Parades of Shops -

Towards an understanding of performance & prospects

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GENECON LLP

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Department for Communities and Local Government

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Contents

1 Introduction

1.1 Context

'Parades of shops' are a common and established feature of the UK's urban and rural communities. They are generally regarded as a lower order form of retail provision, serving localised catchments. Definitions vary but for the purposes of consistency this paper adopts the terminology of ***'neighbourhood parade'*** given their typically local role and the fact that, in many cases, the original function of such provision for 'shopping' has become more diversified.

The objective of this research paper is to draw together existing evidence to contribute towards an understanding of the characteristics and performance of neighbourhood parades and to provide some guidance on the policy themes that could support future local and national initiatives to maximise their contribution to local growth. This work supplements the work recently undertaken by Mary Portas on High Streets[1].

1.2 Purpose of the study

As set out in the Portas Review, broad indicators demonstrate a continuing decline in town centre and high street performance. However, given the nature of the remit, this work makes little reference to the performance of retail and service activities at the level of neighbourhood parades. This research therefore seeks to highlight some of the issues and opportunities offered by these lower order retail and service facilities.

Neighbourhood parades are of particular interest given the policy priority given to local entrepreneurship as a key driver of economic growth, in terms of local employment and productivity. Their performance also impacts directly on local communities and neighbourhood sustainability, in many ways acting as a 'barometer' of local neighbourhood resilience and social conditions. Within this context, the main objectives of the research are to gain some understanding and evidence on:

- current performance and the character of neighbourhood parades and related trends;
- barriers to and enablers of success in neighbourhood parades in the context of their local area and nationally; and
- policy themes through which viable futures for parades could be supported and their role in local economic performance enhanced.

In commissioning this preliminary study, the Department for Communities & Local Government (DCLG) has acknowledged that there is limited national information and comparative assessment in terms of the performance of neighbourhood parades. This report does not set out to establish a comprehensive digest of all available evidence on neighbourhood parades – there is substantial data held by individual local authorities, access to which is beyond the scope of this study. Rather, this report seeks to review a number of the available sources to draw out some of the key facets of neighbourhood parades as a spatial, economic and property form which has, hitherto, received comparatively little attention in policy terms. As such, the approach to this research has been largely desk-based drawing on: nationally available secondary data sources (Verdict), socio-economic and demographic data at the neighbourhood level and academic / professional literature on neighbourhood level retail provision. This has been supplemented by local case studies in three local authority areas in six selected neighbourhood parades.

[1] Portas. M, (2011) *'The Portas Review – An independent review into the future of our high streets'*

DCLG's research brief has defined the neighbourhood parade as:

- a group of 5 to approximately 40 shops in one or more continuous rows;
- has a mainly local customer base, with strong local links and local visibility, rather than being somewhere people would travel significant distance to shop at;
- has a high number of independent small or micro-businesses with some multiples (Tesco Metro, Sainsbury's Local, Boots) and symbol affiliates (Spar, Londis, Budgens etc.); and,
- being largely retail based (convenience stores, newsagents, greengrocers, bakers etc) though may include some local services (hairdressers, café etc).

1.3 Report structure

The report has been structured as follows:

- Section 2 – provides a review of existing available literature on the role and character of neighbourhood parades;
- Section 3 – considers the evidence on trends in neighbourhood parades by drawing on available national data produced by Verdict;
- Section 4 – provides an assessment of the nature of neighbourhood parades based on a review of six local case studies;
- Section 5 – identifies emerging policy themes recommended for further detailed work on the role and prospects for neighbourhood parades.

2 Neighbourhood parades – an overview of evidence

2.1 Introduction

There has been much recent commentary about the 'crisis' and 'decline' in town centres and the need to improve High Streets.[2] By contrast, neighbourhood level retail and service provision has been given limited attention. Research and policy development has generally focused at the level of 'District Centre' and above. This may not be surprising given that retail activity in the UK has become increasingly concentrated in larger centres. However, there is growing concern that the role of neighbourhood parades in supporting sustainable communities and contributing to local economic resilience is being underplayed. This section provides a review of available secondary evidence and academic research in relation to neighbourhood parades.

