



City of York Council
Economic and Retailing Growth Analysis
and Visioning Work

June 2013



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1.0 Introduction

The objectives of this analysis and visioning work are to:

- Positively identify the development needs of the City over the plan period, recognising the need to have sufficient flexibility to adapt to change.
- Create the foundation for an economic vision, and within that a vision for the City Centre, to be integrated into the new Local Plan.
- Set out a strategy for the promotion of a competitive City Centre, specifically to maximise the experience and overall dwell time.
- Set out a strategy to promote a diverse commercial / business base which reflects the individuality of York.

This report is structured as follows:

- Firstly a Strategy Document which summarises the findings from the analysis and address issues such as vision, brand and delivery.
- Followed by supporting evidence appendices, which together with the Strategy Document can inform and underpin the new Local Plan.

The analysis and visioning work is based on the following evidence base:

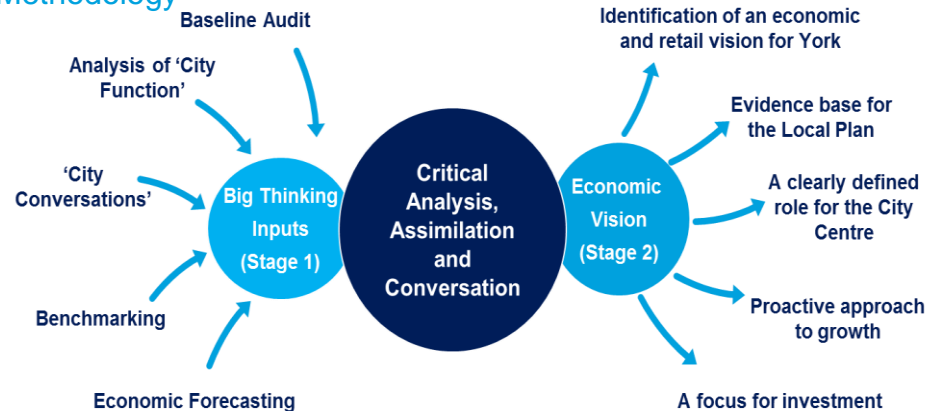
- **City / City Centre audit:** An updated evidence base, including key indicators for the City Centre which are benchmarked against comparator cities; analysis of market trends; and a set of recommendations for the future sustainability of the City Centre economy,
- **Commercial and Retail forecasts:** Forecasts and analysis for the City along with specific analysis of the role of the City Centre in accommodating growth over the plan period.

- **Engagement / workshops:** 'City-wide Conversations' and workshops with stakeholders, presentation to senior officers and relevant member groups and facilitation of discussion / debate.
- **Recommendation of options for an economic vision:** A set of recommendations for the development of a City and City Centre vision.

The study are is based on:

- The City of York boundary - for economic forecasting, growth and property market dynamics studies.
- City Centre – for specific focused analysis (the four lower super output areas E01013366, E01013367, E01013369 and E01013415).
- The assessment work in relation to the retail sector is based upon work undertaken for the 2008 York Retail Study Area (GVA Grimley), information provided in association with retail applications and industry recognised data sources.
- Research and forecasting undertaken from October 2012 to March 2013.

Methodology



Economic Analysis

2.0 York's established economic vision

"Reaching Further – York's Economic Strategy 2011-15" established ambitious targets for York to become a top five UK city and a top ten mid-sized European City. The Economic Strategy sets the following vision for York:

"Our economic vision is for the City of York to become an international and enterprising city, and in time, one of the most competitive cities of its size, not only in the UK but globally, leading to increased growth in the overall economy and jobs"

It provides five ambitions in order to realise this vision which are based around two underlying themes – international markets and an enterprising approach.

A series of actions are identified for partners to take forward under each of these ambitions and their associated objectives, many of which are currently underway.

This Economic and Retail Growth Analysis and Visioning document seeks to build on this established vision. A renewed evidence base will allow a fresh evaluation to be made in light of the changing role of the City Centre and an evolving national economic context.

This analysis and visioning exercise considers the land based implications associated with York's economic growth plans and this is provided in support for the emerging Local Plan.

1. A flexible and relevant workforce for the future – including providing skills to match employers' needs, connecting people to jobs, expanding apprenticeships and work based learning and attracting and making better use of talent.

2. A growing and dynamic business base competing on a global stage - including strengthening enterprise, helping new and existing businesses to grow and access new markets, a more business-friendly council and strengthening supply chains in growth sectors.

3. A globally connected, locally integrated knowledge base – better connecting HE and FE institutions into the city economy, expanding the Science city offer, strengthening links between business and FE/HE and promoting innovation and creativity across sectors.

4. A world class place for business, communities, students and visitors – providing the right environment for businesses and individuals to reach their potential, enhancing the city centre and integrating economic priorities with physical and infrastructure development.

5. A coordinated and efficient approach to attracting and retaining investment – a co-ordinated approach and investment to increase GVA, retain and encourage indigenous investment and promote the city as a location for inward investment.

2.1 Overview of economy

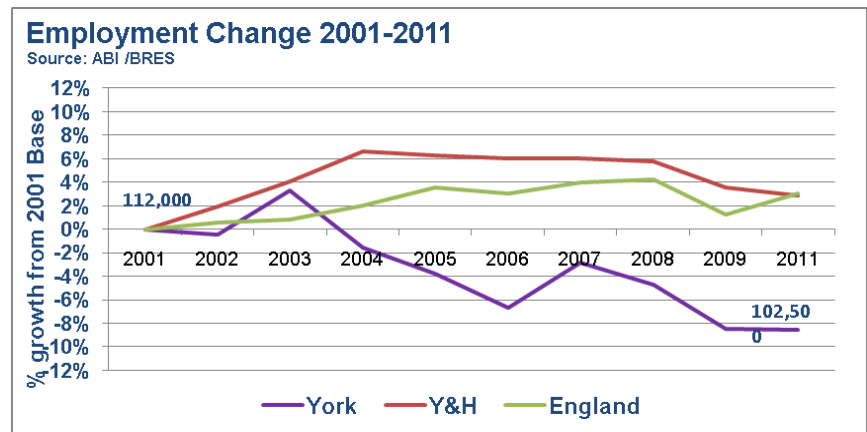
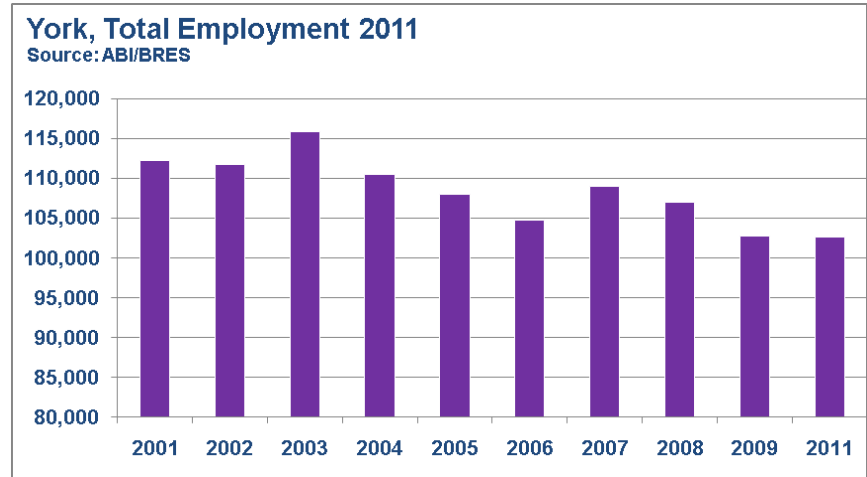
Key Facts

- The City now supports over 110,000 jobs when self employment is included, with the majority of growth secured in the 1990s.
- The transport and communications sector is having a major impact on overall employment trends in York, reflecting the employment fluctuations of major rail companies.
- When transport is excluded employment fluctuated in a narrow range between 2001 and 2011, as growth in service sectors off-set losses in manufacturing.
- Key sector strengths include: financial and professional services and developing specialisms in healthcare and bioscience sectors; environmental and bio-renewable technologies.
- The public sector and financial, professional and business services are now York's two largest employment sectors.
- Health and social care has been the fastest growing sector with an increase of 40% between 2001 and 2011.
- York contributes £4bn of value to the national economy (5% of the regional total).
- There are two main issues: (1) the level of GVA growth over this period has been low at 24% (compared to 39% nationally), and (2) low levels of productivity overall, with the GVA per FTE generated equivalent to 87% of the national average.

Total Employment

Following a period of significant and sustained economic growth during the 1990s and early 2000s (+40,000 jobs), the York employment base declined from 2004.

The overall employment trajectory shows employment decline by 13,000 or 11% between 2003 and 2011.



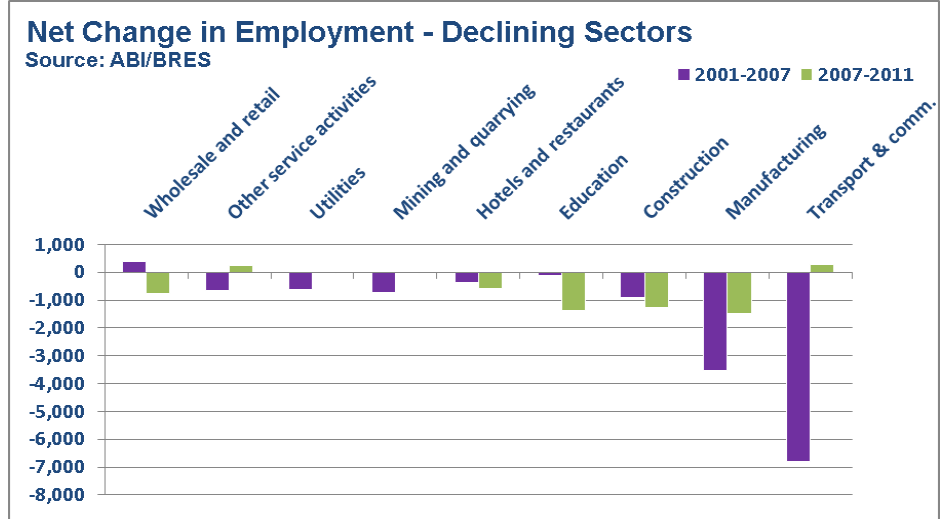
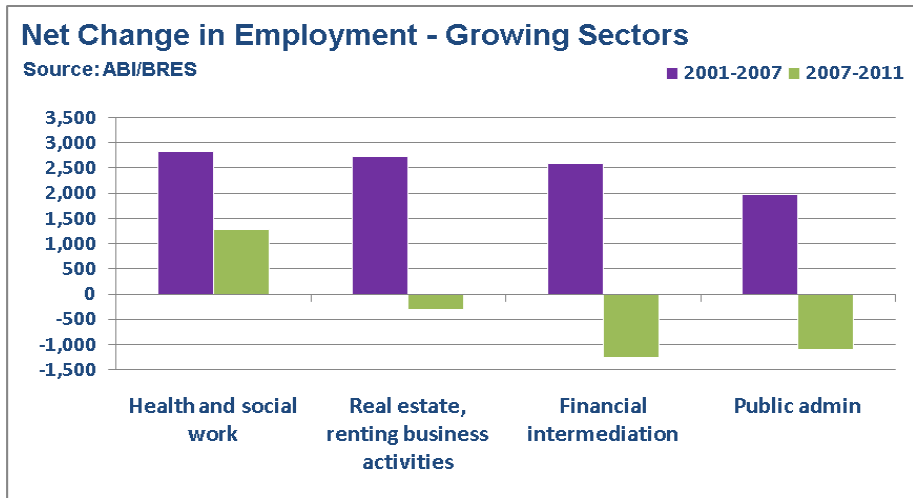
2.1 Overview of economy

Employment Change

Employment growth over the past decade has been concentrated in two key areas – financial and professional business services and the public sector.

Health and social care has been the fastest growing sector with an increase of 40% between 2001 and 2011. While health has experienced growth throughout this period, there have been employment losses in real estate, finance and insurance and public admin post 2007.

Despite growth in these areas, a number of important sectors have declined over both the periods 2001 and 2007 and 2007-2011. This includes the decline in transport employment (as mentioned previously) and the historically important manufacturing base which experienced a total loss of over 5,000 jobs during the past decade. Manufacturing is now significantly underrepresented when compared with elsewhere in the UK.



Economic Strengths

The University of York plays an important role both in terms of being a major employer in its own right and providing a skilled labour pool of graduates to serve the city's science, technology and professional services industries.

The City is now one of the highest skilled cities in the UK and is the country's third fastest growing in population terms. It was also classed as the most resilient in the UK in research undertaken during 2011 by ekosgen, and is cited as one of the UK's most attractive places to live and visit. This provides it with a number of strengths and the potential to become a more competitive and leading city economy. It does, however, face a number of challenges too, particularly in relation to its high reliance on the public sector, although this is decreasing.

