

Scotland 2014:

Retailing in the Leading Towns & Cities



UNIVERSITY OF
STIRLING

A report by the Local Data Company
and the Institute for Retail Studies,
University of Stirling

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The leader in retail location data & insight.

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Background

2014 in Scotland has been a momentous year in so many ways. In a sporting vein, the triumph of the Commonwealth Games in Glasgow (who can forget the Tunnock's Teacakes and the Irn-Bru pop-up shop) and the Ryder Cup in Gleneagles are obvious highlights, showcasing Scotland's urban and rural sights as sporting frames. In a political vein, the referendum dominated all, and whatever your views on the outcome, the political engagement, debate and approach is a lasting legacy, which if harnessed correctly can see communities re-engage place and politics and shape lives and communities for the better.

On the towns front, 2014 saw steady progress in a number of directions and then towards the end of the year a ramping-up of activity and expectation. Over the last three years, Scotland's towns and city centres have become a key focus for public interest and government policy. We all recognise the importance of place – and of high streets within places – but have also often been acutely aware that there's something wrong with many of them. Our town centres and high streets are under pressure and failing to provide what people want and communities deserve.

In July 2013, the Fraser Review of Town Centres was published, calling for activity focused on six themes; town centre living, vibrant local economies, enterprising communities, accessible public services, digital towns and proactive planning, all wrapped within a broad (beyond retail) principle of Town Centre First. In November 2013, the Scottish Government responded to the Fraser Review with its Town Centre Action Plan, which laid out the direction and extent of

government actions and desires and committed to various demonstration projects, internal and external alignment and to the Town Centre First policy.

Over 2014 the Government and local communities have pushed strongly on this agenda. The Town Centre First policy was agreed with COSLA and demonstration projects under each of the Fraser themes have been started. Other government action has been aligned and focused to support town centres, local places and the sense that we can change the decline of many of Scotland's towns. In November the Government launched its Town Centre Action Plan, 'One Year On' report and in a Parliamentary debate achieved cross-party support for the actions. Whilst there are differences of detail, all of Scotland sees the merit of towns and town centres being successful.

Ahead of the debate, the Government provided funds to Scotland's Towns Partnership (STP) to enable it to become the "go-to" organisation for Scotland's Towns. STP is now busy identifying the detail of the actions underway, the tools needed for towns to change and develop and providing appropriate connections and learning outcomes across Scotland. As 2015 progresses, significant change will be taking place in this policy and action arena.

With all this action going on, let alone the continuing development of the retail sector, the (perhaps) reviving economy and changing business requirements, it is imperative that we use the best possible data to describe, analyse and understand the dimensions of changes that are underway and the impacts various interventions are having. Last year, we launched our 1st Scottish Retail Summit and our report on retailing

in the top 100 cities and towns in Scotland. We are now launching this, our 2nd Scottish Retail Summit and associated report. We have updated the work, extended it and have analysed the patterns of change in the intervening year. Our focus is on retail, and whilst we recognise that town centres are more than just retailing, retail is a sound barometer of their state of health.

Given this concern about our towns and cities and the importance of retailing as a signifier, it is thus particularly important to continue to monitor retail change and to develop the range of the monitoring and understanding. The Institute for Retail Studies (IRS) at the University of Stirling and the Local Data Company (LDC) joined together in 2013 to analyse our leading high streets, town centres and cities to produce a definitive overview of Scotland's retail position. This work is continuing and has formed the basis of this second report. For the future, more in depth and detailed research will be coming on stream as our collaborative ESRC PhD studentship begins work in January, adding new thinking and measures to our scope and measurement.

LDC undertakes a rolling survey of most towns and cities across the UK. On the ground researchers report on the shop and premises presence and occupancy according to pre-defined categories. All centres are visited at least once a year. This report considers the leading Scottish towns and cities. It draws on standard measures reported by LDC for the leading towns and cities (in Section A) and attempts to link them to town characteristics (Section B).