2.2 Characterising neighbourhood parades

2.2.1 The inter-changeability of definitions

Within existing policy and research on neighbourhood parades there is a common ambiguity of terms and definitions. The available research makes reference, inter-changeably, to 'neighbourhood retailing', 'local shops', 'small shops', 'local centres', 'convenience retailing', 'parades of shops', 'secondary retailing', and other typologies (Bennison, Warnaby and Pal, 2010)[3]. According to Verdict[4], the UK has 95,000 locations which fall within a definition of 'neighbourhood retailing' – arguably it is this sheer range and thus diversity of such activity that explains why the language of researchers and practitioners continues to remain inter-changeable.

Published in 2009, *'Planning Policy Statement 4: Planning for Sustainable Economic Growth'* (PPS4) makes reference to local centres as *"those that might include a local supermarket, a newsagent, a post office and a pharmacy. Other facilities may include takeaways and launderettes"*.

The unpublished definition of parades of shops as set out by DCLG to inform this study identifies *"a group of 5 to 40 shops in one or more continuous row, with a mainly local customer base, containing a high number of independent small or micro-businesses with some multiples and symbol affiliates and is largely retail based (convenience stores, newsagents, greengrocers, bakers etc.) with some local services (hairdressers, café etc)".*

Verdict states that *"neighbourhood stores provide convenient sites for top-up, meal solution and distress purchases. Comparatively small average store sizes and a high number of independent stores are distinctive features."*

A recent article by Bennison et al. (2010) identifies that "*local shopping facilities are those used by shoppers primarily for convenience/top-up shopping and personal services and historically consist mainly of independent retailers and physically, stores that occupy small shop units in fragmented ownership"*.

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[2] Portas, M, (2011) *'The Portas Review – An independent review into the future of our high streets'*; DCLG/DCMS (2009) *'Looking After Our Town Centres'*; ATCM (2011) *'National Planning Policy Framework Consultation Response'*

[3] Bennison, D, Warnaby, G and Pal, J, (2010) *'Local Shopping in the UK: towards a synthesis of business and place'*, International Journal of Retail & Distribution Management Vol. 38, No. 11/12

[4] Based on primary research and correspondence with retailers and secondary research sources (such as Government statistics, trade bodies and associations) and applied to the Verdict in-house model to forecast the number of locations in 'neighbourhood retailing'.

One of the challenges is obtaining data relating to the presence and performance of some of these activities and services. Much of the available literature has focused on performance at a local level (Collis, Berkeley and Fletcher, 2000; Thomas and Bromley, 1995)[5], the general impact of changing shopping habits (Elms et al, 2010; Baron et al, 2001)[6] and the decline experienced in the small shop independent retail sector (Megicks and Warnaby, 2008; Coca-Stefaniak et al, 2005; Smith and Sparks, 2000)[7].

For the purpose of this research, published data on performance produced by Verdict uses the term 'neighbourhood shopping' relating effectively to that shopping provision that is neither in defined town centres nor out of town facilities. This is helpful to a point, but fails to draw any specific definitional distinction in terms of scale, form or spatial disposition that enables neighbourhood shopping provision to be categorised. This task appears to have been left to the discretion of local policy makers.

2.2.2 Policy definitions

A useful starting point for framing the concept of the neighbourhood parade is to consider the planning policy focus it is afforded. In terms of national policy, PPS4 identifies four levels of centre: city centre; town centre; district centre; and local centre.

In terms of definition, the local centre would include a range of small shops of a local nature, serving a small catchment. Typically, according to PPS4, local centres will include shops, a small supermarket, newsagent, sub-post office and a pharmacy. Other facilities may include a hot-food takeaway and launderette. In rural areas, large villages may perform the role of a local centre. However, PPS4 also identifies that small parades of shops of purely neighbourhood significance are not regarded as a centre for the purpose of the policy statement. This suggests that neighbourhood parades have, hitherto, fallen by and large under the radar of retail planning policy.

