

c p w planning

**The Venue
The Assembly Buildings
The Old Vinyl Factory, Hayes**

Retail Statement

February 2024

prepared for

Weston Homes Plc

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1. Introduction

- 1.1 This Statement has been prepared on behalf of Weston Homes Plc ('the applicant') supporting a full planning application to change the use of ground and first floor commercial space to 9 residential units at The Venue, The Assembly Buildings, The Old Vinyl Factory, Hayes ('the application site').
- 1.2 The commercial space forms part of a residential-led scheme originally approved in December 2018 and then amended in June 2020 (planning permission ref. 59872/APP/2020/342 (as amended)). The residential scheme has been recently completed with a number of units now occupied. The commercial space at first floor (or mezzanine) level has not been delivered because the ground floor retail units are vacant, while it has been unknown whether the business models of potential future ground floor occupants would require or support the installation of mezzanines.
- 1.3 The application site is situated approximately 250 metres to the southwest of Hayes Town Centre and lies within The Old Vinyl Factory mixed-use masterplan area. Appendix A includes a site location plan.
- 1.4 This Statement is focused on justifying the loss of commercial space within Retail Units 03 and 04, resulting from the change of use proposals, limited to 406 sqm at ground floor, together with 788 sqm of potential commercial space at first floor (or mezzanine) level.
- 1.5 This application follows the planning permission (ref. 59872/APP/2022/3796) granted in August 2023 for the change of use of first floor commercial space (161 sqm) and plant room to provide 3 additional residential units at The Venue.
- 1.6 The remainder of this Statement is structured as follows:
 - Section 2 sets out the relevant planning history and planning policy context;
 - Section 3 describes the application proposals;
 - Section 4 provides justification for the loss of commercial space; and
 - Section 5 includes a summary and conclusions.

2. Planning context

Relevant planning history

- 2.1 The application site forms part of The Old Vinyl Factory site for which outline planning permission (ref. 59872/APP/2012/1838) was granted in 2013, for:
- A mixed use development of the Old Vinyl Factory site including the demolition of up to 12,643 sqm of buildings and construction of up to 112,953 sqm (112,953 sqm includes the retention and re-use of 784 sqm of the Power House and 901 sqm Pressing Plant) of new floorspace. Uses to include up to 510 residential units (maximum area of 49,000 sqm GEA), up to 7,886 sqm of new B1 floorspace, up to 4,000 sqm of A class uses (A1, A2, A3, A4, A5), up to 4,700 sqm of D1 and D2 uses, an energy centre (up to 950 sqm), car parking, works to access and creation of new accesses and landscaping.*
- 2.2 Subsequent reserved matters and amendments have been approved, although the limit on “A class uses (A1, A2, A3, A4, A5)” across The Old Vinyl Factory site has remained up to 4,000 sqm.¹
- 2.3 The approved development for The Venue – which this planning application relates to – is for a residential-led scheme with 5 retail units. The permission (ref. 59872/APP/2020/342 (as amended)) provides flexibility for 3 of the 5 units to include first floor commercial space subject to the installation of mezzanines by future ground floor occupants (depending on their operational requirements).
- 2.4 In August 2023, the applicant secured permission (ref. 59872/APP/2022/3796) for the change of use of first floor commercial space within Retail Unit 01 (161 sqm) and plant room to provide 3 additional residential units. Appendix B includes the relevant approved drawings.
- 2.5 Table A below sets out the approved quantum of commercial floorspace (A1-A5) by retail unit.

Table A – Commercial floorspace breakdown by retail unit

Retail Unit no.	Ground Floor approved sqm	First Floor approved sqm	Total approved sqm
01	166	-	166
02	184	-	184
03	440	468	908
04	292	320	612
05	150	-	150
	1,232	788	2,020

Notes: Floorspace figures rounded.

Relevant planning policy

- 2.6 Section 38(6) of The Planning and Compulsory Purchase Act 2004 requires that proposals must be determined in accordance with the development plan unless material considerations indicate otherwise.
- 2.7 The currently adopted development plan for the application site includes the Local Plan Part 2 comprising Site Allocations and Designations (2020) and Development Management Policies (2020). The development plan, and London Plan, policies of relevance to the applicant’s proposals are highlighted below.

