couples, some with young children, living in more urban locations. They live in flats, apartments and smaller houses, which they will be renting. They will have started saving what they can in order to put down a deposit on a house in the future.

DEMOGRAPHICS

Age range: 25-44	Children at home: 1
House tenure: Privately renting	Family structure: Couple with children
Number of beds: 1-2	House type: Flat or maisonette



FINANCIAL PROFILE

Household income		% Disposable income		Financial situation
UK £47k (Average: £40k)	London £44k (Average: £44k)	UK 36% (Average: 44%)	London 32% (Average: 39%)	Running into debt – Saving a lot

BRANDS

SHOPPING · LEISURE · WEBSITES

DIGITAL

ATTITUDES

I worry about online security	Shopping online makes my life easier	I couldn't live without the internet on my mobile
55% (UK average: 55%)	64% (UK average: 53%)	44% (UK average: 34%)

KEY INTERNET USAGE

This group are more likely to research mortgages online

This group are more likely to purchase airline tickets online

TECHNOLOGY USAGE

This group are more likely to own a smartwatch, fitness band or payment band

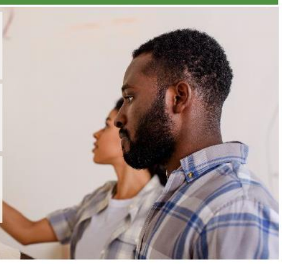
3 | J | Starting Out

2.2M UK Adults | 4.1% of UK

Young couples and early career climbers in their first homes. Younger couples in their first home, starting a family, and others who are at an early stage of their career form a substantial proportion of the households in these areas.

DEMOGRAPHICS

Age range: 25-44	Children at home: 1
House tenure: Mortgaged	Family structure: Couple with children
Number of beds: 2	House type: Terraced



FINANCIAL PROFILE

Household income		% Disposable income		Financial situation
UK £43k (Average: £40k)	London £46k (Average: £44k)	UK 40% (Average: 44%)	London 36% (Average: 39%)	Running into debt – Saving a lot

BRANDS

SHOPPING · LEISURE · WEBSITES

DIGITAL

ATTITUDES

I worry about online security	Shopping online makes my life easier	I couldn't live without the internet on my mobile
56% (UK average: 55%)	57% (UK average: 53%)	39% (UK average: 34%)

KEY INTERNET USAGE

This group are more likely to research home insurance online

This group are more likely to purchase clothes and accessories online

TECHNOLOGY USAGE

This group are more likely to own a videogame console

4 | M | Striving Families

4.1M UK Adults | 7.8% of UK

Struggling families on limited incomes in urban areas. These low income families typically live on traditional low-rise estates. Relatively high numbers of children are typical and there may be high numbers of single parents.

DEMOGRAPHICS

Age range: 25-44	Children at home: 3+
House tenure: Social renting	Family structure: Single parent
Number of beds: 3	House type: Semi-detached or terraced

FINANCIAL PROFILE

Household income		% Disposable income		Financial situation
UK £32k (Average: £40k)	London £37k (Average: £44k)	UK 41% (Average: 44%)	London 37% (Average: 39%)	Running into debt – Saving a lot

BRANDS

SHOPPING · LEISURE · WEBSITES

DIGITAL

ATTITUDES

I worry about online security	Shopping online makes my life easier	I couldn't live without the internet on my mobile
54% (UK average: 55%)	49% (UK average: 53%)	32% (UK average: 34%)

KEY INTERNET USAGE

Whilst internet usage is below average, this group are more likely to browse for computer games online

Whilst internet usage is below average, this group are more likely to purchase toys online

TECHNOLOGY USAGE

This group are more likely to watch TV on demand on a mobile

5.5.9 As with any town, there is still a relatively diverse demographic mix in Royal Tunbridge Wells. There is still a 'mass-market' core, with significant representation from 'Successful Suburbs' (6.0%), 'Steady Neighbourhoods' (5.7%) and 'Starting Out' (6.1% - an over-index of 143 versus national averages). These groups may not be as affluent as some of the others, but they tend to have a higher propensity to spend and are an essential lifeblood to the town centre.

5.5.10 Although the more challenged social groups all under-index versus national averages, in aggregate they still account for a significant proportion of the catchment – 20.7% or 30,947 people in absolute terms. The town centre proposition needs to cater adequately for their needs and aspirations too.

5.6 Summary

5.6.1 A diverse customer profile, as represented by Royal Tunbridge Wells, has two broad connotations:

- An opportunity to capitalise on a wide range of customer segments
- A challenge in balancing the very differing needs / aspirations of these customer segments.

5.6.2 This diversity does provide a solid platform for a town centre proposition. Effectively, there is sufficient representation of each ACORN Group to warrant a multi-dimensional town centre offer that spans:

- The value sector
- The mass-market
- The upper mass-market
- The aspirational market

5.6.3 In summary, a diverse customer base needs to be reflected in a broad-based and authoritative town centre offer. Our Town Centre Audit will explore possible mismatches, under-representation and areas of opportunity.

6 COMPREHENSIVE RETAIL / TOWN CENTRE AUDIT

6.1 Background

6.1.1 This section of the report represents an objective retail audit of Royal Tunbridge Wells and is designed to be a 'root and branch' healthcheck of the town's 'vitality and viability'. Both quantitative and qualitative, our audit should help inform the town's Masterplan.

6.1.2 In essence an extensive benchmarking exercise, the retail audit highlights the strengths and weaknesses of the current retail and leisure offer and provides significant insight into how the town centre could be improved. Any potential development sites are also brought into this wider context.

6.2 Ranking

6.2.1 Nationally, Royal Tunbridge Wells ranks 52nd out of 4,500+ retail schemes across the country, as calculated by CACI's Retail Footprint Ranking (Table 7). For more detail as to how CACI generates their Retail Footprint Ranking, please refer to the '*Benchmark Centres'* section of this report.

6.2.2 Focussing exclusively at 'City Centre' locations (regarded Royal Tunbridge Wells' 'Major Class' categorisation), it ranks 29th out of 56 locations (Table 8). This places Royal Tunbridge Wells just behind York (28th), Huddersfield (27th) and Cheltenham (26th), but ahead of Coventry (30th) Solihull (31st) and Peterborough (32nd).

Table 7 – 2022 National Retail Rankings

2022 National Rank	RF Score	Short Name	Town	Region	Major Class name
42	990	Watford	Watford	South East	Satellite Centres
43	1350	King's Road	London SW	Greater London	London Suburban Centres
44	1161	Canary Wharf	London E	Greater London	London Suburban Centres
45	1197	Plymouth	Plymouth	South West	City Centres
46	1187	Cribbs Causeway	Bristol	South West	Regional Malls
47	1390	Exeter	Exeter	South West	City Centres
48	1160	Maidstone	Medway	South East	Major Town Centres
49	1340	Cheltenham	Gloucester	South West	City Centres
50	872	Huddersfield	Huddersfield	Yorkshire And The Humber	City Centres
51	1284	York	York	Yorkshire And The Humber	City Centres
52	**1101**	**Tunbridge Wells**	**Tunbridge Wells**	**South East**	**City Centres**
53	532	Castlepoint	Bournemouth	South West	Shopping Parks
54	962	Coventry	Coventry	West Midlands	City Centres
55	1155	Solihull	Birmingham	West Midlands	City Centres
56	591	Ventura Retail Park	Birmingham	West Midlands	Shopping Parks
57	1074	Peterborough	Peterborough	East Anglia	City Centres
58	860	Canterbury	Canterbury	South East	City Centres
59	573	The Fort Shopping Park	Glasgow	Scotland	Shopping Parks
60	489	Teesside Shopping Park	Cleveland	North	Shopping Parks
61	862	Wolverhampton	Wolverhampton	West Midlands	City Centres
62	942	Colchester	Colchester	South East	Major Town Centres

Source: CACI, Knight Frank

Table 8 – 2022 National Retail Rankings (filtered 'City Centres' only)

City Centre 2022 Rank	2022 National Rank	RF Score	Short Name	Town	Region	Major Class name
16	25	1990	Cardiff	Cardiff	Wales	City Centres
17	26	1158	Derby	Derby	East Midlands	City Centres
18	30	1454	Oxford	Oxford	South East	City Centres
19	32	1386	Cambridge	Cambridge	East Anglia	City Centres
20	33	1379	Guildford	Guildford	South East	City Centres
21	36	1490	Aberdeen	Aberdeen	Scotland	City Centres
22	37	1508	Sheffield	Sheffield	Yorkshire And The Humber	City Centres
23	38	1707	Bath	Bath	South West	City Centres
24	45	1197	Plymouth	Plymouth	South West	City Centres
25	47	1390	Exeter	Exeter	South West	City Centres
26	49	1340	Cheltenham	Gloucester	South West	City Centres
27	50	872	Huddersfield	Huddersfield	Yorkshire And The Humber	City Centres
28	51	1284	York	York	Yorkshire And The Humber	City Centres
29	**52**	**1101**	**Tunbridge Wells**	**Tunbridge Wells**	**South East**	**City Centres**
30	54	962	Coventry	Coventry	West Midlands	City Centres
31	55	1155	Solihull	Birmingham	West Midlands	City Centres
32	57	1074	Peterborough	Peterborough	East Anglia	City Centres
33	58	860	Canterbury	Canterbury	South East	City Centres
34	61	862	Wolverhampton	Wolverhampton	West Midlands	City Centres
35	63	922	Preston	Preston	North West	City Centres
36	64	1333	Chester	Chester	North West	City Centres

Source: CACI, Knight Frank

6.2.3 At a more granular regional level (Table 9), Royal Tunbridge Wells ranks 12th out of 874 retail schemes in the South East, behind Maidstone (11th), Watford (10th), and Bicester Village (9th), but ahead of Canterbury (13th), Colchester (14th), and Chelmsford (15th).

6.2.4 Applying both filters ('City Centres' / South East), Royal Tunbridge Wells ranks 6th out of 7 centres located in the South East, ahead of only Canterbury (7th) (Table 10).

Table 9 – 2022 Regional Retail Rankings (South East Only)

2022 Regional Rank	2022 National Rank	RF Score	Short Name	Town	Region	Major Class name
1	12	1256	Milton Keynes	Milton Keynes	South East	Regional Malls
2	13	2204	Bluewater	Dartford	South East	Regional Malls
3	20	1838	Brighton	Brighton	South East	City Centres
4	22	1380	Reading	Reading	South East	City Centres
5	24	1275	Southampton	Southampton	South East	City Centres
6	30	1454	Oxford	Oxford	South East	City Centres
7	31	1539	intu Lakeside	Romford	South East	Regional Malls
8	33	1379	Guildford	Guildford	South East	City Centres
9	34	714	Bicester Village	Oxford	South East	Outlet Centres
10	42	990	Watford	Watford	South East	Satellite Centres
11	48	1160	Maidstone	Medway	South East	Major Town Centres
12	**52**	**1101**	**Tunbridge Wells**	**Tunbridge Wells**	**South East**	**City Centres**
13	58	860	Canterbury	Canterbury	South East	City Centres
14	62	942	Colchester	Colchester	South East	Major Town Centres
15	68	1215	Chelmsford	Chelmsford	South East	Major Town Centres
16	71	629	Gunwharf Quays	Portsmouth	South East	Outlet Centres
17	72	766	Southend-on-Sea	Southend-on-Sea	South East	Major Town Centres
18	76	826	High Wycombe	Hemel Hempstead	South East	Major Town Centres
19	77	1019	Basingstoke	Reading	South East	Major Town Centres
20	78	818	Westwood Cross	Canterbury	South East	Shopping Parks
21	79	901	Crawley	Redhill	South East	Major Town Centres

Source: CACI, Knight Frank

Table 10 – 2022 Regional Retail Rankings ('City Centres' in the South East only)

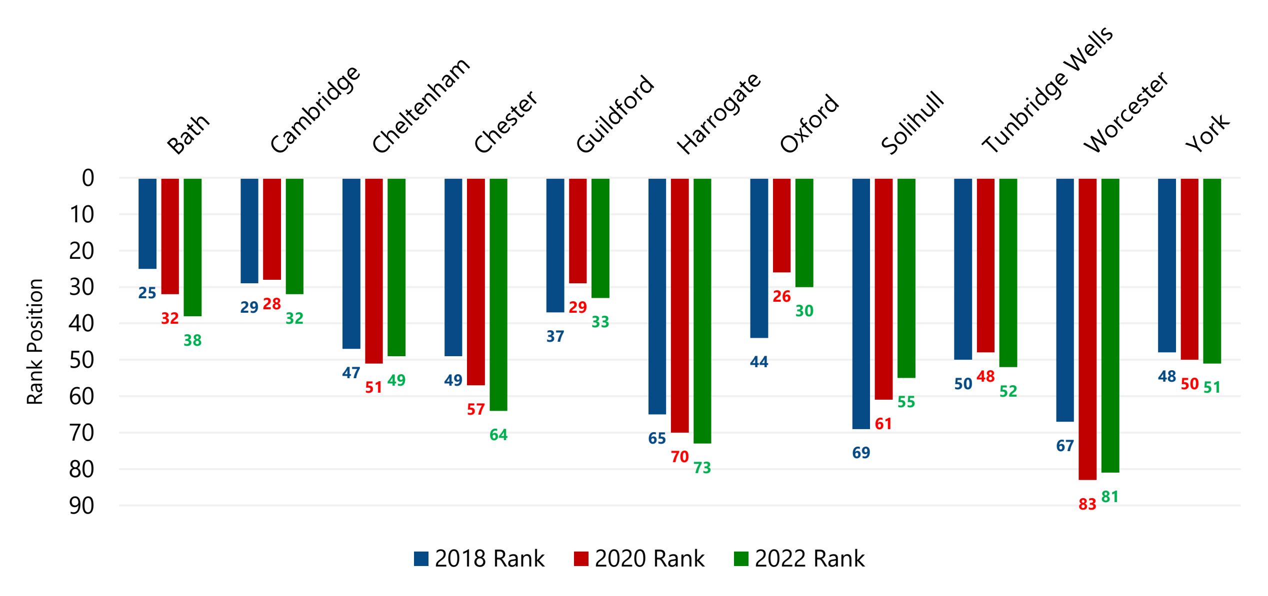
2022 City Centres in SE Rank	2022 National Rank	RF Score	Short Name	Town	Region	Major Class name
1	20	1838	Brighton	Brighton	South East	City Centres
2	22	1380	Reading	Reading	South East	City Centres
3	24	1275	Southampton	Southampton	South East	City Centres
4	30	1454	Oxford	Oxford	South East	City Centres
5	33	1379	Guildford	Guildford	South East	City Centres
6	**52**	**1101**	**Tunbridge Wells**	**Tunbridge Wells**	**South East**	**City Centres**
7	58	860	Canterbury	Canterbury	South East	City Centres

Source: CACI, Knight Frank

6.2.5 Royal Tunbridge Wells' retail ranking has been fairly consistent in recent years (Fig 15). In 2018 Royal Tunbridge Wells ranked in 50th position nationally, and had improved two position by 2020, ranking in 48th place. However by 2022, it had dropped four places to 52nd, probably due to a general deterioration in the town's retail provision relative to other similarly-ranked centres. Overall, Royal Tunbridge Wells has fallen just -2 positions between 2018 and 2022. This compares favourably to a number of its benchmark peers (Table 11).

6.2.6 Just three benchmark centres have improved their ranking over the same period (2018 – 2022): Oxford (up +14 positions, largely on the back of the re-development of Westgate), Solihull (+14) and Guildford (+4). All other benchmark centres have seen their rankings downgraded. Similarly to Royal Tunbridge Wells, Cheltenham slipped -2 positions, whilst Cambridge and York both fell -3 places. In contrast, Harrogate, Bath, Worcester, and Chester all saw more substantial deterioration in their ranking positions (declining between -8 and -15 places).

Fig 15 – Historic National Retail Rankings – Royal Tunbridge Wells vs Benchmark Centres



Source: CACI, Knight Frank

6.2.7 We believe that Royal Tunbridge Wells should be looking to consolidate its position going forward and Masterplanning improvements should address this by their very nature. In our opinion, Royal Tunbridge Wells should aspire to be a Top 50 UK retail location and maintain this position indefinitely through ongoing investment and constant improvement.

Table 11 – Historic National Retail Ranking Movement

Name	2018 Rank	2020 Rank	Movement (vs. 2018)	2022 Rank	Movement (vs. 2020)	Overall Change (2018 – 2022)
Oxford	44	26	▲	30	▼	14
Cambridge	29	28	▲	32	▼	-3
Guildford	37	29	▲	33	▼	4
Bath	25	32	▼	38	▼	-13
Cheltenham	47	51	▼	49	▲	-2
York	48	50	▼	51	▼	-3
Tunbridge Wells	**50**	**48**	▲	**52**	▼	**-2**
Solihull	69	61	▲	55	▲	14
Chester	49	57	▼	64	▼	-15
Harrogate	65	70	▼	73	▼	-8
Worcester	67	83	▼	81	▲	-14

Source: CACI, Knight Frank

6.3 Top Line Retail Statistics

6.3.1 Retail Mix

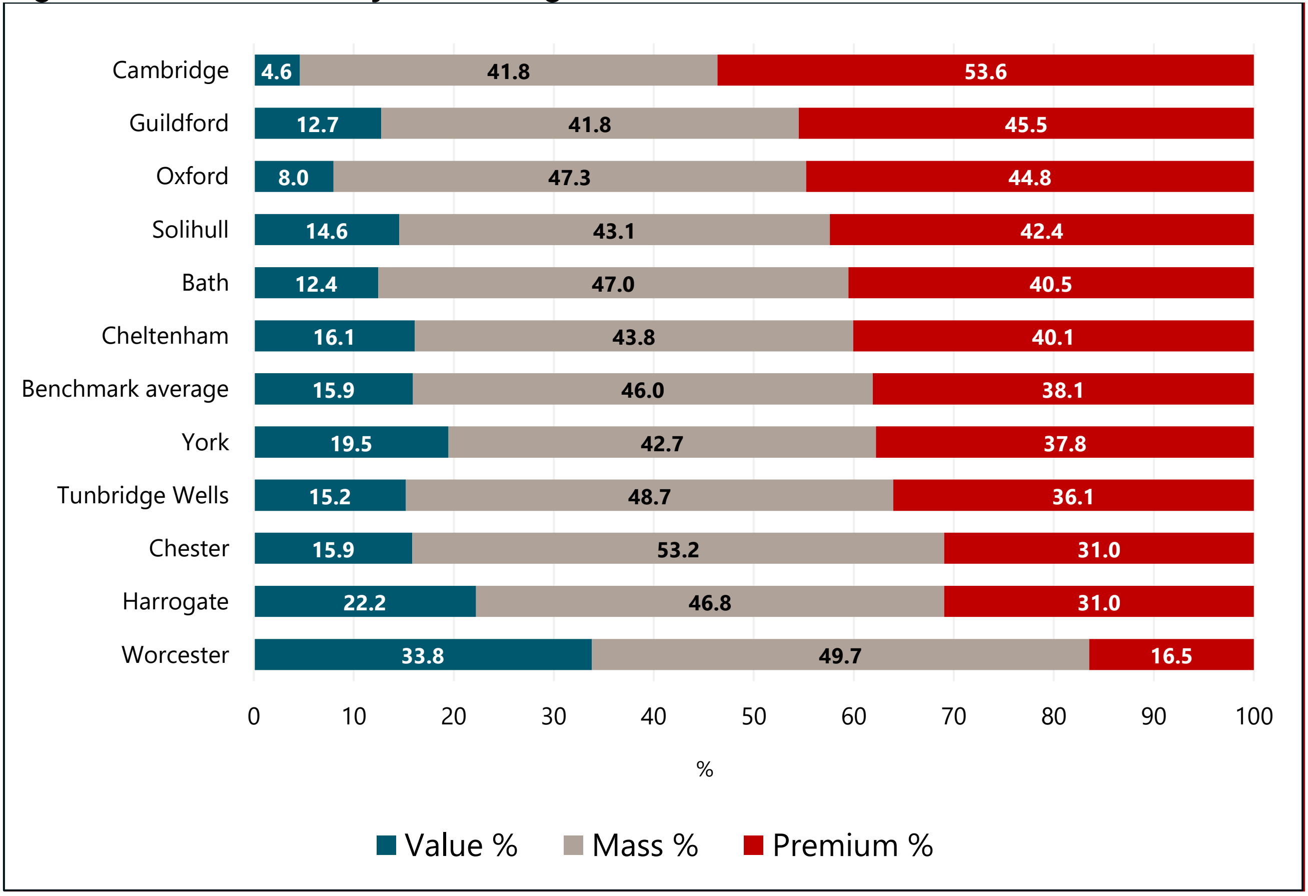
6.3.1.1 Retail mix provides a top-line analysis of the relative market positioning of a town. The premise is that each retail fascia in the town is given a quality allocation, Premium, Mass or Value, based on market knowledge, fascia turnover and shopper perception. Examples of value operators include Poundland and Primark, mass operators Boots and WH Smith, premium operators House of Fraser and Hugo Boss.

6.3.1.2 The retail mix in Royal Tunbridge Wells is split 15.2% Value, 48.7% Mass, and 36.1% Premium. This is broadly in line with the benchmark average (Fig 16), with a very slight skew towards Mass. Indeed, versus its benchmark peers, Royal Tunbridge Wells has the 3rd highest percentage of Mass market retailers within its town centre. Only Worcester (49.7%) and Chester (53.3%) have larger Mass market segments.

6.3.1.3 The percentage of Premium retailers in Royal Tunbridge Wells (36.1%) is slightly underweight vs the benchmark average (38.1%). A total of seven benchmark locations have a higher Premium retail mix, including:

- Cambridge - 53.6%
- Guildford - 45.5%
- Oxford - 44.8%
- Solihull - 42.4%
- Bath - 40.5%
- Cheltenham - 40.1%
- York - 37.8%

Fig 16 – Retail Mix in Royal Tunbridge Wells vs Benchmark Centres

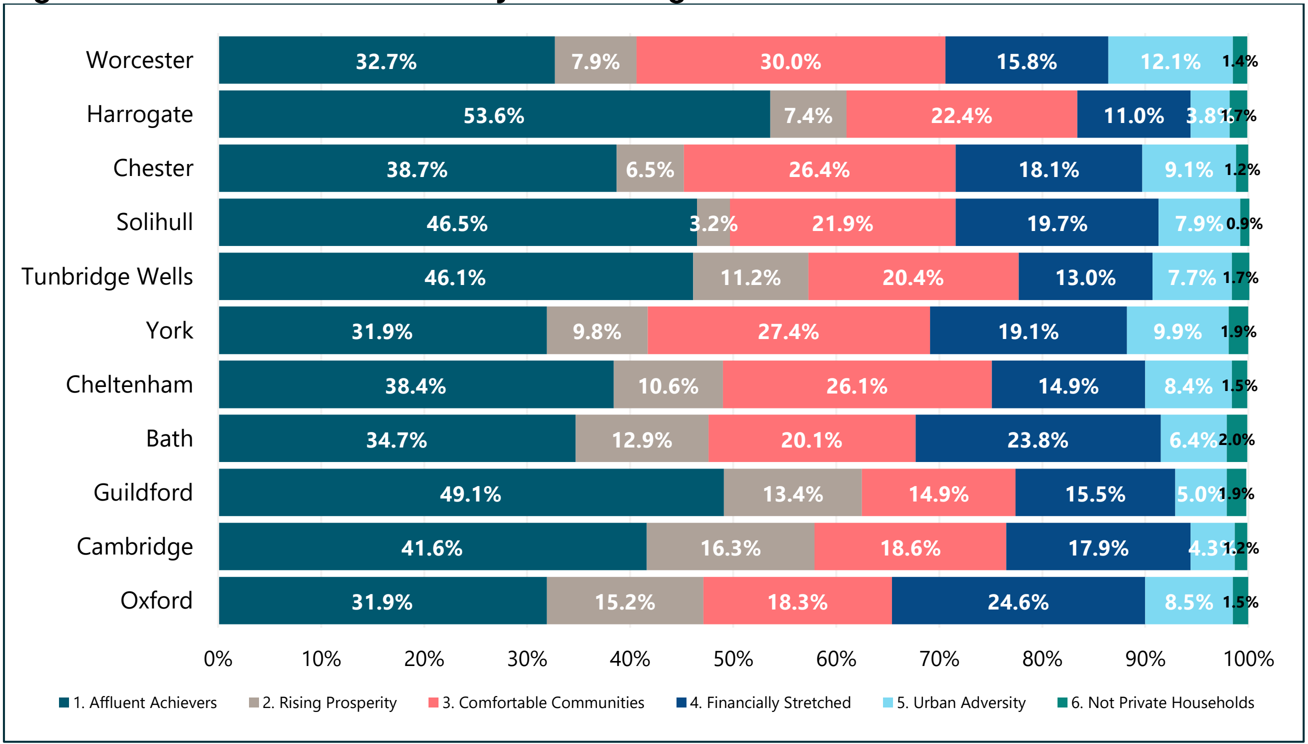


Source: CACI, Knight Frank

6.3.1.4 The relativities of retail mix also need to be put into the context of the audience that the town serves (for more detail please reference the *'Catchment Area and Consumer Demand'* section of this report).

6.3.1.5 Royal Tunbridge Wells' consumer profile shows that the catchment comprises an above average proportion of the most affluent consumers versus its peers (e.g. 'Affluent Achievers' 46.1% vs. a benchmark average 40.5%; and 'Rising Prosperity' 11.2% vs. benchmark average 10.4%) (Fig 17). Placing this in the context of Royal Tunbridge Wells' retail mix highlights a slight mismatch between the current retailing provision and the existing consumer catchment. This suggests there is some scope for the town to sharpen and expand its Premium retailing offer to better reflect the core consumers it serves.

Fig 17 – Consumer Profiles – Royal Tunbridge Wells vs Benchmark Centres



Source: CACI, Knight Frank

6.3.2 Retail Provision Scores

6.3.2.1 To drill down further in assessing the town's vitality, we use PMA's (Property Market Analysis) PROMIS (Property Market Information Service) data. This tends to be more granular and transparent than CACI's Retail Footprint Score.

6.3.2.2 According to PMA, Royal Tunbridge Wells has an overall town centre retail provision score of 174. This retail score is calculated based on the rating of four key facets, each deemed to constitute a successful town centre:

- Key Anchor Stores
- National and Regional Fashion Operators
- Non-fashion Provision
- F&B Multiples

6.3.2.3 The overall town centre score is an aggregation of these four facets. The score reflects both the size and quality of key anchor stores, variety stores, and fashion multiples. The score is cumulative and has no upper limit. The higher the score, the stronger the retail provision.