Any policy focus on neighbourhood parades has largely been the domain of local authorities when developing planning policies based on retail and service centre hierarchies below the level of town and district centres, as defined in PPS4. For example, in Leeds, a recent retail assessment has defined a hierarchy which distinguishes between 'higher' and 'lower' order local centres and neighbourhood parades principally on the basis of scale.

From our case studies it is clear that local planning policies do identify neighbourhood parades as continuing to play an important role in the retail hierarchy, particularly in terms of serving localised community needs. There is an underlying recognition that these neighbourhood parades provide essential opportunities for day-to-day convenience shopping and service access and make an important contribution to maintaining 'sustainable communities'. They provide accessible shopping facilities for local residents and in particular the elderly, disadvantaged and less mobile groups in the community, who may be less able to take advantage of the bulk shopping focus of major superstores. The case studies serve to confirm a clear local policy focus on supporting the retention and ongoing viability of neighbourhood parades, with a diverse and complementary occupier mix, providing essential goods and services which are, in most cases, highly valued by the local communities they serve.

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[5] Collis, C, Berkeley, N and Fletcher, D (2000) *'Retail decline and policy responses in district shopping centres',* The Town Planning Review, Vol 71, No.2; Thomas, C and Bromley, R (1995) *'Retail decline and the opportunities for commercial revitalisation of small shopping centres'*, The Town Planning Review, Vol 66, No.4

[6] Elms, J, Canning, C, Kervenoael, R, Whysall, P and Hallsworth, A (2010) *'30 years of retail change: where (and how) do you shop?'*, International Journal of Retail and Distribution Management, Vol 38, No. 11/12; Baron, S, Harris, K, Leaver, D and Oldfield, B (2001) *'Beyond convenience: the future for independent food and grocery retailers in the UK'*, International Review of Retail, Distribution and Consumer Research, Vol 11, No.4

[7] Megicks, P and Warnaby, G (2008) *'Market orientation and performance in small independent retailers in the UK'*, International Review of Retail, Distribution and Consumer Research, Vol 18, No.1; Coca-Stefaniak, A, Hallsworth, A, Parker, C, Bainbridge, S and Yuste, R (2005) *'Decline in the British small shop independent retail sector: exploring European parallels'*, Journal of Retailing and Consumer Services, 12; Smith, A and Sparks, L (2000) *'The role and function of the independent small shop: the situation in Scotland*'', International Review of Retail, Distribution and Consumer Research, 10:2

2.2.3 *Economic profile*

As identified in Clarke et al (2006)[8] and Elms et al (2010) the retail sector has undergone significant change in terms of how and where consumers shop, particularly with the emergence of the large superstores and more shoppers "having a car and a deep freeze". Such changes inevitably lead to impacts on the neighbourhood parade, with greater pressure on the small retail sector (Baron et al, 2001; Coca-Stefaniak et al, 2005).

The economic significance of the local parade is acknowledged but has never been the subject of a thorough statistical assessment. Office for National Statistics (ONS) data for the period 1998-2008 on VAT registered retail businesses in England[9] (including businesses in city centre, town centre and parades), identifies that the small micro-business retailer, many of which will operate in neighbourhood parades (1-10 employees), represents 86% of total businesses in the English retail sector. This has remained unchanged over the 10 year period.

Over this 10-year period the number of people employed in the retail sector has increased by over 200,000. However, within the micro-business retail sector there has been a downward employment trend, illustrated by the loss of over 45,000 employees to 685,000 in 2008. Meanwhile, the number of large retailers that employ over 200 has increased, with over 100,000 new employees in this category over the past 10 years.

The impact of these changes on neighbourhood retailing is not well understood and warrants closer attention as part of future studies.

