

Retailing in Scotland's Largest Towns and Cities 2016

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

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Background

2016 will be remembered as a momentous year generally; the Brexit vote and the Trump presidency are ground-breaking in their own ways. The reality however is that neither of these two occurrences has as yet had any fundamental impact on countries or the world generally. We are, to all intents and purposes in a phony war of jockeying for position to trying to sift through the rhetoric for any semblance of what reality might look like.

This uncertainty of the post-referendum world has had an impact on the British currency and other markets. Retailers seem to be daily confronting yet another potential price rise or product shrinkage as costs rise. But on the flip side, the cost of visiting the UK has never been cheaper and overseas visitors are picking up bargains at a pace never seen before. Consumer confidence seems to be a roller-coaster and there remains a massive discontent and disparity across communities and consumers.

In short, despite what seems like momentous events, we have not yet seen what the outcome is going to look like and what the winners and losers will shape up to be. Claims that the dire forecasts about the impact of Brexit have been proved wrong are utter nonsense given that Brexit has not happened yet. "Brexit means Brexit" is fast becoming an empty slogan, as the reality that we simply don't know what it means sinks in. Thus, in looking at 2016 figures for retailing and leisure in Scotland's towns we are really considering this pre-Brexit, pre-Trump, almost pre-2016 world.

This is not to say that things have not been happening. Scotland has set out on an ambitious journey to focus on towns and places at the centre of the country. This is no small task, given the previous half century was focused on disaggregating and decentralising many of our daily urban activities. The task is made more difficult by the complex eco-systems and networks that exist both within and around our towns, cities and broad urban regions. But, at least Scotland has some sense of a plan to follow to begin to reconnect people and places.

This plan began with the Fraser Review – the National Review of Town Centres – and the subsequent Scottish Government's Town Centre Action Plan. As has been laid out elsewhere (see <https://stirlingretail.files.wordpress.com/2013/04/stp-and-wtls-oct-2016.pdf>) this put into place a variety of actions and projects; supported by both agreements and some legislation, which seeks to stem and reverse the fortunes of Scotland's towns and town centres. It is still very early days, but, together with some general recovery from the dark days of 2008/9, and considerable cross party consensus on actions, we are beginning to feel more optimistic about our towns.

As noted above, towns are complex eco-systems and in the main are not mono-cultures. Whilst many equate the high street to the town the reality is that retailing is but one component of towns and town centres and is often dependent on the success of the whole place and not solely on its own terms. Retailing is a reflection of community as a whole and as we have neglected communities, so too our retailing has suffered. Likewise, if we get our towns and communities right, retailing as a visible heart and indicator of places, will also grow and benefit.

Retailing itself of course is undergoing many changes. Over the last 50 years we have modernised the retail sector in response to changing business requirements and capabilities and developing consumer demands and behaviours. The development of out-of-town retailing and the large expansion of retail space has not been matched by corresponding reductions in existing floorspace. More recently, the rise of the internet as a channel for shopping has removed sales from physical stores. Retail space,

and especially high street space is in a state of change, further exacerbated by differential patterns across our towns depending on often very local circumstances.

With all this going on it is imperative that we use the best possible data to describe, analyse and understand the dimensions of changes that are underway and thus the base for analysing the impacts various interventions are having. This is our fourth Scottish Retail Summit. As before, we have updated the data, repeated and extended the analysis and focused on change. Our focus is on retail and leisure units, and whilst we recognise that town centres are more than just retailing, retailing remains a sound barometer of their state of health.

Given the concern about our towns and cities and the importance of retailing as a signifier, it is particularly important to monitor retail change and to develop the range of the monitoring and understanding. The Institute for Retail Studies (IRS) at the University of Stirling and the Local Data Company (LDC) joined together in 2013 to analyse our leading high streets, town centres and cities to produce a definitive overview of Scotland's retail position. More in depth and detailed research at local levels is being undertaken through our collaborative ESRC PhD studentship, adding new thinking to our scope, measurement and explanation.

The LDC undertakes a rolling survey of many towns and cities across the UK. On the ground researchers report on the shop and premise presence and occupancy according to pre-defined categories. All centres are visited at least once a year. This report considers the leading Scottish towns and cities. The leading towns and cities were identified by considering all locations in the LDC database in Scotland that have 20 or more premises with retail or leisure uses. Stand-alone regional shopping centres and warehouse parks were excluded from this analysis. The result is that we included 131 places. It needs to be recognised that our recent work (www.usp.scot) on Understanding Scottish Places identified and mapped data on 479 towns across Scotland. This report and the Local Data Company work is thus a particular sub-set of all towns in Scotland and is focused on the largest places (as defined by the number of shop units).