¹ Throughout this Statement, we refer to the “A class uses” as approved notwithstanding such uses now fall under the Class E or Sui Generis classifications of the Use Classes Order.

Site Allocations and Designations

- 2.8 The application site forms part of site allocation SA 2 (The Old Vinyl Factory and Gatefold Building), approximately 250 metres to the southwest of Hayes Town Centre.
- 2.9 Policy SA 2 responds to the Council's granting of outline planning permission (ref. 59872/APP/2012/1838) for mixed-use development and seeks to secure the delivery of the site allocation in accordance with such approval(s). The policy allows for up to 4,000 sqm of A class uses (A1, A2, A3, A4, A5) amongst other uses and associated works.

Development Management Policies

- 2.10 Policy DMTC 1 applies the sequential approach to town centre developments, requiring that main town centre uses are directed to the borough's town centres first in order to ensure their vitality and viability. This is consistent with the sequential test set out in the National Planning Policy Framework.
- 2.11 There is no development management policy requiring retail premises to be (unsuccessfully) marketed for a period of time before they can be released for alternative uses (unlike the market demand evidence required under Policies DME 3 and DMCI 1 for proposals involving the loss of offices and community facilities respectively).

London Plan 2021

- 2.12 Policy E9 promotes a successful, competitive and diverse retail sector. It seeks to focus new retail and related services in town centres. Development proposals involving the redevelopment of surplus retail space should support other planning objectives and include alternative town centre uses on the ground floor (where viable) and residential uses. The policy further identifies the potential for housing intensification in edge-of-centre and out-of-centre retail locations i.e. the application site.
- 2.13 Policy SD6 identifies town centres as the primary locations for commercial activity beyond the Central Activities Zone (CAZ). The potential for new housing within and on the edges of town centres – such as the application site – should be realised through mixed-use or residential development that makes best use of land.

3. Application proposals

- 3.1 The applicant is seeking to change the use of commercial space within Retail Units 03 and 04 to allow for 9 residential units. Please refer to the proposed drawings at Appendix C as follows:
- WH199/22/P/25.100 (Ground Floor Plan)
 - WH199/22/P/25.101 (First Floor Plan)
- 3.2 As shown in Table B below, the proposals would result in the loss of 406 sqm of ground floor commercial space (246 sqm within Retail Unit 03 and 160 sqm within Retail Unit 04). Each of the retail units remain vacant.
- 3.3 The proposals also involve the release of 788 sqm of potential commercial space at first floor (or mezzanine) level. This floorspace has not been delivered because the ground floor retail units are vacant, while it has been unknown whether the business models of potential future ground floor occupants would require or support the installation of mezzanines.
- 3.4 Notwithstanding the extant permission provides flexibility for first floor commercial space – subject to the operational requirements of future ground floor occupants – this space has never been guaranteed to come forward. Therefore it does not, technically, amount to ‘lost’ commercial floorspace.

Table B – Commercial floorspace to be lost

Retail Unit no.	Ground Floor approved Sqm	First Floor approved sqm	Total approved sqm	Ground Floor to be lost sqm	First Floor to be lost sqm	Total proposed sqm
01	166	-	166	-	-	166
02	184	-	184	-	-	184
03	440	468	908	-246	-468	194
04	292	320	612	-160	-320	132
05	150	-	150	-	-	150
	1,232	788	2,020	-406	-788	826

Notes: Floorspace figures rounded.

- 3.5 The commercial space remaining after the change of use to 9 residential units, as proposed in this application, would be 826 sqm focused at ground floor level (including 194 sqm within Retail Unit 03 and 132 sqm within Retail Unit 04).
- 3.6 The proposals involve no changes to Retail Units 01, 02 and 05, which are also currently vacant and subject to ongoing marketing.