The leading towns and cities were identified by considering all locations in the LDC database in

Scotland that have 50 or more premises with retail or leisure uses. The stand-alone regional shopping centres and warehouse parks were excluded from this analysis. The result is 101 places. In our 2013 report some analysis was carried out using a smaller sub-sample of cities and towns. Due to increased coverage and extension of the LDC data, it has been possible this time to apply these measures across all the 101 towns and cities.

For most towns the wider urban area is used as the base of study as this reflects the whole town and is recognisable as such. In the largest centres however (Edinburgh, Glasgow, Dundee, Perth, Paisley and Ayr) a more constrained central spatial area is used by LDC. This constrained area is the Communities and Local Government boundary definition (in association with Geofutures) which has prepared such boundaries for major centres across GB.

There are a number of terms used in the report. Retail premises comprise the convenience, comparison and service outlets in the LDC categorisation. Vacancy is used here as vacancies in retail premises. Calculations relating to line of business exclude vacant properties.

As with any exercise of this scale, it is dependent on both the data collection and the data integrity. Data is collected routinely and systematically and is categorised according to a set of rules. As ever, especially with over 25,000 entries in the locations used here, there are occasional inconsistencies. These however are believed to be suitably insignificant given the breadth of the study and would be unlikely to alter the overall findings.

Scotland 2014:**The Retail Picture**

In retail terms, Scotland has many similarities with much of the UK outside London. LDC figures show that Scotland is slightly more multiple oriented than GB as a whole (35% vs 34% of shops); this is a narrower difference than in 2013 when the equivalent values were 35% (Scotland) and 33% (GB). There is little difference in terms of comparison or convenience proportions between the years (29% and 14% in Scotland vs 30% and 13% in GB). There is however a difference in vacancy rates with Scotland reporting 13.7% retail vacancy in 2014 against 13.3 % for GB. The gap has narrowed markedly since 2013 which showed vacancy rates of 14.5% in Scotland and 13.6% in GB. However it is widely known that there are large variations amongst the English regions with the strength of the South-East and London outweighing more difficult situations elsewhere. This suggests Scotland is performing quite well, and our headlines on vacancy are:

- Scotland's retail vacancy rate has fallen in 2014 to 13.7%.
- Scottish retail vacancy remains higher than GB vacancy as a whole.
- However, the gap between Scotland and GB in retail vacancy has declined notably.

Across Scotland there are variations amongst cities and towns and parts that are performing well and others less well. However, as long term changes continue to impact and recessionary pressures reverberate, further change is likely and more variation probable. Scotland is spatially large, has a strong

town culture with some city-regions, notably Glasgow and Edinburgh, with Aberdeen as a special oil and gas case. The public sector is more significant in Scotland than many other parts of the UK and disposable income is lower. Public spending per capita is higher however, though this is under strain due to UK government policies, despite stronger support from the Scottish public. As the referendum debate showed, there is a different "feel" to much of Scotland and to Scottish ambitions for society and place.

Scotland's towns and high streets are key features of the Scottish landscape and well over half the population live in towns. These towns vary from the urban network and clusters in the "central belt" through to remote town settlements in the Highlands and Islands. All towns however have been affected by both the structural changes in economy and society and by the impact of the recession. These concerns, well recognised by government as noted above, have not gone away and despite the measures put in place, will remain for some time. Change of the dimensions sought in Scotland's towns and town centres will not be easy or necessarily quick.

Questions addressed by the research

The research set out to answer four questions:

1. What is the retail scale and make-up of Scottish towns and cities?
2. How variable are Scottish towns and cities in their retailing?
3. How significant is retail vacancy and how has it changed in the last year?
4. Can we explain some of the patterns and changes found?

1. What is the retail scale and make-up of Scottish towns and cities?

Scotland's towns and cities show considerable variety in scale and function, reflecting the history and geography of the country.