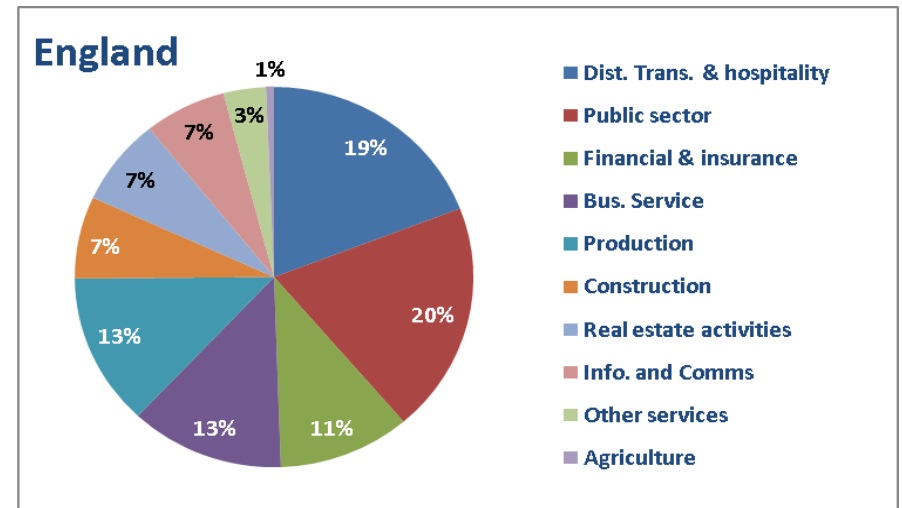
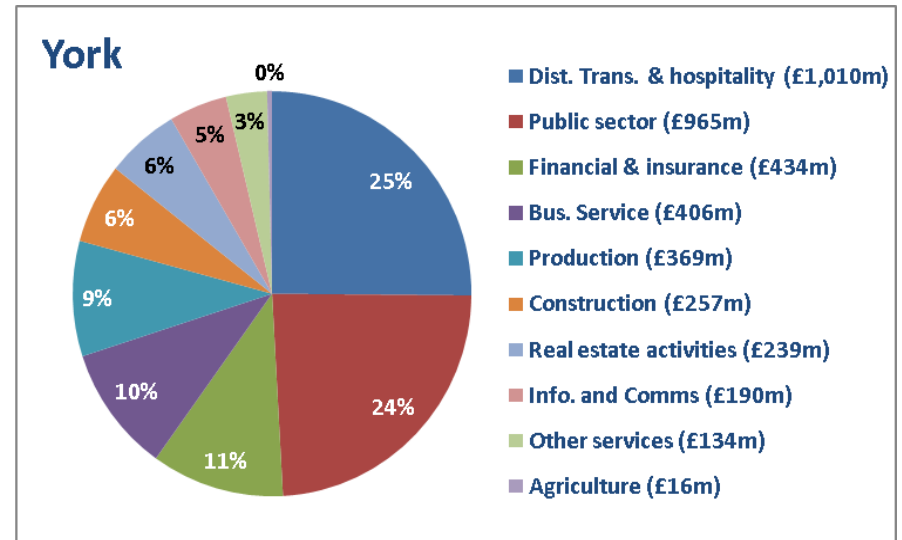
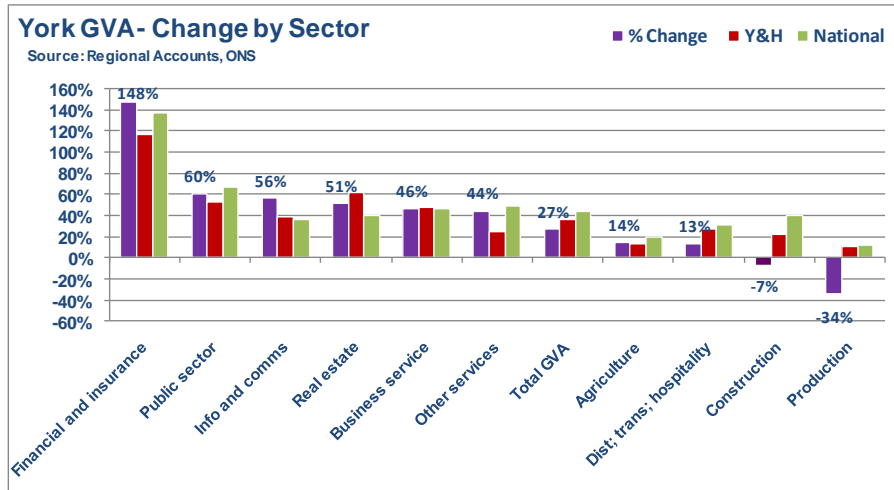
2.1 Overview of economy

Sector Strengths

The City has a number of key sector strengths. These include: the healthcare and bioscience sectors, environmental and bio-renewable technologies, IT digital companies, creative industries and financial and professional services.

The sectoral profile of York's GVA varies significantly from the distribution of employment, reflecting varying productivity levels and there are marked differences when compared to the national profile. Distribution, transport and hospitality makes the largest contribution of over £1bn followed by the public sector (£965m) – both of the sectors are highly represented and account for almost half of the City's total GVA compared to 39% nationally. This is, however, lower proportionally than the two sector's share of employment (60%).

In York's five fastest growing sectors (illustrated below), growth has been in line or ahead of the regional and/or national average. This includes some of the city's largest sectors including financial and insurance, public sector and business services.



Further re-structuring of the City's employment base, and in particular a shift towards private sector services, has the potential to increase total GVA.

2.2 Overview of demographic profile

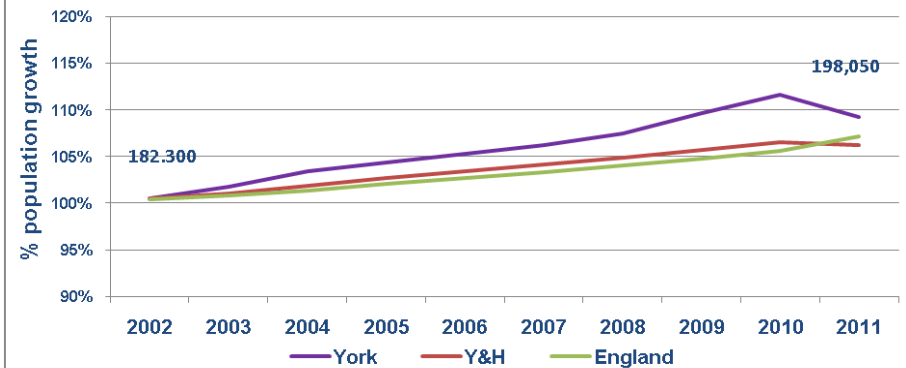
Key Facts

- The City is home to over 198,000 residents (Census 2011).
- Population growth levels in the Local Authority area were within the top 25% nationally and 4th in the region (at 9% compared to 6% regionally and 7% nationally).
- York has been successful in attracting young residents, including young professionals, with nearly 40% of the population increase accounted for by those aged 20-34.
- A quarter of the population are now aged 20-34, compared to 21% regionally and 20% nationally, partly reflecting the presence of two Universities.
- The City Centre is the third fastest growing in the UK in population terms (Centre for Cities Report).

This group includes students, graduates and young professionals who chose to live close to the city centre. Growth rates across the remainder of the working age population were similar to the regional and national average.

Population Growth 2002 - 2011

Source: Mid-year Population Estimates 2012



Population Trends

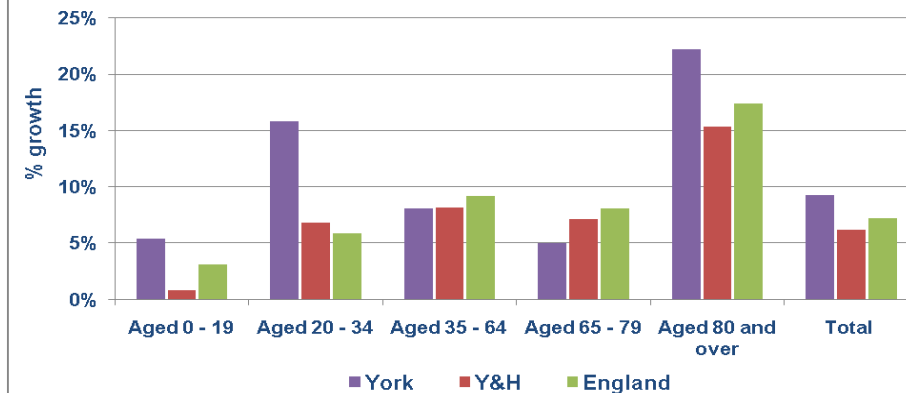
The City has seen strong population growth over the past decade. Between 2002 and 2011, the rate of population growth in York (9%) outstripped the regional (6%) and national (7%) average. This equates to an additional 15,700 residents in the City over this time period.

Demographics

The City has been successful in attracting younger residents, with 38% of the population increase attributable to those aged between 20-34, compared to 25% regionally and 17% nationally.

Population Growth 2002-2011

Source: Mid-year Population Estimates and Census



2.3 Defining a great city

York City Context

York has ambitious targets of becoming a top 5 UK city and a top 10 mid-sized European City. It is one of the highest skilled cities in the UK and the third fastest growing, which has evolved from a core based around manufacturing with now a greater emphasis on service industries. The City has a strong and growing presence in the creative, IT / digital, biosciences, financial and professional services sectors to complement its core strengths in tourism, retail and leisure. In particular, the City Centre is a most distinctive asset which differentiates York economically from many of its competitors; although a City Centre which faces increasing challenges from a range of international, national and local factors.

Defining Progress

York is one of the most liveable cities in the UK. The special character of the City and the City Centre should drive its economic strategy; a strategy which should be based on realistic ambition but grounded in the fundamentals of what makes the place so special. An economic vision is not of course solely based on economic factors. A successful economy requires a successful place, one that is influenced by a whole host of factors such as:

- The City's connections and networks on a sub-regional, regional and national level.
- The historical and heritage fabric.
- The quality of the natural environment and the links to the Region's wider natural resource.
- The quality of the urban and built environment, the places and the spaces.

- The attitudes and culture of its people.
- The strength and qualities of the education and health care provision.
- The ease of movement by all forms of travel.
- The level of crime and the feeling of security.
- The type and range of housing and its affordability.
- The local relevance of sport and play space.

York's Position against Comparator Cities

There are an extensive number of comparable cities to York both within the UK and elsewhere in Europe in terms of population size.

A series of UK comparators have been selected to assess York's comparative position against its peers within a UK context, drawing on a variety of published statistical data.

In addition, European Comparator Report: York, Centre for Cities, February 2012 used a variety of economic data from the Eurostat Urban Audit to assess York's economic position in relation to comparable European cities examining issues such as private sector business structure and high-skilled labour.

Whilst a desk based assessment can provide useful evidence on how cities compare against key indicators, it is only through an assessment of the dynamics of the individual economies that key lessons are drawn.

The following illustrates the comparator cities that have been identified for the purposes of this evaluation.

2.4 Comparable UK and European cities



● UK Cities

Bath – a strong City of heritage, with a similar retail expenditure profile to York, providing a high end offer, which has shown significant enhancement since 2005

Cambridge – a leading academic centre, with a historic core.

Chester – a City which is facing similar threats to York, competition from out of centre developments, and the constraints of providing for the retailer requirements through new development within an historic City.

Edinburgh – an aspirational target for York, Edinburgh representing an historic powerful city.

Exeter – an historic City, which has overcome the historic constraints to enable development within the City Core.

● European Cities

Utrecht – a good example of a historic city moving to a medium sized city of European importance helped by university and business collaboration;

Oulu – a technologically advanced economy with business networks and alliances to support the growth of technology based businesses

Malmö – where well developed infrastructure and advantageous costs levels attract knowledge intensive businesses and individuals

Graz – an economy that continues to support its established industrial base but has also diversified into knowledge based growth sectors;

Mainz – a Science City where there is a strong commitment to research and science, supported by a series of practical projects and networks.