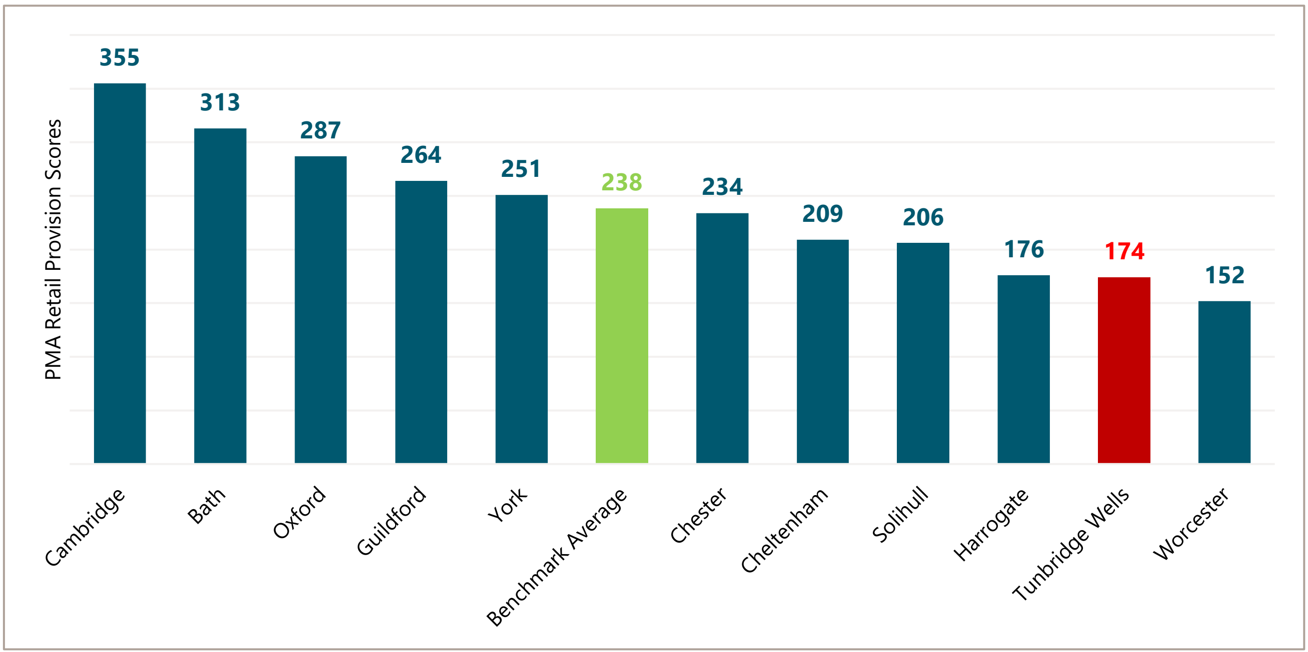
6.3.2.4 Royal Tunbridge Wells' score of 174 is some way below its benchmark peer average of 238. This ranks Royal Tunbridge Wells in 10th place out of 11 benchmarks, higher only than Worcester (152). Harrogate is the most comparable location in terms of retail provision with a score of 176, just two points ahead of Royal Tunbridge Wells. Several other benchmarks also score below the benchmark average, including Chester (234), Cheltenham (209), and Solihull (206), although these scores are higher than Tunbridge and well over 200. The locations with the highest retail provision scores are Cambridge (355), Bath (313), Oxford (287), Guildford (264) and York (251). This implies these nine benchmark locations have a much stronger quality of retail provision than Royal Tunbridge Wells.

Table 12 – Town Centre Retail Provision Scores

Centre	PMA Retail Provision Score
Bath	313
Cambridge	355
Cheltenham	209
Chester	234
Guildford	264
Harrogate	176
Oxford	287
Solihull	206
Tunbridge Wells	**174**
Worcester	152
York	251
Benchmark Average	**238**

Source: CACI, Knight Frank

Fig 18 – Town Centre Retail Provision Scores



Source: PMA, Knight Frank

6.3.2.5 A common criticism of PMA's ranking methodology is that it is driven purely by national multiples and does not factor in independent operators.

6.3.2.6 Royal Tunbridge Wells clearly has a strong and thriving independent sector, which will not be captured in the PMA ranking and may account for its 'underperformance' vs its peers. However, at the same time it is worth flagging that most of the benchmark centres also have a relatively strong independent offer and we doubt this is the sole cause of Royal Tunbridge Wells' below par score.

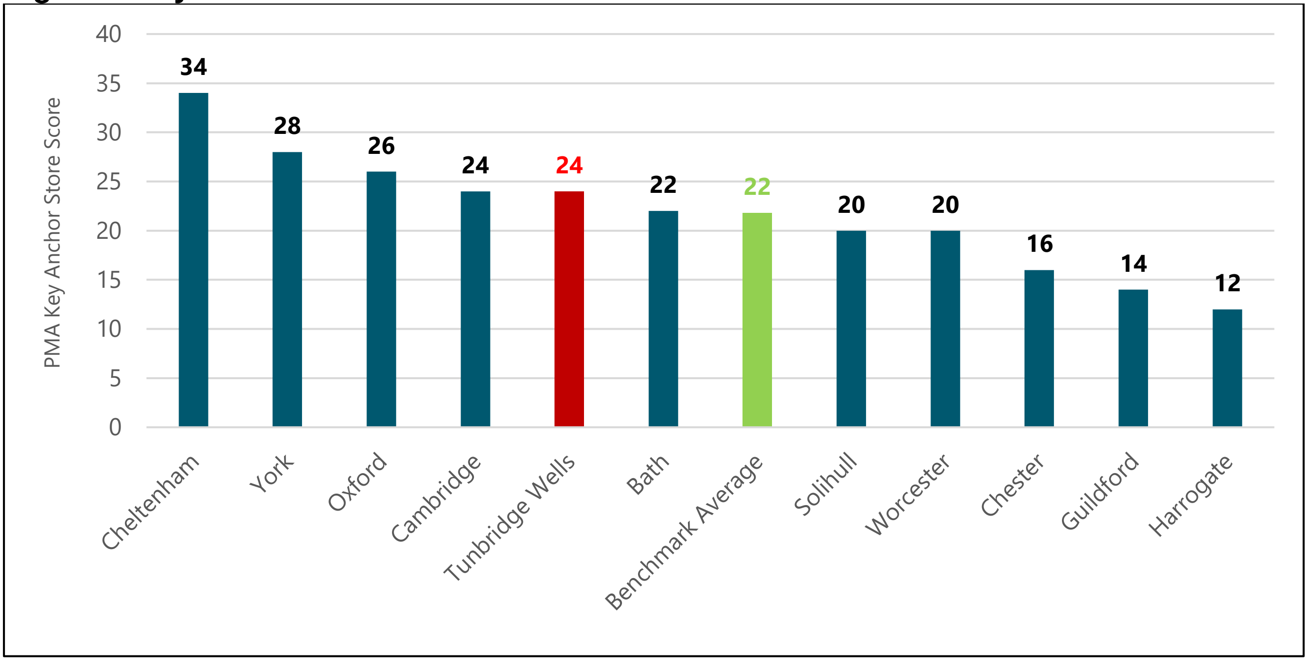
6.3.2.7 Drilling down to the constituent parts of the overall score provides greater transparency. Disaggregating the constituent parts of the overall retail provision score versus the 10 other benchmark centres shows Royal Tunbridge Wells ranks:

- 5th for Key Anchor Stores, scoring 24 (above the benchmark average score of 22) (Fig 19)
- 10th for National and Regional Fashion Stores, scoring 85 (below the benchmark average of 148) (Fig 20)
- 11th for F&B provision, scoring 30 (less than half the benchmark average of 65) (Fig 21)
- 8th for provision of 'Multiple' Retail Operator Brands, scoring 105 (below the benchmark average of 124) (Fig 22).

6.3.2.8 On this basis, Royal Tunbridge Wells is well-served by anchor/department stores (Fenwicks, Hoopers, M&S), although neither John Lewis nor House of Fraser are represented. The fact that the town did not have a Debenhams store has actually proved a blessing – the failure of the business in 2020 has proved problematic in many other towns across the country, including most of the benchmark centres.

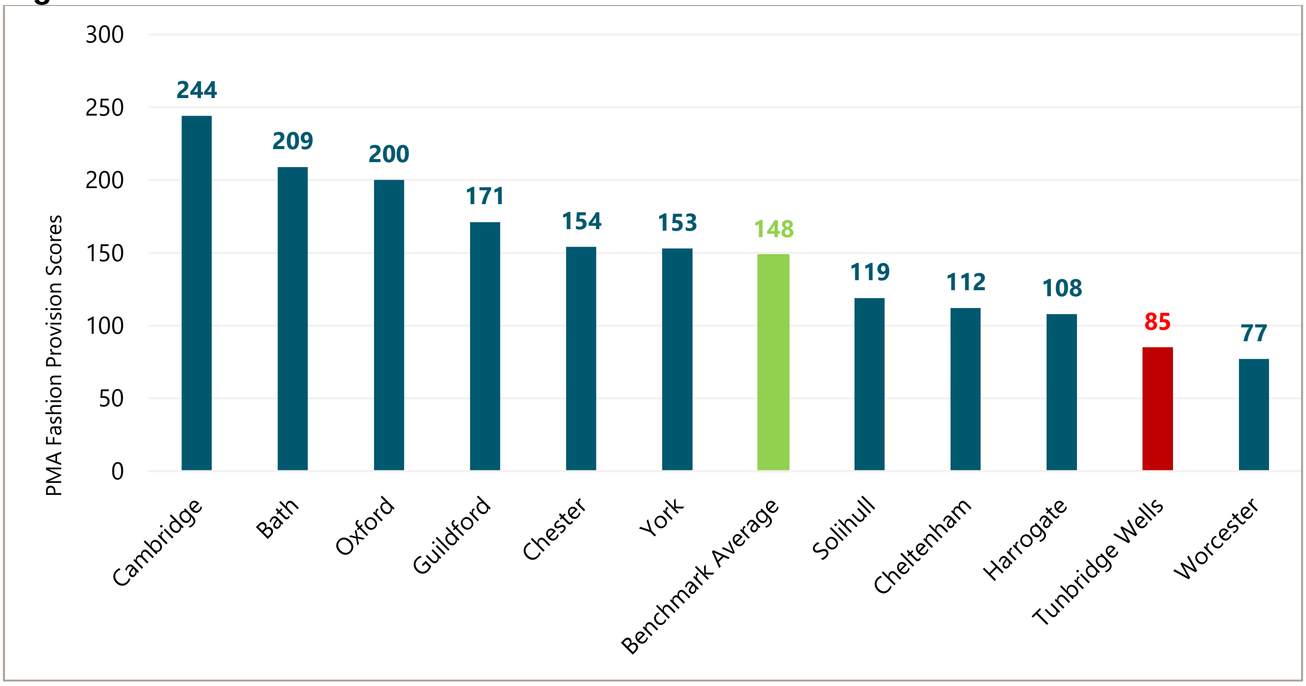
6.3.2.9 Overall, Tunbridge ranks below the benchmark average for three of the four constituent elements, namely National & Regional Fashion, F&B Provision and Multiple Retailers. By extension, these all represent areas for potential improvement, particularly F&B, where Royal Tunbridge Wells ranks last of the peer group.

Fig 19 – Key Anchor Store Scores



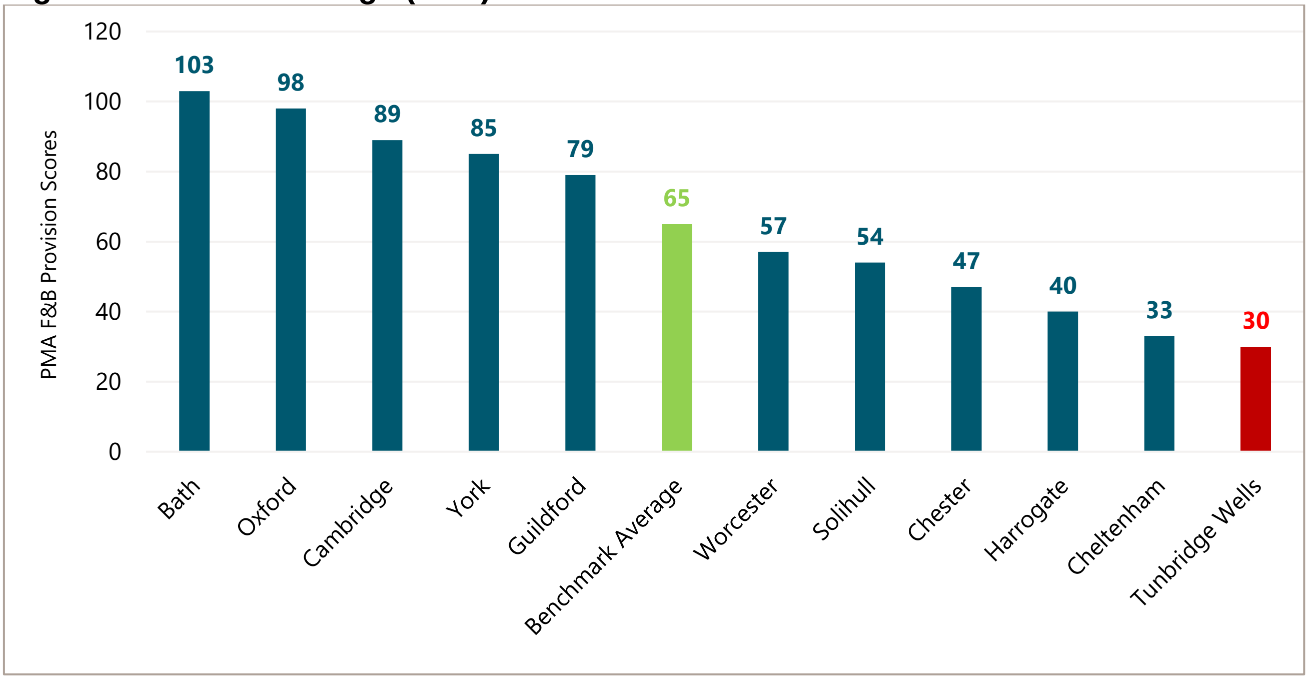
Source: PMA, Knight Frank

Fig 20 – Fashion Provision Scores



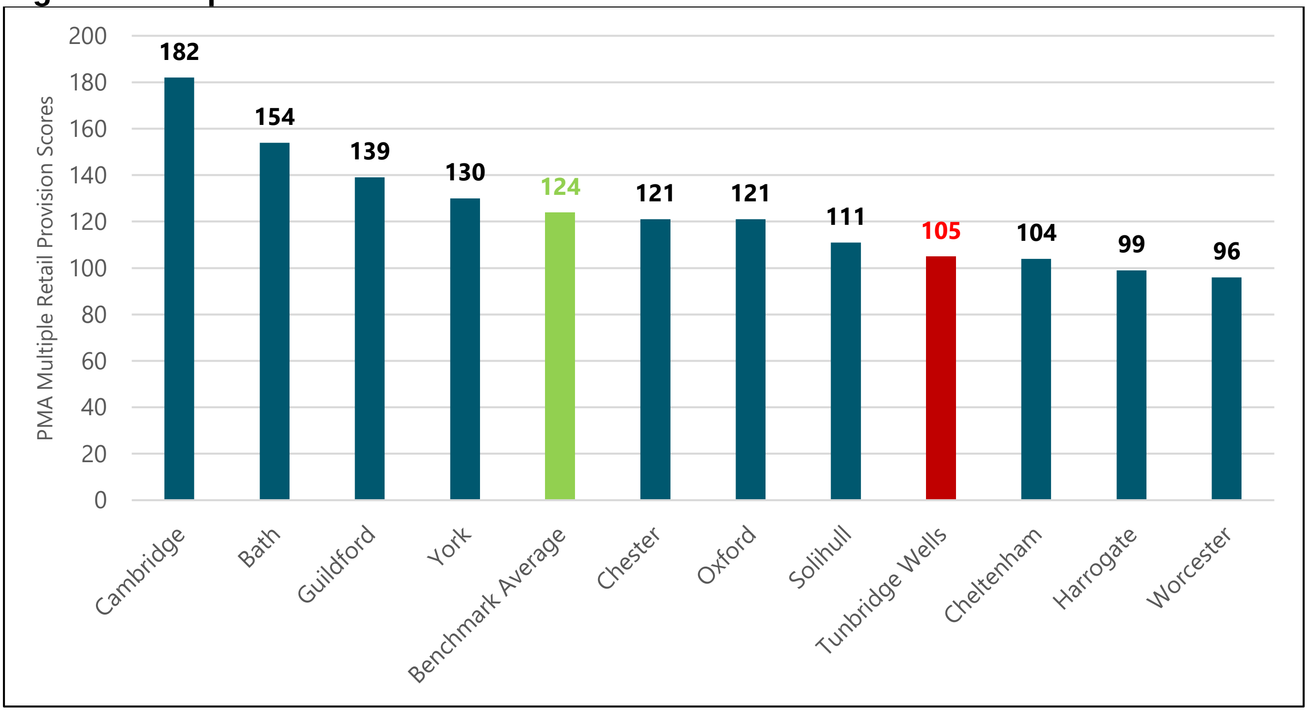
Source: PMA, Knight Frank

Fig 21 – Food & Beverage (F&B) Provision Scores



Source: PMA, Knight Frank

Fig 22 – Multiple Retail Provision Scores



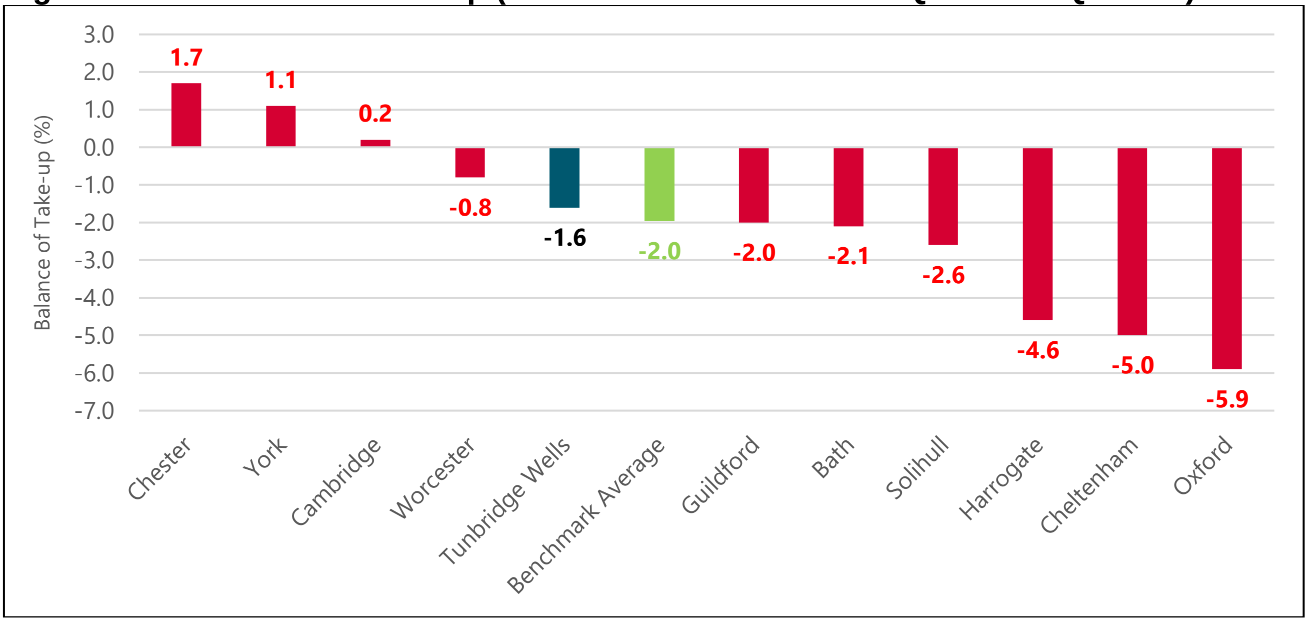
Source: PMA, Knight Frank

6.3.3 Occupiers: In-movers vs. Out-movers

6.3.3.1 Take-up is another useful high-level barometer of the health of a town centre. The net balance of take-up measures the number of retail tenants who move into a location, minus the out-movers, presented as a percentage of the total number of unit shops. The metric is both indicative of churn, also giving a broad reflection of occupier demand for a given location.

6.3.3.2 During the 12 month period between Q4 2021 – Q4 2022, Royal Tunbridge Wells' take-up registered a negative net balance (-1.6%), indicating there were a larger number of tenants moving out of the town centre than there were moving in. The out-movers basically fall into two camps – corporate failures/retrenchments or closures specific to Royal Tunbridge Wells. Examples of the former include Gap, Gap Kids and the Arcadia fascias (Topshop, Topman). The closures specific to Royal Tunbridge Wells are more indicative and may be prompted by a host of strategic decisions on the part of the tenants in question – store underperformance, lease expiry, rent/property cost unaffordability, site consolidation, relocation to an alternative site e.g. a local retail park.

Fig 23 – Net Balance of Take-up (In-movers vs. out-movers Q4 2021 – Q4 2022)



Source: PMA, Knight Frank

6.3.3.3 Although negative, the figure for Royal Tunbridge Wells is 40 bps above the benchmark average (-2.0%) indicating the level of churn is broadly in line with, if not slightly better than, its peers.

6.3.3.4 In total, seven of the benchmark locations saw a negative net balance in take-up during the period. Oxford experienced the most significant decline (-5.9%), followed by Cheltenham (-5.0%) and Harrogate (-4.6%). Only three benchmark locations achieved a positive net balance: Chester (+1.7%), York (+1.1%) and Cambridge (+0.2%) indicating more retailers moved into the location than moved out.

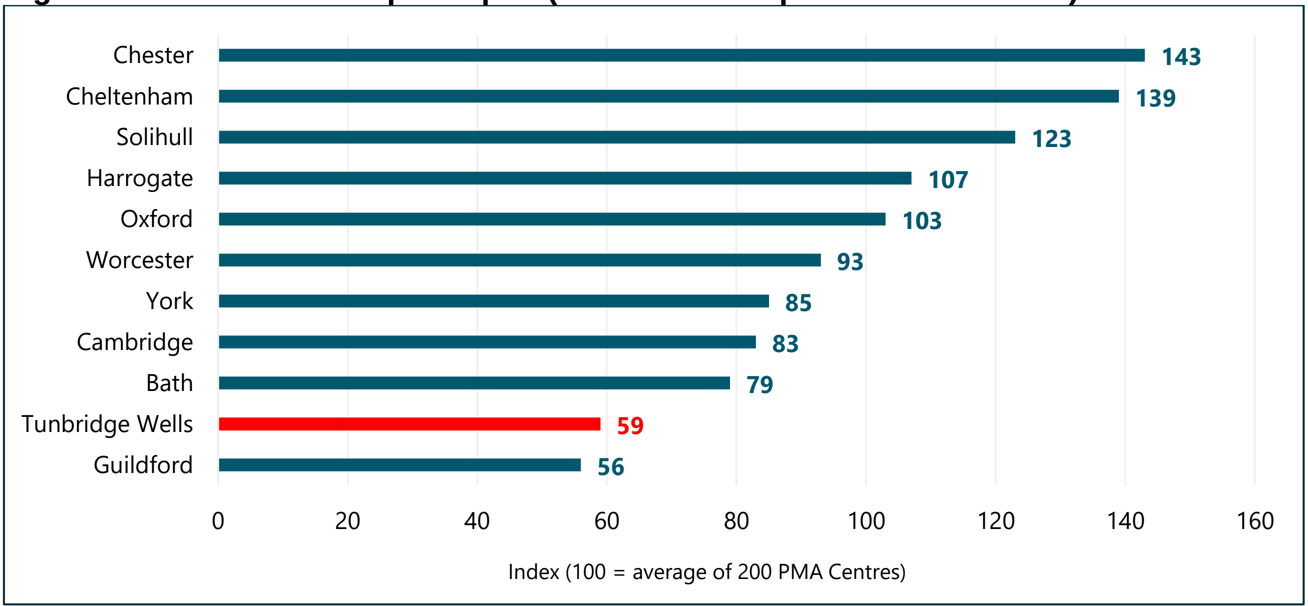
6.3.4 Cinema Screens / Leisure Provision

6.3.4.1 Our earlier top-line analysis suggested that Royal Tunbridge Wells was underweight in F&B. Other metrics suggest a significant shortfall in 'big box' Leisure provision, most notably cinemas.

6.3.4.2 Royal Tunbridge Wells has an extremely low number of cinema screens per capita. Cinema screen provision is well below that of the Top 200 UK retail locations, indexing well below the average (100) at 59. This is also the lowest of its benchmark peers, suggesting significant undersupply of a key leisure asset / anchor.

6.3.4.3 Cinema screen provision in Worcester, York, Cambridge, and Bath also lies below the UK average with indexation scores below <100, suggesting these locations are also under-supplied. Just five of the benchmark locations have cinema screen provision above the UK average with indexation scores above >100. These include Chester (143), Cheltenham (139), Solihull (123), Harrogate (107), and Oxford (103).

Fig 24 – Cinema screens per capita (Index 100 = Top 200 retail centres)



Source: PMA, Knight Frank

6.3.4.4 There is an obvious backstory to Royal Tunbridge Wells' under-supply in cinemas. The town's only dedicated cinema is located out-of-town, namely the Odeon at Knights Leisure Park (although recognising the Trinity Theatre does operate as a theatre/cinema, albeit limited provision). The former ABC Cinema on Mount Pleasant Road closed in 2000 and was demolished in 2014. Having changed ownership on multiple occasions, the site is still awaiting development 20+ years after closure.

6.3.4.5 We understand that previous planning proposals at the ABC site included a new cinema as part of a mixed-use development. New proposals drawn up by the new owners of the site (Retirement Village Group Ltd, planning reference: 22/02304/FULL) includes an element of commercial floorspace, but does not make explicit provision for a new cinema.