2.2.4 *Role and function*

Historically, many parades will have been the principal shopping and service destination for local communities. Their location, form and function reflected shopping patterns which have now been changed fundamentally by new forms of retailing and increased personal mobility. Existing literature points to a number of key roles and functions for neighbourhood parades, although it is not suggested that all parades are performing these roles all of the time, nor that they all perform these roles well (Bennison et al, 2010; Clarke and Banga, 2010; Guy, 2010; Smith and Sparks, 2000).[10]

- It is widely accepted that neighbourhood parades cater primarily, but not always exclusively, for the needs of a highly localised catchment. These parades tend to include convenience retailers who are typically meeting the need for top-up, meal solution and distress purchases. They tend not to attract the discretionary, comparison and bulk purchasing which is typically the preserve of town centres and out of town provision (Bennison et al, 2010; Megicks and Warnaby, 2008). Comparatively low levels of spend per visit are typical - small, basket shopping (typically less than £10) is typical, often to fill gaps between main food shopping trips to larger outlets (GENECON research, 2012).
- Alongside their principle local shopping role, neighbourhood parades perform important social functions. The Association of Convenience Stores (2011)[11] has identified 3 roles for local shops as: social hubs, personalised service providers, community regulators / ambassadors. Face to face contact and personalised interaction are identified as essential characteristics of neighbourhood provision. They form an integral element of local 'place', often referred to as the 'glue' that binds communities together. Local people will make reference to 'supporting' local

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[8] Clarke, I, Hallsworth, A, Jackson, P, de Kervenoael, R, Perez Del Aguila, R and Kirkup, M (2006) *'Retail restructuring and consumer choice: long-term local changes in consumer behaviour: Portsmouth, 1980-2002*', Environment and Planning A, Vol.38

[9] Note that this will exclude many small businesses in neighbourhood parades with small turnovers.

[10] Bennison et al, 2010; Clarke, I and Banga, S (2010) *'The economic and social role of small stores: a review of UK evidence'*, The International Review of Retail, Distribution and Consumer Research, Vol 20, No. 2; Guy, C (2010) *'Revival of the fittest'*, Town and Country Planning, January; Smith and Sparks (2000)

[11] Hastings, T (2011) *'Re-asserting a sense of place: the community role of small shops'*, on behalf of the Association of Convenience Stores

stores not just ‘shopping’ at them. Such terms are rarely used in relation to higher order centres.

- In many cases, parades will offer a critical level of service to disadvantaged communities, particularly those with lower mobility levels and constrained disposable income. Traders tend to be more responsive to local need and often have close links with their customer base (Clarke and Banga, 2010).

Given the concentration of independent traders in parades, they can offer a focus for entrepreneurship and local employment (Bennison et al, 2010; Smith and Sparks, 2000). Comparatively low property costs compared to town centre or business park locations can make neighbourhood parades an attractive option for micro enterprise. Such roles are relatively unrecognised in much of the existing literature which tends to focus on their shopping functions.

2.2.5 Occupier composition

Neighbourhood parades tend to be dominated by convenience stores. Verdict estimate that almost 55% of neighbourhood level retail expenditure is in convenience stores, with an estimate of 70% taking account of other food-based outlets. Convenience retail stores are typically found alongside local service outlets including pubs, takeaways, personal services and niche operators. This balance varies between parades, with some indications that service outlets have increased overall (Smith and Sparks, 2000).

The prevalence of convenience stores as anchor occupiers for local parades has previously developed through local independent retail businesses, many of which now trading as symbol affiliates e.g. Spar, Costcutter, Londis. Increasingly, the larger multiple grocery chains are extending their presence in neighbourhood parades (Bennison et al, 2010; Guy, 2010; Wrigley et al, 2009).[12]

Neighbourhood parades have often become a ‘hub’ for other non-retail services and social provision, including health centres, community centres, libraries. These add to the draw and diversity of neighbourhood parades, extending their role as a focus for residential communities.

Where neighbourhood parades are in single ownership there is evidence from the case studies of a more managed approach to occupier mix to achieve complementarities between traders. This is particularly apparent in parades owned and managed by local authorities, where it is common to find user and trading restrictions within lease terms to limit competition between occupiers – in the case studies we found an example of a convenience store which was restricted from selling fresh meat and newspapers in order to support other independent traders within the parade (GENECON research, 2012).