2.4 Comparable UK and European cities



Bath- UK



Cambridge- UK



Edinburgh- UK



Chester- UK



Exeter- UK



Urrecht- The Netherlands



Oulu- Finland



Malmö- Sweden



Graz- Austria



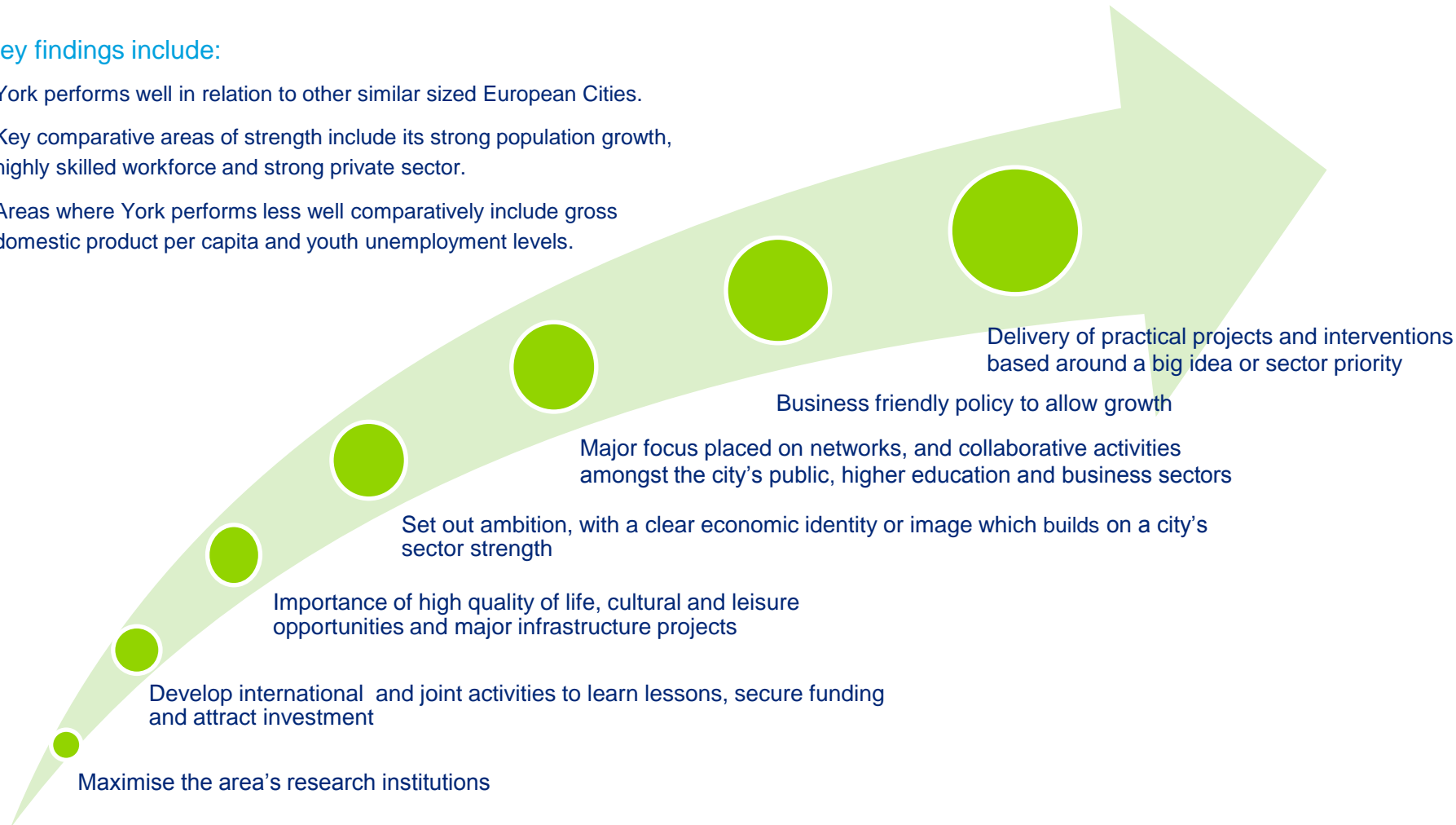
Mainz- Germany

2.5 Key lessons from European comparator cities

We have set out below the qualitative messages about five European cities which have particular similarities to York (e.g. in size, their historic nature, university background and similar key sectors), where useful lessons can be drawn. More detailed analysis is provided in Appendix 1.

The key findings include:

- York performs well in relation to other similar sized European Cities.
- Key comparative areas of strength include its strong population growth, highly skilled workforce and strong private sector.
- Areas where York performs less well comparatively include gross domestic product per capita and youth unemployment levels.

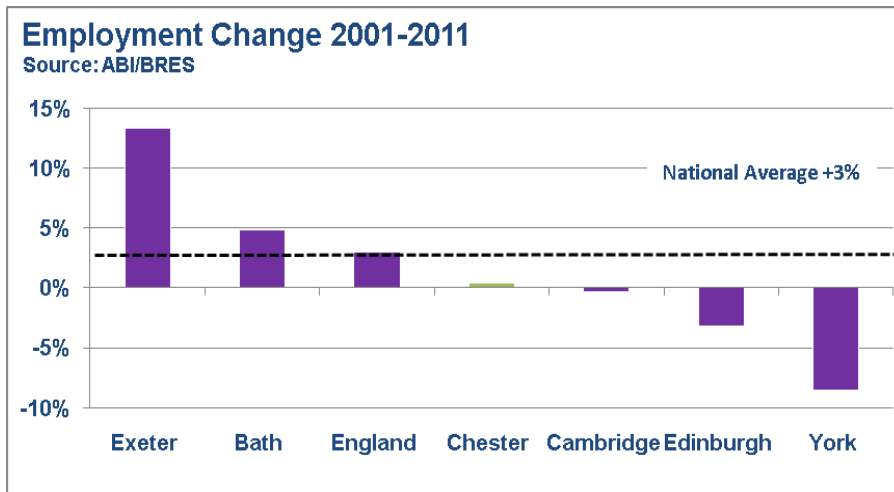


2.6 Benchmarking against UK cities

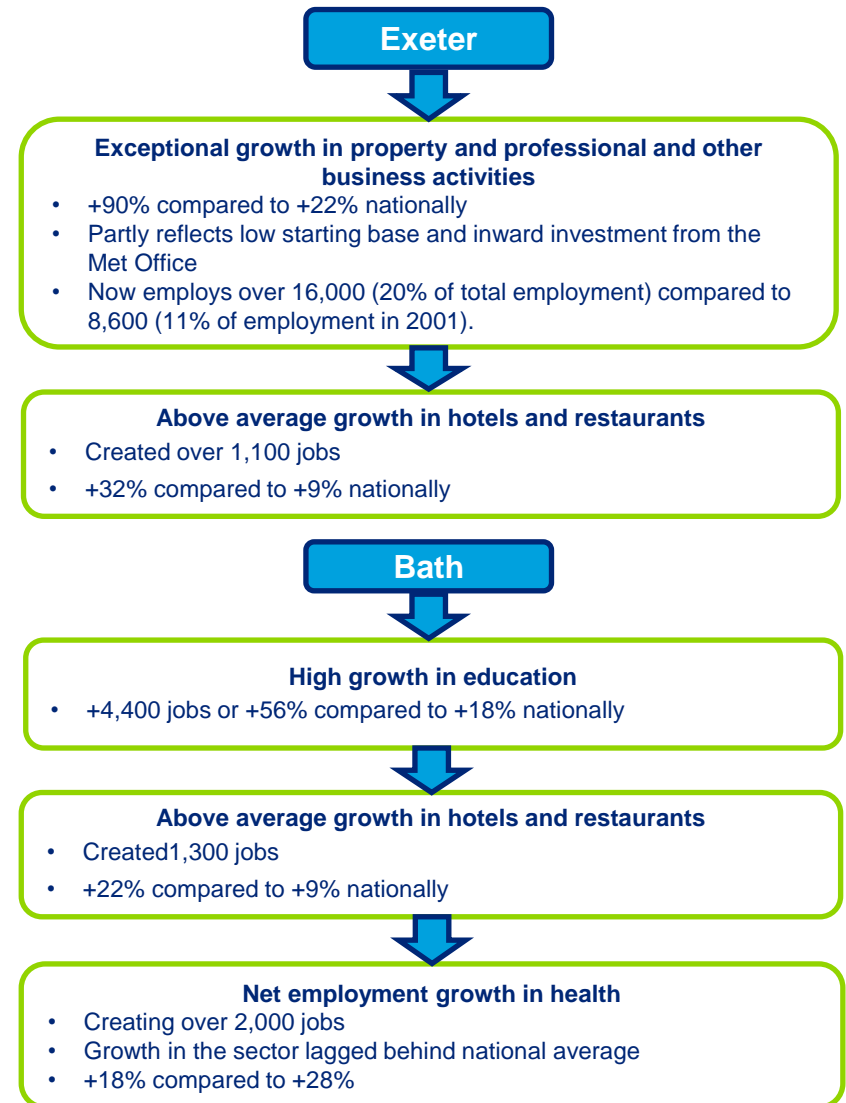
Employment change

The following chart compares employment change over the past decade. There was exceptional growth in Exeter (+13%) and Guildford (+9%) during this time, with Bath also growing strongly (+5%). A number of cities experienced decline, although none were as severe as the decline in York.

This poor performance is largely linked to the large employment loss experienced between 2007 and 2011 in transport and communications (specifically the major rail companies where the contractors, working within and outside York, will be captured within the York based head office employment numbers) and manufacturing, although the growth levels experienced during 2001 and 2007 were also lower than the top performing areas.



Growth Sectors in Comparator Cities



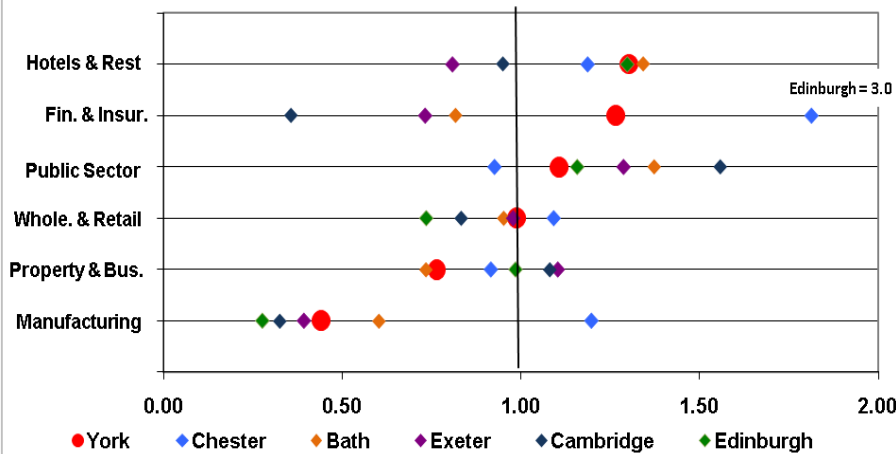
2.6 Benchmarking against UK cities

Sector Representation

The chart below provides details of the sector breakdown for each of the economies.

Location Quotient 2011 (England = 1)

Source: BRES



York is over represented in the financial and insurance sector, as well as hotels and restaurants. Public sector employment is also over-represented when compared to the national average, although not to the extent of many of the other comparator areas. The **property and business services** and manufacturing sectors in particular are under-represented in the York economy.

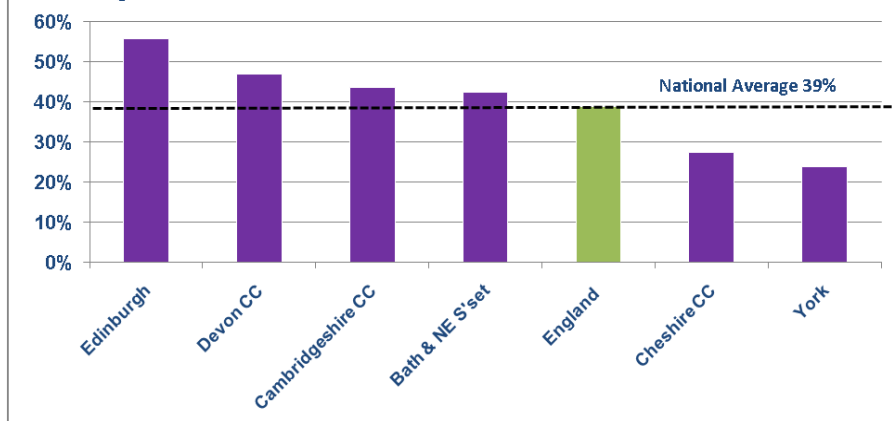
Gross Value Added

The chart below provides a comparison of GVA growth across the comparator areas. The chart demonstrates that York's GVA growth has

lagged behind the other comparator areas and the national average during this period.

GVA Growth 2001-2009

Source: Regional Accounts/BRES

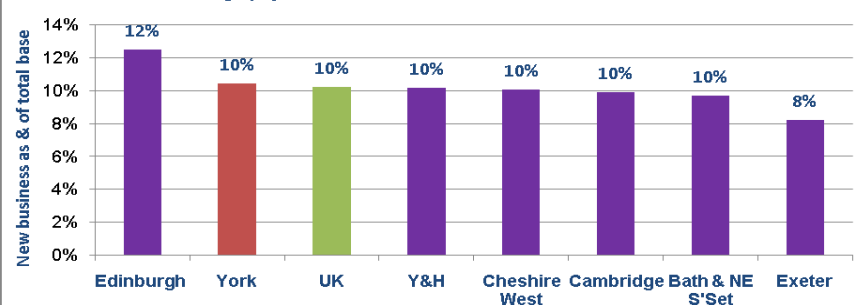


Business Start Up Rates

York performs in line with the majority of the other comparator areas with regards to business start up rates as set out in the table below.