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

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

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

In this report as in previous years we have utilised the data directly from the Local Data Company database and not subjected it to detailed checking and filtering. This maintains comparability and consistency across the period.

It also needs to be noted that the level of analysis reported here is at the aggregate level. We have not drilled down into specific towns and the individual premise (unit) level data at which the Local Data Company collect and store the data. That work is better suited to those with interests in

particular locations. Interested place authorities and managers are encouraged to contact the Local Data Company to see the depth of detailed town analysis that can be produced to permit detailed local understanding of the macro-changes outlined here.

Scotland 2016: The retail picture

The report is presented in three sections focusing in turn on Retail premises, (and associated leisure sector) Retail vacancy and Retail structure, which sequentially paint a more detailed picture of the retail sector in our leading towns and cities and the ways in which is changing.

As a preamble to this, we can place Scotland in comparison to the rest of Great Britain in terms of vacancy rates. The vacancy rates reported in the table below are the rates calculated by the Local Data Company for all the sites in their database (and from which we draw a sub set to analyse the leading towns and cities in Scotland). These rates are thus comparable across the countries and places of retailing, but not directly comparable with the data presented later.

The Scottish National Vacancy rate for retail and leisure in towns is 11.7%. This has fallen from 13% in 2012 and marks the fourth consecutive drop since 2012. It is thought a marginal reduction from 11.8% in 2015 and a slower reduction than elsewhere. The pattern established since 2012 is repeated this year with England showing lower vacancy than Scotland. These figures are skewed by the vacancy rates in London and in the South East. Wales has a much higher town centre vacancy rate than that of Scotland. Retail Park vacancy across GB has fallen in 2016 with the exception of Scotland which has remained stable at 7.8% which is the highest vacancy rate across GB. Scottish shopping centres also show the highest vacancy rates across the country at 16.9% although this constitutes a substantial reduction from 17.6% last year and repeats the trend of reduced vacancy in shopping centres across the UK. This is a significant reduction from the highest levels of Scottish shopping centre vacancy in 2013 when it peaked at 18.8%. Scottish town centres and shopping centres are moving in the right direction but more remains to be done as progress has slowed.

GB and National Vacancy Rates by Location 2013 – 2016

Vacancy Rates – 2016

Country	Town Centres	Retail Parks	Shopping Centres
GB	11.5	6.2	14.1
England	11.3	5.9	13.8
Wales	14.6	7.1	12.6
Scotland	11.7	7.8	16.9

Vacancy Rates - 2015

Country	Town Centres	Retail Parks	Shopping Centres
GB	11.7	6.6	14.8
England	11.6	6.4	14.6
Wales	15.0	7.2	12.7
Scotland	11.8	7.8	17.6

Vacancy Rates - 2014

Country	Town Centres	Retail Parks	Shopping Centres
GB	11.9	8.1	15.3
England	11.7	8.0	15.3
Wales	15.4	8.0	11.9
Scotland	12.0	9.6	16.5

Vacancy Rates - 2013

Country	Town Centres	Retail Parks	Shopping Centres
GB	12.5	9.7	15.8
England	12.4	9.3	15.3
Wales	16.0	10.7	18.5
Scotland	12.4	12.6	18.8

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

With 479 towns (including the cities), the Scottish retail structure is extensive. The cities and towns each play their own unique role in Scottish retail development. The largest cities of Edinburgh, Glasgow, Aberdeen and Inverness remain dominant in terms of retail scale and between them, account for 21.2% of the retail stock in Scotland. The seven designated cities account for 26.6% of the retail premises. There remains an overlap between the smallest Scottish cities and the largest towns with 7 towns hosting more retail premises than Stirling which is the smallest of the cities in retail terms. Kilmarnock, Ayr, Dumfries and Dunfermline have more than 400 retail units in the town centre. The development of retailing in Scotland's towns remains an important economic issue. Retail premises across Scotland have grown by 81 units since 2015 whilst leisure units in cities and towns have grown by 269 units highlighting a trend of increasing leisure occupiers within Scottish places. The combined retail and leisure growth in Scotland since 2013 shows an increase of 208 retail units and 542 leisure units suggesting renewed activity in Scottish places. Edinburgh is the only city showing a reduction in retail premises whilst Glasgow, Aberdeen and Inverness highlight increases of 17, 14 and 27 units respectively. The town picture is varied with 58 towns showing a fall in the number of retail premises against 2015. This highlights that some towns remain on a different trajectory. Amongst these there are special cases including East Kilbride where there is a planned pattern of change and Cumbernauld where plans for a new leisure complex remain unconfirmed. Scottish towns and cities are experiencing changes in retail and leisure mix. In 2013, retail premises accounted for 74.8% of the town mix whilst leisure premises accounted for 25.2%. By 2016 a further shift is clear with the retail/leisure mix now sitting at 73.3% and 26.7% respectively highlighting a movement towards increasing leisure activity across Scotland in both towns and cities.