4. Justification for the loss of commercial space

4.1 This section addresses the following:

- i. Retail market conditions and trends
- ii. Marketing and the lack of demand
- iii. Extant planning permission considerations
- iv. Commercial space vacancy study: the masterplan area and Hayes Town Centre

Retail market conditions and trends

- 4.2 The proposals to release commercial space at The Venue, to allow for new residential units, are a response to retail market conditions and trends. The reality is conditions are much tougher now than in January 2020 when (upon adoption of the Site Allocations and Designations) the Council envisaged up to 4,000 sqm of A class uses across The Old Vinyl Factory site under site allocation SA 2.
- 4.3 To that end, retail locations across the UK are facing complex and long-standing challenges, which have been exacerbated by the Covid-19 pandemic and more recently, the cost-of-living crisis as well as the significant cost pressures facing occupiers.
- 4.4 The growth of online shopping, changes to shopping, work and lifestyle habits, in addition to the continued polarisation of retailer demand to the larger centres, have further resulted in reduced footfall and an increasing number of retailer (and leisure operator) failures and closures.
- 4.5 The Local Data Company's UK-wide analysis² of unit openings and closures in H1 2023 by sector (i.e. comparison retail, convenience retail, leisure, and services) reveals a year-on-year decline across all sectors. Comparison retail saw the greatest decline, with -2,322 units, followed by services (-1,132 units), leisure (-446 units) and convenience retail (-100 units). The report observes that operators now have *leaner store portfolios following the CVA [Company Voluntary Arrangement³] and pandemic periods. However, independents are struggling and, as shown in the H1 2023 numbers [a net decline of -1,915 units], their survival is a major concern.*
- 4.6 In this context, secondary and tertiary retail locations, which tend to include a high proportion of independents (because such locations are too quiet and/or otherwise less desirable for multiples), are particularly challenged by the lack of occupier demand. The Old Vinyl Factory site falls into the category of a secondary retail location and has no established 'critical mass' of retail activity, which has consequences for the scale of retail and other commercial floorspace that can be supported, including at The Venue.

Marketing and the lack of demand

- 4.7 There is no development management policy in the Local Plan requiring retail premises to be (unsuccessfully) marketed for a period of time before they can be released for alternative uses.
- 4.8 Notwithstanding, appended to this Statement (at Appendix D) is a letter prepared by the applicant's commercial property agents, Lunson Mitchenall, who have been seeking occupiers for the commercial space at The Venue since December 2022.
- 4.9 The Lunson Mitchenall letter sets out that:
- There is a range of retail and leisure offers close to the site, including in Hayes Town Centre and (to a far lesser extent) the masterplan area, which any new commercial space must respond to in terms of potential occupiers and its relationship to the wider retail and leisure hierarchy.

² H1 2023 Retail and Leisure Trends Analysis, Local Data Company, September 2023.

³ Insolvency procedure available to an insolvent company and/or its business to come to an arrangement with its creditors over the payment of its debts.

- The masterplan was conceived in a very different retail climate (circa 2012 and pre-pandemic) and the design has not reflected changing occupier requirements over time. As a result, substantial components of the retail/leisure floorspace originally envisaged and approved for the masterplan area remain vacant or undelivered; not least the cinema-anchored mixed use scheme at The Gramophone, which is close to The Venue and was intended to be *the* major visitor attraction and draw to the area. This has direct consequences for the attractiveness, viability and deliverability of commercial space at The Venue (and the wider masterplan area) from an occupier perspective.
- As is usual practice, the retail units are completed to shell specification and therefore, at first occupation, require significant capital investment to make them suitable to occupy and trade from.
- Other constraints (from a commercial occupier perspective) include the lack of good visibility into the retail units and the lack of non-residential car parking.
- The Venue's retail units have been marketed through various avenues at different times in order to achieve broad market coverage.
- The feedback received from potential occupiers over the course of marketing is that the location of the scheme, and the limited passing footfall, is an issue. Together with the current economic headwinds, slower consumer spending and the higher capital investment required to fit-out the units, the commercial risks involved are a significant disincentive.