Business Start Up Rate

Source: Business Demography 2010

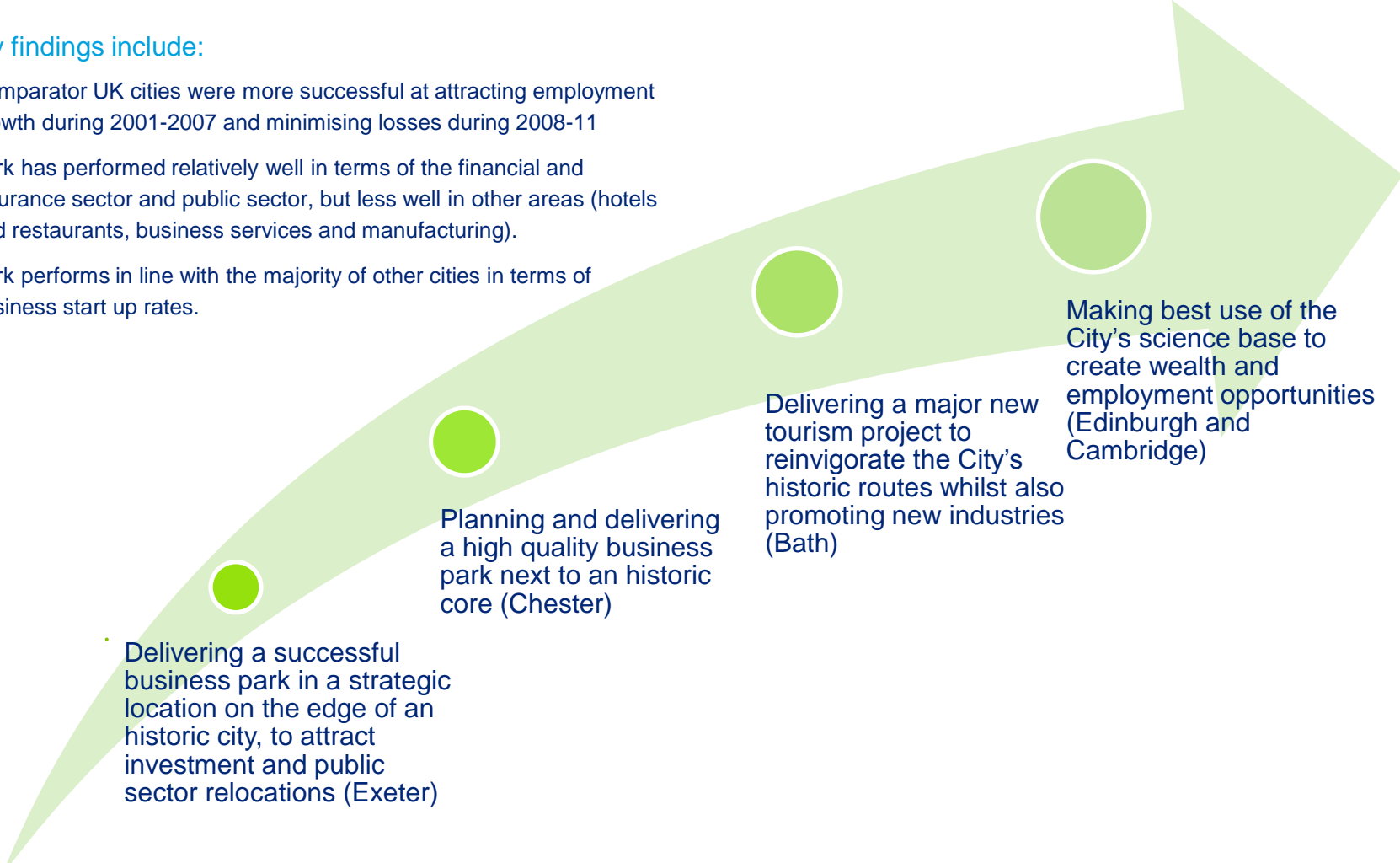


2.7 Key lessons from UK comparator cities

The following section provides some of the qualitative messages about five UK cities which have particular similarities to York (e.g. in size, their historic nature, university background and similar key sectors) but where useful lessons can be drawn.

The key findings include:

- Comparator UK cities were more successful at attracting employment growth during 2001-2007 and minimising losses during 2008-11
- York has performed relatively well in terms of the financial and insurance sector and public sector, but less well in other areas (hotels and restaurants, business services and manufacturing).
- York performs in line with the majority of other cities in terms of business start up rates.



Delivering a successful business park in a strategic location on the edge of an historic city, to attract investment and public sector relocations (Exeter)

Planning and delivering a high quality business park next to an historic core (Chester)

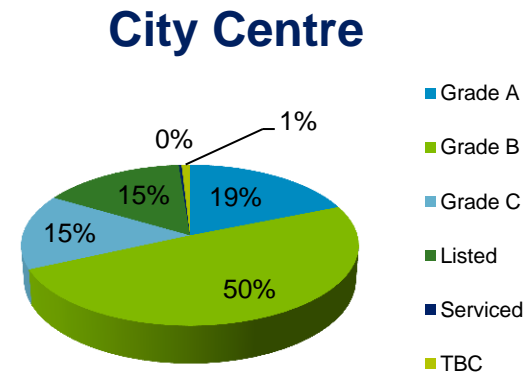
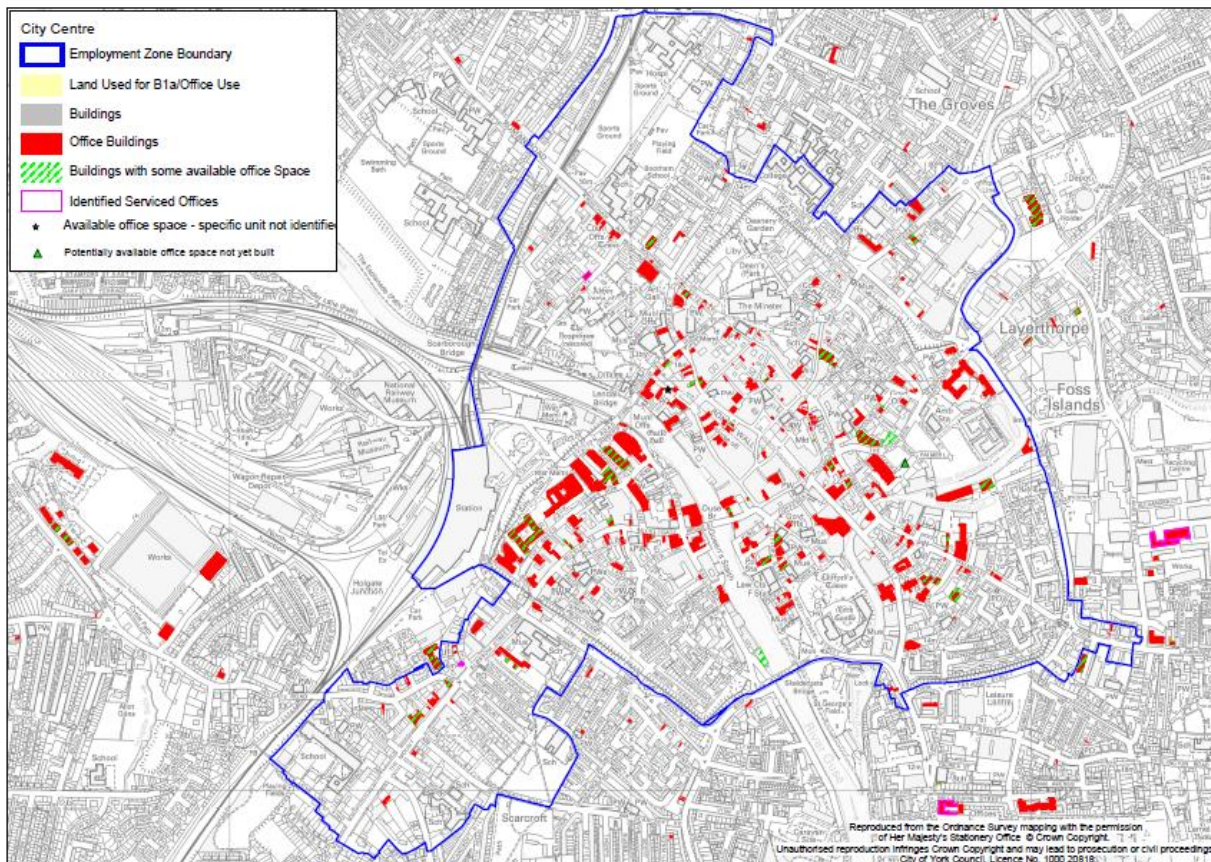
Delivering a major new tourism project to reinvigorate the City's historic routes whilst also promoting new industries (Bath)

Making best use of the City's science base to create wealth and employment opportunities (Edinburgh and Cambridge)

2.8 Existing employment locations – City Centre

The following plan of the City Centre illustrates the distribution of office space and the availability. The disparate nature of the office buildings illustrates that York has no defined Central Business Area within the centre.

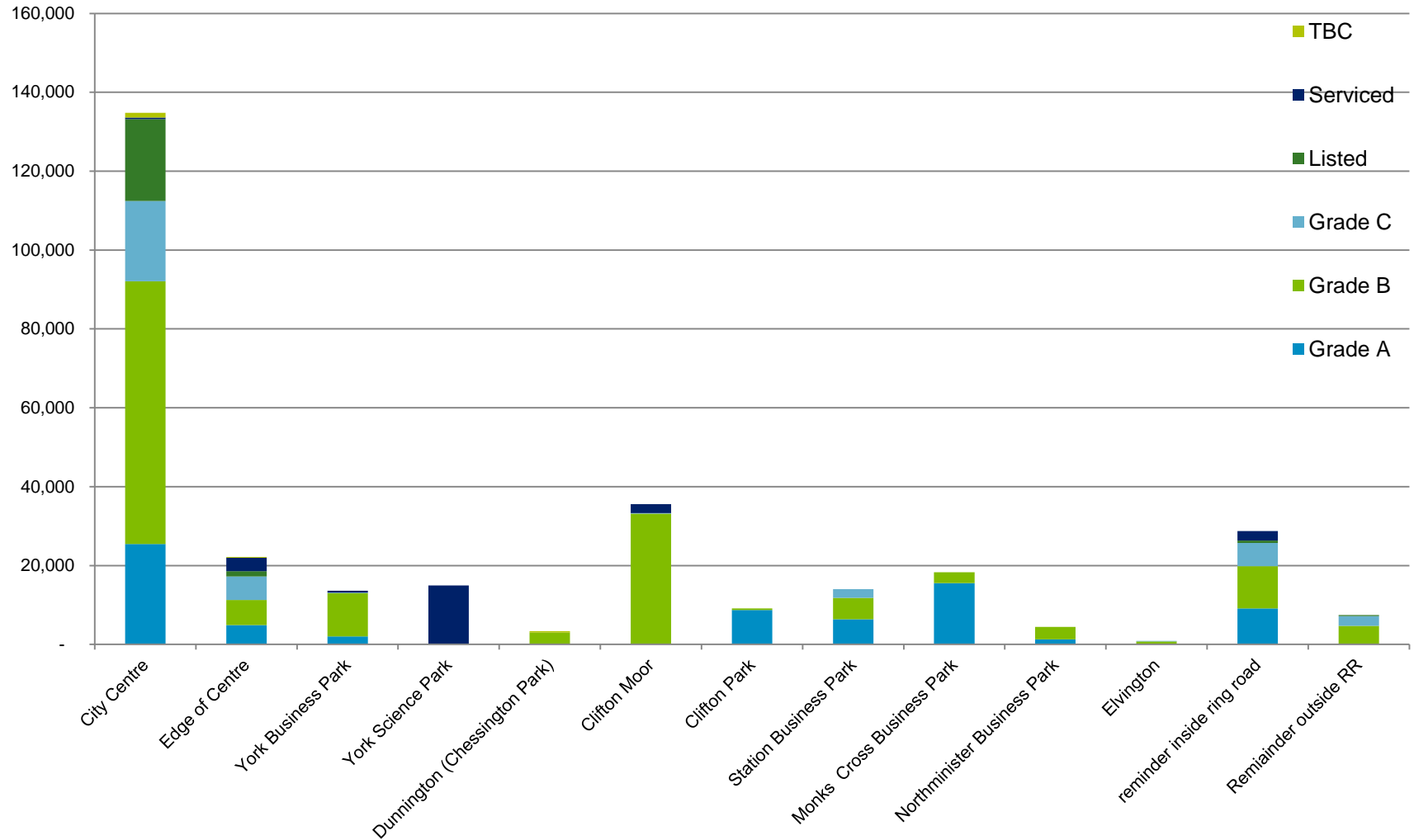
Through the CYC Office Grading Report which graded the quality of the business stock in November 2011, we note that there is a large proportion of Grade B stock in comparison to the Grade A stock. This illustrates that there will be opportunities to upgrade the City Centre office provision as sector growth is established. Occupiers will require choice in both location and quality in the near term.



Quality of City Centre Office Stock source CYC Office Grading Draft February 2012

2.8 Existing employment locations – City Wide

The Graph below shows the location of office space within the city by volume and importantly the quality of space provided, highlighting the areas for investment due to ageing stock and also the potential areas for change.



2.9 Future York

Introduction

Economic projections provide a useful indication of the scale of economic growth which may be achieved in an economy under different scenarios. This section presents a series of projections for the York, as well as the Regional and UK economy compiled by Oxford Economic Forecasting. Projections are provided through to 2030. Annex 1 of Appendix 1 provides a detailed breakdown of the assumptions used to establish these forecasts.

Three scenarios are provided in order to provide an indication of the scale of change involved under different circumstances.

- **The base scenario** - this involves OEF's assessment of global and national changes in the global economy, applied to the York level.
- **Scenario 1** - this is based on a higher level of migration, accompanied by a faster recovery from the current economic downturn.
- **Scenario 2** - this is based on faster growth in the following key growth sectors for York: advanced manufacturing, science and research, financial and professional services, and tourism and leisure.