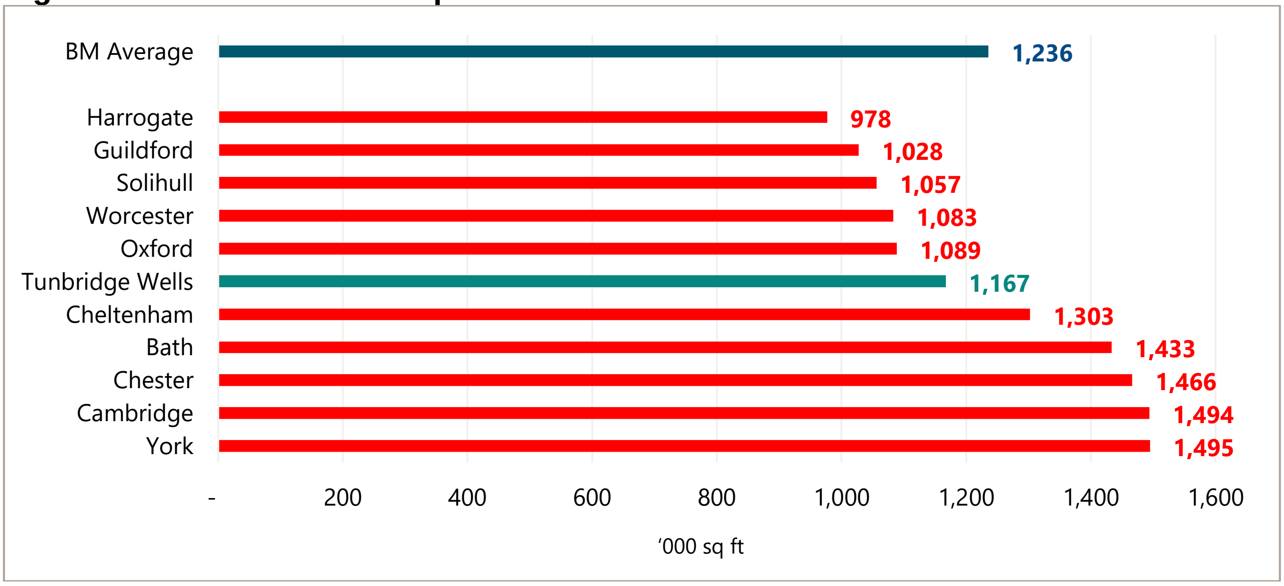
6.3.4.6 Royal Tunbridge Wells would benefit from having a new cinema within the recognised boundaries of the town centre (subject to there not being any restrictive covenants in place by Odeon). The former ABC site would have been the logical location, although redevelopment of Royal Victoria Place may also bring alternative sites into play (and we understand the previous owners had secured planning permission for a new cinema). Rather than a mainstream player (e.g. Vue, Cineworld, Odeon), the likely tenant would be one of the more boutique operators (e.g. Everyman, Picturehouse, Curzon).

6.3.4.7 As well as proving a destination in its own right, a new cinema would bring holistic benefits to the town centre's evening economy and prove a catalyst to improving the F&B offer.

6.4 Quantum of Floorspace

6.4.1 There is around 1,167,000 sq ft of floorspace (convenience and comparison goods) in Royal Tunbridge Wells. This is around 69,000 sq ft (ca. 5%) lower than the benchmark average. These supply metrics and capacity implications are analysed in depth in the subsequent chapters of this report ('*Assessment of Vacant Floorspace*' and '*Capacity Analysis*').

Fig 25 – Town Centre Floorspace

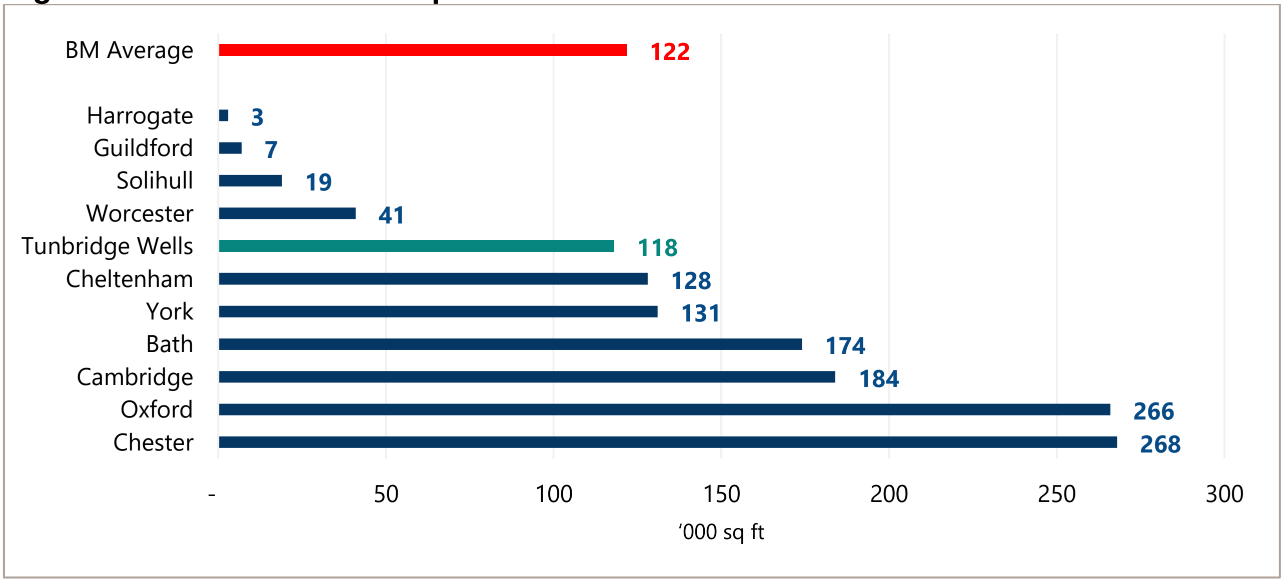


Source: PMA, Knight Frank

6.4.2 Similar analytics on the Leisure side again point to possible under-supply. Royal Tunbridge Wells has 118,000 sq ft of Leisure Park floorspace, marginally (3%) below the benchmark average.

6.4.3 In the context of the town centre itself, high supply of Leisure Park space could in effect be disadvantageous in that it diverts footfall and spend to out-of-centre locations. Those centres with low Leisure Park provision (Harrogate, Guildford, Solihull) may actually have consolidated their Leisure provision within their respective town centres.

Fig 26 – Leisure Park Floorspace

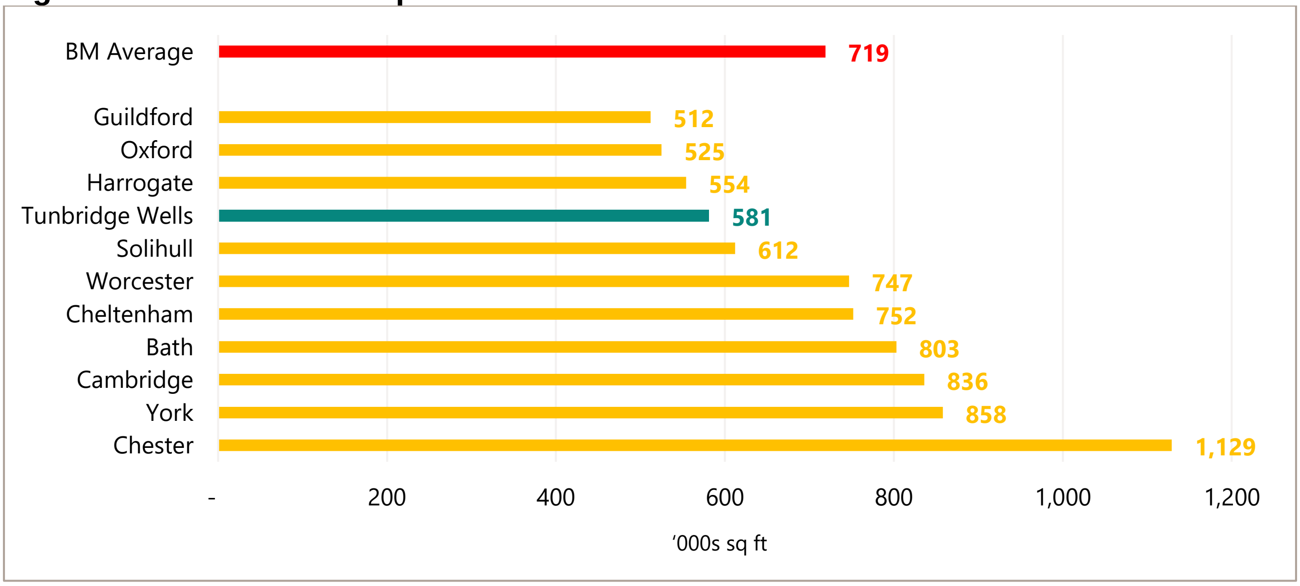


Source: PMA, Knight Frank

6.4.4 According to PMA, there is ca. 581,000 sq ft of foodstore space in Royal Tunbridge Wells and its wider hinterland. In absolute terms, this is the fourth lowest of the peer group and is around 138,000 sq ft (19%) lower than the peer group average.

6.4.5 Again, this points to possible upside potential, although realistically, any new large scale foodstore development is likely to take place outside the confines of the town centre itself due to site availability and accessibility issues.

Fig 27 – Foodstore Floorspace



Source: PMA, Knight Frank

6.5 Under- & Over-Supplied Retail Sectors

6.5.1 Benchmarking Royal Tunbridge Wells' current retail provision by trading activity (e.g. clothing, books, health & beauty, etc.) against the benchmark peer group average provides a top-line overview of the sectors in which the town is potentially well-, over- or under-supplied.

6.5.2 The analysis involves an examination of current supply in terms of floorspace (sq ft) and outlet count. The number of outlets, and total gross floorspace in each product category is aggregated for Royal Tunbridge Wells, and the benchmark locations. Royal Tunbridge Wells is then compared against the average of the benchmark centres.

6.5.3 The comparisons are best expressed as indices:

- an index of 100 indicates that Royal Tunbridge Wells is in line the benchmark average
- an index of more than 100 indicates that Royal Tunbridge Wells has more outlets or floorspace than the peer group average
- an index of below 100 indicates that Royal Tunbridge Wells is under-supplied in this category relative to its peers.

6.5.4 We have sub-divided the analysis into Retail (Table 13) and Leisure (Table 14). Sectors that appear significantly under-supplied are highlighted in **red**. Sectors that may be over-supplied are highlighted in **green**.

6.5.5 A number of bulky goods categories emerge as being well-supplied in Royal Tunbridge Wells, including Carpets & Flooring, DIY and furniture. In other centres, most of these product categories will have gravitated to out-of-town or retail park locations, whereas in Royal Tunbridge Wells, they have maintained a significant in-town presence. Health & Beauty sub-sectors are also well-represented, with Royal Tunbridge Wells having more than twice the number of chemists compared to the benchmark centre average.

6.5.6 Although it is ostensibly 'under-weight' in supermarkets, most of Royal Tunbridge Wells' major foodstores are located outside the boundaries of the town centre itself. It more than compensates on the food specialist front, over-indexing vs the benchmark average in greengrocers, fishmongers, grocers & delicatessens and health food shops.

6.5.7 Other categories in which it is well-supplied / possibly 'overweight' include financial services, sports, camping & leisure goods, childrens & infant's wear, dry cleaners & launderettes and charity shops.

6.5.8 At the other end of the spectrum, sectors in which the town is potentially 'under-supplied' include footwear, greetings cards, toys, games & hobbies, ladies and menswear, travel agents and building societies.

Table 13 – Retail Unit & Floorspace Provision, by product category

Category	Unit Index (100=average)	Floorspace Index (100=average)
Antique Shops	139	103
Art & Art Dealers	100	69
Bakers & Confectioners	63	66
Booksellers	87	64
Building Societies	**31**	**44**
Butchers	67	48
Carpets & Flooring	**373**	**190**
Charity Shops	**190**	**213**
Chemist & Drugstores	**227**	**167**
Childrens & Infants Wear	**169**	**139**
Clothing General	111	50
Confectionery, Tobacco & News	137	150
Convenience Stores	83	94
Crafts, Gifts, China & Glass	**53**	**52**
Cycles & Accessories	**33**	**81**
Department & Variety Stores	**184**	**141**
DIY & Home Improvement	**263**	**190**
Dry Cleaners & Launderettes	**222**	**224**
Electrical & Other Durable Goods	104	85
Financial Services	**171**	**404**
Fishmongers	200	200
Florists	95	57
Footwear	**48**	**48**
Frozen Foods	200	97
Furniture Fitted	**291**	**302**
Furniture General	**277**	**162**
Greengrocers	**200**	**150**
Greeting Cards	**65**	**68**
Grocers & Delicatessens	**170**	**173**
Hardware & Household Goods	140	92
Health & Beauty	**156**	**128**
Health Foods	121	79
Jewellery, Watches & Silver	96	98
Ladies & Mens Wear & Acc.	**20**	**26**
Ladies Wear & Accessories	79	51
Mens Wear & Accessories	79	40
Music & Musical Instruments	150	274
Music & Video Recordings	**43**	**44**
Newsagents & Stationers	102	111
Off Licences	71	51
Opticians	96	75
Photo Processing	100	75
Photographic & Optical	75	105
Retail Banks	85	65
Shoe Repairs & Key Cutting	71	133
Sports, Camping & Leisure Goods	**157**	**165**
Supermarkets	36	4
Telephones & Accessories	98	68
Textiles & Soft Furnishings	114	64
Toiletries, Cosmetics & Beauty Products	60	71
Toys, Games & Hobbies	**67**	**66**
Travel Agents	**75**	**82**
TV, Cable & Video Rental	100	100

Source: GOAD, Knight Frank

6.5.9 A much clearer picture emerges on the Leisure side - Royal Tunbridge Wells is seemingly underweight across the majority of the various Leisure sub-sectors, indicating significant under-supply. Only one category (Casino's & Betting) indexes above the benchmark average (114) in terms of number of units.

6.5.10 Core night-time economy sectors are all conspicuous by their absence, including Bingo & Amusements, Clubs and Disco, Dance & Nightclubs. All three index zero (0) on both unit and floorspace indices. (NB There may be some nuances of definition between e.g. pubs, bars and nightclubs).

6.5.11 F&B generally is under-represented in the town. There are 25% fewer restaurants in Royal Tunbridge Wells compared to the benchmark average, 40% fewer cafes and 50% fewer pubs. This reinforces our opinion that there is considerable scope to enhance the catering proposition in the town.

Table 14 - Leisure Unit & Floorspace Provision, by product category

Category	Unit Index (100=average)	Floorspace Index (100=average)
Bars & Wine Bars	**68**	**39**
Bingo & Amusements	**0**	**0**
Cafes	**60**	**64**
Casinos & Betting Offices	114	101
Cinemas, Theatres & Concert Halls	**25**	**32**
Clubs	**0**	**0**
Disco, Dance & Nightclubs	**0**	**0**
Fast Food & Take Away	93	82
Hotels & Guest Houses	**58**	**27**
Libraries, Museums & Art Galleries	**26**	**5**
Public Houses	**51**	**40**
Restaurants	**75**	**48**
Sports & Leisure Facilities	93	61

Source: GOAD, Knight Frank

6.6 Unit Size Analysis

6.6.1 At a more micro level, our audit examines retailers that already trade in Royal Tunbridge Wells and compares the floorspace they occupy in the town against their sister stores in the peer group of benchmark centres.

6.6.2 Note, by its nature, this exercise can only be applied to multiple retailers. Additionally, the outputs are based purely on GOAD data and therefore refer to gross floorspace rather than net selling area. Another possible distorting factor could arise where units trade from multiple floors and this is not picked up in GOAD floorspace numbers.

6.6.3 By way of clarification:

- 'Frequency' refers to the number of stores that retailer has across the benchmark centres, giving an indicator as to the size of the comparison sample
- 'Average unit size' refers to the gross floorspace (sq ft) that retailer occupies in the benchmark centres where it trades
- 'Royal Tunbridge Wells unit size' gives the GOAD gross floorspace of that retailer in Royal Tunbridge Wells
- 'Difference (ft²)' provides the absolute differential between the Royal Tunbridge Wells unit and the benchmark average
- 'Difference (%)' provides the same differential in percentage terms

Table 15 – Under-spaced Units in Royal Tunbridge Wells (>1,000 sq ft)

Fascia	Category	Frequency In Benchmarks	Average Unit Size	TW Unit Size	Difference (sq ft)	Difference (%)
Martin & Co	Property Services	4	2,200	400	- 1,800	-450%
Boots Opticians	Opticians	4	3,525	700	- 2,825	-404%
Specsavers Hearcare	Other Comparison Goods	1	1,800	400	- 1,400	-350%
And So To Bed	Furniture General	1	4,800	1,100	- 3,700	-336%
Castle Fine Art	Art & Art Dealers	5	4,440	1,100	- 3,340	-304%
Aga	Hardware & Household Goods	1	1,900	500	- 1,400	-280%
Framptons	Bars & Wine Bars	1	4,800	1,400	- 3,400	-243%
British Heart Foundation	Charity Shops	2	6,850	2,200	- 4,650	-211%
Lloyds	Retail Banks	7	7,257	2,400	- 4,857	-202%
Hobbs	Ladies Wear & Accessories	8	2,488	900	- 1,588	-176%
HMV	Music & Video Recordings	6	4,450	1,900	- 2,550	-134%
Mandarin Stone	DIY & Home Improvement	1	2,100	900	- 1,200	-133%
YMCA	Hotels & Guest Houses	3	7,133	3,100	- 4,033	-130%
Barclays	Retail Banks	10	4,350	1,900	- 2,450	-129%
Jigsaw	Ladies Wear & Accessories	6	2,450	1,100	- 1,350	-123%
Holland & Barrett	Health Foods	5	3,560	1,600	- 1,960	-123%
Farrow & Ball	DIY & Home Improvement	4	2,000	900	- 1,100	-122%
Superdry	Ladies & Mens Wear & Acc.	7	6,071	2,800	- 3,271	-117%
Wilko	Department & Variety Stores	3	15,500	7,200	- 8,300	-115%
Anthropologie	Ladies Wear & Accessories	5	4,640	2,200	- 2,440	-111%
Iceland	Frozen Foods	4	7,750	3,750	- 4,000	-107%
HSBC	Retail Banks	10	4,930	2,400	- 2,530	-105%
Prezzo	Restaurants	6	2,767	1,400	- 1,367	-98%
Sue Ryder Care	Charity Shops	3	2,400	1,300	- 1,100	-85%
Giggling Squid	Restaurants	3	2,867	1,600	- 1,267	-79%
Pitcher & Piano	Bars & Wine Bars	2	3,550	2,000	- 1,550	-78%
Hotel Du Vin & Bistro	Hotels & Guest Houses	1	11,300	6,500	- 4,800	-74%
Cote	Restaurants	10	3,000	1,800	- 1,200	-67%
The Works	Booksellers	9	2,722	1,700	- 1,022	-60%
WH SMith	Newsagents & Stationers	12	6,658	4,167	- 2,492	-60%
Santander	Retail Banks	10	3,290	2,100	- 1,190	-57%

Source: GOAD, Knight Frank

6.6.4 Approximately 90 operators emerge as being 'under-spaced' relative to the benchmark centres.

6.6.5 Although the majority of these are under-spaced by less than <1,000 sq ft, there are a number (ca. 36) of operators where the difference is more than >1,000 sq ft (Table 15). This includes 31 operators that trade from units less than half the size of their respective benchmark averages.

6.6.6 The former Boots Opticians fell into this category (700 sq ft in Royal Tunbridge Wells vs. 3,525 sq ft Average in Benchmark Centres). In absolute terms, this store was under-spaced by a significant -1,800 sq ft, or -404% in percentage terms. The store has since closed since the last GOAD audit and been consolidated into the main Boots store, probably on these grounds.

6.6.7 Other operators that emerge as being under-spaced include:

- Hobbs (900 sq ft vs. 2,500 sq ft Average)
- Farrow & Ball (900 sq ft vs. 2,000 sq ft Average)
- Prezzo (1,400 sq ft vs. 2,676 sq ft Average)
- Cote (1,800 sq ft vs. 3,000 sq ft Average)

6.6.8 These retailers are the most likely candidates for re-location / expansion given they are currently trading in compromised space.

6.6.9 Looking below the 1,000 sq ft threshold (>50%), there are several other occupiers that are 'under- spaced' (Table 16) including:

- Vodafone (800 sq ft in Royal Tunbridge Wells vs. 1,740 sq ft Average in Benchmark Centres)
- Krispy Kreme (200 sq ft vs. 500 sq ft Average)
- IStore (1,200 sq ft vs. 2,000 sq ft Average)
- Lush (900 sq ft vs. 1,440 sq ft Average)

Table 16 – Under-spaced units in Royal Tunbridge Wells (<1,000 sq ft)

Fascia	Category	Frequency In Benchmarks	Average Unit Size	TW Unit Size	Difference (sq ft)	Difference (%)
Vodafone	Telephones & Accessories	10	1,740	800	-940	-118%
Amplifon	Other Comparison Goods	7	1,043	500	-543	-109%
Bengal Brasserie	Restaurants	1	1,000	500	-500	-100%
Krispy Kreme	Fast Food & Take Away	2	400	200	-200	-100%
Specsavers	Opticians	17	1,347	700	-647	-92%
Winkworth	Property Services	2	1,250	700	-550	-79%
Tui	Travel Agents	5	1,600	900	-700	-78%
Monsoon	Ladies Wear & Accessories	4	2,200	1,300	-900	-69%
Cex	Toys, Games & Hobbies	2	1,850	1,100	-750	-68%
Oliver Bonas	Ladies Wear & Accessories	4	1,850	1,100	-750	-68%
Istore	Electrical & Other Durable Goods	2	2,000	1,200	-800	-67%
Cancer Research UK	Charity Shops	4	1,000	600	-400	-67%
Harvey Jones Kitchens	Furniture Fitted	1	1,000	600	-400	-67%
Lush	Toiletries, Cosmetics & Beauty Products	10	1,440	900	-540	-60%
Top Nails	Health & Beauty	1	800	500	-300	-60%
Mint Velvet	Clothing General	4	1,900	1,200	-700	-58%
Moss	Mens Wear & Accessories	8	2,188	1,400	- 788	-56%
White Stuff	Clothing General	10	2,130	1,400	-730	-52%
Savills	Property Services	6	2,117	1,400	-717	-51%
Office	Footwear	5	2,700	1,800	-900	-50%

Source: GOAD, Knight Frank

6.7 Assessing Occupier Demand

6.7.1 Despite the pandemic and current market conditions, there is still demand for units within Royal Tunbridge Wells, with a number of operators having active requirements (by definition, stated demand for space in the town from individual retailers). As of August 2022, commercial data provider The Requirement List listed ca. 25 active requirements (Tables 17-19), although some of these requirements may have been fulfilled in the interim.

Table 17 – Out of Town Requirements

Occupier	Description	REQUIREMENT (SQ FT)	
		MIN	MAX
Aldi	Supermarket	18,000	20,000
Matalan	Fashion & Homewares	15,000	25,000
Lidl	Supermarket	18,000	26,000
Machine Mart	Tools & Machinery	1,500	8,000

Source: The Requirement List, Knight Frank

Table 18 – Retail and F&B Requirements

Occupier	Description	REQUIREMENT (SQ FT)	
		MIN	MAX
Menkind	Gifts & Gadgets	1,500	4,000
Free People	Womens Clothing	1,200	3,000
Bodycare	Health & Beauty	2,000	3,000
Zambrero	Healthy Mexican Food	800	2,000
Brook Taverner	Tailors	1,500	-
Aga Rangemaster	Kitchen Appliances	3,000	4,000
Ole & Steen	Danish Bread & Pastries	1,500	3,000
Savers	Discount Health & Beauty	2,000	3,500
Fone World	Mobile Phone Retailer	300	800
Babasheesh	Turkish Restaurant & Cocktail Bar	560	6,000
Dune	Shoe Shop	800	1,500
Ollie Quinn	Eyewear	400	800
Taco Bell	Fast Food	1,200	2,500
Mcmullen & Sons	Pub & Brewery	2,500	5,000
Fennies Day Nursery	Childrens Nurseries	4,000	7,000
63rd + 1st	Restaurant & Bar	4,000	7,000
Vapiano	Euro-chic Restaurant	3,500	12,000

Source: The Requirement List, Knight Frank

Table 19 – Substantial Leisure Requirements

Occupier	Description	REQUIREMENT (SQ FT)	
		MIN	MAX
Everyman Cinema	Cinema	8,000	15,000
David Lloyd Leisure	Health & Fitness	4,000	-
Travelodge	Hotel	10,000	40,000

Source: The Requirement List, Knight Frank

6.7.2 The requirement list quantifies demand from several high-profile brands who are currently absent from Royal Tunbridge Wells. Encouragingly, there is a diversity of operators spanning convenience, value, mass, and premium, across the retail & leisure sectors. These include operators in:

- Fashion & Footwear (e.g. Free People, Matalan, Dune)
- Health, Beauty & Fitness (e.g. Savers, Bodycare, David Lloyd),
- Restaurants, Bars, and Pubs (e.g. Vapiano, Taco Bell, Zambrero)
- Hotel & Leisure (e.g. Travelodge, Everyman)

6.7.3 By the nature of their operation, some of the requirements are better suited for out-of-town or retail park locations (Table 17) including Aldi, Lidl, Machine Mart, and Matalan. However the majority would be suitable for infill in a town centre location (Table 18), with a range of sizing requirements ranging from 300 sq ft to 12,000 sq ft.

6.7.4 Notably, there are also active requirements for more substantial unit sizes. These would add substantially to the vibrancy of an in-town scheme or mixed-use development and are potentially transformational, specifically:

- Travelodge (10,000 sq ft - 40,000 sq ft)
- Everyman (8,000 sq ft - 15,00 sq ft)
- David Lloyd (minimum of 4,000 sq ft+).

6.7.5 There are some question marks as to whether the Travelodge requirement is genuine or current, as they already have a site outside the town centre on Mount Ephraim. Either the requirement is historic, they are looking to relocate or they want an additional site. The same caveat applies to Aldi and Lidl. Unfortunately, this is unclear from the requirements data.

6.8 Operator Gap Analysis

6.8.1 Identification of ‘missing’ retailers pinpoints operators that currently trade in benchmark locations but are currently absent from Royal Tunbridge Wells. This provides a rich list of potential new tenants who could be attracted to the town centre as part of its natural churn, or more likely, through renewed investment and strategic development.

6.8.2 For this analysis, operators are ranked by the frequency they appear in the peer centres (‘count’), giving an indicative sense of priority. Also included are the average unit sizes (gross sq ft) that each retailer occupiers across the benchmark centres.

6.8.3 Note that the GOAD database is updated on a rolling basis and represents a point-in-time view. For example, the data for Royal Tunbridge Wells was last updated in May 2022. As a result, gap analysis will not always take into account any changes that have occurred in the interim. For example, some of the retailers identified as missing from Royal Tunbridge Wells may have opened in the last three/four months.

