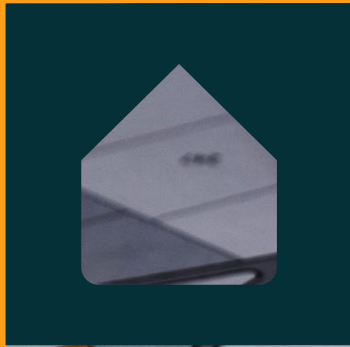


Old Town, Newbury Proposed redevelopment: Economic Benefits Report

Planning for: Lochangeort Newbury Ltd
November 2024



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Quality Assurance

This report has been prepared within the quality system operated at Rapleys LLP according to British Standard ISO 9001:2015.

We confirm that the undersigned is an appropriately qualified and experienced Chartered Surveyor/Planner [delete as appropriate] experienced in the commercial property sector.

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RAPLEYS

The benefits of Old Town (Kennet Centre)

The Proposal



950 new residents



317 new homes



Increase in local job opportunities



£58m pa operational GVA

People Related Benefits



950 new residents



715 additional members of the local labour force



600 employed/self-employed new residents



£24m per annum of additional wages



£5.5m available spend in shops per annum



£58m operational GVA per annum

Commercial Benefits



65 additional local job opportunities



£560,000 available spend in shops per annum



£2m additional wages per annum



Construction Phase Benefits



£90m total investment



£48m in wages



750-1,250 direct and indirect jobs



£110m construction-related GVA



£9m available spend in shops per annum

Local Authority Revenue Benefits



£450,000 per annum in new Council Tax



£100,000 in business rates from new commercial units



£TBC in CIL/S106 contributions



£450,000 generated by the New Homes Bonus



1 INTRODUCTION

- 1.1 This report has been prepared by Rapleys LLP on behalf of Lochailort Newbury Ltd (“Lochailort”), to support the submission of a Full Planning Application by Lochailort (‘the applicant’) for the Kennet Centre, Newbury site, referred to as the Old Town scheme.
- 1.2 The application is for comprehensive redevelopment of the Kennet Centre, an internalised mall built in the 1970’s. The scheme will replace the majority of the Centre with a mix of town centre uses, delivering 317 much needed new homes and 342 sq m of new Use Class E floorspace, plus retaining the Vue cinema block that includes restaurant and leisure uses, and the multi-storey car park.
- 1.3 The structural changes in people’s shopping habits over the past decade has undermined the economic viability of town centres and has led to declining footfall, reduced spend, more challenging economic conditions and a lack of investment in town centres. Many internalised mall shopping centres such as the Kennet Centre have been at the forefront of these much more challenging conditions, and the changes that have and continue to work through have required a radical rethink of the appropriate uses needed to regenerate sites such as the Kennet Centre. It is clear that the site is in urgent need of a thorough overhaul, and that this will require very significant levels of investment.
- 1.4 The comprehensive redevelopment of the site will deliver substantial economic and wider catalytic regeneration benefits for Newbury town centre as a whole, not least by providing homes for c1,000 people right in the heart of the town centre with the associated wages and expenditure this will draw in, but also through the new commercial uses and through the considerable investment during the construction phase. The substantial investment proposed by Lochailort will regenerate this site that is at the heart of the town centre, and provide a major boost to the vitality and viability of the shops, services and other commercial enterprises in the town centre, and will be a major boost to Newbury town centre as a whole.
- 1.5 The purpose of this report is to identify and set out the economic benefits from the Old Town scheme. We separate the economic benefits into ‘People’ related benefits (from the residential element), ‘economic’ related benefits (from the commercial activities), ‘construction phase’ benefits and also ‘other’ benefits from the scheme that will accrue to the Council.
- 1.6 It is clear that retaining the retail elements, managing large voids and vacant space in a declining market, carries significant disbenefits – in addition to undermining the coherence of what should be a vibrant and vital town centre. We do not seek to estimate the disbenefit of retaining the centre ‘as is’ because we understand that the case for redevelopment has already been accepted.
- 1.7 It is also the case that the proposal seeks to retain the leisure elements of the site. We do not consider this retention as a benefit in this analysis, but note that in a different scenario, the loss of the space would be a disbenefit and, if otherwise provided elsewhere this alternative re-provision would be an economic benefit.
- 1.8 More detail on the background of the site, and an assessment of the impact of the scheme on the vibrancy and vitality of Newbury Town Centre is provided in a separate Retail Statement Report also prepared by Rapleys LLP.