The largest and most significant shopping centre in Scotland is Glasgow with Edinburgh the second most important. However over 60 of the towns and cities of Scotland have more than 100 shops. Ayr and Kilmarnock have over 400 shops with both being larger than the city of Stirling. Comparisons are not straightforward however as the CLG boundary limits the spatial scope of the data for seven places (Aberdeen, Dundee, Edinburgh, Glasgow, Perth, Ayr and Paisley). On this more tightly defined core, the centre of Edinburgh has more shops than the centre of Glasgow with Aberdeen the next largest. The remainder of the CLG defined places have similar scale of between 400 and 500 shops except for Paisley at 332 (but still more than the wider Stirling area). The data shows the dominance of the two cities

and then the closer similarities between the remaining cities and the largest of our towns.

Comparison retailing is of particular importance in the smaller cities, the new towns and also the smaller towns of Scotland. It is of least importance in the towns closest to major cities i.e. suburban or dormitory towns. Convenience retailing is very significant in some of the smaller towns, but is proportionately less important in the cities.

Despite the debate over clone towns, many of Scotland's towns and cities have a substantial presence of independent retailers. Perth and Edinburgh have more than 50% independent shops. In 2014 Anstruther was the "most independent" town in Scotland, but many of the smaller towns have high proportions of independent retailing.

Taking the leading towns and cities in Scotland, the averages for various descriptive retail components can be calculated:

Leading Towns and Cities Averages	% units
Vacancy 2014	13.9
Independent retail	55.8
Comparison retail	31.1
Convenience retail	12.0
Services	26.3

Table 1 – Leading towns and cities averages 2014 (Source: LDC).

These figures show that these Scottish urban places are less independent and more convenience focused than is Scotland as a whole. The table also shows that the overall Scottish vacancy figure of 13.7% is slightly lower than that in these leading towns and cities. This suggests that overall, the major centres within these leading 101 towns and cities and the selected few out of town locations used in this headline figure by LDC, have a slightly lower vacancy rate.

2. How variable are Scottish towns and cities in their retailing?

As indicated in the broad description above, there is considerable variability amongst Scotland's towns and cities, as for example:

1. The scale of places, with some very large towns and retail presence but also, even in the leading towns, many where they are only one-tenth of the largest town (Ayr).
2. A considerable vacancy rate difference between Biggar (1.8%) and East Kilbride (33.5%).
3. Variable recent vacancy rate trajectories (Huntly 14.4% increase; Denny 20.4% decrease), reflecting in some cases (e.g. Denny) special circumstances of redevelopment.
4. Independent presence in towns is variable with Anstruther being the "most independent" in 2014 and Gretna the least.
5. The make up of the towns in terms of convenience, comparison, service and leisure premises reflects their situation and role. Remote centres have higher comparison rates reflecting self-sufficiency but small towns that are not hubs or foci are more convenience focused.
6. Some places are highly persistent in their vacancy (3 yr persistent vacancy) rate e.g. Ardrossan whereas other places have little persistent vacancy (e.g. Inverurie, Haddington). This is also related to variability in churn/openings and closures which reflect the vitality and interest in a place.

Particular lines of business have become more prevalent and more controversial in recent years. The presence of charity shops and more recently uses such as pawnbrokers, moneylenders and bookmakers has become a topic of adverse publicity, heated discussion and proposed restrictive legislation.

Proportionately charity shops are less significant in cities and are more common and visible in towns. Callander, Musselburgh and Dalkeith continue to have high levels of charity shops (as last year) but the towns with most charity shops are Penicuik, Forres and Kinross.

The combination of these various types of businesses (off-licences, pawnbrokers, bookmakers and cheque centres) shows lower penetration in cities and considerable variation across towns. In four towns more than 7% of outlets are in these categories (Ardrossan, Dumbarton, Motherwell and Bellshill). In terms of their association with vacancy their significance increases in the towns that are struggling the most but they are not a predictor of vacancy. Those with a lower penetration are mainly smaller towns in relatively isolated locations such as Biggar, Grantown-on-Spey and Turriff.