6.8.4 A recent site visit confirmed that a number of the identified 'gap' retailers have now acquired sites and were undergoing fit-out, including Trailfinders (30 Calverley Road), Five Guys (113 – 115 Mount Pleasant Road) and Urban Outfitters (152 Calverley Road, the former TopShop/TopMan unit). That some identified missing retailers are taking space is provides proof of the 'gap' analysis concept. Likewise, the analysis will not take into account retailers that have previously traded in Royal Tunbridge Wells but have withdrawn from the market e.g. H&M, River Island, Joules, Ann Summers. These retailers will show up as current gaps, despite their history in Royal Tunbridge Wells.

6.8.5 The analysis shows ca. 350 retailers trade in at least two of the benchmark centres . Of these, around 90 trade in at least four of the benchmark centres (Tables 20 and 21). Nando's, Ladbrokes, New Look, McDonald's and TK Maxx are the most frequent 'gap retailers', each having at least 10 outlets across the benchmark locations.

6.8.6 Key Large and Medium Space Users (LSUs and MSUs) to emerge from the gap analysis include:

- Primark, with an average unit size across benchmark locations of 19,113 sq ft
- John Lewis & Partners (58,113 sq ft)
- House of Fraser (39,360 sq ft)
- Waitrose & Partners (38,450 sq ft)
- H&M (8,089 sq ft)
- Zara (7,900 sq ft)

6.8.7 The list of 'gaps' also includes a whole host of retailers which could enhance Royal Tunbridge Wells' retail mix and make it better aligned with its existing consumer demographic, as previously highlighted in this report.

6.8.8 Clearly, a 'gap' analysis is an exercise in assessing potential demand rather than reflecting actual demand. Not every operator identified as a 'gap' will necessarily want to take space in Royal Tunbridge Wells, for a variety of reasons. Some may already have a local presence out of town, on a retail or leisure park. This includes the likes of TK Maxx, New Look and Odeon. Realistically, few of these operators are likely to 'double up' and also take space in the town centre itself.

6.8.9 Similarly, it may prove difficult to re-attract 'gap' retailers that were formerly tenants in Royal Tunbridge Wells, an extensive list that includes the likes of H&M, River Island, Joules, Phase Eight, Rohan, Ann Summers, H Samuel and Ecco. Even the prospect of a newer, better store at a lower rent may not be sufficient incentive for these operators. Experience would suggest that very few retailers venture back to locations that have left, particularly if this exit was fairly recent i.e. within the last 2-3 years.

6.8.10 But the length of the list the 'gaps' identified suggests that the potential pool of new occupiers is a still a significant one.

Table 20 – Selected Retailer 'Gaps' (frequency >4)

Fascia	Category	Count	Average Unit Size (sq ft)	Note
New Look	Ladies & Mens Wear & Acc.	11	10,309	Trades OOT
T K Maxx	Clothing General	10	14,250	Trades OOT
H&M	Clothing General	9	8,089	Former Tenant
River Island	Ladies & Mens Wear & Acc.	9	5,767	Former Tenant
Joules	Clothing General	9	1,889	Former Tenant
Toni & Guy	Health & Beauty	9	1,478	Former Tenant
John Lewis & Partners	Department & Variety Stores	8	58,113	
Primark	Clothing General	8	19,113	
Zara	Ladies & Mens Wear & Acc.	8	7,900	
Schuh	Footwear	8	2,700	
Phase Eight	Ladies Wear & Accessories	8	1,838	Former Tenant
Rohan	Clothing General	8	1,350	Former Tenant
Smiggle	Newsagents & Stationers	8	1,200	Former Tenant
Mountain Warehouse	Clothing General	7	3,286	
Reiss	Ladies & Mens Wear & Acc.	7	2,843	
Bravissimo	Ladies Wear & Accessories	7	2,314	
Yorkshire	Building Societies	7	1,886	
Ann Summers	Ladies Wear & Accessories	7	1,429	Former Tenant
Ecco	Footwear	7	1,071	Former Tenant
The Entertainer	Toys, Games & Hobbies	6	4,317	
Savers	Toiletries, Cosmetics & Beauty Products	6	3,233	
TSB	Retail Banks	6	2,383	Former Tenant
Virgin Money	Retail Banks	6	2,067	
Age UK	Charity Shops	6	1,683	
Whitewall	Art & Art Dealers	6	1,283	
Kuoni	Travel Agents	6	1,150	
House Of Fraser	Department & Variety Stores	5	39,360	
Skechers	Footwear	5	2,540	
Levi`s Store	Ladies & Mens Wear & Acc.	5	2,020	
Skipton	Building Societies	5	1,860	
H Samuel	Jewellery, Watches & Silver	5	1,640	Former Tenant
Beaverbrooks	Jewellery, Watches & Silver	5	1,600	
Toast	Ladies Wear & Accessories	5	1,160	
Swarovski	Crafts, Gifts, China & Glass	5	760	Former Tenant
Urban Outfitters	Clothing General	5	6,080	Opening Pending
Goldsmiths	Jewellery, Watches & Silver	5	1,680	
Waitrose & Partners	Supermarkets	4	38,450	
Mango	Ladies Wear & Accessories	4	3,750	
Ted Baker	Ladies & Mens Wear & Acc.	4	2,850	
Flying Tiger	Hardware & Household Goods	4	2,750	
Gant	Clothing General	4	2,100	
Cafe W	Cafes	4	1,400	
Brora	Clothing General	4	1,400	Former Tenant
Leaders	Property Services	4	1,350	
Soho Coffee Co	Cafes	4	1,200	
Whistles	Ladies Wear & Accessories	4	1,150	Former Tenant
Regis	Health & Beauty	4	1,150	
Shuropody	Footwear	4	1,125	
Celly`s	Health & Beauty	4	975	
Crew Clothing Co	Ladies & Mens Wear & Acc.	4	925	
Molton Brown	Toiletries, Cosmetics & Beauty Products	4	875	
Up & Running	Sports, Camping & Leisure Goods	4	1,150	

Source: GOAD, Knight Frank

Table 21 – Selected Leisure 'Gaps'

Fascia	Category	Count	Average Unit Size (sq ft)	Note
Nando`s	Restaurants	13	2,962	
Ladbrokes	Casinos & Betting Offices	13	1,600	
McDonald`s	Fast Food & Take Away	11	4,227	Trades OOT
Zizzi	Restaurants	9	3,078	Former Tenant
Five Guys	Fast Food & Take Away	9	2,822	Opening Pending
All Bar One	Bars & Wine Bars	8	4,225	
Travelodge	Hotels & Guest Houses	8	3,638	Trades OOT
Turtle Bay	Restaurants	6	3,650	
Yo! Sushi	Restaurants	6	2,467	
Odeon	Cinemas, Theatres & Concert Halls	6	15,833	Trades OOT
Revolution	Bars & Wine Bars	5	5,800	
Itsu	Restaurants	5	2,440	
KFC	Fast Food & Take Away	5	1,440	Trades OOT
Brewdog	Bars & Wine Bars	4	3,250	
Society	Bars & Wine Bars	4	1,625	
William Hill	Casinos & Betting Offices	4	1,525	

Source: GOAD, Knight Frank

6.9 Summary

6.9.1 Our retail audit highlights significant upside potential for the town's 'vitality and viability'. It is not designed to be prescriptive, but rather to highlight a number of areas for potential improvement. In general, there is considerable scope to sharpen up the town's proposition, enhancing the tenant mix and giving people more reason to visit. Unlocking this latent potential needs to be one of the central planks of the Masterplan.

7. ASSESSMENT OF VACANT FLOORSPACE

7.1 Background

7.1.1 Vacant units (or voids) are the most obvious manifestation of a struggling town centre. As well as being a blot on the landscape, vacant rates are a strong barometer of the dynamics of supply versus occupier demand.

7.1.2 At face value, high vacancy rates can be a simple reflexion of over-supply. Conversely, they may equally reflect low occupier demand. But there are also interesting shades of grey in-between these two pillars. For example, is vacancy being driven by unaffordable rents/total property costs i.e. there would be demand if occupational costs were lower. Or are the vacant units ill-suited to the demands of would-be occupiers in terms of pitch, configuration or size? By extension, would the demand be there, if vacant supply on offer were different?

7.1.3 As well as assessing Royal Tunbridge Wells' vacancy levels (current and historic) at a town level (and comparing this to the benchmark centres), we also appraise voids at a more micro level. Having undertaken an extensive site visit to the town, we believe the best means of understanding vacancy and appraising the prospects for reoccupation is to divide the centre into a number of key zones. These are notional but fairly logical in terms of the town's lay-out and underlying dynamics:

- The Pantiles
- High Street
- Mount Pleasant
- Calverley Road and environs
- Royal Victoria Place

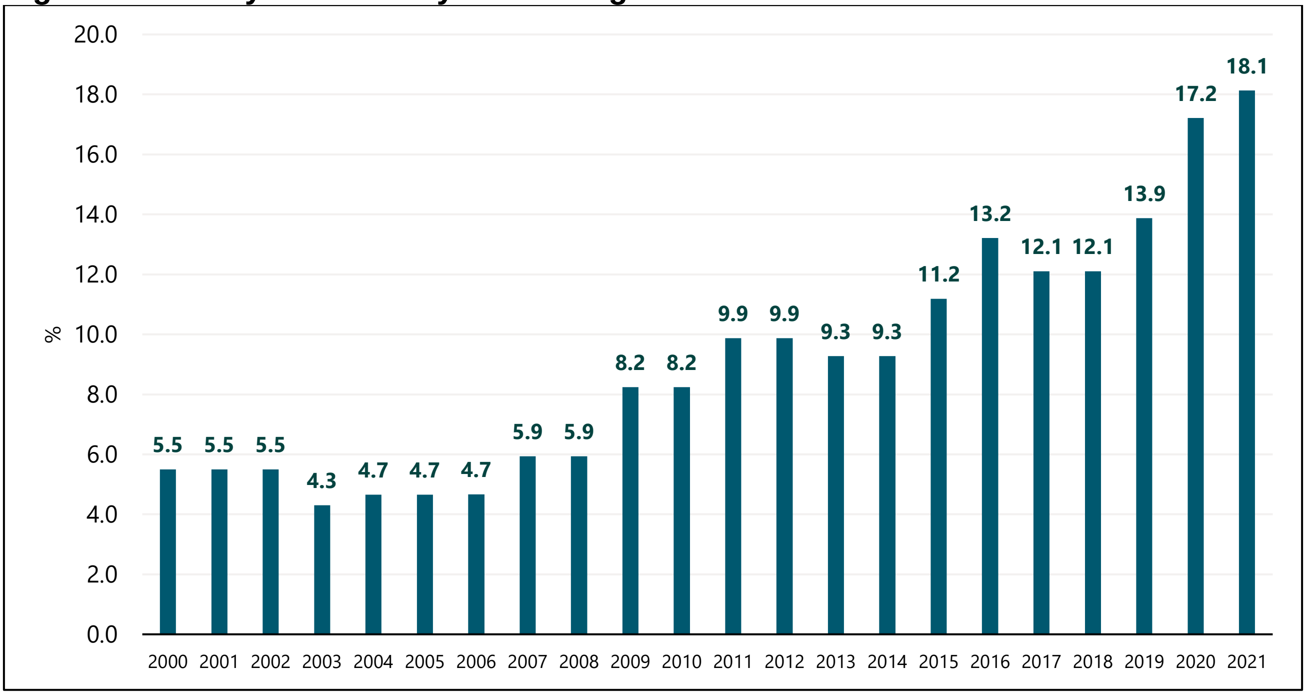
7.1.4 These zones are fairly self-defining but there are some areas of potential cross-over. For clarity, Camden Road is included in Calverley Road and environs, and Grosvenor Road is included in Mount Pleasant.

7.2 Current and historic vacancy rates in Royal Tunbridge Wells

7.2.1 Although a seemingly water-tight KPI, vacancy rates are actually anything but. Firstly, they can only ever be a point-in-time view and are subject to constant change and fluctuation. Secondly, the definition of geographic boundaries can make a considerable difference, particularly if tertiary pitches are included (these tend to have far more voids than prime/secondary pitches). Thirdly, there are also nuances as to what constitutes a vacant unit – some voids may already have secured a new tenant and are simply awaiting re-occupation, other may merely be undergoing refurbishment by an existing tenant. All would be technically reported as vacant, the reality somewhat different. Fourthly, town centre vacancy rates are calculated on a unit count rather than floorspace basis. As many (but not all) voids tend to be smaller units, vacancy by floorspace tends to be substantially lower than quoted numbers.

7.2.2 According to the Local Data Company (LDC), the town centre vacancy rate in Royal Tunbridge Wells stood at a record high of 18.1% at the end of 2021. This marked a +90bps deterioration from the end of 2020 and compares to just 13.9% pre-COVID (end 2019). COVID-related fall-out has accelerated a long-term trend in rising vacancy levels across the town. The 10-year average vacancy rate broadly prior to the Global Financial Crisis (2000 – 2010) was just 5.7%, in the ten years after (2011 – 2020) it stood at 11.8%.

Fig 28 – Vacancy rates in Royal Tunbridge Wells 2000 - 2021

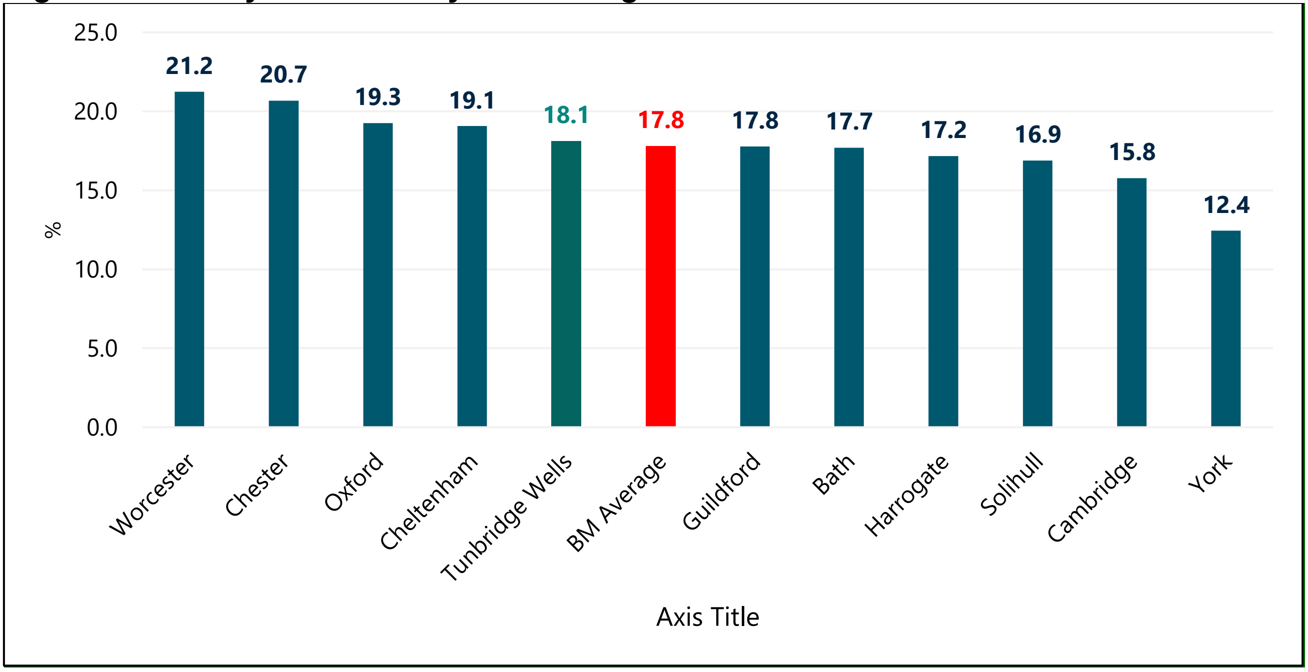


Source: LDC, PMA, Knight Frank

7.3 Comparisons vs benchmark centres

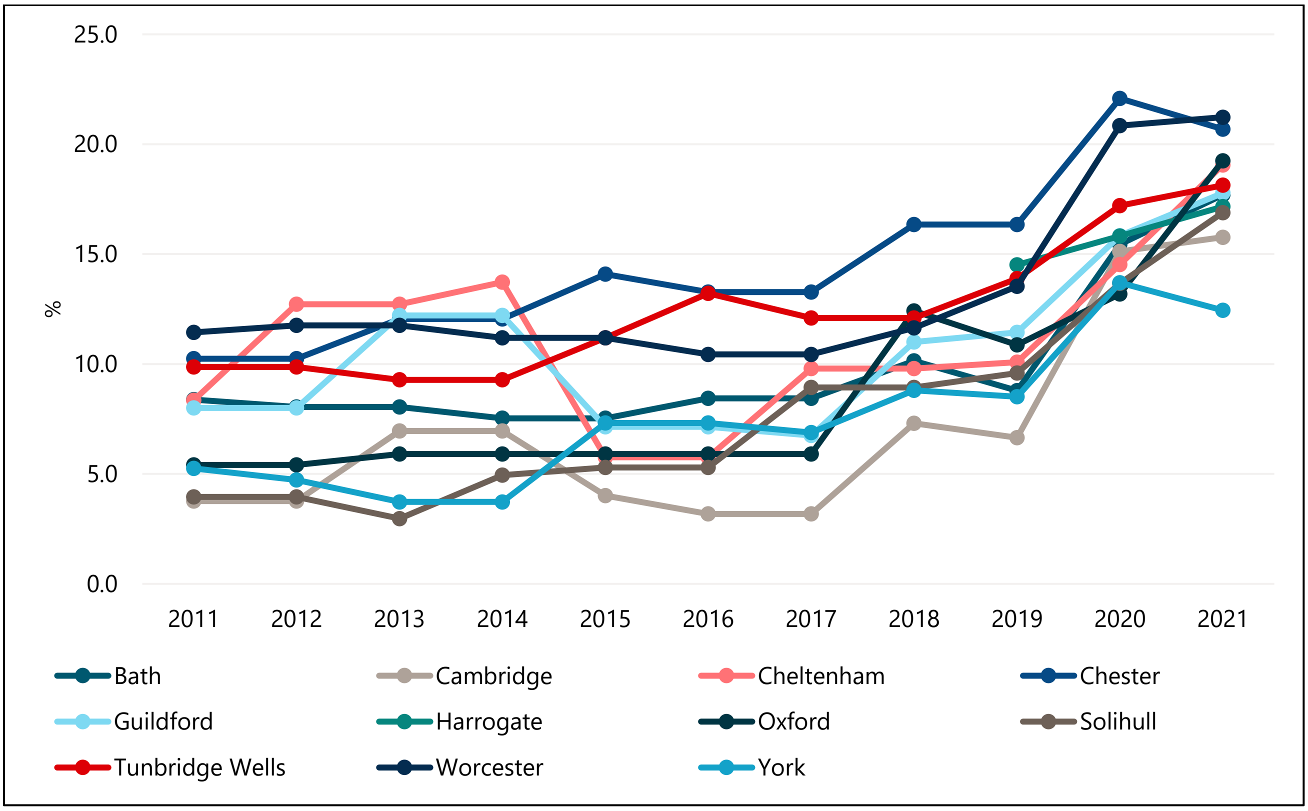
7.3.1 Royal Tunbridge Wells' vacancy rate of 18.1% is above the equivalent LDC figure for the UK average (15.9% at 2021 year-end). However, it is only marginally above the average of the benchmark group of centres (17.8%), which range from 12.4% (York) to 21.2% (Worcester). Only two of the benchmark centres (York and Cambridge) have a vacancy rate lower than the national average (15.9%) which is perhaps surprising given the fact that all are ostensibly "better than average" centres.

Fig 29 – Vacancy Rates in Royal Tunbridge Wells vs Benchmark Centres 2021



Source: LDC, PMA, Knight Frank

Fig 30 – Timeseries Vacancy Rates in Royal Tunbridge Wells vs Benchmark Centres 2011 - 2021



Source: LDC, PMA, Knight Frank

7.4 Analysis of vacancy by zone

		Vacancy	
Zone	Street	Unit Count	Floorspace (sq ft)
1	THE PANTILES	1	1,900
1	NEVILL STREET	2	1,300
2	CASTLE STREET	2	1,700
2	HIGH STREET	1	1,700
2	VALE ROAD	3	5,900
2	LONDON ROAD	3	5,100
3	MOUNT PLEASANT ROAD	5	12,500
3	CRESCENT ROAD	2	1,100
3	GREAT HALL ARCADE	1	1,900
3	GROSVENOR ROAD	2	4,500
3	MONSON ROAD	2	2,000
4	CALVERLEY ROAD	12	22,400
4	CAMDEN ROAD	9	8,300
4	NEWTON ROAD	1	3,300
5	WESTFIELD ROYAL VICTORIA PLACE , ROYAL VICTORIA PLACE	26	75,300
5	WESTFIELD ROYAL VICTORIA PLACE, CALVERLEY ROAD	1	19,000
	Total	73	167,900

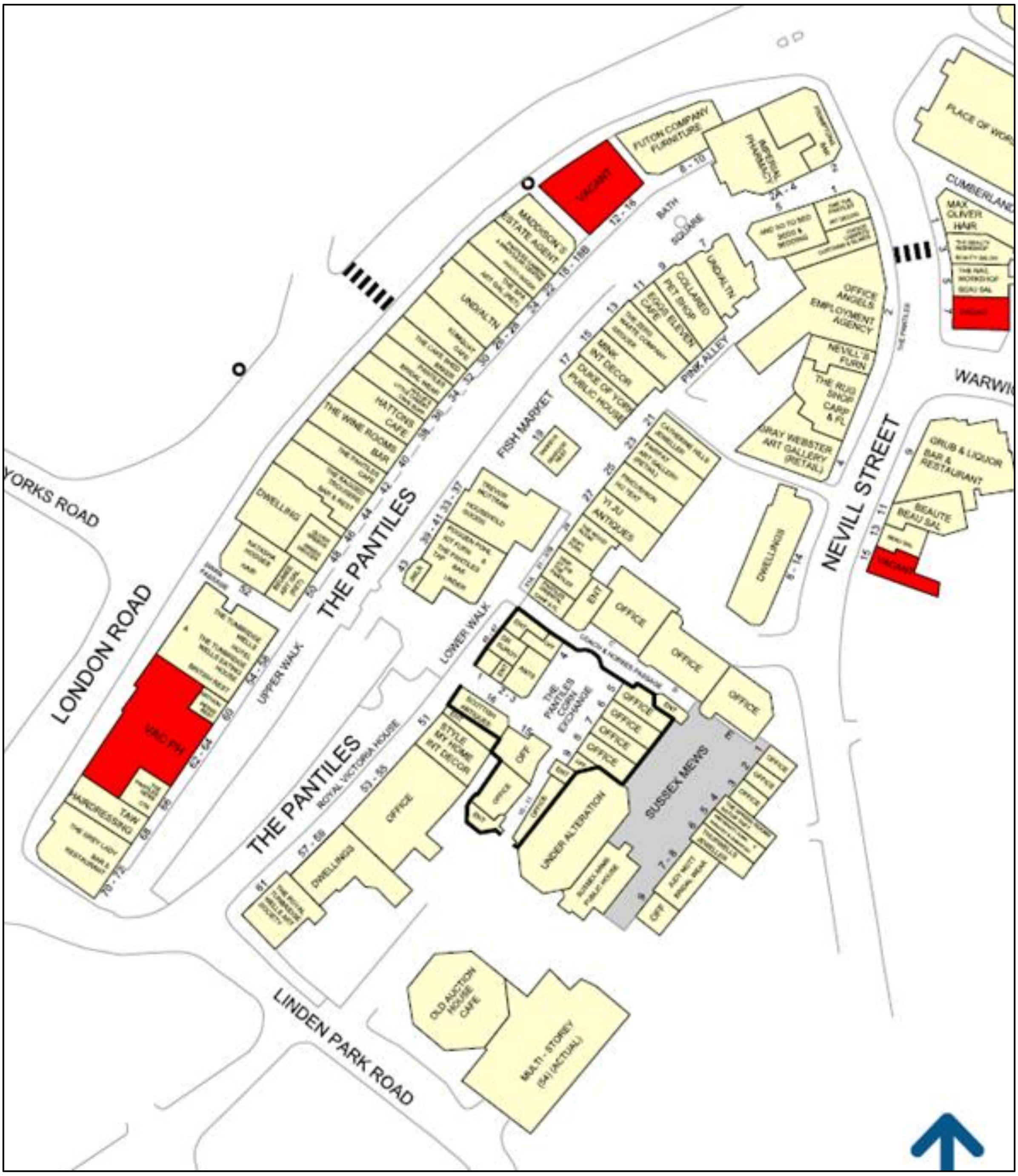
Source: GOAD, Knight Frank

7.4.1 The “on the ground view” paints a more “fluid” picture, with a number of push and pull factors. New vacant units may appear, but conversely, existing vacant sites may be re-absorbed, the process of re-letting and re-occupation by a new tenant often taking several months. Any view can only be a ‘point in time’ one.

7.4.2 For reference, the date of the last GOAD audit was 19 May 2022. Knight Frank visited the town on 2 August 2022 and updated the GOAD data accordingly to factor in any changes that had occurred in the interim. At this time, there were 73 vacant units across the five zones, collectively accounting for around 168,000 sq ft of gross retail floorspace.

7.4.3 By far, the greatest concentration of vacant floorspace was in Royal Victoria Place. In general terms, there is a distinct North – South divide in the town in terms of the distribution of vacant floorspace.