Key Headlines

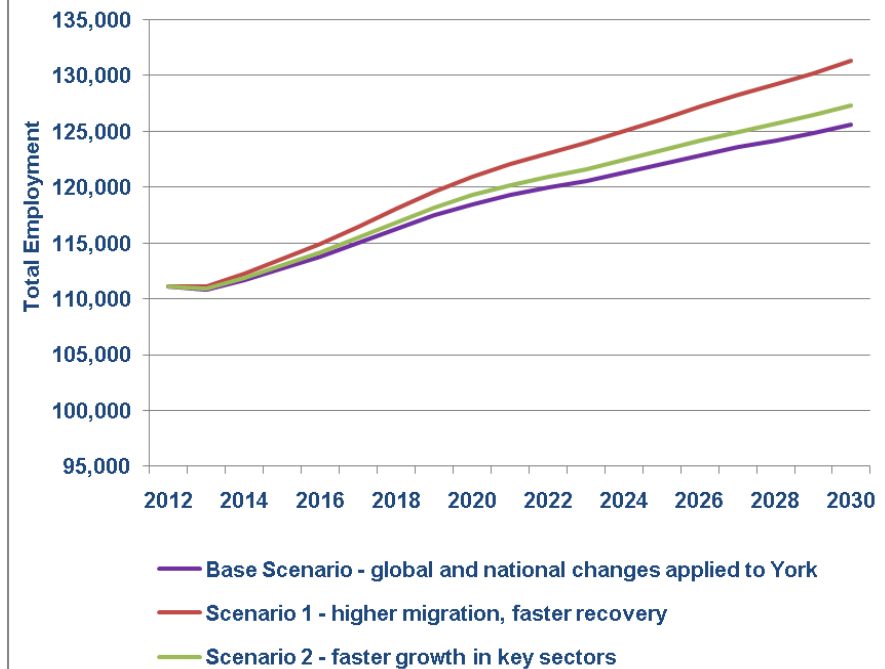
The following key findings from the economic projections work from 2012 to 2030:

- Strong employment and GVA in all three scenarios, with the base case resulting in an additional 14,500 jobs, an increase of 13%.
- In all three scenarios York outperforms the regional results. GVA is also projected to grow significantly under the base scenario, by £2,482m by 2030.

- Faster growth in a number of York key sector, potentially the most likely of the optimistic scenarios, would add a further 800 jobs and £75m GVA by 2020; and
- Total employment is expected to be 125,600 by 2030 under the baseline case.

York Employment Projections

Source: OEF Forecasts



2.9 Future York

The following tables show the growth in jobs for the projected periods.

Forecast Employment and GVA Change		2012 to 2020			
Scenario		York (No)	York (%)	Y&H (%)	UK%
Base	Employment	+7,343	+6.6	+4.4	+5.6%
1	Employment	+9,790	+8.8	+6.5	+7.9
2	Employment	+8,121	+7.3	+5.2	+6.6
Base	GVA (£m)	+918	+23.2	+20.7	+23.3
1	GVA (£m)	+1,068	+27.0	+24.3	+27.2
2	GVA (£m)	+993	+25.1	+22.8	+25.7
Source Oxford Economic Forecasting					

Forecast Employment and GVA Change		2012 to 2030			
Scenario		York (No)	York %	Y&H %	UK%
Base	Employment	+14,471	+13.0	+7.5	+8.7%
1	Employment	+20,197	+18.2	+12.4	+13.9
2	Employment	+16,169	+14.5	+10.4	+10.9
Base	GVA (£m)	+2,482	+62.7	+54.2	+59.1%
1	GVA (£m)	+2,934	+74.1	+65.1	+70.6
2	GVA (£m)	+2,702	+68.2	+60.5	+66.2
Source Oxford Economic Forecasting					

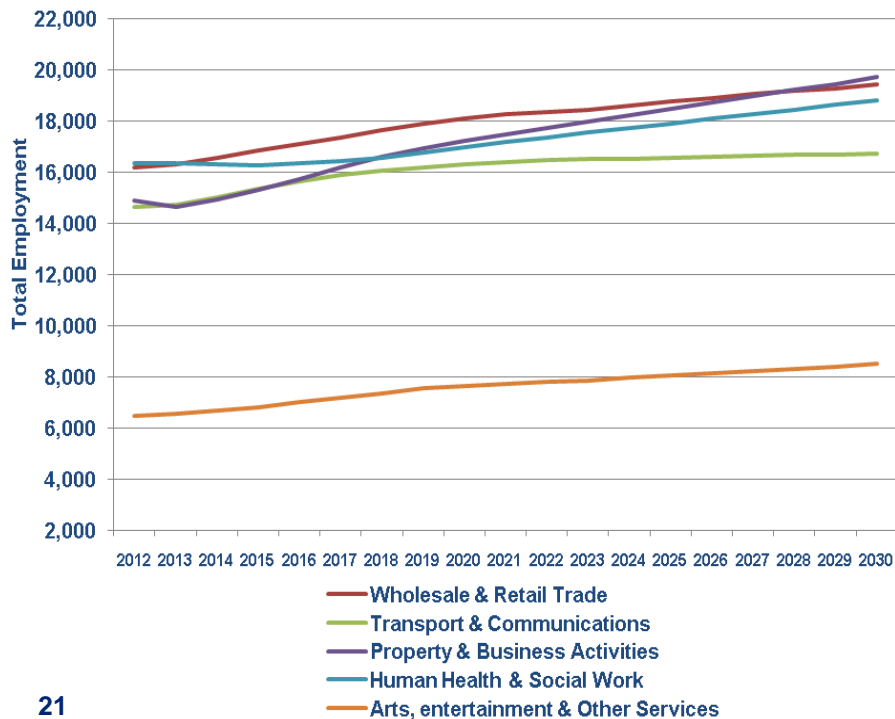
2.9 Future York

Sector Dynamics of Change

The following graph sets out the sector dynamics of the forecast employment change. This demonstrates that the majority of sectors are forecast to grow over this period, with the largest employment growth in the property and business services sector, wholesale and retail trade and transport and communications. The arts, entertainment and other services sector (including tourism) is also anticipated to show strong growth. Over the long term, there is forecast to be continued decline within York's manufacturing sector.

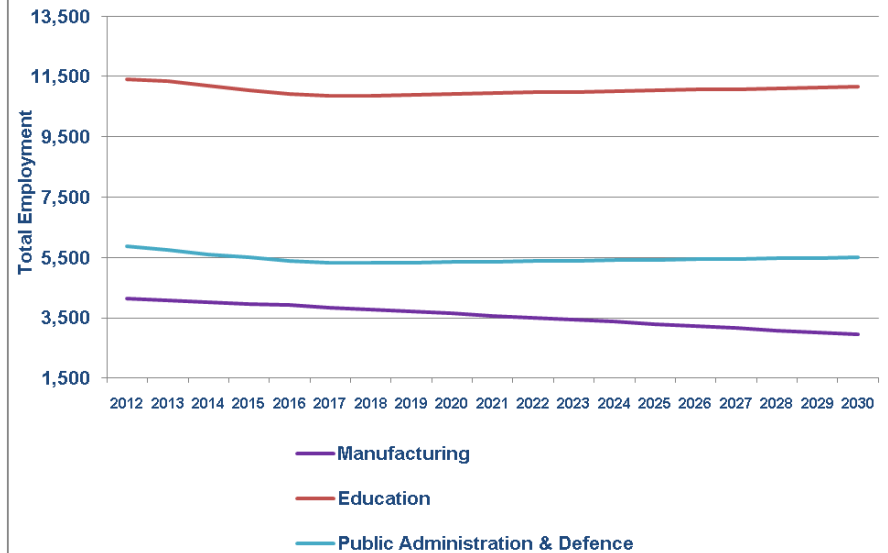
Employment Projections by Sector - Growth Sectors

Source: OEF Forecasts - Base Scenario



Employment Projections by Sector - Static or Declining Sectors

Source: OEF Forecasts - Base Scenario



Floorspace and Employment Land Implications

The projected employment growth in York as set out in the forecasts can be translated into the total floorspace and employment land requirements across the different sectors. This is undertaken by interpreting the sectors into Use Classes and factoring in employment density calculations. A full list of assumptions are provided in Annex 1 of Appendix 1.

2.9 Future York

The following table below translates the projected employment growth in York into the total potential floorspace and employment land which would be required to accommodate the identified economic growth across the sectors.

This estimates an additional requirement of c110,000 sq m of floorspace and 20.7 ha of employment land. The major generator of space will be in the transport and storage sectors (mainly B8 which will have land requirements and low employment densities), the wholesale of retail trade sector and the professional, scientific and technology sector.

City of York Scenario 2 Economic Forecasts: Implications for Floorspace and Employment Land

Sector	Additional employment to 2030	Additional fte to 2030	Additional Floorspace (sq m)						Additional Land (ha)				
			B1a	B1b	B1c	B2	B8	Other	B1a	B1b	B1c	B2	B8
Manufacturing	-1,042	-1,001	0	0	0	-36,054	0		0.0	0.0	0.0	-9.5	0.0
Construction	1,047	994	1,968	0	0	0	11,827		0.3	0.0	0.0	0.0	2.5
Wholesale & retail trade	3,324	2,434	0	0	0	1,315	20,449	51,730 (A1)	0.0	0.0	0.0	0.3	4.3
Transportation. & storage	1,903	1,852	7,779	0	0	0	45,379		1.4	0.0	0.0	0.0	9.5
Accommodation. & food	387	275	0	0	0	0	0	4,131 (A3-A5) 6,000 A1	0.0	0.0	0.0	0.0	0.0
Info. & communication	443	420	2,770	0	2,466	1,511	3,673		0.5	0.0	0.6	0.4	0.8
Financial and insurance	668	621	3,725	0	0	0	0	4,967 (A2)	0.7	0.0	0.0	0.0	0.0
Real estate activities	466	400	2,402	0	0	0	0	3,203 (A2)	0.4	0.0	0.0	0.0	0.0
Prof., scientific and tech	2,812	2,476	11,884	7,427	0	4,456	0	13,865 (A2)	2.1	1.9	0.0	1.2	0.0
Administ. and support	2,248	1,729	5,186	0	0	0	0	4,321 (A1) 6,914 (A1)	0.9	0.0	0.0	0.0	0.0
Public admin. & defence	-369	-318	0	0	0	0	0	-11,460 (D1)	0.0	0.0	0.0	0.0	0.0
Education	-253	-190	-114	0	0	0	0	-6,493 (D1) 49,100 (D1)	0.0	0.0	0.0	0.0	0.0
Health & social work	2,499	1,819	1,091	0	0	0	0	18,185 (C2) 12,153 (D1)	0.2	0.0	0.0	0.0	0.0
Arts, entertainment & rec.	1,346	1,013	4,011	0	0	0	0	27,007 (D2) 6,539 (A1)	0.7	0.0	0.0	0.0	0.0
Other service activities	869	654	3,924	0	3,073	0	0		0.7	0.0	0.8	0.0	0.0
TOTAL	16,348	13,177	44,626	7,427	5,539	-28,772	81,326	190,163	7.8	1.9	1.5	-7.6	17.1

2.10 Economic conclusions

Changing economic structure

Moving away from a dependence on large employers, both public and private

Growth forecasts demonstrate opportunity

Very positive growth forecasts demonstrate there is an opportunity to attract and retain investment and support business expansion

Forecasted sector growth has land use implications

Forecast growth in office based sectors, transport & communication and retail has implications for land use and premises

Sector space requirements need to be bespoke

A number of the forecast growth sectors require bespoke or tailored premises, adequate and affordable growth space and a continual updating of infrastructure

Sustainable communities support a sustainable economy

Persistent demand for housing a feature of York

Retail Analysis

3.0 York's retail offer

York as a Retail Centre

The City of York as a whole has an extensive and diverse array of retail facilities, comprised of stores within the City Centre, two District Centres, shopping and retail warehouse parks, a factory outlet centre and a collection of smaller local and neighbourhood / village centres together with free-standing food and retail warehouse stores.

Its geography results in York being a dominant centre for its immediate catchment area, given the distances involved in travelling to and from other main centres. However as a major tourist and visitor destination, due its heritage and cultural offer in particular, York can be expected to draw spend from well beyond its primary catchment area.