At one level these figures are a little surprising as they suggest that the urban system is only partially adapting to the changed circumstances. The switch to leisure is readily observable and is identified in the data. It has been argued however that we are over provided with shop premises not least because

of the rise of out-of-town retailing and the internet. As such we might perhaps have expected more towns to show a reduction in premise numbers as well as the shift to other uses with consequent impacts on vacancy rates.

Headlines

- Glasgow and Edinburgh continue to dominate the retail scene in Scotland.
- 6 of the 7 cities show an increase in retail premises between 2015 and 2016 with only Edinburgh showing a reduction.
- 35 of the 124 towns reviewed have experienced a reduction in retail of two units or more since 2015 whilst only 6 experienced a drop in leisure premises of two or more units.
- Scottish cities and towns are both experiencing a shift in retail/ leisure balance with retail premises dropping from 74.8% of total premises in 2013 to 73.3% in 2016.

2. What is the vacancy rate and how is it changing?

Scottish vacancy rates across retail and leisure show a slight reduction from 11.8% in 2015 to 11.7% in 2016. Since 2013, there has been a gradual decline in vacancy rates from 12.4% to the current 11.7% which highlights continual improvement in vacancy over a four year period. Retail vacancy across cities and towns shows a drop from a high of 13.4% in 2013 to 13.0% in 2015 and further, to 12.6% in 2016. This is encouraging against a background of economic and political change. The trajectory is in the right direction.

Retail vacancy in cities shows an increase from 2015 from 12.3% to 12.6% with Edinburgh, Glasgow and Inverness showing reductions in vacancy whilst Aberdeen, Dundee, Perth and Stirling all increased the percentage of vacant premises. Edinburgh showed the lowest retail vacancy across the cities at 9.5% whilst Dundee was the highest at 22%. Town retail vacancy shows a retail vacancy reducing from 13.2% in 2015 to 12.6% in 2016 highlighting that towns appear to be matching the vacancy levels of cities over time. Some larger towns continue to show levels of vacancy above 20% including Ayr, Falkirk, Cumbernauld, Cowdenbeath, Girvan and Coatbridge. The variation in town vacancy represents a mixed picture across towns with vacancy as high as 23.5% in Coatbridge and as low as 1.7% in Gretna and one town, Longniddry had no recorded vacancy at all. Traditional town centres seem particularly high in vacancy which is perhaps indicative of slower adaptation to the changing role of town centres. In general however, cities and towns show a continued reduction in vacancy rates since 2013.

Strong, data informed, local knowledge plays an important part in the translation of vacancy figures across both cities and towns. Where regeneration is underway there can be periods of high vacancy, such as appeared in East Kilbride which showed retail vacancy of 29.7% in 2015 and now shows 13.7% as the local retail plan and redevelopment continues to progress. There is no single indicator that explains vacancy rates and local knowledge and plans must form the backdrop to any vacancy statistics.

A further consideration is persistent vacancy which reflects longer term vacancy issues. A persistent vacancy of 10% would indicate that one in ten shops have been vacant for three years or more. During 2016, 17 of 124 towns reviewed reflected persistent vacancy of over 10%. This compares with 22 towns last year from 100 towns reviewed. This again indicates an improvement in persistent vacancy across Scottish towns. Of the 17 towns with more than 10% persistent vacancy, Ardrrossan, Girvan, Kirkwall and Fort William all showed persistent vacancy above 15%. Some towns had no persistent vacancy – eg. St. Andrews, Aviemore and Alness. All 7 cities were below 10% in terms of persistent

vacancy this year, with Dundee having the highest persistent vacancy at 9.9% and Aberdeen with the least at 1.9%.