A) The Pantiles

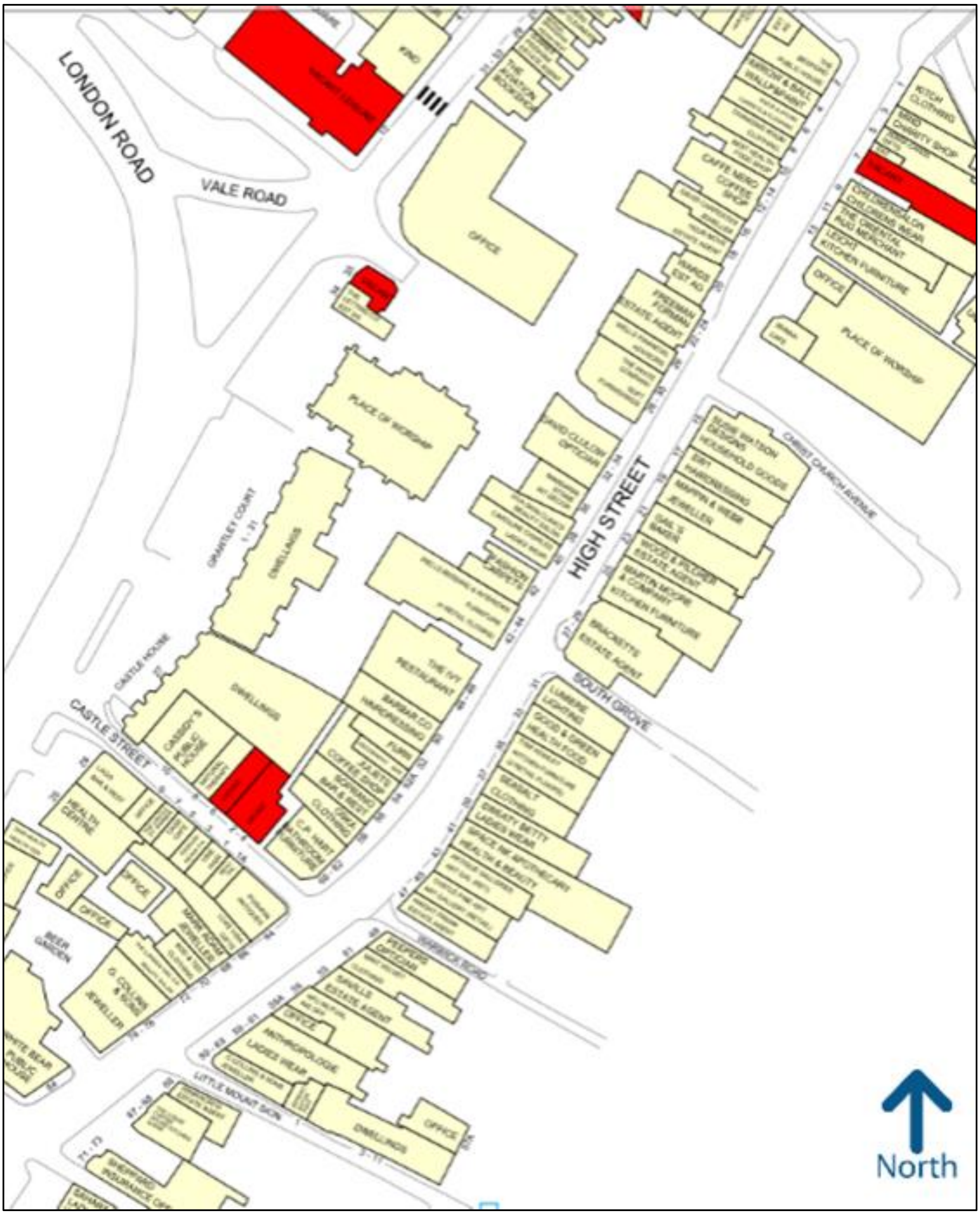


Source: GOAD, Knight Frank

7.3.5 There are very few vacant units in The Pantiles itself, a reflection of strong occupier demand for the most historic part of town. At the time of our audit, there were two vacant units in The Pantiles itself and a couple of small voids on Nevill Street.

7.3.6 The prospects for re-occupation are high. Indeed, works were ongoing at both 12 – 16 (the former Jack Wills store) and 62 – 64 (formerly Woods Restaurant and Bar) would seem to suggest new tenants may already have been secured.

B) High Street

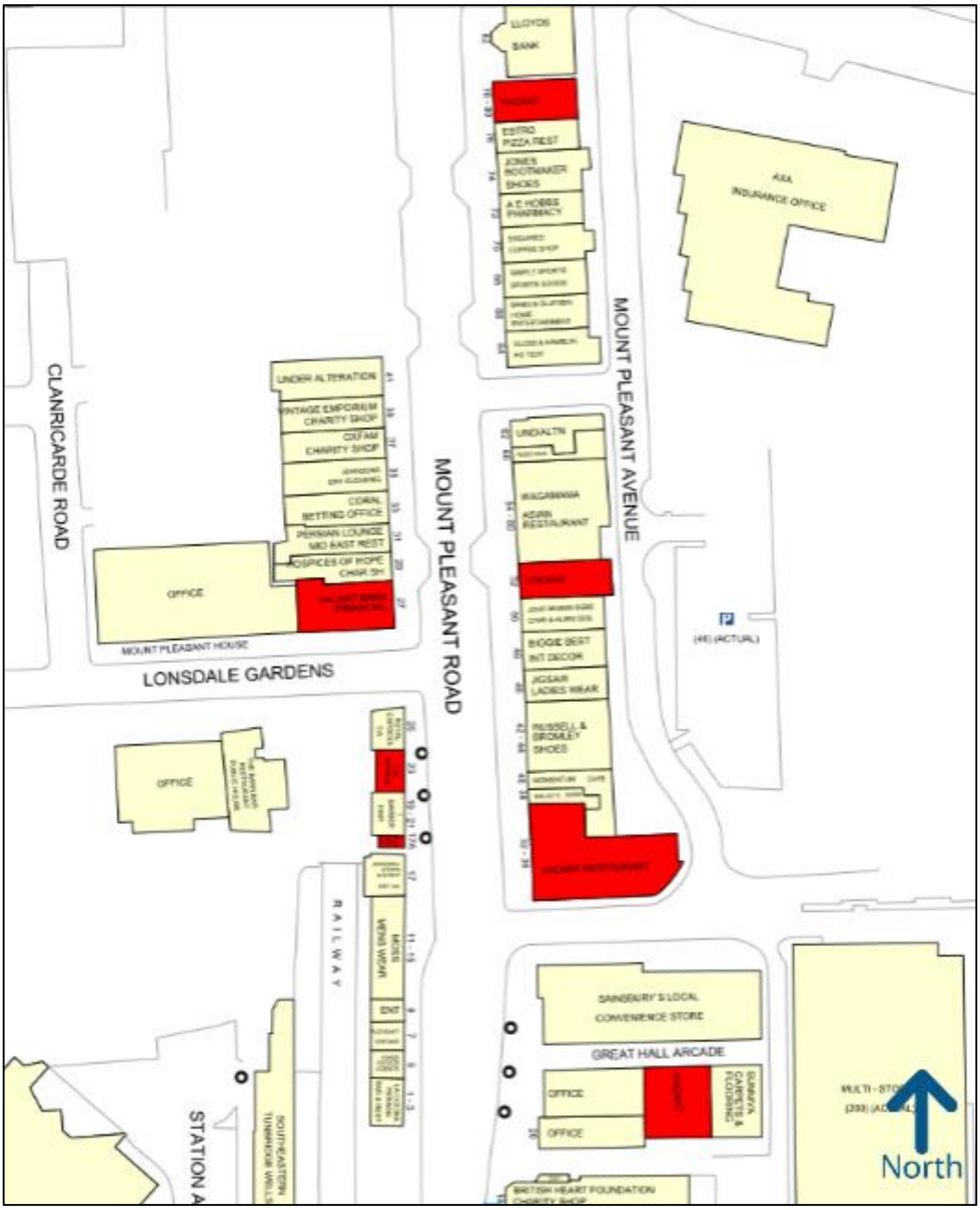


Source: GOAD, Knight Frank

7.3.7 A broadly similar picture of strong occupier demand and low vacancy in the High Street zone, a sharp reversal from maybe a decade or so ago. A total of nine units and ca. 14,500 sq ft of gross floorspace were vacant at the time of audit. Only one of the vacant units is on the High Street itself (No. 7, formerly Champneys).

7.3.8 The other voids are on Castle Street (2), Vale Road (3) and London Road (3). Slightly more off pitch, these may prove more difficult to let, but generally vacancy is very low in the area.

C) Mount Pleasant



Source: GOAD, Knight Frank

7.3.9 Slightly higher vacancy in and around Mount Pleasant Road – a total of 12 units and ca. 22,000 sq ft of gross floorspace at time of audit. Of these voids, five were on Mount Pleasant Road itself, the rest on Crescent Road (2), Grosvenor Road (2), Monson Road (2) and one unit in Great Hall Arcade.

7.3.10 The voids on Mount Pleasant Road include No. 27 (formerly RBS bank), Nos. 32 – 36 (formerly Carluccio's restaurant), No. 52 (formerly East) and Nos. 78 – 80 (formerly Toni & Guy hairdressers). All are high profile, well-configured units with strong prospects of re-occupation.

7.3.11 Given the protracted uncertainty surrounding the development of the former ABC site, it is perhaps surprising that demand for Mount Pleasant Road has held up as well as it has.

D) Calverley Road and environs

Source: GOAD, Knight Frank

7.3.12 A larger, more loosely-defined area maybe, but vacancy rates tangibly increase in and around the prime pitch of Calverley Road. Note that the boundaries of the identified zone extend significantly beyond the GOAD plan above.

7.3.13 There were 22 vacant units covering ca. 34,000 sq ft of gross floorspace at the time of audit. Note that this doesn't include units in Royal Victoria Place with frontage onto Calverley Road. Vacancy is significant on Camden Road (9 units), including a cluster of four vacant sites close to the crossroads with Garden Road and Victoria Road. One of these is the former Crystal Palace pub, the others have been vacant for a considerable time.

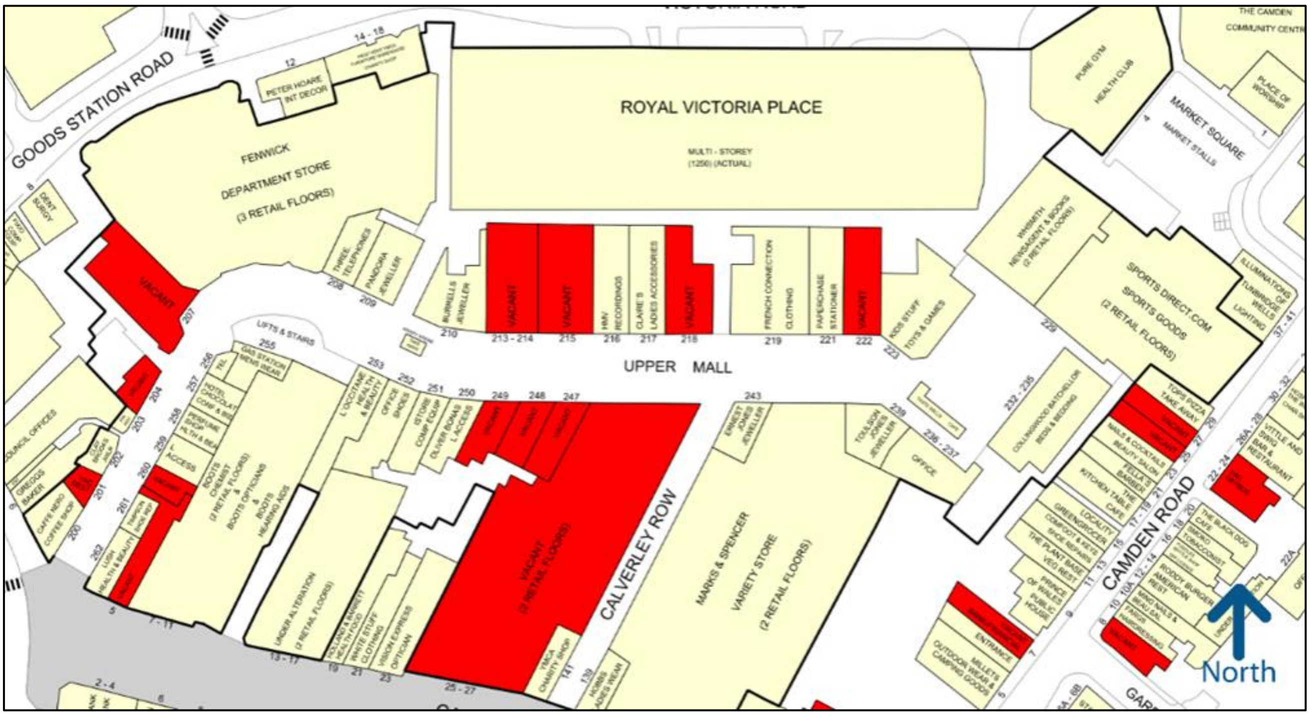
7.3.14 There are at least 12 vacant units on Calverley Road itself. Around five of these are located on the non-pedestrianised section to the east, including No. 53B (formerly Laura Ashley), No. 61 (formerly Rohan), No. 66 (formerly Edinburgh Woollen Mill) and No. 106 – 112 (formerly Multiyork). Occupier demand for these units is likely to be patchy, but is more likely to come from other furnishings and retail service operators happy to take secondary pitches.

7.3.15 Higher profile (and more problematic) are the voids on the pedestrianised stretch of Calverley Road. It is significant that there are more vacant units on the northern side of street than the southern. Evolve Estates purchased the block from No. 2-46 on the latter and have clearly proactively asset managed the space. As well as creating a unit for the MetroBank, they have pushed the space hard, such that, at time of audit, there was just one vacant unit on their ownership (No. 42, formerly Hotter). The two other vacant units on that side (Nos. 56 and 60) are outside their ownership and are long-term vacant.

7.3.16 On the other side of the street, the former British Home Stores (Bhs) store aside, there is an obvious cluster of four vacant units that appear difficult to let. These are No. 45 – 47 (formerly Miss Selfridge), No. 49 (formerly Boots Opticians), No. 51 (formerly So Very) and No. 53 (formerly White Stuff).

7.3.17 We would classify many of the vacant units in this zone as problematic – if there were significant pent-up occupier interest, they would probably have let-up already. Only through material intervention and significant regeneration is this situation likely to change.

E) Royal Victoria Place



Source: GOAD, Knight Frank

7.3.18 Data from PMA suggest that at the end of 2021, the vacancy rate for Royal Victoria Place was as high as 38%. We believe that figure is considerably higher now. On our audit and by our calculation, there were at least 26 vacant units in the scheme covering a gross footprint of more than 75,000 sq ft. Including the former Bhs store increases this figure to ca. 95,000 sq ft.

7.3.19 There are almost too many vacant units to list. The Palm House Food Court on the Top Level is almost totally unoccupied and there are both scatterings and concentrations of voids on both the Upper and Lower Malls of the scheme. Many of the vacancies have been brought about by corporate failures / re-trenchment (e.g. Bhs, TopShop, Mothercare, Gap, Gapkids, Carphone Warehouse, Select etc), but others are simply the result of that retailer withdrawing from Royal Tunbridge Wells (e.g. H&M, River Island, USC, Pandora etc).

7.3.20 We sincerely doubt that Royal Victoria Place will achieve anything like full occupancy in its current incarnation. The scheme is simply too large relative to the level of occupational demand. There is still a need for a managed shopping centre in Royal Tunbridge Wells, but the existing space needs to be reconfigured and the retail footprint downsized and elements re-purposed to other property uses. A consolidated footprint would create fit-for-purpose space for those occupiers that remain committed to Royal Tunbridge Wells, while also potentially creating opportunities for 'gap' retailers.

7.3.21 In essence, the only real scope to realistically reduce vacancy rates in Royal Victoria Place is to radically re-think the scheme.

8. CAPACITY ANALYSIS

8.1 Background

8.1.1 The property market's understanding of retail capacity and floorspace need is at something of a crossroads. Above all else, there are major question marks as to the veracity of traditional capacity assessment methodologies employed by planners and Local Authorities for many years and whether they remain relevant to current market dynamics. Alternative approaches are increasingly seen as more realistic and actionable in terms of achieving 'vitality and viability'.

8.1.2 The UK retail market is unquestionably over-supplied, albeit this is almost impossible to quantify with any degree of accuracy. Although the rise of online retailing is usually cited as the key factor behind this, the limitations of traditional capacity assessment methodologies may be equally responsible for this over-supply. In simple terms, such methodologies are predicated on population and spending growth. These are then translated into floorspace need. The issue is that population and spending, in almost every instance, will show fairly robust growth, leading to supposed ongoing floorspace need, despite obvious existing over-supply.

8.1.3 Understanding the mechanics of capacity cannot ignore existing vacancy and how productively current floorspace is trading. Nor can the process be as prescriptive as the traditional capacity assessment methodologies dictate and it must dovetail with any wider 'healthcheck' of the town, as per our audit.

8.2 Floorspace compared to benchmark centres

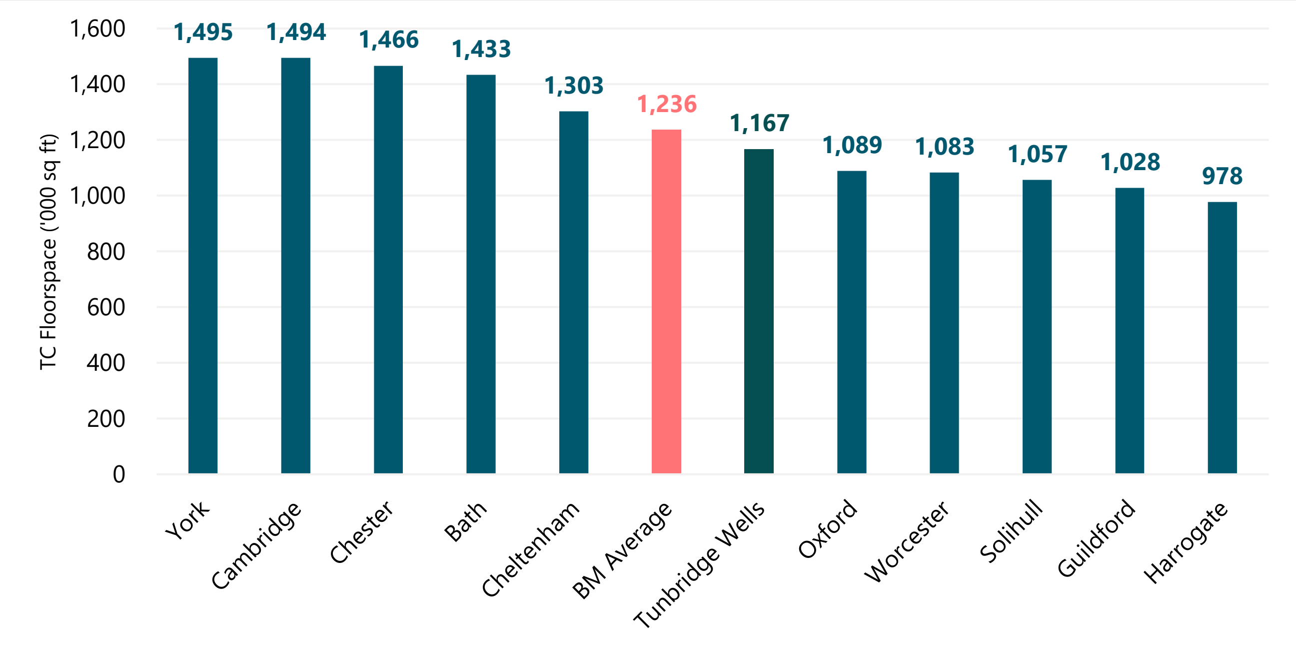
8.2.1 Analysing quantums of floorspace in isolation can only be a starting point. Without context and understanding of productivity levels, absolute floorspace in sq ft terms is a very one dimensional metric.

8.2.2 According to PMA, total town centre floorspace in Royal Tunbridge Wells is 1,167,000 sq ft (NB this figure includes vacant floorspace). This figure has been constant since PMA records began in the early 2000s and reflects the fact that there have been no major new schemes developed in the town in the interim period.

8.2.3 In terms of context, the average town centre floorspace across the benchmark centres is slightly (ca. 5%) higher at 1,236,000 sq ft. In absolute terms this equates to a difference of 69,000 sq ft. Historically, the interpretation of this would probably have been that Royal Tunbridge Wells was under-supplied and there was a case for further retail development. Current, post-COVID thinking, is that less is actually more and the fact that Royal Tunbridge Wells has less floorspace that its peers is actually a positive rather than negative factor. Expressed another way, Royal Tunbridge Wells may be less over-supplied than other centres and any remedial solutions need not be quite so drastic.

8.2.4 Local retail warehousing must also be factored into the capacity equation. Again, Royal Tunbridge Wells is in the relatively healthy position of being less over-supplied than many of its peers. According to PMA, there is a further 578,000 sq ft of retail warehousing space within the town's catchment area.

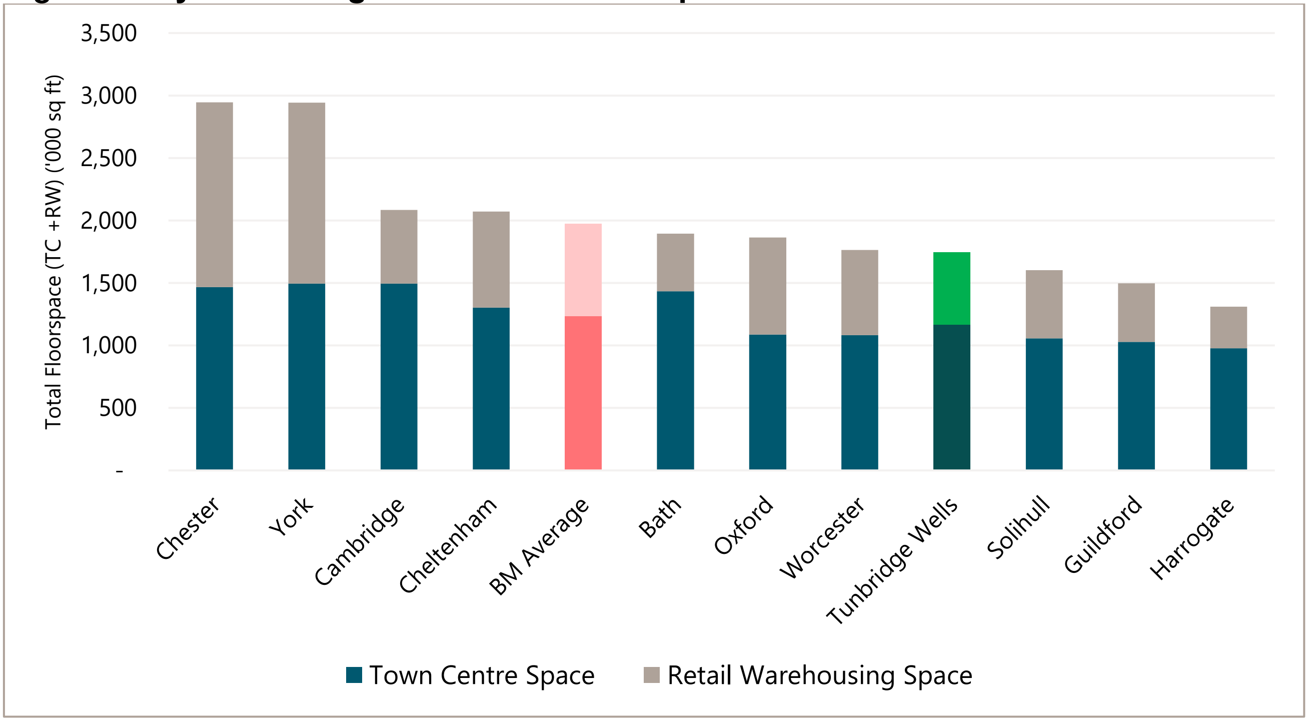
Fig 31 – Royal Tunbridge Wells' Town Centre Floorspace vs Benchmark Centres



Source: PMA, Knight Frank

8.2.5 This is around 22% lower (161,000 sq ft) than the benchmark average of 739,000 sq ft. Within in the peer group, only Harrogate (333,000 sq ft), Guildford (469,000 sq ft), Bath (460,000 sq ft) and Solihull (545,000 sq ft) have less retail warehousing space than Royal Tunbridge Wells.

Fig 32 – Royal Tunbridge Wells' Total Floorspace vs Benchmark Centres



Source: PMA, Knight Frank

8.2.6 Aggregating town centre and retail warehousing, Royal Tunbridge Wells has total retail floorspace of 1,745,000 sq ft, around 12% lower than the benchmark average (1,974,000 sq ft). Only Harrogate (1,311,000 sq ft), Guildford (1,497,000 sq ft) and Solihull (1,602,000 sq ft) have less total retail floorspace than Royal Tunbridge Wells.

8.3 Floorspace productivity

8.3.1 The issue with capacity quantification is that it is not a one dimensional number - retail floorspace trades at massively different levels of productivity (or sales/sq ft, to use the usual metric). Some retail floorspace may be working 100x harder than apparently similar space elsewhere, so it is often impossible to derive a definitive handle on appropriate quantum of space.

8.3.2 Sales density is a KPI in understanding space productivity at both a retail occupier and retail asset level. Admittedly, the metrics have become increasingly nuanced in parallel with the rise of online and multi-channel retailing and the general blurring of retail channels. This caveat notwithstanding, sales density remains a key metric in understanding how productively retail space is performing.

Table 22 – Royal Tunbridge Wells' Space Productivity vs Benchmark Centres

Centre	CACI Spend (£)	TC Floorspace (sq ft)	Spend/sq ft (£/sq ft)	Rank (out of 300)
Guildford	£498,551,658	1,028,000	485	3
Oxford	£509,896,425	1,089,000	468	6
Cambridge	£500,630,513	1,494,000	335	21
Solihull	£342,513,118	1,057,000	324	24
Bath	£457,136,797	1,433,000	319	26
Tunbridge Wells	**£355,340,023**	**1,167,000**	**304**	**30**
Cheltenham	£377,996,612	1,303,000	290	34
Harrogate	£277,866,984	978,000	284	37
York	£360,037,079	1,495,000	241	61
Worcester	£251,445,187	1,083,000	232	65
Chester	£304,710,805	1,466,000	208	85
Average	**£4,236,125,201**	**13,593,000**	**312**	
Unweighted Average			**317**	

Source: PMA, CACI, Knight Frank

8.3.3 We can apply similar thinking and metrics at a town centre level. Our space productivity figures are calculated by dividing modelled comparison goods spend (i.e. non-food spend) made in each centre (source: CACI) by overall retail floorspace (source: PMA). A high figure indicates healthy levels of sales density/space productivity; a low figure poor performance and/or oversupply.

8.3.4 Royal Tunbridge Wells achieves a respectable sales productivity of £304/sq ft. To put this into context, the average across the 300 centres for which we have robust data is £200/sq ft and Royal Tunbridge Wells ranks 30th on this measure.

8.3.5 A slightly different story emerges against the benchmark centres. Royal Tunbridge Wells is marginally (ca. 3%) below the benchmark average of £312/sq ft. Two of the benchmark centres rank in the Top 10 nationally (Guildford, 3rd @ £485/sq ft, Oxford 6th @ £468/sq ft), while all 10 benchmark centres are in the Top 100 nationally (Chester the lowest, 85th @ £208/sq ft).