A Multi-Layered Offer

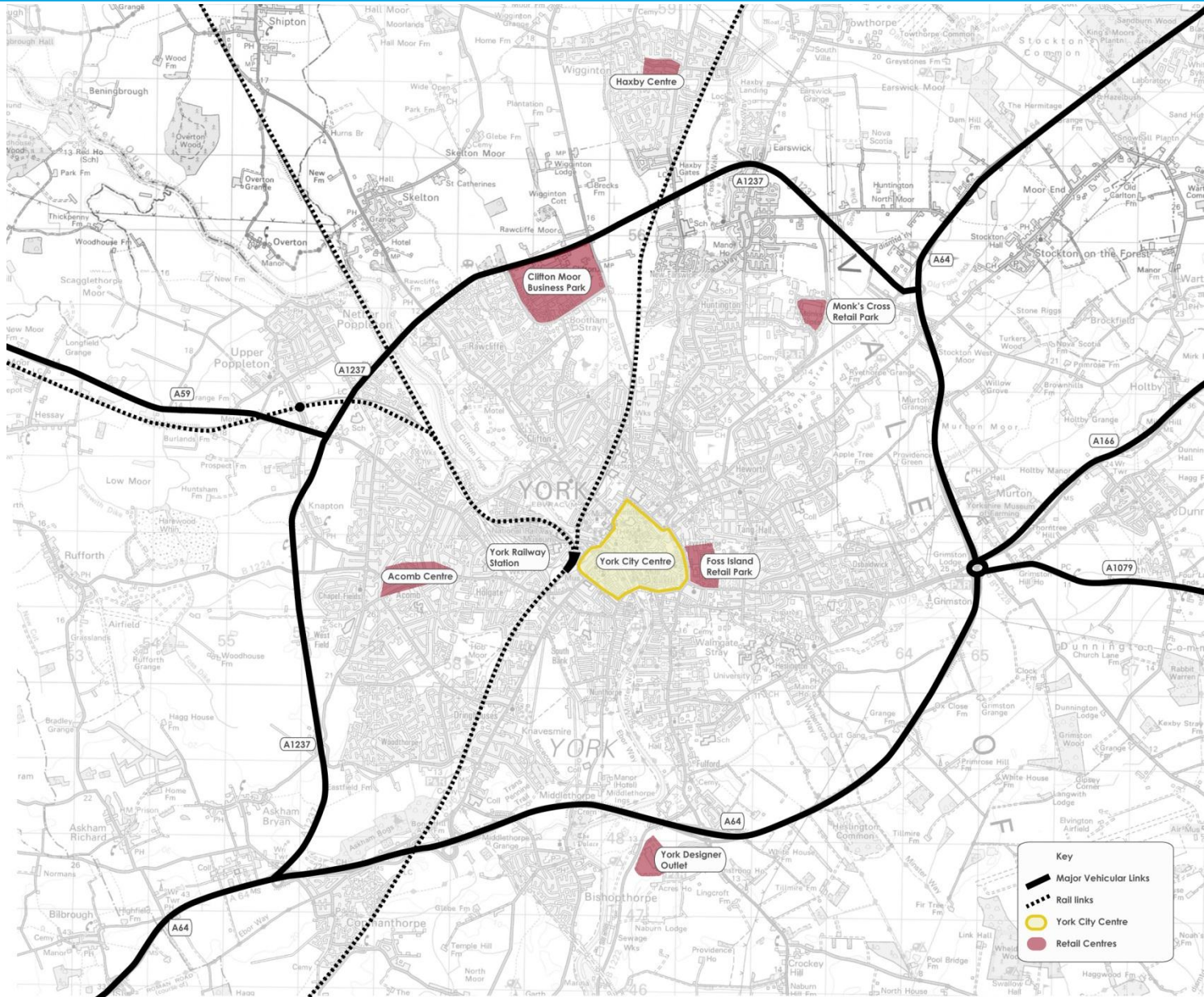
York provides a 'multi-layered' retail offer, fulfilling the following roles:



- A day to day **convenience** shopping role for the resident and worker population (i.e. the City and its hinterland population, long-stay visitors, students and in-commuters);
- A general **comparison** shopping role for the resident and worker population, primarily delivered through the national multiples in the City Centre and out-of-centre stores at Clifton Moor and Monks Cross
- A **specialist** retail role which also has a wider regional draw, through the variety of shops on offer in particular in the City Centre and at the York Designer Outlet factory outlet centre;
- The **leisure**-orientated role with has a regional, national and international draw, primarily to the City Centre, its attractions and its food and drink offer, with spin-off retail expenditure from day-trippers and short-stay visitors.
- A **primary tourism** role fed by the city's heritage and cultural attractions including the Jorvic Viking Centre, the City Walls, the York Theatre Royal, the Grand Opera House, York Art Gallery and the Barbican Centre
- A **secondary tourism** role fed by the sporting and recreation offer, through the York Races as well as being home to league football and rugby league teams.

Providing
resilience

3.1 York's main retail areas



3.2 Retail health check

A health check has been carried out on the York retail environment including both the City Centre and the out-of-town retail parks which contribute to the overall offer. The full details are contained within Appendix 2. The following points summarise the findings:

York City Centre

- There is a strong mix of City Centre retail provision and diversity;
- The department store offer is good but certain stores are constrained by their building form and there are notable absentees;
- Representation by multiples is good and newcomers such as H&M, Urban Outfitters and Zara have been attracted into the Centre;
- Market provision and festival / street activity is good, the latter being a strength;
- The specialist shopping provision is very strong;
- The convenience goods offer has significantly improved recently with a number of smaller format stores;
- Cinema and entertainment provision is good, although there is no major in-centre 'multiplex' cinema;
- The provision of cafes, restaurants and public houses is strong and continues to grow;
- The main deficiency is the lack of a wide variety of large floorplate stores; and
- Menswear is a particular area for improvement.

Floorspace in the City Centre

- The Coppergate Centre was the last major development, built over 25 years ago. More recent development activity has involved the re-development of existing space and older properties;
- The main recent changes in the City Centre have been the introduction of new small format convenience stores plus new restaurants, including changes of use from previous retail units;
- There are opportunities for small scale interventions, through redevelopment of tired and 1960s/1970s buildings; and
- Castle Piccadilly has been a focus of development proposals and is the main, and arguably only, potential development area that could enable the centre to expand significantly in retail terms.

Retail and Leisure Requirements

- There is a reasonable list of potential requirements although a number would be relocations;
- There are requirements from new and growing retailers that offer the potential to add to the diversity of the City Centre offer;
- There continues to be further interest from food and drink operators wanting representation primarily in the City Centre; and
- The relative demand for space, to other centres, is reasonably strong.

Rents

- Prime rents have fallen in recent years though relative decline is less pronounced;
- There has been particular growth in some of the off-prime streets, due to an increasingly national multiple presence, indicating a 'spread' of prime; and
- A lack of larger floorplate buildings may have placed a constraint on declining rents.

3.2 Retail health check

Vacancies

- Vacancy rates are below the national averages as a whole;
- Many of the larger stores that have been made available (some through company failures) have now been re-occupied; and
- The main concern is on the 'gateway' streets as well as the specialist shopping streets.

Yield

- There is some indication that York is maintaining its attraction as a place to invest.

Footfall

- Footfall statistics indicate a concerning trend of reduced footfall in 2012. National trends shows a 3% reduction in footfall on 2011.

Retailers Views

- The history, character and atmosphere in the City are core strengths but there are serious concerns over reduced overall spend, footfall and parking provision / cost.

Residents Views

- There are concerns in relation to the City Centre relate to environmental quality, particular in certain parts of the City.

Environmental Quality

- The City Centre is an attractive place to shop and visit;
- Any weakness relates to specific buildings and spaces, as opposed to any generalised concern;
- The distinctiveness of different catchment areas is a significant asset; and
- There are parts of the City, particular the Piccadilly and Castlegate area, which are poorly perceived.

Accessibility

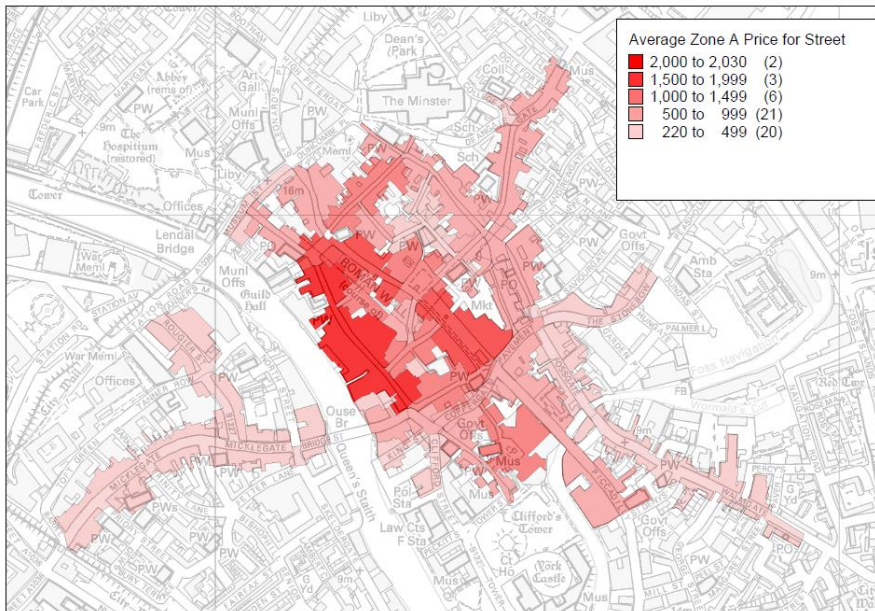
- Public Transport and park-and-ride accessibility to the City Centre is strong, however,
- Car parking availability and pricing is a focus of significant negative commentary.

3.3 Retail pitch, rents and vacancies

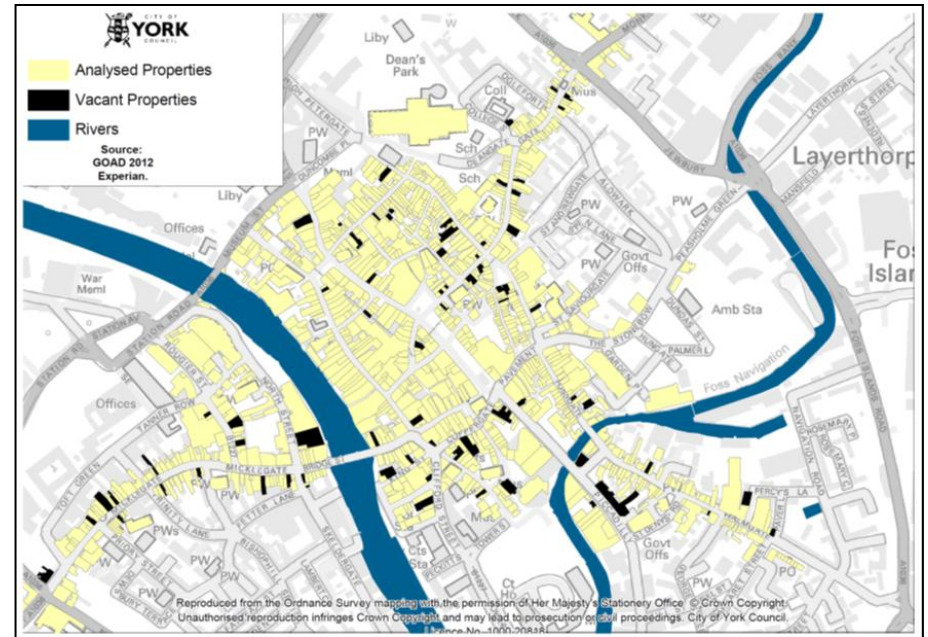
The prime areas of retail activity are focused around Coney Street and Parliament Street. This area has a strong national multiple retailer and leisure offer, high footfall and an attractive mix of buildings with a good pedestrian environment, though many units are historic and constrained in layout terms.

Stonegate has seen significant change and is one of the City's iconic thoroughfares catering for specialist shopping. It has attracted the national higher-end multiples with the likes of Cath Kidston, Joules and White Stuff, who have been attracted to the distinctiveness of this street, yet are within sticking distance of the prime pitches.

The plan below demonstrates the Average Zone A rents for retail premises throughout York City Centre, illustrating the three linear entry routes into the retail core of the City Centre.



Average Zone A rents per street 2008 source VOA



Retail Vacancies November 2012 Source CYC

The plan above illustrates the vacant retail properties in November 2012 in the City Centre, which highlights the relative weakness of the gateway streets demonstrated through a higher vacant property level.

In addition to the 'gateway' concerns Parliament Street which should be the heart of the retail offer does not currently fulfil its potential. This is due in part to both the dominance of banks which create limited frontages and act as poor anchors and by the dated and cluttered street scape.

3.4 Retail Challenges

City Centre Growth

The following figure illustrates current factors which will influence the capacity for growth in York's **City Centre** retail market, taken from the analysis detailed within Appendix 2.

- The **Monks Cross expansion** (Oakgate / Stadium proposal) received planning permission and is due for completion in 2016. This proposal includes an enhanced retail offer and community facilities. The new development at Monks Cross is anticipated to **divert trade** from the City Centre by circa £51m and impact on the existing turnover of 8.76%. The Market share of the City Centre is also anticipated to fall by c.2 percentage points (equivalent to a 19% fall) as a consequence of the Monks Cross development.
- It is anticipated (in the comparison sector) that the out of centre facilities (Monks Cross, Clifton Moor and the Designer Outlet) will have a **greater market share** in 2016 (circa 28%) than the City Centre (circa 20%) .
- **National trends will influence the quantum of type of goods** and sectors within the City Centre and also in the out of centre locations. The current mix within the City Centre should be able to adapt to these changes with Department Stores and variety stores are best placed to adapt to these changes.
- **Online retail and smart phones** are influencing shopping behaviours. The internet's market share of all retail sales (according to Experian) stands at 9% (or £25bn) and is anticipated to rise to 19.8% by 2029. A recent Deloitte Digital report found that 6% (or £15bn) of all in-store purchases are influenced by smartphones by smart phones.
- The City Centre will need to provide for the floorspace requirements (both from expenditure growth and retailer requirements), should further out of centre developments be resisted. This is a challenge due to the constrained nature of the city centre and the lack of developable sites.
- **Increasing the attractiveness and reducing barriers to shopping** within the City Centre will be critical to ensure that the market share of the City Centre is not eroded further in the face of competition from other centres and Online.
- **Expansion of competitor sub-regional centres** including Leeds (Trinity & The White Rose) and Wakefield (Trinity) will further seek to challenge York's retail sector.