4.10 Given the above, Lunson Mitchenall concludes that *demand from occupiers is very thin and is likely to remain so for the foreseeable future. As such it is logical to seek amendments to the current scheme to reduce the quantum of commercial floorspace available.*

Extant planning permission considerations

- 4.11 The proposals relate to Retail Units 03 and 04, which form part of the residential-led scheme that has been recently completed, excluding the commercial space at first floor (or mezzanine) level.
- 4.12 Each of the retail units have been designed and built to facilitate the inclusion of a full cover mezzanine. The intention has been to provide flexibility for first floor commercial space subject to the operational requirements of future ground floor occupants. However, no occupants for the ground floor retail units have been secured and it is unknown whether business models require or could support the installation of mezzanines. The provision of commercial space at first floor (or mezzanine) level is therefore not guaranteed, and there is no planning basis for requiring the implementation and/or occupation of such floorspace.
- 4.13 Thus approximately two-thirds of the commercial space to be 'lost' resulting from the proposals (i.e. 788 sqm) comprises prospective mezzanine floorspace, which has never been guaranteed to come forward. Furthermore, the non-delivery of such floorspace is of no material consequence to the achievement of masterplan objectives, placemaking and/or active frontages at The Venue.
- 4.14 The commercial space proposed to be lost at ground floor level is limited to 406 sqm within Retail Unit 03 and Retail Unit 04. Both of these retail units would be retained but in a smaller format (as considered in Table C below). Moreover, the units would maintain active frontages to the street; and their visibility (which is important to retailers) would not be diminished on the basis the proposed residential units are focused towards the middle of the building's north elevation, adjacent to the main residential entrance, thereby retaining commercial space to those edges and corners of the building that are most visible and attractive from a commercial occupier perspective, and which fronts the public open spaces and streets.

Table C – Proposed change in commercial floorspace

Retail Unit no.	Approved floorspace Sqm	Proposed floorspace Sqm
03	440	194
04	292	132

Notes: Floorspace figures rounded.

- 4.15 From a planning policy perspective, there is no requirement for retail premises to be marketed for a period of time before they can be released for alternative uses. This is a carefully considered policy response (whereas the Local Plan requires market demand evidence for proposals involving the loss of offices and community facilities respectively) recognising that a marketing requirement for retail premises could have unintended consequences for town centres and other street-level retail frontages, such as vacant units and in turn negative ‘place’ perceptions.
- 4.16 Moreover, London Plan Policy E9 allows for the release of surplus ground floor retail space where proposals support other planning objectives including the delivery of residential uses; and further identifies the potential for housing intensification in edge-of-centre and out-of-centre retail locations i.e. the application site.

Commercial space vacancy study: the masterplan area and Hayes Town Centre

The Old Vinyl Factory masterplan area

- 4.17 The Lunson Mitchenall letter (at Appendix D) points to the vacant or incomplete commercial components of the masterplan area as having a direct impact on the attractiveness, viability and deliverability of the commercial space at The Venue; and a reason the area lacks the activity and passing footfall required to attract potential occupiers.
- 4.18 Appendix E provides an up-to-date schedule identifying the status of commercial provision within the masterplan area. It confirms that many of the area’s planned commercial components remain vacant or undelivered, with no new occupiers in the past 12-15 months (at least)⁴, supporting the view of the commercial property agents that *demand from occupiers is very thin* in this location.

Hayes Town Centre

- 4.19 The masterplan area lies approximately 250 metres (i.e. less than a 10-minute walk) to the southwest of Hayes Town Centre, which has 206 ground floor units including a good range of retail, leisure and catering offers. The Lunson Mitchenall letter (at Appendix D) observes that, *even a small churn of operators means there will be a number of vacant units available in the main retail pitch at any point in time*. As such, these units would be more attractive to many prospective occupiers.
- 4.20 Table D below identifies the number of vacant units recorded in Hayes Town Centre between August 2021 and December 2023, drawing on the information set out in the London Borough of Hillingdon Retail Revival Evaluation Report (June 2023) and updated to reflect our own town centre inspections on 5 December 2023.
- 4.21 The analysis shows that vacancy rates increased slightly between August 2021 and March 2022, before doubling to approximately 8% in December 2023 as trading and marketing conditions have worsened.

⁴ A similar monitoring exercise was undertaken in October 2022 to support planning application ref. 59872/APP/2022/3796.