2.2.6 Spatial features

The blueprint for neighbourhood parades as the most immediately available shopping and service destination for local communities has long been established. Over time the role and function of these parades has evolved, as many have adapted to change and new roles developed (Bennison et al, 2010; Smith and Sparks, 2000; Carley et al, 2001)[13]. The following provides a review of the key spatial features typically associated with neighbourhood parades today, as seen through the research undertaken by GENECON.

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[12] Bennison et al, (2010); Guy, C (2010) *‘Development pressure and retail planning: a study of 20 year change in Cardiff’*, International Review of Retail, Distribution and Consumer Research, Vol 20, No. 1; Wrigley, N, Branson, J, Murdock, A and Clarke, G (2009) *‘Extending the competition commission’s findings on entry and exit of small stores in British high streets: implications for competition and planning policy’*, Environment and Planning A, Vol 41, No.9

[13] Bennison et al, (2010); Smith and Sparks (2000); Carley, M, Kirk, K and McIntosh, S (2001) *‘Retailing, Sustainability and Neighbourhood Regeneration’*, Joseph Rowntree Foundation

- Neighbourhood parades typically comprise of a range of units, often in a linear cluster, sometimes with dedicated parking but often requiring roadside pull-in spaces or nearby residential streets to meet parking demands.
- Neighbourhood parades occur in a variety of settings, typically secondary in terms of trading location (compared with town centre and purpose-built out-of-centre facilities). Proximity to a defined local catchment or the potential to draw passing trade through high visibility are typical characteristics of neighbourhood parade locations. As such, parades are found, variously, on radial routes between centres, embedded in the fabric of dense housing estates across urban areas and in more rural locations serving local needs.
- Ownership patterns vary with many parades being local authority-owned and managed, while others are a mix of private rented and owner occupied tenures. Rental levels will typically be considerably less than equivalent space in a town centre.
- There is evidence from observations and case studies of neighbourhood parades attracting a wide range of non-retail uses, including small workshop / repair / manufacturing uses, often linked to a retail outlet e.g. a fabric shop, with an upholstery workshop, a cycle shop with repair workshop. Compared with the more controlled environments of prime retail areas in town centre and out-of-centre locations, neighbourhood parades can potentially offer more flexibility in use and thus more scope for local enterprise and diversity.
- Neighbourhood Planning offers an important opportunity for neighbourhood parades to be positioned as key drivers of economic sustainability, local housing markets and community cohesion.

2.3 Challenges facing neighbourhood parades

Over the past decade, academic researchers have considered a number of factors to explain the challenges facing neighbourhood parades (see Bennison et al, 2010; Coca-Stefaniak et al, 2005; Byrom et al, 2001; Smith and Sparks, 2000).[14] These broadly relate to the following four main areas.

2.3.1 Changing trading environment

Changing consumer demands, increased mobility, internet shopping are all factors impacting on the performance of all forms of retail provision, including neighbourhood parades. That said, the highly localised nature of their catchments, the need-driven basis for much of their trade and the ability of independent traders, at least in principle, to adapt flexibly to new circumstances, suggests that parades are to some extent insulated from macro economic shifts.

Intensified competition from multiple retailers, including new ‘local’ formats is clearly having an effect. But there is evidence of independent convenience shops operating successfully alongside multiples by differentiating their offer. Where small bakers and butchers etc. are able to establish a reputation for quality and service, they can trade successfully alongside the national grocers. High service levels and a niche product offer form a core attraction for shoppers at many neighbourhood parades. But the picture is patchy and will be dependent on local circumstances and the willingness of independent traders to adapt.