2 ECONOMIC BENEFITS

2.1 The economic benefits derived from the proposed development including a) people related benefits and commercial benefits when the development will be operational as well as the economic benefits derived from the construction phase and benefits to Council levies. Below, we consider each of these benefits in turn.

PEOPLE RELATED BENEFITS

2.2 The people related (or operational) benefits are:

2.3 The **proposed 317 new homes** will deliver:

- almost two-thirds of the District's annual housing requirement (annual requirement 513 dpa).
- homes that will help address unaffordability (West Berks currently 14% less affordable than national average)
- a mixture of types of housing, including one and two bed homes for younger people to help retain them in Newbury town centre.

2.4 The scheme makes efficient use of brownfield land:

- The site is in a highly sustainable location in the heart of Newbury Town Centre. If this many units were to be delivered via new greenfield sites, as opposed to a higher density brownfield solution, this would need around 10 ha of new land to accommodate the same number of homes.

2.5 The development will accommodate **950 new residents**ⁱ

- based on applying National Space Standards to the applicant's accommodation schedule for the proposed development, accommodated in a variety of new homes ranging from 1- 4 bedrooms, and in a mixture of house types.

2.6 The development will **boost the local labour force by c715 people of working age**ⁱⁱ. These will be:

- Available to support the local economy / businesses
- In a District, and Newbury town centre in particular that needs more labour supply to deliver economic growth
- In Newbury town centre where there will be opportunities to walk to work, and which makes it less likely the labour force will be drawn to employment opportunities in Reading's economic market area, therefore able to support economic growth in West Berkshire.

2.7 Of these **600 new residents will be employed / self-employed** based on current West Berks economic activity ratesⁱⁱⁱ. These workers will:

- bring money flowing into the local economy **c£24m per annum in wages** based on West Berks latest average wages^{iv}
- deliver an annual **GVA boost to the local economy of £58m per annum** based on Berkshire latest GVA data^v

2.8 The 317 households increase the spend opportunities for the local shops:

- These households are living in the town centre and therefore likely to spend a high proportion of their income locally.
- The households generate **£5.5m per annum of available convenience and comparison goods spend**^{vi} to be spent in shops
- spending to support local businesses

2.9 Local Authority benefits include CIL receipt/ S106, Council Tax, New Homes Bonus and business rates:

- **CIL / S106 contributions will be calculated through discussion with West Berkshire Council** ^{vii}
- **c£450,000 per annum in new Council Tax**^{viii}
- The **New Homes Bonus generates £450,000 pa**^{ix}
- Commercial units deliver **c£100,000 pa in business rates**^x

COMMERCIAL RELATED BENEFITS

- 2.10 The commercial elements will generate Investment in the heart of the town centre in what continues to be a challenging market. The new and reconfigured units add to the attractions in the town centre drawing in customers, providing linked spend opportunities, helping to sustain existing activities such as the Vue Cinema to the benefit of all the other shops, services and leisure attractions in the town centre.
- 2.11 The commercial elements of the proposal comprise:
- five new retail units,
 - the reconfiguration of two units in the Vue (former office space that are currently vacant),
 - site management for the new residents - concierge, gym, cleaning, meeting room etc. These will be new jobs required to support the needs of the new residents.
- 2.12 The commercial elements will generate c75 additional jobs in the new units / businesses^{xi} providing:
- Local job opportunities
 - **c£2m per annum additional wages^{xii}**
 - **£560,000 per annum of available spend in shops^{xiii}**