There is some limited evidence that there remains a 'squeezed middle' of places where change and adaptation is more difficult. The largest cities and the smaller more focused towns appear to be doing better than the larger more general places though for different reasons. Local pressures and patterns are thus critical. This is also true of persistent vacancy and its interpretation and remedy. There seems to have been a rapid reduction in persistent vacancy across a number of towns, suggesting either enhanced circumstances or recognition of the need to change uses. As ever however local circumstances do condition trajectories of change.

Headlines

- Overall retail vacancy in cities and towns now averages 12.6% down from 13.4% in 2013.
- The percentage of retail premises vacant in cities has reduced from 13.2% in 2013 to 12.6%.
- Retail vacancy rates in towns has reduced from 13.5% in 2013 to 12.6% and now equals retail vacancy in cities for the first time since 2013.
- The city of Edinburgh again has the lowest city vacancy rate of 9.5%.
- Dundee has the highest level of city vacancy at 22% in 2016.
- Vacancy levels in towns have improved more than in cities in 2016. Some larger traditional town centres such as Ayr and Falkirk are adapting more slowly to the changing role of town centres.
- Local knowledge plays an important backdrop to the translation of vacancy statistics as can be seen in East Kilbride where development plans are progressing and vacancy has reduced from 29.7% in 2015 to 13.7% in 2016.
- Persistent vacancy remains an important measurement of vacancy over a longer period and Scotland has 4 towns with over 15% persistent vacancy - Girvan, Kirkwall, Fort William and Ardrossan.
- Dundee remains the city with the most persistent vacancy at 9.9%.
- There has been progress in persistent vacancy in 2016 with 17 of 124 towns showing persistent vacancy of over 10% versus 22 towns of 100 reviewed in 2015.

3. What is the retail structure of our towns and cities?

Retailing remains a key component of both the economic and social life of our towns and cities. In terms of premises, the structure and balance of both towns and cities are changing with a growing emphasis on the development of leisure premises. Since 2013 retail in cities has dropped from 66% to 64% of total premises whilst in towns, the reduction is from 78% to 77%. Overall retailing in Scottish places has fallen from 75% in 2013 to 73% in 2016 whilst leisure premises have increased from 25% in 2013 to 27% in 2016. This trend is expected to continue as the importance of leisure activities within towns and cities remains a key driver of footfall. The 7 cities across Scotland show a particular emphasis on leisure growth with an additional 229 leisure premises added to city stocks since 2013, moving the leisure component in cities from 34% to 36% of overall premises stock.

Both cities and towns show a growth in independent retail versus multiple retail. Since 2013, independent retail in towns has grown from 54% of the total retail premises to 55% and the city picture also shows an increase from 54% to 56% over the same period highlighting the changing face of Scottish places. The demise of multiple retailer chains since 2013 has contributed to this new landscape and has created new opportunity for smaller independent retailers to take their place in high streets and towns. In 2016, Edinburgh and Perth show the highest level of independent retail in

cities in at 68% and 66% respectively. 6 of the 7 cities show increases in independent retail since 2015 with Glasgow increasing independent retail by 44 units since 2013 and now consisting of 50% independent retail. Inverness was the least independent at 35%, perhaps explained by its relative isolation yet large catchment area.

The change in towns has been less remarkable as the percentage of independent retail moved from 54% in 2013 to 55% in 2016. Four towns saw independent retail at over 80% of retail presence, Kilmacolm, Moffat, Strathaven and Kircudbright (which was the most independent in Scotland at 88%). On the other end of the scale there were 5 towns where independent retail was less than 30% of the total retail offer. These towns are East Kilbride, Gretna, Glenrothes, Livingston and Tillicoultry (which was lowest of all at only 5% independent retail). 53% of towns (66 towns) had increased the number of independent retailers as had 86% of cities (6 cities).

The changing picture between the level of independent retail in cities and towns may highlight the faster and easier response of cities to the consumer desire for variation and uniqueness in retail shopping and may indicate the way forward for some towns.

Overall there has been some change in the make up of Scottish cities and towns since 2013. Comparison goods retail now accounts for 30% of retail supply, a reduction from 31% in 2013 perhaps highlighting that comparison retailing is continuing to be affected by the rise of internet sales. Comparison shopping shows a reduction in 6 of the 7 cities with the larger cities of Glasgow and Edinburgh showing a drop in percentage points of 4 and 3 points since 2013 which may indicate a movement towards comparison shopping in out of town shopping centres around the larger cities, as well as the rise of leisure. Cities show a reduction of 130 comparison units since 2013. Inverness and Stirling show the highest percentage of comparison shopping at 40%. Comparison shopping in towns shows an increase of 111 units between 2013 and 2016 highlighting that towns are growing comparison units.