3. How significant is retail vacancy and how has it changed in the last year?

The overall retail vacancy rate for Scotland is 13.7%. However this masks huge variations with for example Banff, Ardrossan and East Kilbride having vacancy rates in excess of 30%, yet Biggar and Anstruther have a rate of only 2% or below. Several tourist focused towns have low vacancy rates, yet 17% of the top 100 places have vacancy rates of over 20%.

However there is persistence in the vacancy rates, both in some towns where the rates remain very high, but also at the unit level. In many towns almost 40% of the vacant property has been vacant for three years, though there is considerable variability as stated earlier in such measures. Much vacant property is thus potentially permanently vacant indicating surplus capacity, slow market adaptation and the need for rethinking about our use of space. Multiple retailers have been withdrawing from and rethinking their use of space and much media attention is being paid to the need to shrink shop estates. This suggests that more space will come on to the market, and whilst some of this will be taken by expanding retailers and new concepts, other uses may have to be found for much of this persistently vacant space, which to all intents and purposes is no longer "retail" space. This transition needs care but has to be undertaken to maintain vitality and viability of towns and parts of towns.

In terms of the change from last year, highlights include:

1. A declining retail vacancy rate in Scotland to 13.7%; a decline that is greater than that in GB as a whole, meaning that whilst the Scottish vacancy rate is above that for GB, the gap has narrowed.
2. An increasing rate of decline in vacancy rates in many centres.
3. An unevenness amongst town vacancy rates, though the overall variation amongst towns has narrowed.
4. 5 towns have maintained vacancy rates less than 6% over the three years 2012-2014 (Inverurie, Ellon, North Berwick, Dunbar, Biggar).
5. 5 towns have remained with a vacancy rate of over 22% over the three years (Banff, Dumbarton, Cumbernauld, East Kilbride, Ardrossan).

Retail vacancy has thus turned the corner and is declining. This is not, however, true in all towns. There remain towns where vacancy has been high and is increasing. There is still a large amount of surplus property in many towns and it is unlikely that all of this property will return to retail uses.

The study permits us to identify towns which would require attention for different reasons, with each having reasons why their vacancies will unlikely be resolved by simply a change in economic circumstances. The towns are: Ardrossan which performs poorly on most indicators and faces structural problems, Inverkiething and Lochgelly which still face high vacancy rates, Kinross where the retail profile is becoming fragile, Huntly and Banff where town centre retailing is severely challenged and there has been not enough improvement to gain momentum, Dalkieth, Carluke, Penicuik, Musselburgh and Bellshill where the retail mix and vacancy are problematic and Fort William where the failure of multiple retailers has had an significant impact and the situation is worsening.

4. Can we explain some of the patterns and changes found?

In this report we have attempted to link the vacancy rate data to two sets of explanatory possibilities. First, we have used the now available 2011 Census data at the level of settlements and locality (which was not available in our first report) to consider the relationship between vacancy and socio-economic characteristics of these leading towns and cities. This is a major extension of the work undertaken previously. The result of this work is to confirm the broad trend found in 2013, namely that whilst there is a poor fit between the data on vacancy and that on various socio-economic characteristics of places, there is a weak relationship between higher vacancy levels and what may be seen as more deprived or less prosperous towns. The fact that this is a weak relationship suggests that there is potential for towns to better understand their specific situation and to react by attracting customers, business and wider activities to their places and spaces.