Table D – Change in vacant units: Hayes Town Centre (2021-2023)

Number of units (total count)	Vacant units (count) August 2021	Vacant units (%) August 2021	Vacant units (count) March 2022	Vacant units (%) March 2022	Vacant units (count) Dec. 2023	Vacant units (%) Dec. 2023	% change
206	7	3%	8	4%	17	8%	+ 4%

Notes:

Total number of ground floor units derived from LB Hillingdon Retail Revival Evaluation Report (June 2023).

Vacant units in August 2021 and March 2022 derived from LB Hillingdon Retail Revival Evaluation Report (June 2023).

Vacant units in December 2023 derived from CPW Planning town centre inspections (5 December 2023) and Edozo Occupiers (accessed 6 December 2023).

- 4.22 Appendix F provides a list of the vacant street-level commercial properties recorded in December 2023, ranging between 38 sqm gross and 2,212 sqm gross. Several of the vacant units are of a similar size to the retail units at The Venue. The largest vacant unit is the former Wilko store which closed in September 2023; this retailer closure is not a Hayes-specific issue but underlines the challenges facing the retail sector and the difficult task of re-letting this space and/or bringing forward deliverable alternative use(s).
- 4.23 Based on the foregoing, there is evidently no supply-side issue; both the masterplan area and Hayes Town Centre have retail premises of various sizes and formats available. The principal reason for the level of existing vacancies is a lack of commercial occupier demand, which is the main driver behind this application involving vacant Retail Units 03 and 04 at The Venue.

5. Summary and conclusions

- 5.1 This Statement has been prepared in support of a full planning application to change the use of ground and first floor commercial space to 9 residential units at The Venue.
- 5.2 It is focused on justifying the proposed loss of commercial space within two vacant Retail Units (03 and 04). This amounts to 406 sqm of ground floor commercial space (246 sqm within Retail Unit 03 and 160 sqm within Retail Unit 04). Both of these retail units would be retained but in a smaller format, and would maintain active frontages to key corners and the street and thereby continue to contribute towards the masterplan objectives. The scheme would also retain its other street-level Retail Units 01, 02 and 05, which are currently vacant and subject to ongoing marketing.
- 5.3 The proposals further involve the release of 788 sqm of potential commercial space at first floor (or mezzanine) level. Such floorspace has not been delivered because the ground floor retail units are vacant, while it has been unknown whether the business models of potential future ground floor occupants would require or support the installation of mezzanines. This prospective mezzanine floorspace, which comprises approximately two-thirds (66%) of the commercial space to be 'lost' resulting from the proposals, has never been guaranteed to come forward.
- 5.4 There is no planning basis for requiring the implementation and/or occupation of the potential mezzanine floorspace and therefore it does not, technically, amount to 'lost' commercial floorspace.
- 5.5 The application proposals to release commercial space at The Venue, to allow for new residential units, principally respond to prevailing retail market conditions and the lack of commercial occupier demand. Conditions are much tougher now than when the masterplan was conceived and approved, while its design has not reflected changing occupier requirements over time. It is further the case (in part for the reasons just outlined) that The Old Vinyl Factory site has no established 'critical mass' of retail activity, with substantial commercial components of the masterplan area standing vacant or incomplete, which has direct consequences for the area's attractiveness to potential occupiers and for the scale of retail and other commercial floorspace that can be supported at The Venue.
- 5.6 It has also been demonstrated that, in addition to the vacant or undelivered commercial floorspace within the masterplan area, Hayes Town Centre (less than a 10-minute walk to the northeast) has seen its number of vacant street-level commercial properties more than double since August 2021, with the 17 vacant units identified ranging between 38 sqm gross and 2,212 sqm gross. In this context, there is no supply-side issue, and the principal reason for the level of existing vacancies is a lack of commercial occupier demand as experienced with The Venue's retail units forming part of this application.
- 5.7 Overall, the applicant is seeking an acceptable change of use which is compliant with the relevant development plan and London Plan policies; and would result in additional household expenditure to support local shops and other businesses, including within the masterplan area. The commercial floorspace to be 'lost' resulting from the proposals is not significant in scale terms and is further cognisant of retail market conditions and challenges, which represent a material change in circumstances since the Council's adoption of the site allocation and its decision in 2020 granting the approved development for The Venue.
- 5.8 The application should therefore be supported and approved without delay.