The high cost of town centre premises, particularly rates, has tended to push smaller independent retailers into locationally and commercially marginalised locations, including district and neighbourhood centres. Independent traders may also face challenges in

[14] Bennison et al (2010); Coca-Stefaniak et al (2005); Byrom, J, Medway, D and Warnaby, G (2001) *‘Issues of provision and ‘remoteness’ in rural food retailing’*, British Food Journal, Vol 103, No. 6; Smith and Sparks (2000)

terms of access to finance, securing prices from suppliers given low volumes and the limitations of small unit sizes in terms of holding / managing stock.

2.3.2 Management challenges

There is inevitably a prevalence of self-employment amongst neighbourhood parade occupants, with operators typically living locally and having either established the enterprise from scratch or inherited the business through family succession. Independent traders often have limited management expertise given low entry barriers – typically they can lack the business planning rigour associated with multiple operators and have limited access to training, advice and business support. Business advisory services in the UK have tended to focus on support for productive sectors and less so on businesses in tertiary sectors.

Given relatively low volumes of trading, there may be a tendency for occupiers in neighbourhood parades to minimise investment or capital expenditure on the upkeep of their unit, preferring to keep overheads low and maximise short term profitability, which can lead to longer term issues over parade quality and external perception. This is difficult to evidence but is apparent from visits to many parades.

Changing aspirations amongst new generations can create succession problems for family run small outlets. Whilst there is no firm evidence, there is anecdotal reporting of some traders in parades who may lack the motivation and commitment to innovate and adapt to changing trading conditions. Local independent traders may often operate as 'satisficers' rather than 'maximisers' in economic and commercial terms, valuing their role as part of a community and the lifestyle nature of their operation rather than simply as a commercial enterprise.

Whilst there are many examples of formal trader associations in town and district centres, there appear to be few at the level of the neighbourhood parade. Our case studies suggest an emphasis towards more informal interaction to respond to local issues on a piecemeal basis.

2.3.3 Property performance

Retail property has historically performed well as a real estate investment. Clearly, prime retail investments are being affected by current market conditions which make predictions about future performance more challenging. Albeit now a little out of date, Colliers produced an analysis of the property performance of neighbourhood retail property in 2007[15], comparing its performance with the IPD All Standard Shops Index[16]. This suggested that neighbourhood shops produced a significantly better annualised total capital return over the period 1981-2005 and lower volatility than the IPD Standard Shops benchmark. The research points to the lack of major investment flows into the local retail property market, citing reasons such as diversity of ownership, lack of benchmarks and perceptions regarding the performance of non-prime retail property.

Secondary retail property has become the focus of some specialised investment vehicles. For example, The Local Shopping Retail Estate Investment Trust plc (LSR), an established real estate investment trust focused on investments in local shopping assets, has been reporting strong performance. LSR is building a portfolio of local shops in urban and sub-urban areas, investing in neighbourhood and convenience properties across the UK. They describe their typical portfolio as "shops in local shopping parades". In its interim management statement in 2011, LSR reported that tenant demand for smaller local shopping assets remained resilient, with rental uplifts being achieved on rent reviews and lease renewals, in contrast to traditional high street retail property where they were anticipating further closures and business failures.

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[15] The Local Shopping Environment – Research Paper, Spring 2007 – Colliers CRE
[16] Investment Property Databank (IPD) is an independent body that provides performance and risk analysis for real estate for investors, managers, REITs, lenders and advisors

This evidence suggests the potential for property in neighbourhood parades to continue to perform well against town centre and high street retail property. It implies that while occupier and investor demand for high street retail property may have weakened during the financial crisis, property in neighbourhood parades may have been relatively sheltered from macro-economic conditions given the more localised and potentially less volatile markets in which they operate. Evidence from our case study discussions has reinforced a picture of comparatively steady performance in neighbourhood parades relative to nearby town centres.