Convenience retail in towns shows an increase between 2013 and 2016 with 110 more convenience units in towns and 51 additional convenience units in cities. The most significant change in the make up of both cities and towns is the increase in both leisure and service components from 2013 as there are 388 additional leisure units and 414 additional service units. The service and leisure industries now account for 50% of the premises in towns and cities. This strengthens the belief that Scottish places are becoming more service and leisure orientated. The two largest cities of Edinburgh and Glasgow have 61% and 60% of combined leisure and service premises respectively highlighting the growing significance of a thriving activity sector in major urban centres.

Challenging times experienced across cities and towns since the recession saw the emergence of a stronger representation of charity shops, bookmakers, cheque cashing stores and off licences. The presence of charity shops has not been without controversy and since 2013 numbers have increased marginally in town centres whilst remaining stable in all of the cities except Edinburgh where the number of charity shops reduced by 10 units. Despite this, Edinburgh still has 58 charity shops which is almost twice the number of Glasgow which had 29. Edinburgh accounts for 36% of charity shops across city centres. Unsurprisingly, charity shops had a greater presence in many towns with 8 towns having 10 or more Charity shops. These were Dumfries, Dunfermline, Kirkcaldy, Bathgate, Glenrothes, Ayr, Falkirk and Kilmarnock. Kilmarnock had more charity shops than any other town with 19 charity stores. Each of these towns had more charity shops than any of the cities with the exception of Edinburgh. Traditional larger town centres in general increased the number of charity shops compared to 2015 which may reflect the need to fill vacant retail spaces in towns with proportionately high numbers of retail premises.

Previous reports have discussed the Booze, Money and Gambling (BMG) index which shows the presence of bookmakers, off-licences and cheque cashing / money businesses. The 2016 index shows a reduction across all three sectors across both cities and towns in Scotland since 2015. Bookmakers have reduced by 1.6% since 2015, whilst cheque cashing premises showed a 35% reduction or in real terms - a reduction of 20 units. This is clearly due to the strengthening of legislation on such activities. Off licences reduced by 13.4% on 2015 figures. Glasgow still hosts the highest numbers of bookmakers with 41 stores in the city centre. In terms of towns, Motherwell had the highest number of bookmakers followed closely by Bathgate and Lanark. It is interesting to note that the longer term picture of the BMG index shows that since 2013, there are the same number of bookmakers but a significant reduction from 95 units to 37 (reflecting competition in this area of trade) units across cheque cashing premises with off licence premises showing a reduction of 123 units. In real terms, over a four year period, cheque cashing units have reduced by 61% whilst off licences have reduced by 25%. Since 2013, cities in particular show significant reductions in cheque cashing stores (-73%) and off licences (-34%) whilst the traditional larger towns were inclined to show only marginal reductions, highlighting the different trajectories of some of the larger towns.

Headlines

- Retailing remains the dominant component of premises in both towns and cities and remains an important driving force of the Scottish Economy.
- In 2016, Retail premises have dropped from 75% of total premises across towns and cities, to 73% highlighting the growing importance of leisure premises as key footfall drivers.
- Cities are becoming more leisure orientated at a faster pace than towns.
- Across both cities and towns, the proportion of independent retailers is increasing whilst the proportion of multiples is decreasing. Independent retail in cities has grown from 54% to 56% since 2013 whilst towns have grown from 54% to 55% over the same period.
- 6 of the 7 cities have increased percentages of independent retail.
- 4 towns had over 80% of independent retail; Kilmacollm, Moffat, Strathvan and Kircudbright (which had the highest level of independent retail at 88%).
- Convenience shopping has increased across both cities and towns year on year since 2013 highlighting retail response to increasing consumer demand for greater convenience within local places.
- The service and leisure component within both cities and towns has grown by 802 units since 2013. Towns accounted for 469 additional service and leisure units whilst cities accounted for the remaining 333 service and leisure units highlighting the trend in both towns and cities.
- The number of charity shop premises were marginally lower than in 2015. Edinburgh reduced charity shop numbers by 10 units, yet still remains the leading charity shop city in Scotland.
- Some large towns with vacancy issues, still have large numbers of charity shops with 8 towns hosting 10 or more charity shops.
- The 2016 BMG index highlights that since 2013, bookmaker numbers have remained stagnant whilst cheque cashing stores have reduced by 58 units (-61%) and off-licences have reduced by 123 units (- 25%).
- Cities have shown a more significant reduction in BMG stores than towns.