8.3.6 These metrics provide a strong steer on floorspace capacity implications. Notionally, it is possible to run a series of scenarios (Table 23) which look at increasing productivity levels by reducing town centre floorspace i.e. concentrating spend into a smaller footprint. A relatively small reduction of 28,000 sq ft (-2.4%) would bring Royal Tunbridge Wells into line with the benchmark average of £312/sq ft. A more aggressive reduction of 152,000 sq ft (-13.0%) would see it achieve an even more respectable £350/sq ft. Only by reducing floorspace by a massive 435,000 sq ft (-37.2%) would Royal Tunbridge Wells notionally attain 'best in class' status in its peer group (Guildford @ £485/sq ft).

Table 23 – Royal Tunbridge Wells Space Productivity Improvement Scenarios

Scenario	CACI Spend (£)	Spend/sq ft (£/sq ft)	Implied Floorspace (sq ft)	Change in Floorspace (%)	Reduction in Floorspace (sq ft)
Base / Existing	£355,340,023	304	1,167,000	-	-
Benchmark Average	£355,340,023	312	1,138,910	-2.4%	28,090
Achievable	£355,340,023	350	1,015,257	-13.0%	151,743
Stretch	£355,340,023	400	888,350	-23.9%	278,650
Best in Class	£355,340,023	485	732,660	-37.2%	434,340

Source: PMA, CACI, Knight Frank

8.3.7 All the scenarios assume that spend levels would be retained despite the loss of space, but the reality is far more nuanced. A straight, un-managed reduction in floorspace is actually likely to see a *decrease* in vitality and the town's 'attractiveness'. In turn, this is likely to filter through to a decline in shopper population and lower spend levels, totally counter-productive to what a Masterplan is designed to achieve.

8.3.8 The challenge is to sensitively reduce floorspace, yet maintain, and indeed improve, vitality. This underscores the importance of managing space effectively and turns the spotlight firmly on successful delivery of key development proposals in the town.

8.3.9 As outlined previously, we believe the two key ones in the context of the town centre are the former ABC Cinema site and the Royal Victoria Place Shopping Centre. In very broad terms, a net reduction of retail floorspace in the town as a whole is likely to be achieved by consolidation of the latter and selective repurposing of some of the existing scheme to other use classes, potentially offset by a degree of new retail and leisure space as part of mixed used development at the former (although we understand that this may not be part of the current planning proposals).

8.4 Cross-comparisons with Nexus Planning's 2017 and 2021 Studies

8.4.1 As part of our wider town centre healthcheck, we have fully reviewed previous studies undertaken by third party consultants, most notably the Retail and Leisure Study produced by Nexus Planning in 2017 and updated by the Royal Tunbridge Wells Retail, Commercial Leisure & Town Centre Uses Study Update (RCLTCU), also produced by Nexus Planning in 2021.

8.4.2 Rather than seek to replicate these studies and merely refresh the key output figures, we have cross-referenced them and sense-checked them against our own analysis. In very general terms, we are broadly supportive of the tone and conclusions of these studies, though would re-iterate our earlier comments regarding the ongoing viability and veracity of the traditional capacity assessment models.

8.4.3 Above all else, we note considerable revision of capacity need between the two studies, particularly on the comparison goods side. This is despite only limited changes to underlying forecast data from baseline data provider Experian. We would suggest that the revisions in capacity are driven more by a change in sentiment towards retail floorspace provision, increased realisation of the extent of existing market over-supply and greater challenge of traditional capacity assessment methodologies.

8.4.4 The two Nexus Planning Studies are Borough-wide and include capacity analysis on all regional sub-markets (e.g. Southborough, Paddock Wood, Cranbrook, Hawkhurst). As a Town Centre study, our focus is exclusively on the figures for Royal Tunbridge Wells, as opposed to the wider Borough.

8.4.5 Convenience Goods

8.4.5.1 The 2017 study by Nexus Planning highlighted immediate and significant capacity for additional convenience floorspace, between a minimum of 4,800 sq m (ca. 52,000 sq ft) and a maximum of 6,100 sq m (ca. 66,000 sq ft). This capacity rises significantly over time on account of underlying convenience spend growth and limited commitments. By 2035, there is capacity for additional convenience floorspace of between a minimum of 6,200 sq m (ca. 67,000 sq ft) and a maximum of 7,800 sq m (ca. 84,000 sq ft).

Table 24 – Likely Convenience Goods Floorspace Capacity in Tunbridge Wells (2017 Study)

Year	Surplus Expenditure (£m)	Commitments (£m)	Residual Expenditure (£m)	Floorspace Capacity (sq m net)	
				Min.	Max.
2016	58.7	3.1	55.6	4,400	5,500
2021	63.9	3.1	60.8	4,800	6,100
2026	70.7	3.1	67.6	5,400	6,800
2033	79.7	3.1	76.7	6,000	7,600
2035	81.8	3.1	78.7	6,200	7,800

Source: Nexus Planning, Tunbridge Wells Retail and Leisure Study (2017)

8.4.5.2 These figures are subject to relatively minor revision in the 2021 update. Commitments have risen (to £60.8m), but there is still residual capacity (2021: 3,100 – 5,400 sq m, 2038: 5,300 – 9,300 sq m).

8.4.5.3 In our opinion, these parameters seem eminently sensible, rather than fanciful or aggressive. The convenience goods market has been far less destabilised by COVID and faces far fewer structural challenges than its comparison counterpart and generally is far less over-supplied. However, whether this quantified convenience floorspace need is directly relevant to the town centre itself is a slightly moot point, in that any large-scale new foodstore is likely to find a more natural home in an edge-of-town or out-of-centre location on account of site availability and transport implications.

Table 25 – Likely Convenience Goods Floorspace Capacity in Tunbridge Wells (2021 Update)

Year	Surplus Expenditure (£m)	Commitments (£m)	Residual Expenditure (£m)	Floorspace Capacity (sq m net)	
				Min.	Max.
2021	99.3	60.3	39.0	3,100	5,400
2026	106.3	60.8	45.6	3,500	6,200
2031	113.1	60.8	52.4	4,100	7,100
2038	129.0	60.8	68.2	5,300	9,300

Source: Nexus Planning, Tunbridge Wells BC Retail, Commercial Leisure & Town Centre Uses Study Update (2021)

8.4.5.4 Realistically, any new convenience-based provision in the town centre itself is likely to take the form of smaller units (c-stores, specialist shops, independents, delicatessens etc) than full-line grocery superstores. The analysis by Nexus (original and updated) provides comfort that new convenience capacity on a measured scale could be more than adequately be supported in the town centre.

8.4.6 Comparison Goods

8.4.6.1 Capacity is far less clear-cut in comparison goods. Unsurprisingly, the figures have been dramatically revised down in the updated (2021) report. Even in the 2017 report, over-supply was identified. Assuming commitments amounting to £48.4m (which may or may not have been fulfilled) left a negative residual spend figure £28.2m and an implied capacity reduction of between -4,700 sq m and -7,300 sq m (ca. -50,000 to -79,000 sq ft) for 2021.

Table 26 – Likely Comparison Goods Floorspace Capacity in Tunbridge Wells (2017 Study)

Year	Surplus Expenditure (£m)	Commitments (£m)	Residual Expenditure (£m)	Floorspace Capacity (sq m net)	
				Min.	Max.
2021	20.1	48.4	-28.2	-4,700	-7,300
2026	86.5	54.1	32.4	4,800	7,500
2033	223.0	63.0	160.0	20,300	31,900
2035	269.4	65.8	203.6	24,700	38,800

Source: Nexus Planning, Tunbridge Wells Retail and Leisure Study (2017)

8.4.6.2 But, according to 2017 report, this over-supply is quickly corrected over time. By 2026, there was already capacity for additional capacity of between 4,800 and 7,500 sq m (ca. 52,000 – 81,000 sq ft). By 2035, this figure swelled to a very unlikely 24,700 - 38,800 sq m (ca. 266,000 – 418,000 sq ft). Such are the limitations of traditional capacity assessment methodologies if applied in a textbook fashion.

Table 27 – Likely Comparison Goods Floorspace Capacity in Tunbridge Wells (2021 Update)

Year	Surplus Expenditure (£m)	Commitments (£m)	Residual Expenditure (£m)	Floorspace Capacity (sq m net)	
				Min.	Max.
2021	0.0	41.6	-41.6	-7,600	-11,900
2026	-15.3	48.9	-64.2	-10,600	-16,600
2033	-1.2	55.8	-57.0	-8,000	-12,600
2035	57.0	66.8	-9.8	-1,000	-1,600

Source: Nexus Planning, Royal Tunbridge Wells BC Retail, Commercial Leisure & Town Centre Uses Study Update (2021)

8.4.6.3 The updated (2021) figures have been massively downgraded. Although adjustment of some of the metrics that underpin them is questionable, the actual output figures are plausible.

8.4.6.4 The surplus expenditure figures have been slashed far too aggressively (2026: -£15.3m, 2033: -£1.2m). But it is worth stressing that the Nexus report was published at the height of the pandemic, when we had far less clarity on retail sales movements than we do now. Most forecasters (Experian included) were overly bearish on the prospects of retail sales growth and downgraded their forecasts accordingly. Very few anticipated the speed of bounce-back that has since transpired. According to the ONS, non-food retail sales (essentially, comparison goods) grew by +11.7% in 2021 and, despite well-document headwinds, are still likely to grow by +5%+ in 2022.

8.4.6.5 We would seriously question the comparison surplus spend figures in the 2021 Nexus Planning study, but the actual capacity figures that result from them ironically appear to be in the right ballpark, a far better reflection of the “on the ground” picture. The updated figures suggest current (2021) over-supply of between 7,600 – 11,900 sq m (ca. 82,000 – 128,000 sq ft). This level of over-supply increases by 2026, before levelling off thereafter as spend forecasts slowly catch up. But, even by 2035, Tunbridge Wells would be in state of comparison goods over-supply (1,000 – 1,600 sq m / 11,000 – 17,000 sq ft).

8.5 Conclusions

8.5.1 Although the methodologies employed differ radically, Knight Frank’s approach to assessing optimum capacity and Nexus Planning’s capacity needs approach broadly reach the same conclusion and yield similar parameters. Both suggest that Royal Tunbridge Wells is over-supplied, but in a manageable rather than chronic way.

8.5.2 Knight Frank's productivity analysis points to a reduction of between 28,000 – 150,000 sq ft of floorspace. Nexus Planning's revised 2021 study suggests a slightly higher minimum requirement (reduction of 82,000 sq ft) but a slightly lower maximum (128,000 sq ft), certainly in the immediate term.

8.5.3 However, quantifying capacity and the level of over-supply is only one part of the equation. How this plays out on the ground and is managed will ultimately be the key.

9. PROPERTY MARKET PERFORMANCE

9.1 Background

9.1.1 As a real estate advisory business, Knight Frank has access to a wealth of property performance metrics and data. The key datapoints to inform this report are rents (prime and underlying), capital values, investment transactions and yields. As well current and historic data, in many cases we also have access to forecasts, both proprietary and 3rd party.

9.1.2 On a basic level, analysing property market performance is another feed into the wider town centre 'healthcheck' – in theory, the performance of the local real estate market should correlate to the town's general fortunes. But rental tones also provide a window on affordability and tie into both the vacancy and new tenant attraction challenges. Likewise, capital values and analysis of investment markets speak to the financial viability of re-purposing projects.

9.1.3 Paradoxically, negative real estate indicators may actually signal opportunity – low rents and any downward trend may actually point to rising affordability for a wider base of occupiers, particularly independent operators and non-national multiples. Declines in capital values may bring retail closer to other property use classes, increasing the likelihood that any potential re-purposing projects stack up financially.

9.2 Rental tones - by pitch

9.2.1 Despite rising vacancy in recent years, Royal Tunbridge Wells' prime pitch is still considered to be the pedestrianised stretch of Calverley Road, between the junctions with Mount Pleasant Road and Camden Road. A host of national multiples lie along this prime stretch, including key anchors such as M&S and operators such as Metro Bank, Holland & Barrett, White Stuff, Superdrug, Waterstone's, and Clarks. At the end of 2021, top achievable prime Zone A rents here registered £120/sq ft.

9.2.2 However, travelling along Calverley Road to the east, rental tone drops off. At the junction of Camden Road and Monson Road, rents are ca. 50% (£60/sq ft) of prime Zone A. Key furniture retailers trading in this area include:

- Grape Tree
- Magnet
- West One Bathrooms
- Sharps Fitted Furniture
- Fired Earth
- Sussex Beds & Bedding
- Bridgeman Furniture & Snug Furniture

9.2.3 Further east down Calverley Road, before the intersection between Lansdown Road and Crescent Road, rents drop further to ca. 25% of prime Zone A (£30/sq ft). Operators on this stretch include:

- Natural Fit Health Club
- AGA
- Holmes Kitchen
- Giggling Squid
- Iceland
- Stelle D'Italia (Italian Restaurant)

9.2.4 Despite high vacancy levels, the upper and lower malls of Royal Victoria Place have generally always been regarded a good secondary pitch, with Zone A rents here considered to be just below those on prime Calverley Road. Rents for the upper mall are estimated to be around 75% of prime Zone A (£90/sq ft), while those on the lower mall are 85% of prime Zone A (ca. £100/sq ft).

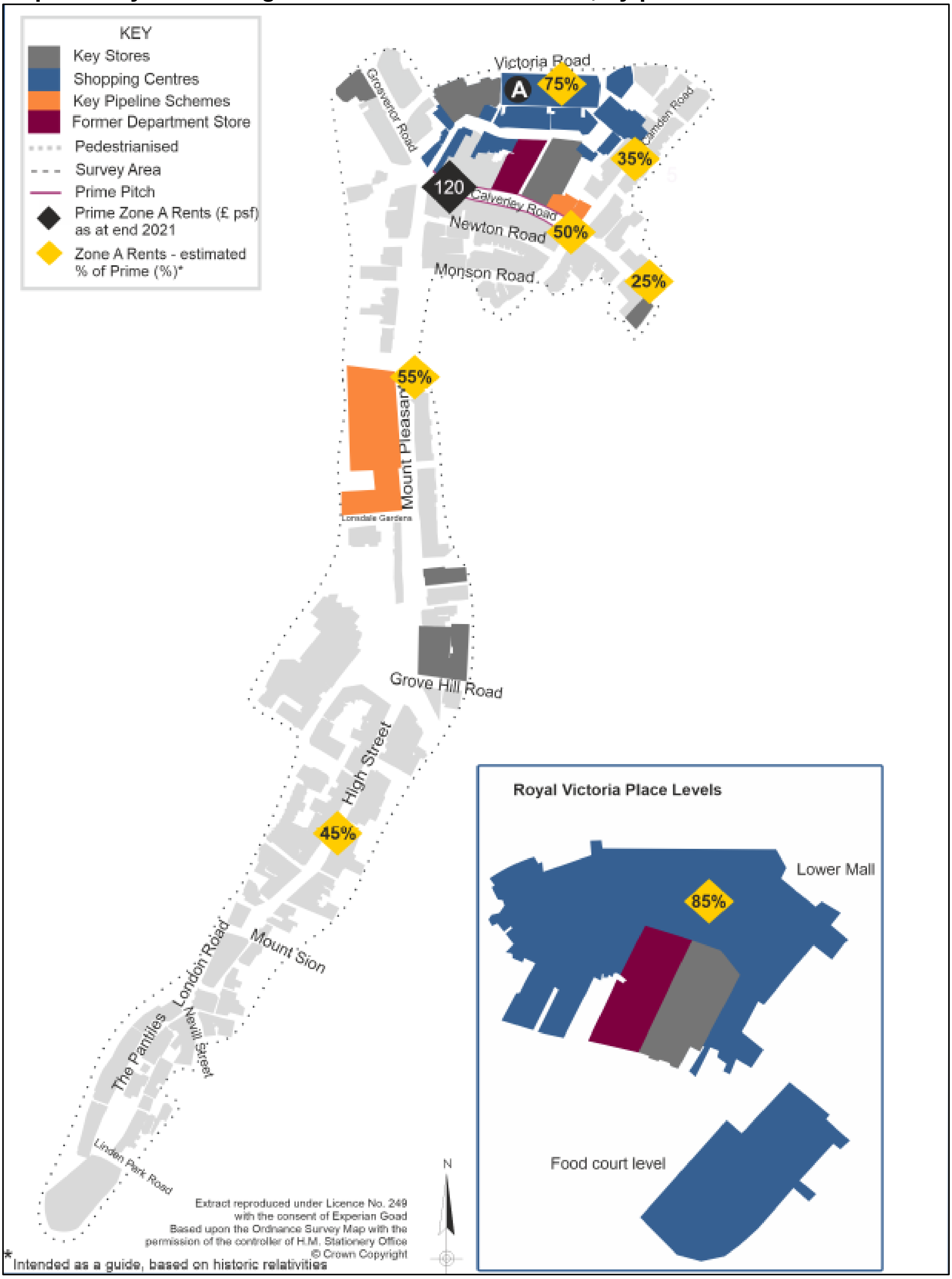
9.2.5 Moving southwards down the hill, rents along Mount Pleasant are ca. 55% of prime (£66/sq ft), with tenants including upmarket retailers and F&B operators such as:

- Bang & Olufsen
- Wagamama
- JoJo Maman Bebe
- Jigsaw
- Russell & Bromley

9.2.6 Further down on the High Street, rents achieve 45% (£44/sq ft) of prime Zone As. Operators here include:

- David Clulow Opticians
- Farrow & Ball
- Café Nero
- The White Company
- Mandarin Stone
- The Ivy Restaurant
- Seasalt
- Sweaty Betty
- Space NK Apothecary
- Gail's
- Mint Velvet
- Castle Fine Art
- Anthropologie

Map 5 – Royal Tunbridge Wells Prime Zone A rents, by pitch



Source: GOAD, PMA, Knight Frank

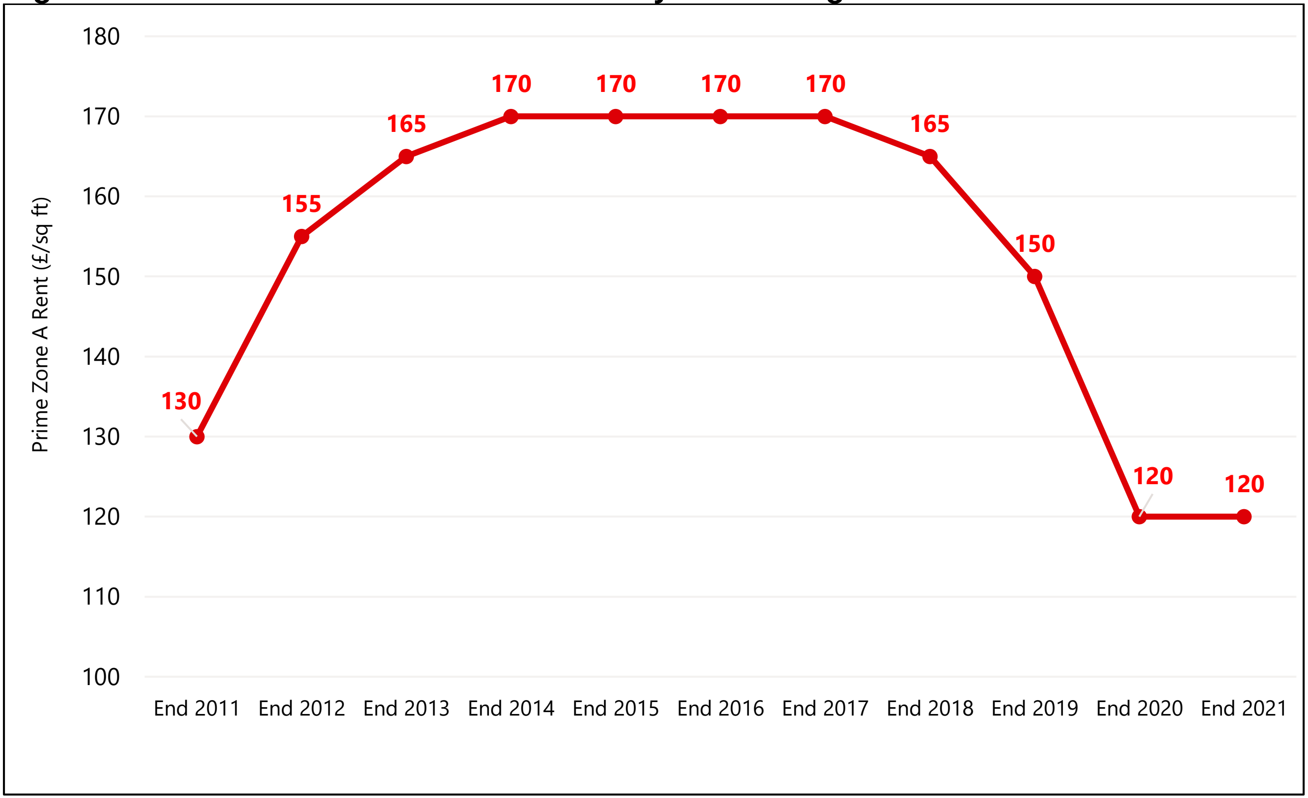
9.3 Historic Rental Performance

9.3.1 In common with national retail markets, rents have undergone significant re-basing in Royal Tunbridge Wells in recent years.

9.3.2 Top achievable rents (Prime Zone A) in Royal Tunbridge Wells registered £120/sq ft at the end of 2021. This is markedly lower than historic levels. Even in 2005, Prime Zone A rents were in the order of £152.50/sq ft. Historically, rents held steady at this level until 2009 when they fell back to £140/sq ft, and £130/sq ft in 2011 (Fig 33).

9.3.3 Rents staged a significant post-GFC (Global Financial Crisis) recovery from the end of 2012 and climbed steadily to reach £170/sq ft in 2014. This peak rental tone of £170/sq ft was maintained between 2014 – 2017, but fell each consecutive year thereafter (2018 - £165/sq ft; 2019 - £150/sq ft; 2020 - £120/sq ft).

Fig 33 – Historic Prime Zone A Rents in Royal Tunbridge Wells



Source: PMA, Knight Frank

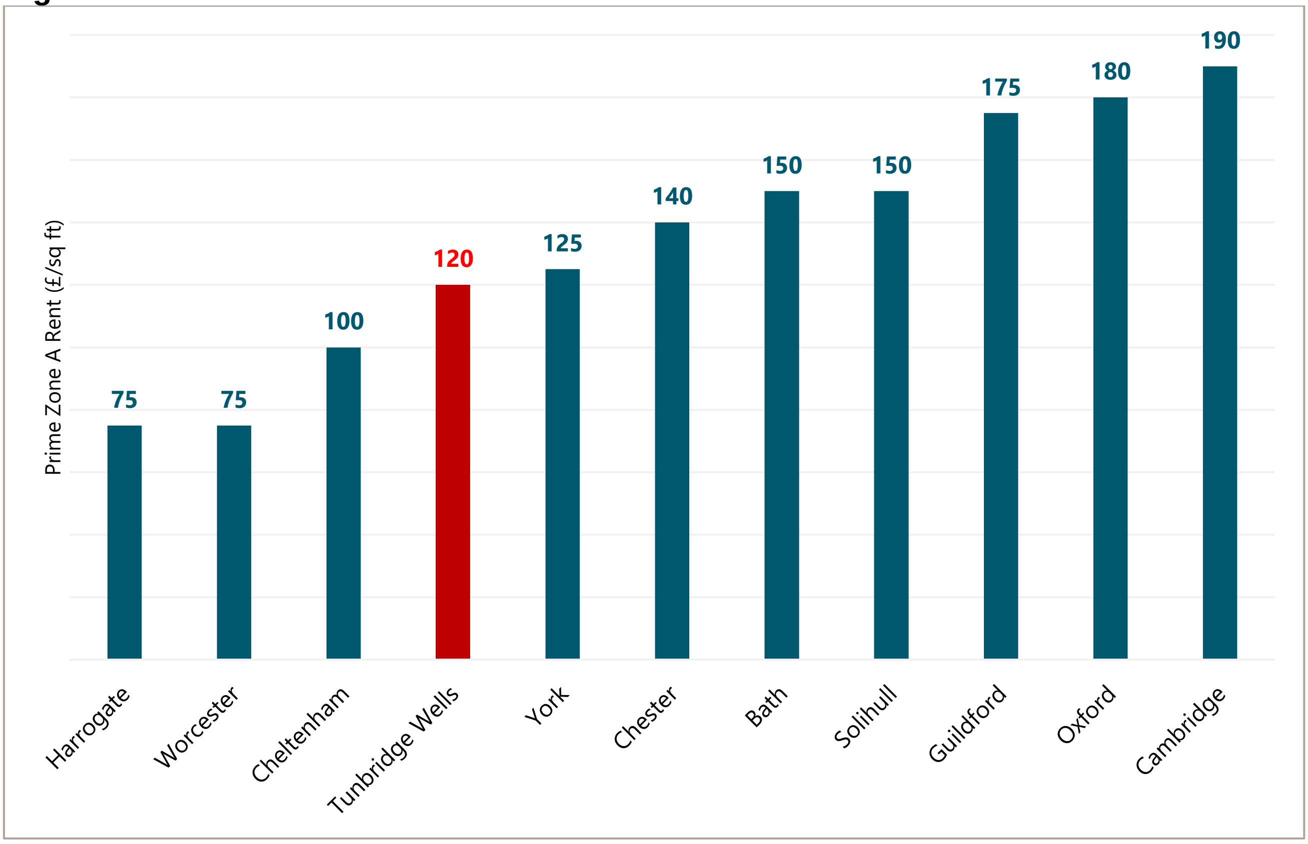
9.3.4 This equates to a:

- +0.4% increase in Prime Zone As between 2008 and 2012
- +1.9% increase in Prime Zone As between 2012 and 2017
- -8.3% decrease in Prime Zone As between 2017 and 2021.

9.3.5 But the indications are that prime rents at least are now stabilising, rather than re-basing further. Compared to its benchmark peers, Prime Zone As appear particularly affordable (Fig 34). Currently, Royal Tunbridge Wells has the fourth lowest Prime Zone A figure (ahead only of Harrogate and Worcester (£75/sq ft), and Cheltenham (£100/sq ft).

9.3.6 The remaining benchmark locations have Zone A rents which are between £5 - £70/sq ft more expensive than Royal Tunbridge Wells. The most expensive prime Zone As are in Oxford (£180/sq ft) and Cambridge (£190/sq ft). The benchmark average figure is £135/sq ft.