CONSTRUCTION PHASE BENEFITS

- 2.13 The scale of the investment during the construction phase will be very significant in terms of jobs wages and GVA generated.
- **The total investment will be in the order of c£90m^{xiv}**
 - **Jobs generated will be between 750 and 1,250**
 - Direct 300-500 jobs pa^{xv}
 - Indirect – supply chain and induced 450-750 jobs pa^{xvi}
- 2.14 Based on the upper end of the job generation figures (i.e. 1,250)
- **wages will be up to £48m/pa^{xvii}**
 - construction related **GVA will be up to £110m pa**
 - Expenditure from workers to **spend in local shops will be up to £9m pa**

3 WIDER EXPENDITURE BENEFITS

- 3.1 The proposed development would mean more people (potentially up to an additional c1,000) living in the town centre. This will constitute a large addition to the town centre population, a population that will provide town centre businesses with the opportunity to capture a substantial share of the residents' daytime spend (as we quantified earlier) when they are living and working from home and/or using the co-working spaces that are part of the scheme.
- 3.2 This new population will have wider 'catalytic' economic effects as their spend will help to sustain and strengthen the economic viability of the whole town centre, and the higher available spend in the town centre will not only reinforce the existing business base, but it will encourage other businesses and retailers to consider opening new/larger outlets in Newbury.
- 3.3 But it is not just the resident spend that is available to the wider town centre businesses. The scheme will deliver new retail space, and restaurant/café space, but may also deliver office space, and town centre office-based worker spend would be another key benefit from the scheme. Earlier we assessed the commercial worker spend on the basis of office-based jobs, but these workers will potentially spend much more widely than just retail. There will be leisure activity spend in bars, restaurants and cafes and other leisure related activities, so again highly significant to underpin the economic health of the whole town centre economy.

4 CONCLUSIONS

- 4.1 The analysis within this report leads us to conclude that the proposed mixed-use redevelopment of a no longer fit for purpose 1970s shopping centre, will bring major economic benefits that in summary are:
- **Construction** value £90m
 - Up to 1,250 construction jobs (direct and indirect)
 - Construction related GVA £110m pa
 - **Post-construction** – 317 new homes (two-thirds of the annual requirement), c950 new residents
 - 715 residents of working age, of which 600 will be working – major boost to the local economy
 - £24m pa in wages
 - £58m pa GVA
 - Public benefits c£1m pa
- 4.2 The starting point for this proposal is that people's shopping habits have fundamentally changed, and town centres and retail mall formats need to change and adapt to the economic realities, challenges and opportunities as they present now and in the foreseeable future. Like many internalised shopping malls across the country, the Kennet Centre is no longer the attraction that it once was and is no longer fit for purpose, nor does it now make best use of the site. Comprehensive mixed-use redevelopment is necessary and will generate the above-mentioned economic benefits. It will also be the catalyst for wider regeneration benefits within the town centre.
- 4.3 Given that town centres have faced severe challenges for many years, the opportunity to draw in very significant investment into the heart of the town centre is a very positive prospect. The rejuvenation and regeneration benefits for Newbury of increasing the resident base within the town centre will benefit all business in the centre and generate catalytic benefits more widely.
- 4.4 Not only will the development deliver much needed homes for c1,000 people in the most sustainable location, but it will also deliver substantial contributions to the local employment base and a significant economic boost helping to underpin the local economy. Five flexible commercial units will provide retail and leisure (or office) offering in this part of the town centre, without prejudicing the viability of other retail offerings such as that at Parkway. The scheme also allows the retention and improvement of the Vue cinema and associated leisure facilities.
- 4.5 The scheme will enhance the attractiveness of Newbury town centre as a destination, with new spaces for local, independent and artisan businesses that will help enhance Newbury's unique and special identity as a market town. The considerable increase in the resident population will also boost the vitality and viability of the town centre and the patronage of existing shops, services and businesses.