Challenges

3.5 Retail Opportunities

Opportunities

There are also several opportunities for growth in City retail, these include:

- The expansion of Monks Cross will enhance York's sub-regional role and provide additional economic benefit to the City as a whole. The market share of the City's retail destinations as a whole is anticipated to increase by c.5% for trade derived within the Catchment Area;
- Further City Centre development most likely in the medium term; including reinvesting/invigorating Parliament Street;
- Increased student population;
- Increasing tourism spend within the City on retail (currently is £32.95 – as defined by Visit York);
- Increased employment in the City; and
- Housing growth in the City region, creating higher population and greater availability of spend.

3.6 Retail comparator analysis

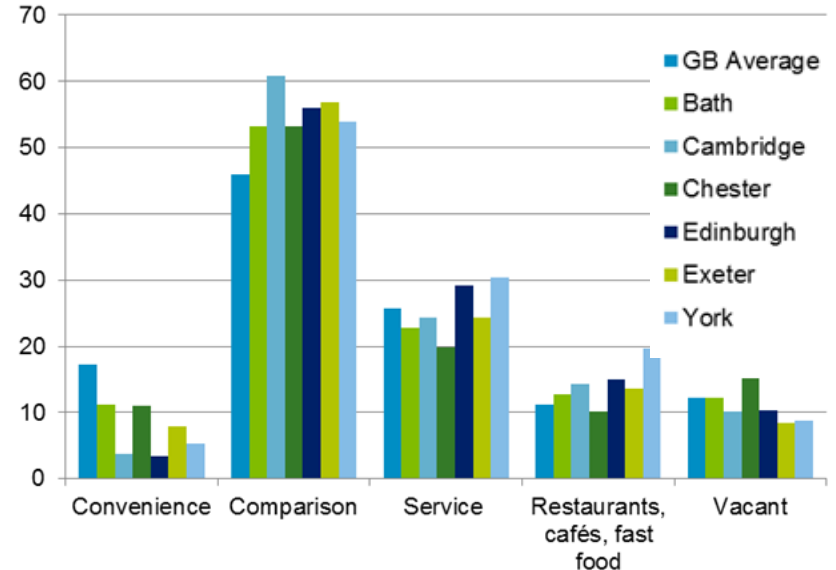
An analysis exercise has been carried out to consider how York's retail performs in comparison to other cities with similar attributes. The following cities have been identified for the purpose of this analysis:

- **Bath** – a strong City of heritage, with a similar retail expenditure profile to York, providing a high end offer, which has shown significant enhancement since 2005;
- **Cambridge** – a leading academic centre, with a historic core expected to experience both population and expenditure growth in the coming years;
- **Chester** – a City which is facing similar threats to York, competition from out of centre developments, and the constraints of providing for retailer requirements through new development within an historic City with the stalling of its proposed covered shopping centre;
- **Edinburgh** – an aspirational target for York, Edinburgh representing an historic powerful city with a series of new investments;
- **Exeter** – a historic City, which has overcome the historic constraints to enable development within the City Core; and
- **Leeds** – has been used in part to assess the position of Leeds relative to York.

The following chart represents the sector percentage comparisons, demonstrating that:

- York is under-represented in the convenience sector albeit this has recently been addressed:
- York is well represented in the service sector and with restaurants, cafes and fast food outlets, catering to the multilayer profile of users.

- York's vacancy rate is less than comparable cities



Floorspace make up of centres source Goad 2012

Lessons Learnt

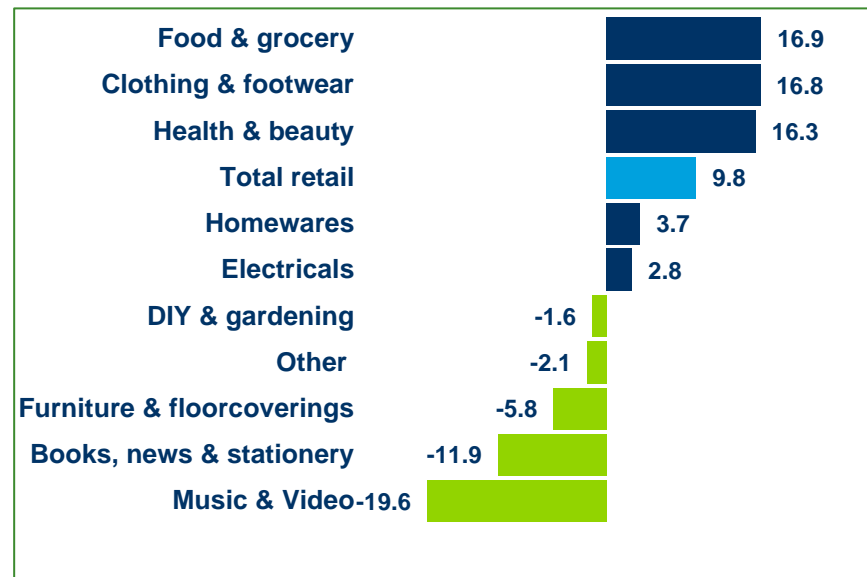
- **Other cities face similar challenges:** In a majority of the cities considered, there is simply not enough space for the number of retailers who want to trade in the City Centre. Other centres are actively seeking development of new city centre schemes and are pursuing supportive retail planning policies.
- The **balance** between the sectors illustrated above is appropriate to York given its tourism offer. The under-representation in the convenience sector is being addressed through recent entrants, and the higher than average representation by the service and restaurant sector is not undermining the performance of the core and caters to the multi layered offer.

3.7 Retail sector forecasts

Retail sector analysis work has been undertaken within Appendix 2 to understand the growing sectors in terms of expenditure, and the expected floorspace changes that will return.

The following key conclusions can be drawn from the national trends, as demonstrated in the sector growth chart

- The clothing and footwear sector is expected to expand;
- Sectors which have been identified as contracting will impact upon both the expenditure and floorspace within the centres.
- There will be a future impact upon stores offer and the range that they hold;
- Marginal traders who cannot readily adapt to the reprofiling of goods are likely to suffer most.



Sector Growth 2010 – 2015 source Verdict 2012

Total City Centre floorspace requirements (need) including the commitment at Monks Cross

	2017	2020	2030 Based on long term trend (2012 to 2020)	2030. Based on short term trend (2017 to 2020)
	sqm	sqm	sqm	sqm
Convenience	1,198	2,008	4,519	4,709
Clothing and Footwear	5,407	11,790	26,529	33,069
Furniture	-455	-160	-362	820
DIY	-10	44	100	228
Electricals	132	484	1,089	1,657
Recreational	-956	-539	-1,214	848
Luxury / Jewellery	501	1,784	4,014	6,060
Total	5,817	15,412	34,158	52,102

Notes

- The table adjusts the benchmarks for each year tested;
- Trends are derived by calculating the increase per annum and extrapolating them forward to the relevant test year (in this case 2030);
- Long term trend (2012 to 2020) includes the impact of the Monks Cross Development;
- Short term trend (2017 to 2020) presumes that there are no other impacts upon the market share / trade of the City Centre.

3.7 City centre improvement initiatives

The role of the city/town centre is in constant evolution. This has been particularly highlighted with the difficulties faced in the retail sector. The table below highlights some of the important initiatives already taken by other centres to address decline and provide leadership to support city centre vitality.

NE1 Business Improvement District, Newcastle

Background: To address the transitional economy and the threat posed from the extension of opening hours at the Metrocentre the NE1 BID used the 'Alive after Five' initiative to promote extended retail opening hours in the city centre backed by free parking after 5pm and a range of promotions in the leisure sector.

Outcome The 'Alive after Five' campaign has recently celebrated its second anniversary. The value of 'Alive after Five' has been estimated at £157m and has helped attract over 2 million additional visitors to the Eldon Square shopping centre alone after 5pm. The 'Alive after Five' hours now account for 16.8% of the day's footfall, with footfall on Northumberland Street up by 5.5% year on year in contrast to the national average downturn of -3%.

Chester

Background: To address declining footfall in the afternoon which was attributed to shoppers being deterred by the cost of parking the city centre management team secured agreement from the Local Authority to make two city centre car parks 'free after three'.

Outcome: Footfall has increased in line with national patterns and the initiative has improved interaction between local business and the city centre management team. Although the historic data is not sufficient to allow direct correlation between the investment in foregoing car parking income with spend on the high street, anecdotal evidence from retailers suggests the initiatives has indeed increased spend in the City.

Swindon

Background: Swindon had witnessed over a 25% reduction in footfall over a 5 years period. In June 2010 a reduction in car parking charges was implemented in an effort to support and encourage footfall in the town centre.

Outcome: Retailers in the town centre have reported an increase in footfall and turnover. Although the car parks did not see an overall increase in parking volumes it is thought that the overall length of stay has increased.

Swansea

Background: Swansea had noticed that a number of its retailers were struggling, particularly its independent retailers, mostly due to lack of footfall in the centre. To combat this, the Council initiated the idea of holding a 'Summer Season' where shops were open longer, a big cinema screen was erected and free events were held during the month of August.

Outcome: A combined effort between the Council, the city centre retailers and the creative community has meant that there is increased footfall, increased spend, a sense of community and cohesion and healthier trading patterns for the retailers during August.

3.8 Retail conclusions

Growth forecasts demonstrate opportunity

Positive growth forecasts in retail, shown in the economic forecasts demonstrate there is an opportunity to expand the sector further within York, the challenge is predicting in what format the growth will occur and the most beneficial location for this.

Out of town led retail growth in the short term

Development at Monks Cross is anticipated to divert trade from the City Centre, reducing market share from 2014. Further floorspace growth in the City Centre is likely to be in the medium term.

Adapting and improving to remain competitive

Changing trends in demand for the types of products and the methods used to promote them will impact store floorplates and formats, as stores evolve to become the 'showroom'.

Enhance the arrival experience to maintain quality

The City Centre's entry points show lower rental values and vacant units, strategy and investment is need to reinvigorate these gateway streets.

Curate the city to enhance the visitor experience

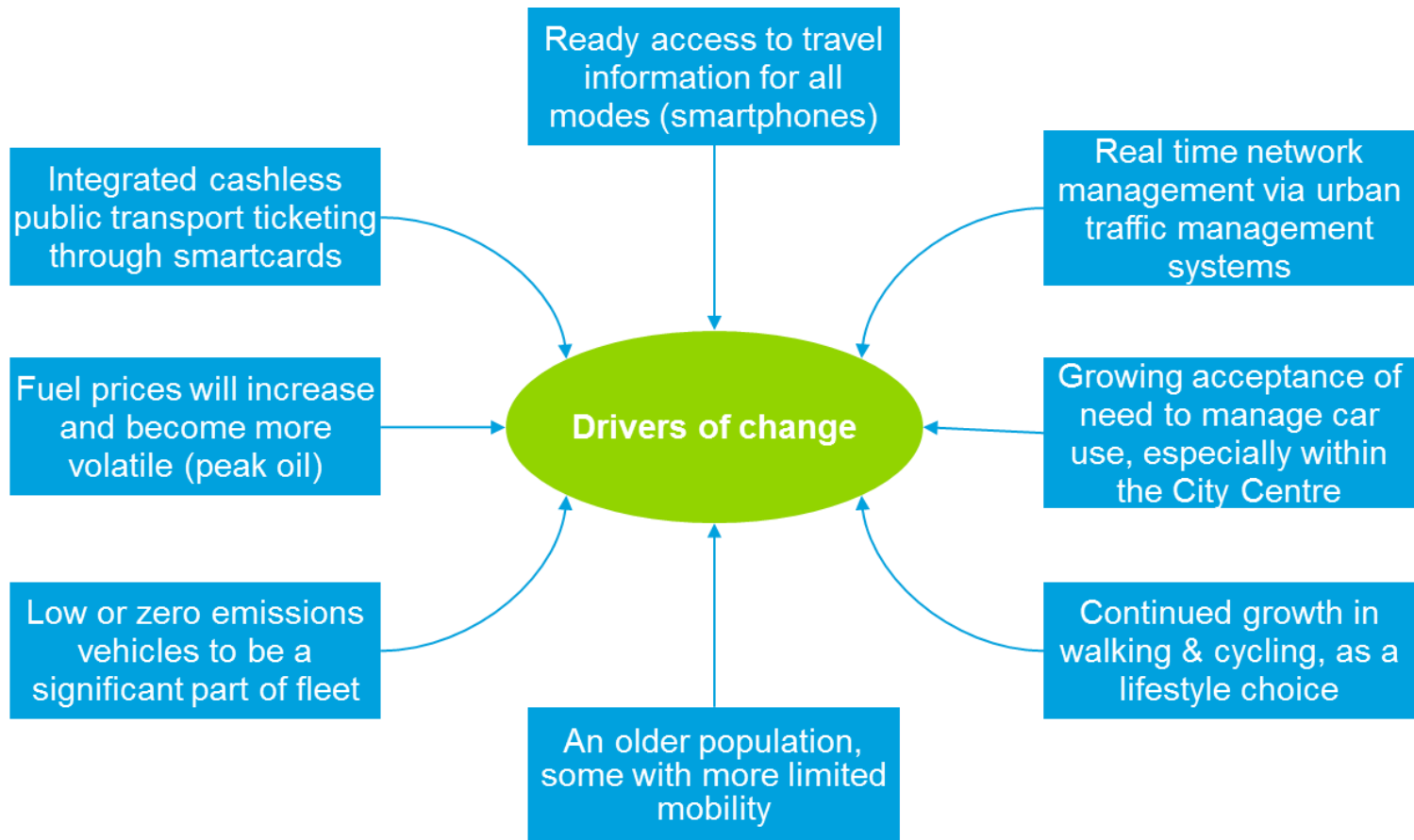
Showcasing the city and reducing barriers to shopping will be key in maintaining and importantly growing the City Centre's market share. This should include the reinvigoration of Parliament Street

Access and Transport

4.0 Access and Transport

There is dichotomy in York with respect to transport. The very qualities that make York special are the very features that make the provision of access and movement in and around the city a difficult challenge in the 21st Century.