Fig 34 – 2021 Prime Zone A Rents Vs. Benchmark Peers



Source: PMA, Knight Frank

9.3.7 Top achievable prime rents across UK towns and cities have seen significant rebasing in recent years due to structural issues across the retail market. The COVID-19 pandemic accelerated these changes with a particularly acute impact on retailers burdened with unsustainable debt levels and legacy store portfolios.

9.3.8 Prime Town Centre Zone A rents across the PMA PROMIS Top 200 towns declined by -21% in 2020 and a further -4.5% over 2021. This followed a period of weak performance even prior to the pandemic. Throughout the pandemic many occupiers sought to reduce their occupational costs, in some cases resulting in a shift to turnover-related deals.

9.3.9 Analysis of historic Zone As show that rental rebasing in Royal Tunbridge Wells has been broadly in line with its benchmark peers. Prime rents in Royal Tunbridge Wells rebased by -8.3% between 2017 – 2021, following consecutive periods of growth (+1.9% 2012 – 2017; +0.4% 2008 – 2012).

Table 28 – Prime Zone A Rental Movement vs Benchmark Peers

Centre	£/sq ft Zone A (End 2021)	Prime Zone A Rental Change (% p.a.)		
		2008-2012	2012-2017	2017-2021
Bath	150	-5.4	0.5	-7.5
Cambridge	190	-0.9	1.0	-10.4
Cheltenham	100	-3.8	0.0	-13.7
Chester	140	0.0	-0.5	-9.1
Guildford	175	4.2	-0.9	-13.7
Harrogate	75	0.0	0.0	-15.2
Oxford	180	-0.4	1.7	-12.7
Solihull	150	-0.6	0.0	-6.9
Tunbridge Wells	**120**	**0.4**	**1.9**	**-8.3**
Worcester	75	-6.0	0.8	-12.8
York	125	-3.9	3.7	-12.2

Source: PMA, Knight Frank

Table 29 – Historic Prime Zone As Vs. Benchmark Centres

Centre	End 2011	End 2012	End 2013	End 2014	End 2015	End 2016	End 2017	End 2018	End 2019	End 2020	End 2021
Bath	210	200	200	200	200	205	205	205	200	155	150
Cambridge	250	280	280	280	280	280	295	280	240	200	190
Cheltenham	170	180	180	180	180	180	180	180	160	120	100
Chester	205	210	210	210	210	205	205	185	150	140	140
Guildford	330	330	305	280	290	310	315	305	250	175	175
Harrogate	135	145	145	145	145	145	145	145	130	75	75
Oxford	285	285	285	300	310	315	310	260	240	185	180
Solihull	200	200	200	200	200	200	200	195	180	160	150
Tunbridge Wells	130	155	165	170	170	170	170	165	150	120	120
Worcester	125	125	125	125	125	125	130	130	120	85	75
York	180	175	175	180	205	220	210	190	170	125	125

Source: PMA, Knight Frank

9.3.10 This is a less severe decline in Zone As than eight of its benchmark peers including: Harrogate (-15.2%), Guildford and Cheltenham (both -13.7%), Worcester (-12.8%), Oxford (-12.7%), York (-12.2%), Cambridge (-10.4%), Chester (-9.1%) during the most recent period (Table 28). Conversely, just two benchmark locations saw softer rental rebasing than Royal Tunbridge Wells: Bath (-7.5%) and Solihull (-6.9%).

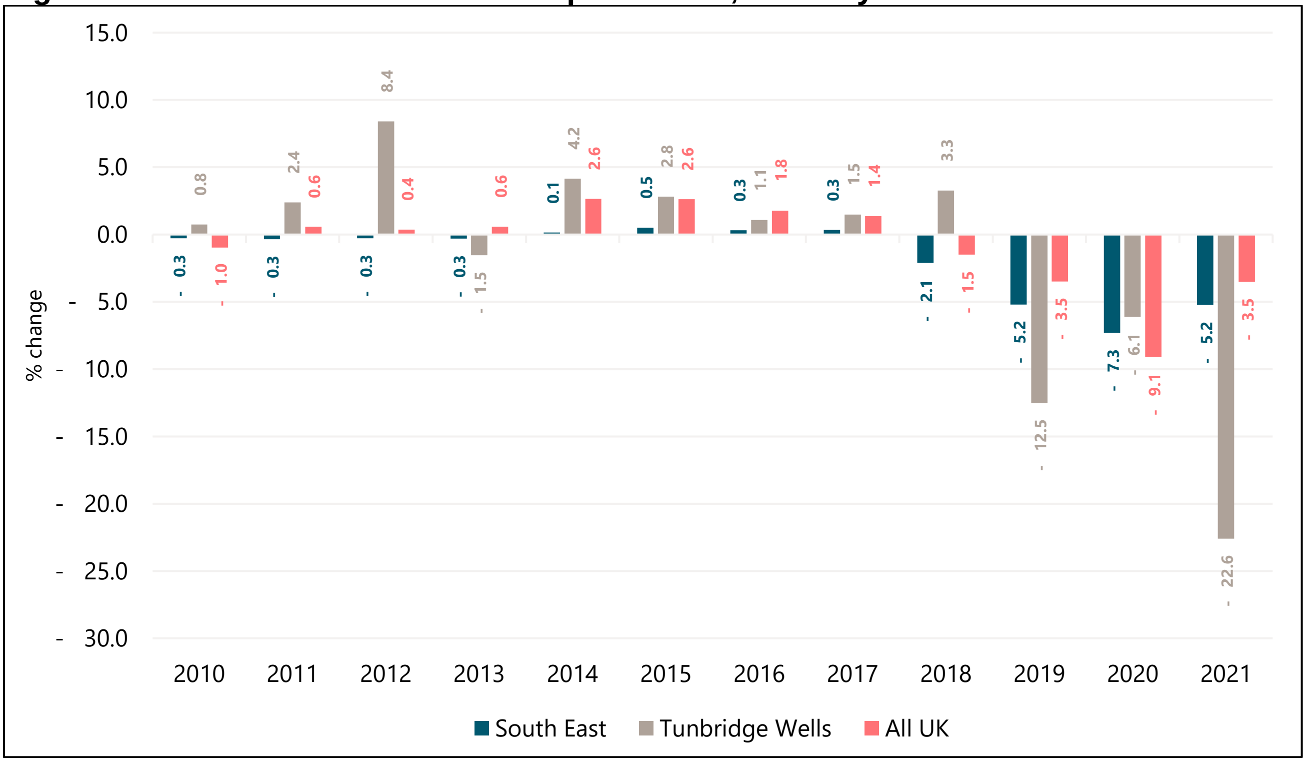
9.4 Underlying Rental Performance

9.4.1 Prime zone As represent the top of the market and may not fully reflect the underlying picture, hence the need to also analyse industry-standard MSCI (Morgan Stanley Capital International, formerly IPD) data.

9.4.2 Annual market rental value growth has been erratic over the last 10-year period (Fig 35). Rents in Royal Tunbridge Wells largely enjoyed growth between 2011 and 2018, albeit with great inconsistency year-on-year (e.g. +2.4% in 2011, +8.4% in 2012 , before dipping negatively to -1.5% in 2013). Rental growth was most consistent / stable between 2014 and 2018.

9.4.3 By 2018, rental growth began to falter across the South East (-2.1%) and the wider UK (-1.5%), although Royal Tunbridge Wells remained in positive territory (+3.3%) until 2019, where it dipped to -12.5%. All locations saw significant levels of rebasing between 2019 and 2021.

Fig 35 – Market Rental Value Growth per annum, last 10 years



Source: MSCI, Knight Frank

9.4.4 Looking at longer time horizons, market rents have rebased faster in more recent years in Royal Tunbridge Wells vs. regional and national geographies. Market rental values rebased -14.0% over the last 3 years (vs. -5.9% in the South East and -5.4% across the UK). This compares to softer -2.6% rebasing over the last 10 years in Royal Tunbridge Wells (vs. -2.0% in the South East and -0.9% in the UK (Table 30).

9.4.5 These figures are skewed by a particularly brutal 2021, which saw underlying rents in Royal Tunbridge Wells fall by -22.6%. This made it the second worst performing town of all 108 MSCI Key Centres in 2021, with only Swansea (-26.0%) seeing a more precipitous annual decline.

Table 30 – Annualised Market Rental Value Growth, various time periods

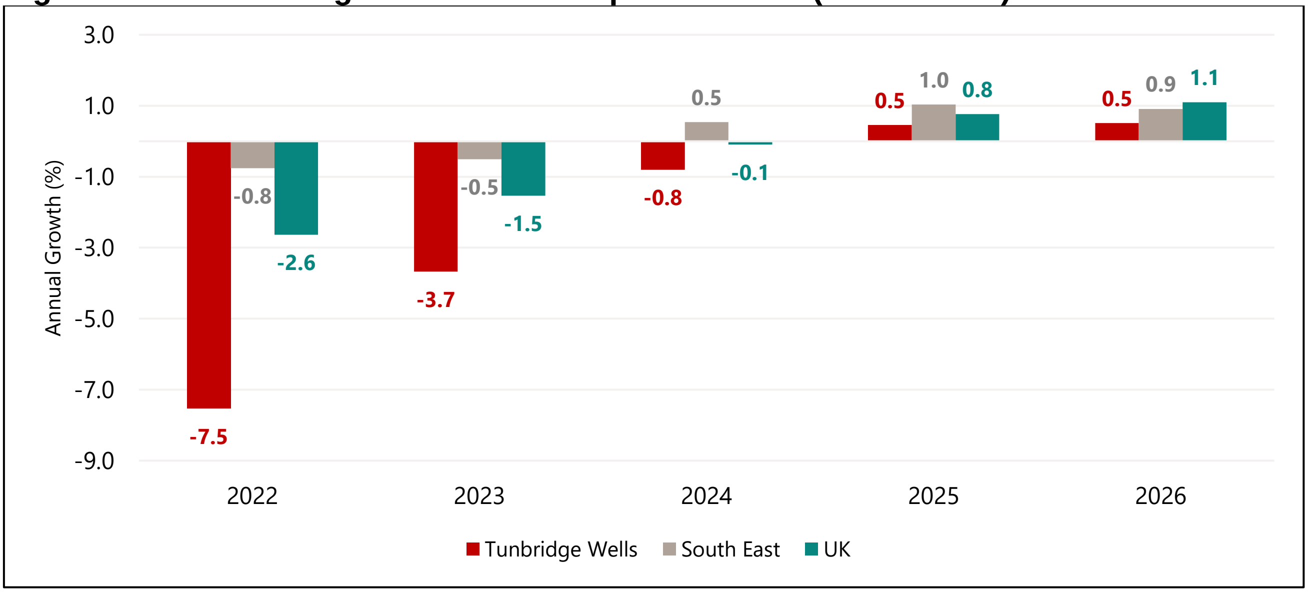
Market	Market Rental Value Growth (%)		
	3 years	5 years	10 years
Tunbridge Wells	- 14.0	- 7.8	- 2.6
South East	- 5.9	- 3.9	- 2.0
All UK	- 5.4	- 3.3	- 0.9

Source: MSCI, Knight Frank

9.5 Rental Forecasts

9.5.1 The reset of UK retail generally is gathering pace. UK retail rental growth is forecast to substantially improve each year over the next five years. Although rental growth will remain in negative territory until 2025, it is on a clear upward trajectory (2022 -2.6%; 2023 -1.5%, 2024 -0.1%) (Fig 36). National retail rents will finally re-enter positive growth territory by 2025 (+0.8%) and strengthen further in 2026 (+1.1%).

Fig 36 – Annual average rental forecast performance (2022 – 2026)



Source: Realfor, Knight Frank

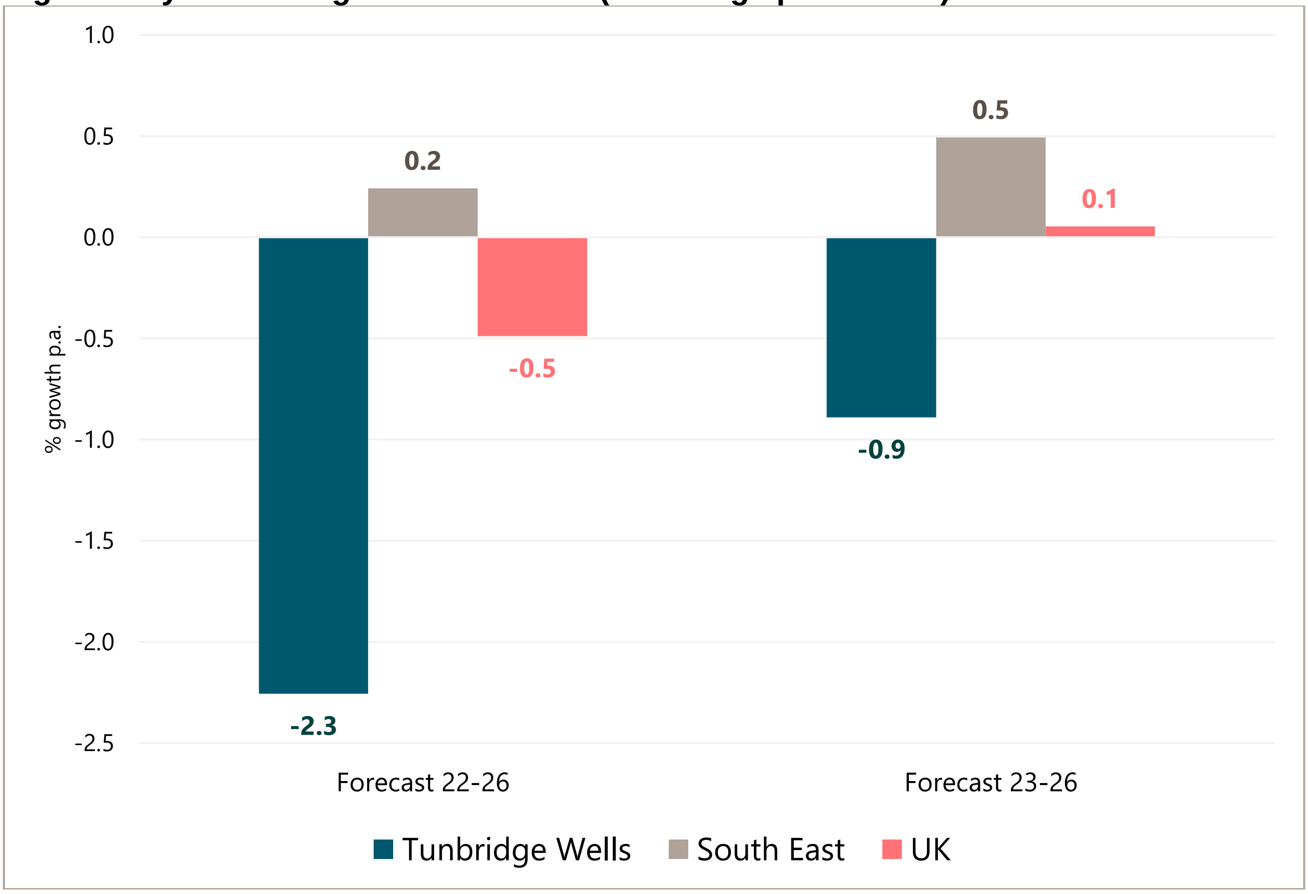
9.5.2 Regionally, retail rents in the South East have been generally more resilient than the wider UK market. South East rents will experience a softer degree of rebasing in 2022 (-0.8% vs UK -2.6%) and rents will return to positive growth a year earlier than the rest of the country (+0.5% by 2024 in the South East vs 2025 for the UK as a whole).

9.5.3 Royal Tunbridge Wells will also see rental rebasing soften significantly in the next three years post-pandemic (2022 -7.5%; 2023 -3.7%; 2024 -0.8%). Rents will return to positive growth territory by 2025 (+0.5%), the same year as the rest of the UK, but a year later than the South East region as a whole. Rental growth will remain steady between 2025 – 2026, with annual growth again forecast at +0.5%.

9.5.4 Overall, taking the 5-year period between 2022 – 2026 as whole, retail rents will experience -2.3% rebasing in Royal Tunbridge Wells vs. -0.5% across the UK and +0.2% growth in the South East region (Fig 37). Excluding 2022, arguably the first full 'normal' year post-pandemic, rents are forecast to rebase just -0.9% in Royal Tunbridge Wells, +0.1% in the UK, and +0.5% across the South East.

9.5.5 In general terms, Royal Tunbridge Wells will 'under-perform' over the next five years, but differentials will slowly level out.

Fig 37 – 5-year rental growth forecasts (% average per annum)



Source: Realfor, Knight Frank

9.6 Recent Rental Evidence

9.6.1 Recent key deals include several new leases to operators previously absent from Royal Tunbridge Wells (Table 31). Recent highlights include:

- A 10-year lease to fast-food operator Five Guys at £24.45/sq ft (asking) for ca. 6,100 sq ft basement and ground floor unit at 113 – 115 Mount Pleasant Road
- A 15-year lease to German Doner Kebab at £12.25/sq ft (effective) for ca. 2,600+ sq ft basement and ground levels at 13 – 15 Grosvenor
- A 5-year lease to The Cotsworld Co UK Ltd at £7.60/sq ft (achieved) for ca. 13,100+ sq ft ground, first, and second floors at 95 – 97 Mount Pleasant Road.

Table 31 – Recent retail leasing deals in Royal Tunbridge Wells

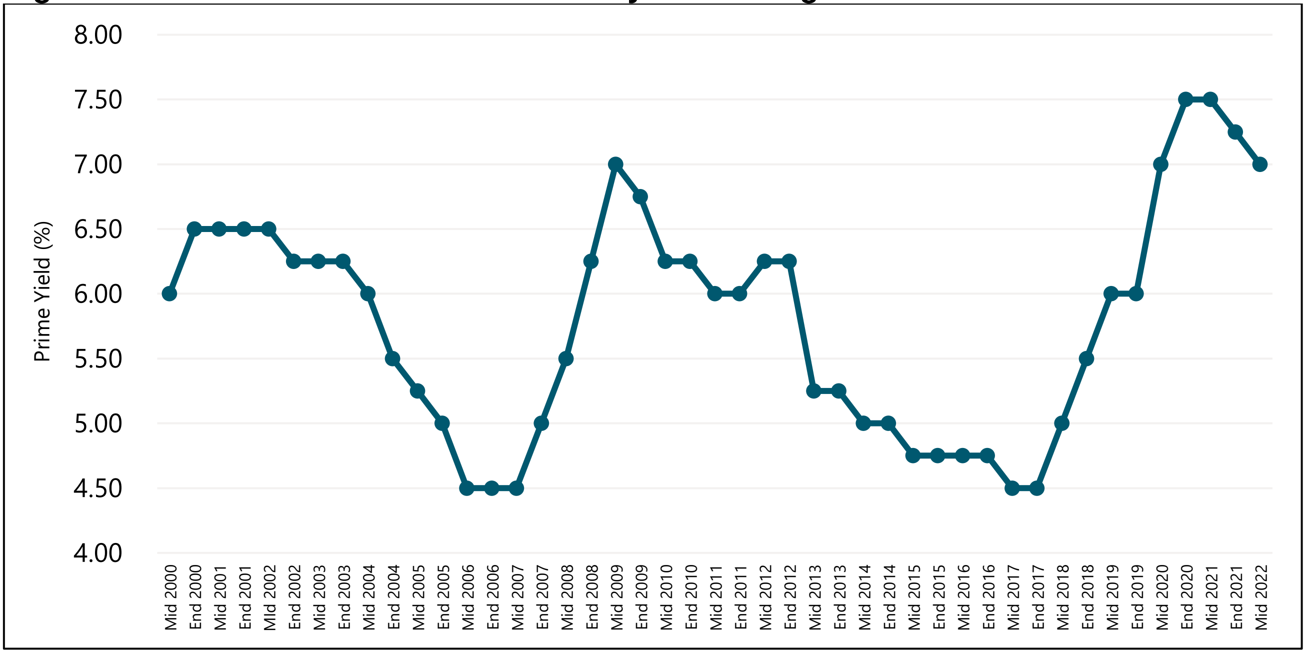
Sign Date	Start Date	Address	Floor	Total sq ft Leased	Rent PA	Rent (£/sq ft)	Rent Type	Lease Type	Term	Break Date	Review Date	Expiry Date	Rent Free	Tenant	Deal Type
14/02/2022	14/02/2022	56-56a London Rd	1st	326	7,800.00	23.93	Achieved	Direct	10 yrs			14/02/2032		**The Salon**	New
11/02/2022	11/02/2022	56-56a London Rd	1st	412	10,800.00	26.21	Achieved	Direct	7 yrs	10/02/2026		11/02/2029		**Thomas Camera Services**	New
30/06/2022	30/07/2022	113-115 Mount Pleasant Rd	BSMT,GRND	6,136	150,000.00	24.45	Asking	Direct	10 yrs			29/07/2032		**Five Guys**	New
10/06/2022	10/06/2022	66 London Rd	GRND	506	10,000.00	19.76	Achieved		5 yrs			09/06/2027		**The Earl Grey Tea Rooms**	Renewal
29/03/2021	29/04/2021	142 London Rd	GRND,1	2,237	10,833.82	4.84	Effective	Direct	10 yrs	28/03/2025	29/03/2026	28/04/2031	0	**Hunters Sandwiches**	New
14/04/2021	14/04/2021	18 Mount Ephraim Rd	LL,GRND,1-2	5,865	40,012.51	6.82	Effective	Direct	25 yrs	14/04/2031	14/04/2026	13/04/2046	0	**N Family Club**	New
23/09/2021	23/09/2021	15A Church	GRND,1	819	4,999.98	6.10	Effective	Direct	30 yrs			22/09/2051	0	**The Twenty Six**	Renewal
17/09/2021	17/09/2021	13-15 Grosvenor	BSMT,GRND	3,673	44,999.68	12.25	Effective	Direct	15 yrs	16/09/2031	16/09/2026	17/09/2036		**German Doner Kebab**	New
01/10/2021	01/10/2021	118 Camden Rd	GRND	1,076	18,000.00	16.73	Achieved	Direct	15 yrs			30/09/2036		**The Bicycle Boutique Bakery**	New
20/12/2021	20/12/2021	The Pantiles	GRND	1,159	24,000.00	20.71	Achieved	Direct	10 yrs			20/12/2031	6	**The Finance Hub**	New
10/12/2021	10/03/2022	95-97 Mount Pleasant Rd	GRND,1-2	13,161	100,000.00	7.60	Achieved	Direct	5 yrs			10/03/2027	6	**The Cotswold Co UK Ltd.**	New

Source: CoStar, Knight Frank

9.7 Prime Yields and Retail Property Pricing

9.7.1 Retail capital values and pricing have undergone similarly drastic re-basing. As of mid-2022, prime retail yields in Royal Tunbridge Wells stood at 7.00%, a significant discount to historic levels. Yields were relatively stable at 4.50 – 4.75% between 2014 – 2017, before moving out from 2018. Yields softened (i.e. moved up) by ca. 75bps in 2018 to reach 5.50%. By 2019, yields had reached 6.00% and saw a further 150bps softening throughout the pandemic (to 7.50%), before hardening (i.e. moving down) again to their current level.

Fig 38 – Historic Prime Retail Yields – Royal Tunbridge Wells



Source: PMA, Knight Frank

Table 32 – Historic Prime Retail Yields – Royal Tunbridge Wells

	Prime Yield (%)
Mid 2014	5.00
End 2014	5.00
Mid 2015	4.75
End 2015	4.75
Mid 2016	4.75
End 2016	4.75
Mid 2017	4.50
End 2017	4.50
Mid 2018	5.00
End 2018	5.50
Mid 2019	6.00
End 2019	6.00
Mid 2020	7.00
End 2020	7.50
Mid 2021	7.50
End 2021	7.25
Mid 2022	7.00

Source: PMA, Knight Frank

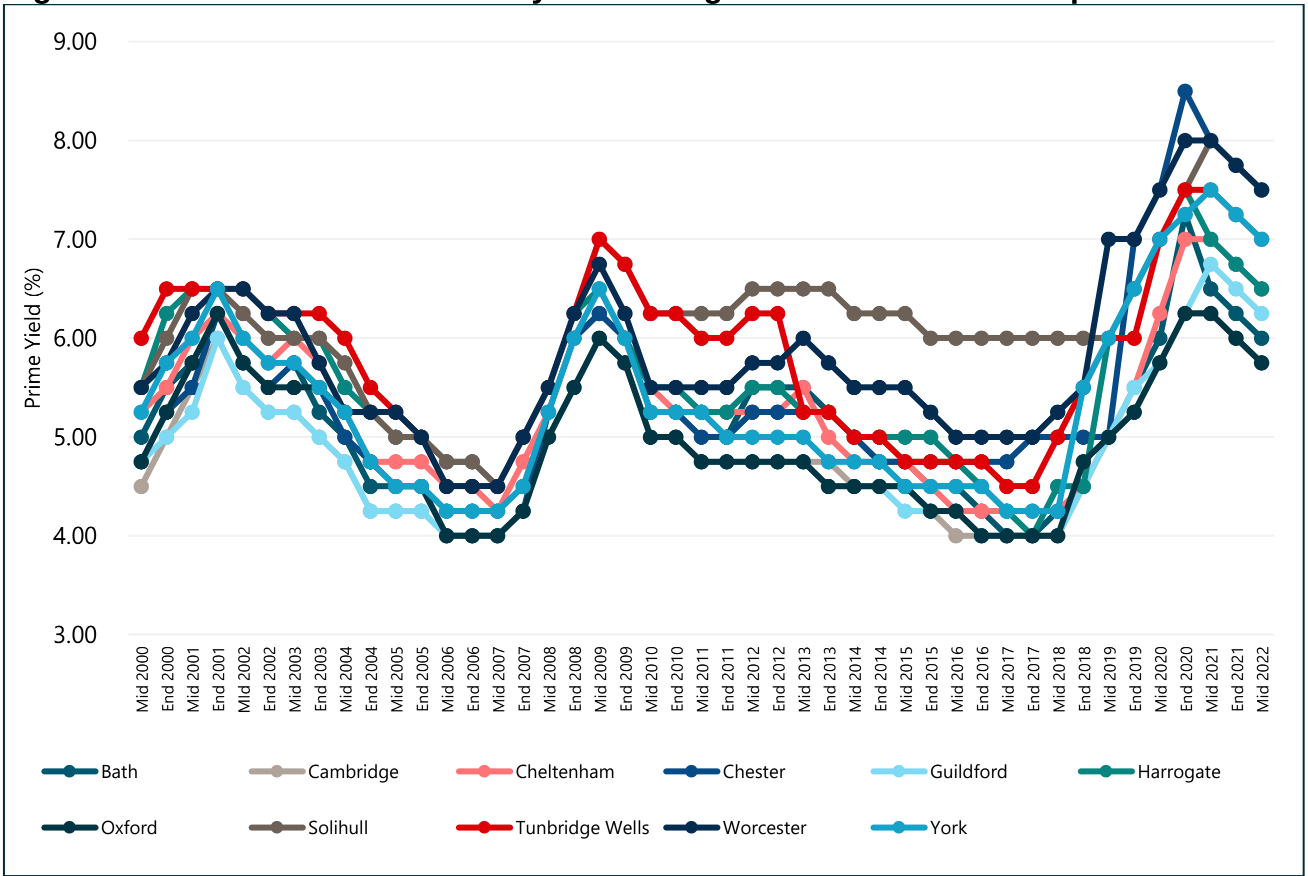
9.7.2 To put this real estate pricing into wider context, Knight Frank's Yield Guide for mid 2022 lists retail yields for Prime Towns (e.g. Oxford, Cambridge, Winchester) at 6.25%, for Regional Cities (e.g. Birmingham, Manchester) at 6.50% and for Good Secondary (e.g. Truro, Leamington Spa, Colchester) in the range of 8.25% and 8.50%. Royal Tunbridge Wells logically sits between Prime Towns and Good Secondary, a fair reflection of its pricing.