Endnote: calculations and data sources



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- ⁱ National Space Standards as set out in Table 1 - Minimum gross internal floor areas and storage (m²), [Technical housing standards – nationally described space standard - GOV.UK](#), DCLG, DCLG March 2015.
- ⁱⁱ Working age calculation – we estimate that 75% of the new residents (715) will be of working age (16-64) which is higher than the 61% for the District as a whole identified by ONS Population Estimates. This is because the homes in the scheme will attract a younger demographic. [Labour Market Profile - Nomis - Official Census and Labour Market Statistics](#)
- ⁱⁱⁱ In employment calculation - Of these 600 (83.7%) will be economically active (83.7% being the current District figure. Source: Nomis ONS annual population survey - Employment and unemployment (Apr 2023-Mar 2024). [Labour Market Profile - Nomis - Official Census and Labour Market Statistics](#)
- ^{iv} Annual worker wages – West Berks average gross annual pay £40,172. Source: Nomis ONS annual survey of hours and earnings - resident analysis. [Labour Market Profile - Nomis - Official Census and Labour Market Statistics](#)
- ^v Annual GVA boost - Berkshire average annual GVA per job in 2022 £96,555. Source: Table B4: Current Price (unsmoothed) GVA (B) per filled job (£); ITL2 and ITL3 subregions, 2002 – 2022. [Subregional productivity: labour productivity indices by local authority district - Office for National Statistics](#)
- ^{vi} Spend in shops - Source: Experian Location Analyst: consumer retail expenditure (coarse): 2022 total expenditure per household (in 2022 prices). Data only available by subscription.
- ^{vii} Contributions to be calculated through discussion with West Berkshire Council.
- ^{viii} Council Tax - Based on West Berks Band B, calculated as 7/9ths of Band D Source: [How we calculate your Council Tax bill - West Berkshire Council](#)
- ^{ix} New Homes Bonus – based on the NHB Calculator – and the national average band D Council Tax rate. [RM136-2021-1.xlsx New_Homes_Bonus_Calculator_2023-24_Provisional_Allocations.xlsx](#)
- ^x From the commercial units (£100k). Averaging the rates for shops in the Kennet Centre and Units V3 and V4 and applying to scheme floorspace. Source: [Estimate your business rates - GOV.UK \(www.gov.uk\)](#)
- ^{xi} The commercial job estimate is based upon - applying average employment densities to the proposed retail (1 job per 15 sq m) and restaurant/café floorspace (also 15 sq m / job) equating to a total 65 jobs . Source: [HCA Employment Density Guide 3rd Edition 2015](#). The site management jobs are consistent with the 2023 Propernomics Economic Impact Assessment that estimated the net additional site management jobs to be 3 on site, 2.5 in the gym and 4 in the cycle workshop and hire shop – in round terms 10 jobs.
- ^{xii} Commercial employment wages - Sector specific averages for South-east region. Source: Table 15.7a Annual pay – Gross, Annual Survey of Hours and Earnings (ASHE), 2023. [Earnings and hours worked, region by occupation by four-digit SOC: ASHE Table 15 - Office for National Statistics](#)
- ^{xiii} Retail expenditure available from new workers - based on average per capita available spend. Source: Experian Retail Planner: consumer retail expenditure (coarse): 2022 total expenditure per capita (in 2022 prices). Data only available by subscription.
- ^{xiv} The total construction related investment is a client estimate.
- ^{xv} Construction workers – Direct - this is a range: upper end based on applying a dwelling units to worker multiplier of 1.5. Source: Ball, M. (2005), The Labour Needs of Extra Housing Output: Can the House building Industry Cope, for CITB Construction Skills and the Home Builders Federation. Lower based on calculation of person years and investment value (19.9 person years per £1m in value). Source: HCA - Calculating Cost Per Job, Best Practice Note Tab 3, 2015. [HCA Calculating cost per job 2015](#)
- ^{xvi} Construction workers – Indirect (supply chain / induced workers) - applying a 1.5 multiplier to the number of direct workers. Source: [HBF The Economic Footprint of UK House Building, March 2015](#)

^{xvii} Construction sector and indirect jobs wages – for construction sector (500 jobs) Southeast region median wage for construction / building trades and supervisors and for indirect (750) West Berks average wage. Source: Table 15.7a Annual pay – Gross, Annual Survey of Hours and Earnings (ASHE), 2023. [Earnings and hours worked, region by occupation by four-digit SOC: ASHE Table 15 - Office for National Statistics](#)