The Access and Transport Overview Report, undertaken by JMP, is provided in full within Appendix C.



4.1 Access and Transport Interventions

Footstreets	Footstreets now appear tired and dated and suffer from a number of problems which need to be addressed. A number of interventions are proposed including expanding the network and upgrading.
Traffic Management	Reducing general 'through traffic' movement through the City Centre will enhance the arrival experience for all.
Servicing and Delivery	There is currently a high level of servicing and delivery vehicle intrusion in the Footstreets zone. The recommendations from the 'York Freight Improvements Study ' 2012 seek to address this.
Disabled Access Parking	The system allowing disabled parking in the Footstreets Zone is currently oversubscribed . Preferential disabled parking should be re-provided at the edge of the Footstreet zones.
Parking	Parking charges should be sufficiently high to make Park & Ride competitive, but low evening charges to support the evening economy. Pay on exit parking is also required to maximise dwell time.
Bus and Park & Ride Services	Park and ride is in need of investment as it suffers from inadequate facilities and is at full capacity at peak times. Two new park and ride sites are currently being delivered with further investment required to improve passenger waiting facilities and route infrastructure on core routes.
Cycling	The role of cycling can be significantly increased with sustained investment. The York City Centre Movement and Accessibility Strategy prescribes a series of detailed options to achieve these objectives.
Pedestrian Access	There are a number of possible interventions including improving connectivity and legibility ,de-cluttering the streets and removing traffic.
Taxi's and Private Hire	Detailed proposals for taxis and PHV are outlined in the York City Centre Movement and Accessibility Strategy, based around themes of licensing, access restrictions and allowances, and location of taxi ranks.
Coach Access	Coach parking needs to be reconsidered in line with the York City Centre Movement and Accessibility Strategy suggestions.
The Railstation 'Gateway'	The station provides 'first impressions' of York with views of the Walls and the Minster, so this is a crucial space to present attractively. A number of improvements are required to enhance the experience for visitors.
Tourist buses	'Hop-on, hop-off' tourist bus routes need reconfiguring and stopping points altering to reduce conflicts at key public spaces.
Information & promotion	Quality information and behavior change programmes are essential to drive change. The i-Travel York programme is currently underway enable people to use and adopt more sustainable travel choices.
Supporting highways infrastructure	There will be a need for some highway infrastructure improvements. Options range from options range from junction improvements, through partial/ full dualling of sections north of the A59.

City Conversations

5.0 Stakeholder Engagement through the ‘City Conversations’

The ‘City Conversations’ Process

The ‘City Conversations’ engagement process has engaged Members, business and the residential community, the aim being to encourage meaningful and structured debate regarding the next 15 years of economic growth and change in York.

The following sessions have been held and the feedback recorded to inform the development of the Economic and Retail Vision:

- **Presentation to Members-** A presentation and feedback session was held on the 26th November 2012 to detail the scope of the visioning exercise and invite comment on how the economy of York should evolve.
- **Local Plan Visioning** session on the 5th November 2012 with participants from the business community.
- **City Team** session on the 23rd November 2012 which included participants from the retail and commercial business community.
- **Retail forum** session on the 8th January 2013 which included representatives from a variety of City Centre retailers.
- **Science City York network** meeting on the 23rd November 2012 which included 10 stakeholders from the bioscience and health sector community; and
- **1-2-1 interviews** with City Centre retailers to understand their issues and the dynamics of their trading.

In addition, the following sources have been used to engage the wider catchment in the visioning process:

- **Facebook-** a ‘City Conversations’ Facebook page, using the existing CYC Facebook page, detailed the purpose of the consultation exercise. Participants have been able to post comments on the page.
- **Twitter-** A ‘City Conversations’ twitter account has posted regular ‘tweets’ to provoke conversations.
- **Press-** New articles in The Press and the Yorkshire Post have informed a wider catchment



5.1 'City Conversations'- Key Findings

The key themes and recommendations from the City Conversations have been distilled and are presented as a set of conclusions below. They are set out in relation to the key objective of the business conversation, which was to engage with businesses to gain an understanding of the key issues facing them as business people, barriers to growth, skills needs and opportunities and aspirations relevant to the development of the local economy.

Key Issues

Development sites are needed for York's growing business sectors: Sites in close proximity to the train station are necessary and a new site for the bio-science sector is required as the existing science park requires a complimentary offer for expanding businesses.

Retailing: The strength of the York City Centre retail offer is in the quality and range it provides. The street environment needs to be maintained to reflect this and efforts need to be made to ensure quality speciality retailers are encouraged over non-A1 uses.

Planning and growth: Planning is often considered to be a restriction on growth.

Barriers to Growth

The **City Centre environment:** The key messages include:

- a desire to extend opening hours of the **whole** city centre past 5pm including retail, leisure, culture, car parking and park and ride;
- a need to improve the quality of the streetscape around the city centre;
- a focus on pedestrian movement and improving the experience of walking, including to and from key carparking sites; and
- maintaining the quality of the retailers, including encouraging independent retailers.

Barriers to Growth cont.

Infrastructure and accessibility: Congestion is perceived to be an issue for the city and new development need to carefully consider the capacity of the existing network. Further investment in public transport into and out of the city will encourage less vehicle use a key method for coping with capacity constraints.

Restricting vehicle movement within the city centre in favour of the pedestrian is considered to be preferable, if partnered with appropriate improvements elsewhere e.g. parking and public transport.

Skills Needs

Attracting staff and growing the business: Some highly specialised companies find it hard to recruit, and housing perceived to be part of the problem. Promoting organic growth is one way to mitigate against this issue.

Skills: York's residents are highly skilled and there is a good match between jobs and the skills set of its residents. This needs to be maintained as the population grows.

Opportunities and Aspirations

Identified sector strengths: Certain sectors of the economy are reported to show potential for growth including:

- the bio-sciences (with diagnostics being a specific identified strength),
- digital ;and
- bio-renewables.

There is a desire to **increase the quality of the jobs created**, and this can be achieved through 'smart specialisation' in identified high productivity employment positions.

Visioning

6.0 City Visioning

Through the analysis and forecasting work we have established that York has experienced strong population growth over the past, however, the York economy has 'flat lined' since 2004. It has seen lower than average enterprise levels and has been dependant upon large employers for many years. There has been significant restructuring of the economy moving towards an area based on financial, business and insurance services, the visitor economy and a science and knowledge with positive long term employment projections. The City has advantageous strength in the academic sector and an established science park where occupiers now have the need for facilities to support further sector growth.

The challenge for York comes in cementing these forecasts. York's asset base currently provides a credible platform to secure the projected growth. However, there is significant work to be done to sustain the vitality of the centre which will be a fundamental requirement to achieving the growth forecasts, attracting inward investment and creating the optimum environment for business to prosper.

York cannot afford to be complacent it has real opportunity to turn **good into to great and importantly great into world-class**. This will require the **City of York Council to act as the enabler**, by providing **effective leadership** and becoming the **city curator** to showcase the city in a way which is worthy of its unique historic assets.

There is significant challenge to the city centre retailing offer which will require a radical rethink on some of the uses of the main and gateway streets and with this comes real opportunity for the City Centre to raise the game.

To address these concerns we have provided a number of key deliverable actions which have emerged from the analysis and forecasting work to facilitate the identified growth. These are centred around six themes.

Maintain city centre retail share in the short term, and grow city centre market share in the medium term

Become a top 5 UK city and a top 10 European City

Maintain the economic resilience of the City Centre

Support sector business growth with appropriate business premises

Build economic growth and job creation around existing strengths and opportunities

Address the city's congestion issues

These themes build on the documents reviewed as part of the baseline research. Whilst the documents remain valid in ambition, the actions identified in this visioning exercise are targeted to bring to the forefront the critical actions to cementing the growth projections.

The York Economic Strategy states that:

- The city is punching below its weight nationally and internationally in terms of productivity and employment levels;
- That the availability of suitable commercial space has been an on going issue; and
- There has been a continued over reliance on the public sector for employment opportunities

All of which are echoed in the economic baseline assessment and remain the most critical to address.

In addition the York: New City Beautiful emphasised the need to curate the city to an international standard.

These themes are at the heart of the key vision actions.

6.1 A City Centre Vision: Good to great, great to world class: a series of important moves

Priority	Action 1	Action 2	Action 3
Maintain city centre retail share in the short term, and grow city centre market share in the medium term	<p>Support retailers to adapt to changing retail sector both locally (short term) through the development of Monks Cross and through predicted sector growth (medium term).</p> <ul style="list-style-type: none"> • Retailers will need to enhance their multi channel offer and adapt the physical space to accommodate this. • Initiatives to support retailers should be sought given the constraints / heritage of the City Centre building stock; and • City Centre wide initiative to increase footfall and spend – this will require support from all the city centre services, not just retail. 	<p>Plan now for what is likely to be medium term City Centre retail capacity growth, provide a credible site/s to secure city centre provision of new floorspace.</p> <p>This should include seeking the most beneficial occupation of Parliament Street and investment in ‘placemaking’.</p>	<p>Develop a clear access and parking strategy which also considers the park and ride. This should consider:</p> <ul style="list-style-type: none"> • easier payment options for parking; and • A programme of free or reduced park (and ride) for shoppers.
Become a top 5 UK city and a top 10 European City	<p>Adopt a curator role for the city centre, there is much activity already. However, it requires improvement in the showcasing of the city centre. This can be undertaken by excellence in City ‘housekeeping’ and investment in the gateway streets and spaces to improve the quality of the street environment. Detailed dialogue with landlords and occupiers on Parliament Street should occur to reinvigorate what should a world class retail street for the centre.</p>	<p>Strive for perfection in city centre appearance through high quality management and investments including improvements in circuits, way-finding, signage, street furniture, routes for walking and cycling.</p>	<p>Ensure a collective approach is taken to city centre strategies and initiatives to ensure energies are channelled into identified actions. This will require clear leadership.</p>
Maintain the economic resilience of the City Centre	<p>Continue investment in the overall visitor offer to maintain visitor numbers and support the City Centre economy.</p>	<p>Explore the creation of the ‘summer season’ with longer opening hours city centre wide, street entertainment and micro-events to draw in visitors and support the retailers.</p>	<p>Specific support for quality independent retailers and speciality shops through city centre initiatives as this enhances York’s distinctiveness and differentiates the offer from out of town competition.</p>

6.2 The York Economic Vision: Maintain the balance

Priority	Action 1	Action 2	Action 3	Action 4
Support sector business growth with appropriate business premises	Identify locations for City Centre Grade A office space to accommodate the growth of business services and transport & communications, in accordance with the economic forecasts for growth.	Identify credible opportunity site/s capable of securing a large employer enquiring.	Provide fit for purpose business space for the life science sector in an appropriate location, for a range of business sizes to a standard capable of attracting international tenants.	Develop bespoke premises for the creative & digital sector to facilitate networking and provide access to appropriate technologies e.g. superfast broadband.
Build economic growth and job creation around existing strengths and opportunities	Capitalise on the highly skilled population by targeting growth in high productivity sectors , including life sciences and business services.	Ensure employment growth can be accommodated by developing distinctive offer linked to forecast demand for each of the strategic development sites.	Continue to support enterprise including self employment and business start ups to expand York's business base and deliver private sector growth.	Support economic growth from a skilled workforce through the provision of new housing within sustainable communities.
Address the city's congestion issues	Be bold in prioritising investment in the public transport system and tackling movement to provide a service appropriate to a top 10 European city.	Continue to promote plans which support capacity improvements on the northern ring road.	Support the prioritisations of buses on key access routes to the city.	Continue initiatives to encourage walking and cycling .

Appendices

1. Economic Baseline Report, ekosgen

2. Retailing Analysis and Forecasting, Deloitte Real Estate

3. Access & Transport Report, JMP



Real Estate

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