Secondly, we have used an emerging towns typology from the Understanding Scottish Places project noted above to look for explanations of variations in the data. The typology at this point is based on the Census data and with a size dimension applied to the cluster analysis. St Andrews is seen in this classification as being unique as it does not fit any cluster in the typology. The relationship between type of town and retail vacancy confirms the analysis above which looked at particular characteristics in turn. Types of towns overlap, but the more deprived towns have a weak tendency to have a higher

vacancy rate. When we disaggregate that by size of town we find that;

1. Amongst the largest towns (over 50,000 population) vacancy rates have increased overall, but the variability in the mixed town type has increased markedly and is higher than that of the more socio-economically constrained towns, though their vacancy rate is generally lower
2. In the middle sized towns (10-50,000 population) there has been little change between 2013 and 2014 in vacancy rates, with the more socio-economically advantaged towns having lower vacancy rates than other towns of the same size but different type.
3. In the smallest towns (3-10,000 population) vacancy rates are overall broadly unchanged between 2013 and 2014 but variability has declined in the more advantaged group and increased in the less advantaged type.

Overall, this analysis suggests that the specific situation of a town and the quality of its own analysis, management and actions can have significant impacts on the vacancy rate.

Conclusions

This work is presented here at an aggregated level. Underlying it is a rich data source which is expanding annually as more regular town and city surveys are undertaken. Scotland's towns are a key component of national identity, attractiveness and prosperity. Understanding them more deeply is vital. The data here are one step in this process. There is much more that could be done with the data and by extending and linking this data set with other sources. This work will be part of our ESRC collaborative studentship activities.

As illustrations, what more can be done with this data?

1. We have not here described the micro-level make-up of any of the towns. This is however readily achievable and available via LDC in numerical and visual representations and can provide a rich tool for BIDS, Local authorities, community groups, town centre managers etc.
2. Whilst there are some rankings and groupings of towns presented here, much more could be done to compare towns on a comparable basis. The basis of this comparability needs to be considered carefully, but the data to input to this is available. We have presented a start here in terms of the census data and the emerging typology of towns in Scotland. As the work on Understanding Scottish Places develops (funded by Scottish Government and Carnegie Trust) and is made available next year, so the potential to link this work to the LDC data set will be extended.
3. As the data collection continues, so more sophisticated questions can be asked from the longer data run. For example questions over persistent vacancy, churn and change at the micro-level of towns and thus the need for, and ability of, the market and places to adjust are fundamental to redesigning the future for Scotland's towns.

LDC methodology

1. Shops' refers to Convenience, Comparison and Service retail only.
2. Each 'Centre' refers to boundaries that reflect Scottish towns and town centres. These may differ from existing area definitions used by LDC. They are based on official Scottish area classifications including postcodes and intermediate zones.
3. Each centre has been physically walked and each premises recorded as vacant, occupied or demolished as recorded on the day of survey.
4. Vacant units are those units, which did not have a trading business at that premise on the day of survey.
5. The figures include vacant units within shopping centres where we have had co-operation from the shopping centre owner/management.
6. Centres are updated on 6 or 12 month cycles according to Local Data Company update plan
7. Changes in vacancy rates are percentage point increase/decrease.

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About the Local Data Company

The Local Data Company (LDC) is the UK's 'go to source' for data and insight on retail locations and companies. Combining powerful proprietary technology and modelling with a unique, field researched database of over 500,000 premises, LDC delivers insight, market analysis and unique profiling to the leading retailers, financial institutions, analysts, search engines, online directories and the media. Using its army of field researchers, LDC delivers insight on every location across the UK, including high streets, town centres, shopping centres, retail parks and standalone out of town stores. LDC brings data alive and delivers clarity through its integration, aggregation and highly visual delivery.

About the Institute for Retail Studies (University of Stirling)

The Institute for Retail Studies (IRS) at the University of Stirling is a leading research and education centre on the subject of retailing. Our research tackles issues in retailing, for retailer operations and about the interactions of retailing and society. Research projects are conducted on behalf of retail and distributive companies, local and national governments, public sector bodies and research councils. Projects range from three year research fellowships to short term consulting projects. The IRS offers at Stirling and internationally a variety of retail education programmes, full-time, part-time and distance learning, leading to formal undergraduate and postgraduate qualifications or CPD, open access or tailored company programmes. Details of our work can be found at www.stirlingretail.com.