9.7.3 Compared to its benchmark peers (Table 33), Royal Tunbridge Wells' yield (7.00%) is in line with York (7.00%) and:

- 130bps higher than Oxford and Cambridge (5.70%)
- 100 bps higher than Bath (6.00%)
- 75 bps higher than Guildford (6.25%)
- 50 bps higher than Cheltenham and Harrogate (6.50%)
- 50 bps lower than Chester, Solihull, and Worcester (7.50%)

9.7.4 Historically, Royal Tunbridge Wells' yield has been one of the softest (ie highest) of its benchmark peers. In Royal Tunbridge Wells, prime retail property is still priced at a discount to all the other benchmark centres, with the exception of York, Chester, Solihull and Worcester.

Fig 39 – Historic Prime Yields – Royal Tunbridge Wells vs Benchmark peers



Source: PMA, Knight Frank

Table 33 – Prime Retail Yields – Benchmark Centres (Mid 2022)

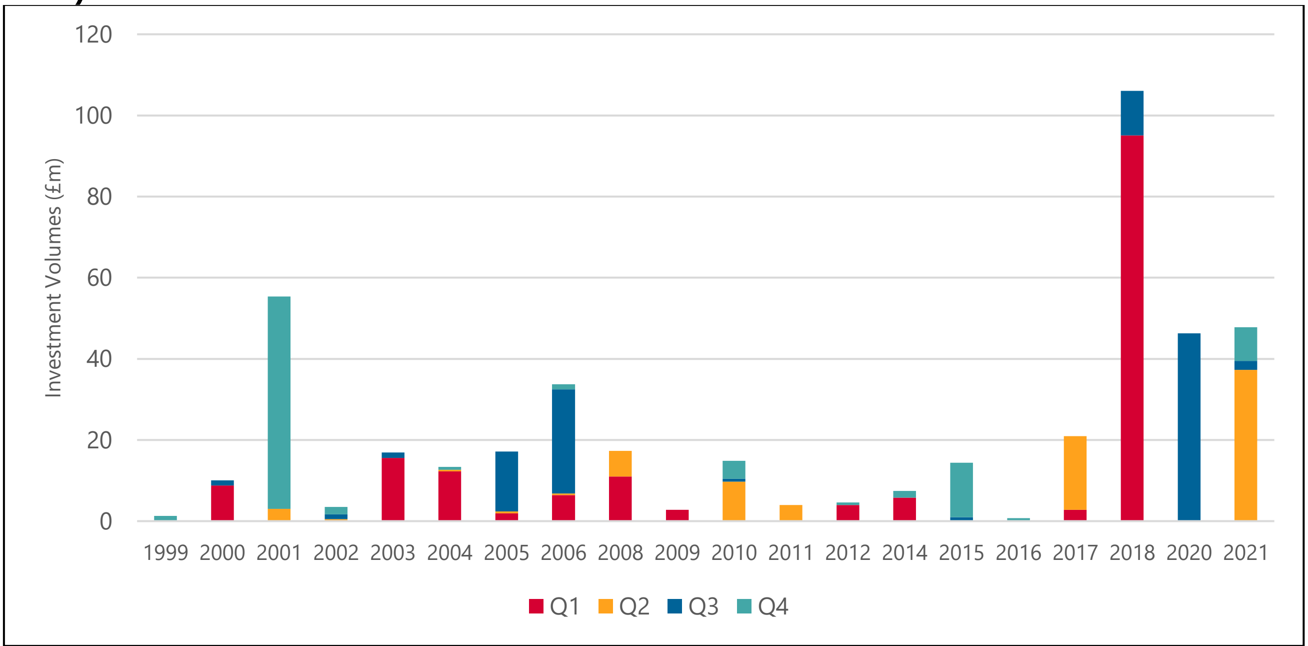
	Prime Yield (%)
Bath	6.00
Cambridge	5.75
Cheltenham	6.50
Chester	7.50
Guildford	6.25
Harrogate	6.50
Oxford	5.75
Solihull	7.50
Tunbridge Wells	**7.00**
Worcester	7.50
York	7.00

Source: PMA, Knight Frank

9.8 Recent Investment Evidence & Key Deals

9.8.1 Given events of the last few years, actual investment evidence has been scarce. Historically, investment transactions of retail assets within Royal Tunbridge Wells has fluctuated over the years (Fig 40 and Table 34). Nothwithstanding these fluctuations, the 5-year investment annual average was £44.4m, considerably higher than the 10-year average of £25.2m.

Fig 40 – Total Retail Investment Volumes in Royal Tunbridge Wells, by quarter (1999 – 2021)



Source: PropertyData, Knight Frank

Table 34 – Total Retail Annual Investment Volumes in Royal Tunbridge Wells (1999 – 2021)

Year	Total (£m)
1999	1.3
2000	10.0
2001	55.4
2002	3.5
2003	16.9
2004	13.4
2005	17.2
2006	33.7
2008	17.4
2009	2.8
2010	14.9
2011	4.0
2012	4.6
2014	7.4
2015	14.4
2016	0.7
2017	21.0
2018	106.1
2019	-
2020	46.3
2021	47.8

Source: PropertyData, Knight Frank

9.8.2 To date, no retail property deals have completed in 2022. In 2021, five deals transacted, worth a total of £47.8m. Significantly, three of these deals took place on prime pitch in Calverley Road and included 67,000 sq ft unit space on 2 – 46 Calverley Road to Evolve Estates LLP. The remaining two assets traded last year were located out-of-town (North Trading Estate to M7 Real Estate and Fountains Retail Park to Columbia Threadneedle).

9.8.3 Investment volumes in 2021 marked a small uplift on 2020 levels. In 2020, just one asset traded, Great Lodge Retail Park being bought for £46.3m by M7 Real Estate. In contrast, not a single asset traded in 2019, despite it being before the onset of COVID-19.

9.8.4 2018 marked the high water mark for retail property investment in Royal Tunbridge Wells. That year, a total of £106.1m was transacted, the highest level in 20 years. The 2018 figure was bolstered by the sale of a key town centre asset, namely Royal Victoria Place to British Land for £92m at a yield of ca. 7.00%. In British Land's latest (2022) published accounts, Royal Victoria Place has since been valued at just £22m, such has been the decline in shopping centre capital values.

Table 35 – Recent Retail Investment Transactions in Royal Tunbridge Wells

Date	Asset Address	Sector	Sub-Sector	Price £m	Yield %	Size sq ft	Rent	Purchaser	Vendor	Comment
01/12/2021	North Trading Estate	Retail	Retail Warehousing	7.9	6.0	26,008	£ 499,492	M7 Real Estate	DTZ Investors	B&M, Hobbycraft
01/11/2021	**Calverley Road, 2-46**	**Retail**				**67,000**		**Evolve Estates LLP**	**Undisclosed**	
01/11/2021	Calverley Road, 70-70a	Retail		0.4	6.5			Undisclosed	Undisclosed	West One Bathrooms
01/07/2021	Calverley Road, 88-92	Office & Retail		2.3			£ 20,000	Undisclosed	Undisclosed	Iceland
01/05/2021	Fountains Retail Park	Retail	Retail Warehousing	37.3	8.4	114,000		Columbia Threadneedle	Legal & General Property	Marks & Spencer
01/09/2020	Great Lodge Retail Park	Retail	Retail Warehousing	46.3	7.5	165,525		M7 Real Estate	UKCP REIT Ltd	B&Q, DFS, Currys, Aldi, Starbucks
01/08/2018	Longfield Road	Retail	Retail Warehousing	11.0	4.7	31,520	£ 557,277	Knight Frank IM LLP	Travis Perkins Plc	Wickes, Tapi Carpets
01/03/2018	**Royal Victoria Place**	**Retail**	**Shopping Centre**	**92.0**		**300,000**		**British Land Plc**	**Hermes REIM**	
01/01/2018	Calverley Road, 54	Retail		1.6	6.4			Ceres Estates Ltd	Private investor	
01/01/2018	Mount Pleasant Road, 62	Retail		1.5	5.6			Private investor	Private investor	
01/04/2017	Calverley Road, 53-55	Office & Retail		18.2	6.3	91,039	£ 1,205,510	Undisclosed	Undisclosed	
01/03/2017	Calverley Road	Office & Retail		2.8				Evolve Estates LLP	Undisclosed	Mixed-use investment, Iceland
01/12/2016	London Road, 151	Retail		0.7		2,546		Undisclosed	Lloyds Banking Group	
01/12/2015	Mount Pleasant Rd, 119	Office & Retail		3.8	5.1			CBRE Global Investors	Undisclosed	Pret a Manger, Specsavers + upper offices
01/11/2015	Grosvenor Road	Retail		2.3	5.8			Undisclosed	Reef Estates Ltd	Poundland
01/11/2015	Mount Pleasant Road	Office & Retail		7.4	6.5	41,500	£ 512,000	Hermes REIM	FI Real Estate Management	
01/08/2015	Grosvenor Road, 10	Retail		1.0	8.9	5,600	£ 89,000	Private pension fund	Harmsworth Pension Fund	GrabalAlok UK

Source: PropertyData, Knight Frank

9.9 Summary and Implications

9.9.1 Some of the property performance metrics make for sobering reading. In part, they reflect national market trends, although on some counts (e.g. underlying rents), Royal Tunbridge Wells continues to underperform on both a regional and national basis.

9.9.2 But in the context of formulating a town centre Masterplan, many of these metrics are positive and represent opportunity. Bad news for landlords, but for potential tenants significantly re-based rents should offer greater affordability and more opportunities to take space. Equally, revised capital values should bring greater parity between retail and other property uses, potentially paving the way for selected re-purposing projects to become financially viable.

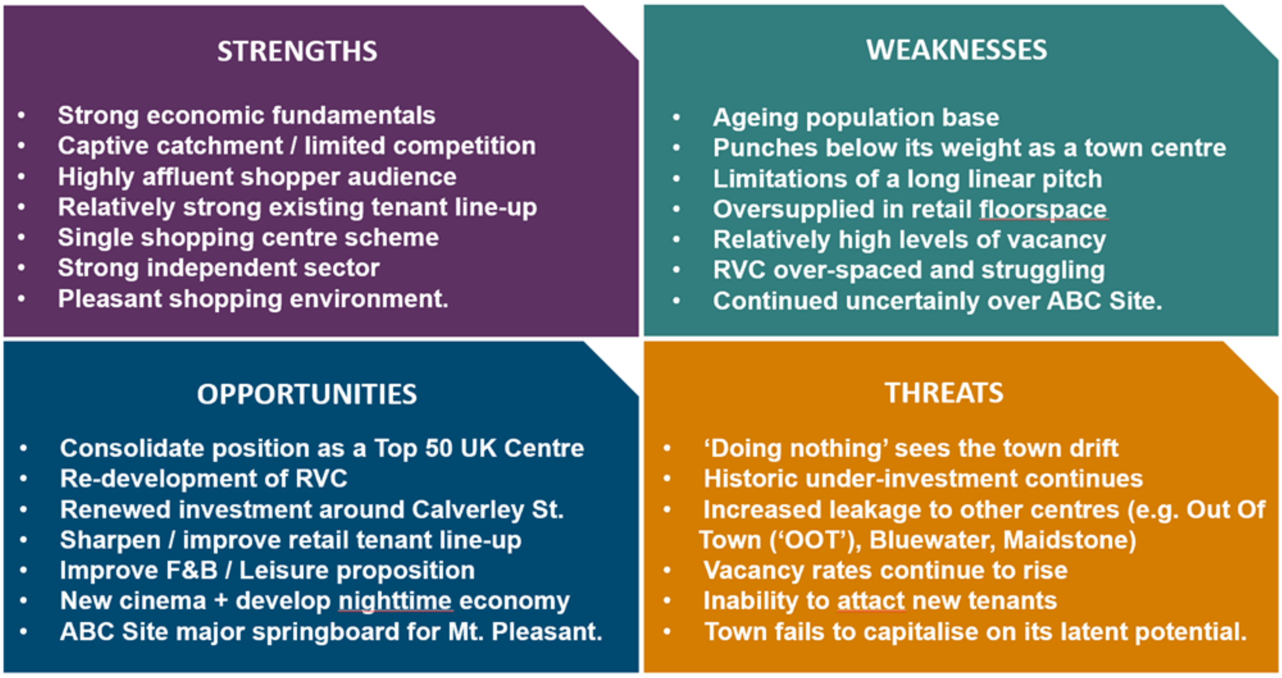
9.9.3 Two investment deals in recent years stand out in the context of the Masterplan – British Land buying Royal Victoria Place in 2018 and Evolve Estates purchasing the 67,000 sq ft block opposite on Calverley Road in 2021. This means that a significant proportion of the northern end of the town and the traditional prime pitch are held under just two ownerships. In theory, this concentrated ownership should prove beneficial in formulating and delivering necessary investment initiatives in what is definitely a key part of the town.

10. STRENGTHS, WEAKNESSES, OPPORTUNITIES, THREATS (SWOT) ANALYSIS AND STRATEGIC RECOMMENDATIONS

10.1 SWOT Analysis

10.1.1 Our ‘healthcheck’ is summarised in the following SWOT analysis:

Fig 41 – SWOT analysis of Royal Tunbridge Wells



Source: Knight Frank

10.2 Strategic Recommendations

10.2.1 A Programme of Measured Improvements

10.2.1.1 Royal Tunbridge Wells has inherent strengths and is not a wholly failing town centre by any means. By extension, it is not in need of total re-invention. But we believe a series of measured improvement initiatives would, in isolation and in combination, materially enhance the town centre and make it more appealing to the audience it serves. Potential (re-)development projects are likely to be the most significant and impactful of these improvement initiatives, but these need to be co-ordinated and managed in unison with other improvement projects – the more joined-up the approach, the better.

10.2.1.2 Importantly, high level / macro improvements suggested by Knight Frank as part of this body of work need to be fully reconciled with the recommendations from the parallel projects conducted by our consultant partners LDA Design and City Science. Indeed, Movement, Decarbonisation and Public Realm Improvements are absolutely integral to any programme of measured improvements.

10.2.2 Slight reduction in total retail footprint to address current over-supply

10.2.2.1 The UK retail market as a whole is oversupplied, a by-product of over-zealous development in the past and no managed process of obsolescence, as much as the growth in online shopping. Most towns in the UK have a surplus of retail floorspace, which can be highly problematic.

10.2.2.2 Royal Tunbridge Wells is not an exception to this, but our analysis (supported by the latest Nexus Planning Report) suggests that the level of current oversupply is not chronic – a reduction in overall floorspace (comparison and convenience goods) of between ca. 30k – 150k (-2.5% to -13.0%) would see the town achieve sustainable / very healthy levels of space productivity.

10.2.3 Less, but better floorspace

10.2.3.1 Quantifying over-supply is, in many regards, easier than implementing an ‘on-the-ground’ strategy to realise it. We would not anticipate fundamental change to the town’s basic ‘footprint’ i.e. we would not recommend that any portion or section of the town’s linear footprint be ‘de-commissioned’ for retail use. On the contrary, we believe that retail and leisure uses have a fundamental role to play the full length of the town’s footprint.

10.2.3.2 Reducing the quantum of retail floorspace is likely to be achieved through space consolidation, rather than 'de-commissioning'. From an objective standpoint, the obvious focus for this would be Royal Victoria Place, which is considerably over-spaced, as evidenced by high vacancy rates and long term void units. Consolidating this scheme into something that is more fit-for-purpose could potentially achieve the space reduction we believe necessary in a stroke.

10.2.3.3 In general, space reduction is a difficult process that needs sensitive planning and careful management. But it would appear infinitely more viable in Royal Tunbridge Wells than it does in other more challenged towns and cities across the UK.

10.2.4 Royal Victoria Place and ABC Site both transformational in realising vision.

10.2.4.1 We are aware of a number of potential development sites within the wider Borough. The former ABC Site is clearly the most relevant and poignant to the health and vitality of the town centre, given both its key location and protracted history. Although not necessarily formally classified as such, we would identify Royal Victoria Place as the other key development site longer term.

10.2.4.2 That is not to say that the other development sites are irrelevant, but to our mind, they lie outside the town centre core. They are likely to have considerable positive impact on the wider hinterland and indeed, further enhance the potential audience of the town centre itself.

10.2.4.3 We are of the firm opinion that development of the ABC Site and Royal Victoria Place have the potential to be transformational in resetting the town's vitality and viability. Not only are they major projects in their own right, they are also pillars upon which many of the town's other improvement initiatives can be hung.

10.2.5 Royal Victoria Place – floorspace reduction, consolidation, partial re-purposing

10.2.5.1 As already identified, Royal Victoria Place is a major weakness in Royal Tunbridge Wells' overall proposition. Despite some investment in cosmetic features and a degree of asset management on the part of the previous (Hermes) and current (British Land) owners, the scheme is severely challenged and in need of a substantial re-think.

10.2.5.2 We firmly believe that there is still scope for a managed shopping centre in Royal Tunbridge Wells, albeit one that reflects the future rather than the past. In very basic terms, the existing scheme has too much retail floorspace (ca. 300,000 sq ft) and has an excess of vacant units, including a number of long-term problematic voids. In our opinion, consolidation of the existing space and re-development of parts of the centres would create a more appropriate scheme and this is likely to entail relocating some of the key tenants (e.g. Next, Sports Direct, WH Smith, JD) to better units.

10.2.5.3 Objectively, we believe there should be scope to re-purpose some of the existing retail space to other uses, be they commercial (e.g. leisure, cinema, gym, offices etc) or possibly residential. We recognise that re-purposing projects are usually more complicated and capital-intensive than many perceive them to be. On that basis, we are not in a position to be prescriptive at this stage, but believe there are a number of potential options that could be explored.

10.2.5.4 We have limited transparency on the landlord's plans for Royal Victoria Place and are not aware of any specific planning application. But we would advocate proactive engagement from the RTW Town Centre Working Group with British Land. This would extend far beyond the centre management team to key decision makers at head office. As well as understanding British Land's position on Royal Victoria Place, this may pave the way for wider collaboration and potentially open up joint-venture opportunities.

10.2.6 Re-location and right-sizing of existing tenants

10.2.6.1 Our retail audit highlights that a number of existing tenants in Royal Tunbridge Wells may be trading in compromised units, largely in terms of store size. Our analysis suggests that over 90 operators emerge as being 'under-spaced' relative to their sister stores in the benchmark centres. In many cases, the differential may be fairly small (<1,000 sq ft), but there are still 30+ operators where the difference is >1,000 sq ft. Some trade from units that are only around half the size of their respective benchmark averages.

10.2.6.2 Of course, many of these operators may be happy in their current premises and location and may not necessarily wish to re-locate. Nevertheless, we believe there is scope for a process of 'right-sizing' and any re-development will undoubtedly give rise to fresh opportunities.

10.2.6.3 How this process is managed is challenging. There is no arbiter as to which tenant should occupy what space and the process is in many respects subject to open market forces. We would suggest that the Business Improvement District (BID) may the best forum through which this process could at least be explored.

10.2.7 Wider regeneration of Calverley Road and environs

10.2.7.1 Calverley Road is still recognised as Royal Tunbridge Wells' prime retail pitch, but it doesn't project a desperately appealing shopping experience, is blighted by high vacancy levels and appears to have been subject to under-investment for many years.

10.2.7.2 Calverley Road still has a key role as one of the hubs and focal points of the town centre as a whole, but it needs major rejuvenation. Its proximity to Royal Victoria

Place is potentially a key factor in any regeneration initiatives. Any re-development of the shopping centre can prove a catalyst for wider change in the streets and areas that surround it, most notably Calverley Road itself (not least because many of the key tenants in Royal Victoria Place have frontage onto Calverley Road).

10.2.7.3 We note that 14 units on Calverley Road (2-46) are under common ownership (Evolve Estates). This is potentially a positive facilitator of change in that fragmented ownership tends to be a major barrier to progress as it is notoriously difficult to achieve consensus. Again, we would advocate proactive engagement on the part of RTW Town Centre Working Group with Evolve Estates as a major stakeholder in one of the key pitches in the town.

10.2.7.4 As part of the regeneration process of Calverley Road and the surrounding streets we would anticipate a number of streetscaping initiatives and wider public realm improvements. For more detail on these, please refer to the parallel reports produced by our co-consultants LDA Design and City Science.

10.2.8 Proactively targeting / ‘managing’ vacant units

10.2.8.1 Although vacancy levels in Royal Tunbridge Wells (ca. 18%) are not significantly worse than peer group averages, it is still in the town’s interests that the figure is reduced to a more sustainable level (<10% in the short term, <5% longer-term). Given that no one has total jurisdiction over the town and it is subject to open market forces, the vacancy rate can only be actively ‘managed’ to a certain degree.

10.2.8.2 Many of the vacant units in the lower end of the town (The Pantiles and High Street) are of limited concern. While they may currently be vacant, occupier demand is generally strong and the prospects for re-occupation are generally sound. Some of those on Mount Pleasant, around Calverley Road and Royal Victoria Place are potentially more problematic, although any development initiatives in these areas should address vacant units by default by creating units and spaces tailored to the needs of would-be occupiers.

10.2.8.3 In our opinion, proposed Central Government initiatives to address town centre vacancy are unworkable. The proposal that vacant units are effectively ‘put up for auction’ to the highest bidder is predicated on the false notion that ‘greedy’ landlords are wilfully holding back units to deprive would-be occupiers, when the reality is far more nuanced (and the most likely reason is there is zero occupier interest).

10.2.8.4 We would propose the RTW Town Centre Working Group keep a tentative log / database of vacant units in the town, possibly in conjunction with key local retail agents. Although opportunities for intervention may be limited, this may be as far as the situation can be ‘managed’.

10.2.9 Attracting new / former retail tenants and new leisure / F&B operators

10.2.9.1 A continual through-put of new tenants is essential for a town's vitality. 'New blood' from both national multiples and independents is a key driver in refreshing the town centre's offer. Our analysis of Requirements highlighted more than 20 retail and leisure operators with an active interest in opening in Royal Tunbridge Wells. These include a number of high street names (e.g. Savers, Dune), F&B brands (e.g. Ole & Steen, Vapiano, Taco Bell) and leisure operators (Everyman Cinema, David Lloyd, Travelodge – whether this requirement is historic or active is unconfirmed).

10.2.9.2 Our 'gap' analysis highlights far richer potential. We are able to identify ca. 350 retailers that trade in at least two of the benchmark centres, but are not present in Royal Tunbridge Wells. Of these, around 60 trade in at least four of the benchmark centres. Included in these are a large number of high profile operators such as Primark, John Lewis, Waitrose, H&M, Zara, River Island, House of Fraser, TK Maxx, McDonalds and Nando's.

10.2.9.3 The 'gaps' basically fall into three camps: 1. Those that have traded in Royal Tunbridge Wells previously, but have since vacated. 2. Those that trade on one of the retail parks in the wider catchment rather than in the town centre itself. 3. Those that have never traded in Royal Tunbridge Wells. Those that fall in the third camp are more realistic targets than those that fall in the first two.

10.2.9.4 Of course, not all the 'gap' retailers identified will necessarily want to take space in Royal Tunbridge Wells, but the list is sufficiently long to suggest potentially rich occupier demand. Positive intervention and investment in the town centre is likely to create renewed interest amongst would-be occupiers.

10.2.10 ABC Site – encouraging mixed-use development (inc F&B and a cinema)?

10.2.10.1 The former ABC cinema site has long been a major blot on the town's vitality and viability. It has been a development site for more than 20 years, adding little to the town other than ongoing uncertainty.

10.2.10.2 After multiple ownership changes, we understand that current owner Retirement Village Group has submitted plans for the site. We understand that the proposals are largely for Senior Living residential accommodation with limited commercial use, whereas previous aborted projects were more mixed-use in nature.

10.2.10.3 There is no denying that the site itself is pivotal in the overall footprint of the town. It is broadly halfway down the linear pitch and is effectively the 'link' between the southern (Pantiles/High Street) and northern (Calverley Road/Royal Victoria Place) ends of the town. Without an authoritative offer and a centre of gravity there is a risk that the central point of the town 'sags' and doesn't punch its weight – and we believe this to be the case currently while the site remains undeveloped. Strong brands in the vicinity such as Wagamamas, Starbucks, Cote, Pitcher & Piano, Jigsaw and Russell & Bromley only partially remedy what is otherwise a weakspot in the town.

10.2.10.4 We have not formally appraised the viability of the Senior Living proposed at the site, but intuitively, it would seem to make sense. Senior Living developers favour affluent towns in the South East and demand is strongest for in-town sites where residents can readily access local amenities on foot. The ABC Site certainly ticks all these boxes.

10.2.10.5 At the same time, this does not preclude other uses being incorporated into the plan. Our retail audit identifies considerable need for new Leisure space within the town centre, particularly on the F&B side. There is also a strong case for a new cinema, which is more likely to be a boutique rather than mainstream / multiplex operator. Although this Leisure space could be incorporated into any new development / asset management in the northern part of the town / Royal Victoria Place, the ABC site intuitively feels a more appropriate location.

10.2.10.6 We understand that plans have already been submitted. To our mind, to have no significant commercial elements within the site plan would represent a missed opportunity.

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