2.4 Overview of the current picture

For over 30 years, concerns have been expressed within available, albeit limited, retail literature about the scale, cause and consequences of the decline of neighbourhood retailing and recommendations proposed for its support (Coca-Stefaniak et al, 2005; Collis, 2000). This decline is considered to be largely due to increasing competition within a sector that has experienced significant consolidation. However, as set out in Coca-Stefaniak, Parker and Rees (2010)[17] a number of other external and internal issues have been subject to research such as: being a target for high incidences of crime; inadequate business/management training; progressive degradation of ageing or inadequate urban infrastructure; lack of co-ordinated management or marketing; and, rapidly changing patterns in consumer behaviour

In contrast, today there is increasing attention on the social and economic value of neighbourhood parades in local communities (Bennison et al, 2010; Clarke and Banga, 2010; Hastings, 2011; Guy, 2010; Smith and Spark, 2000). This research focuses on the continued role of neighbourhood parades as a 'hub' for communities providing day to day convenience goods and services. Neighbourhood parades are identified as playing an important role in the shopping hierarchy, catering almost exclusively for local neighbourhoods and serving a limited catchment area. The neighbourhood parade also ensures accessible shopping and service facilities for all local residents and seen as a vital lifeline for the elderly, disadvantaged, disabled and those who do not have access to a car and/or are unable to travel long distances. Other key valuable roles of the neighbourhood parade include: the role played in contributing to consumer choice and value by adapting to the needs of their local population; the value of customer service and personal interaction engendered within neighbourhood shopping; the creation and maintenance of employment and acting as a seed-bed for entrepreneurship; and, some research (Barrett and McEvoy, 2006; Rabikowska and Burrell, 2009)[18] identifies that ethnic minority businesses are often found in neighbourhood parades due to historic and economic factors.

[17] Coca-Stefaniak, J, Parker, C and Rees, P (2010) *'Localisation as a marketing strategy for small retailers'*, International Journal of Retail and Distribution Management, Vol 38, No. 9

[18] Barrett, G and McEvoy, D. (2006) 'The evolution of Manchester's curry mile: from suburban shopping street to ethnic destination', in Kaplan, D and Li, W, *'Landscapes of the Ethnic Economy*'; Rabikowska, M and Burrell, K (2009) 'The material worlds of recent Polish migrants: transnationalism, food shops and home', in Burrell, K *'Polish Migration to the UK in the "New" European Union: After 2004'*

3 Neighbourhood retailing – review of national trends

3.1 Neighbourhood retailing in the UK

A recent report '*UK Neighbourhood Retailers 2012*', produced by Verdict (December, 2011) is a key source of national data on trends in the performance of neighbourhood parades. Verdict defines neighbourhood retailing locations as those catering almost exclusively for the local populace. Neighbourhood stores provide convenient sites for top-up, meal solution and distress purchases. Consequently, retailers in neighbourhood parades are less subject to comparison shopping than those elsewhere, which is an important distinction between their function and that of the town centre. Comparatively small average store size and a high number of independent operators are other characteristic features.

Verdict estimate the neighbourhood market by adding together the turnover from companies operating mainly in neighbourhood locations along with its own estimates of the proportion of sales demand at a neighbourhood level from groups operating in other areas. This is then considered against Verdict's in-house model for sales collected via other sources. In addition, this is supplemented by available data on neighbourhood stores from retailers' published information and primary research collected through interviews and correspondence with key retailers. This is then applied to an in-house model in order to forecast floorspace and the number of stores.

Table 3.1 below provides a summary analysis of key retail statistics produced by Verdict from which national trends can be discerned. More detailed tables are set out in Appendix I.

Table 3.1: Key retail statistics – summary

Variable	Neighbourhood				Out of Town				Town Centre				Non Store			
	2002	2012	% change	% of Total	2002	2012	% change	% of Total	2002	2012	% change	% of Total	2002	2012	% change	% of Total
Retail spend (£m)	41071	48458	18	16.3	71550	92783	29.7	31.2	116096	121432	4.6	40.8	14416	34751	141.1	11.7
Retail floorspace (mn sqft)	85.1	80.4	-5.5	14.8	163.2	201.4	23.4	37	305.9	263.2	-14	48.3	n/a	n/a	n/a	n/a
Sales Densities (£ per sqft)	481	602	25.2	n/a	451	464	2.9	n/a	379	460	21.4	n/a	n/a	n/a	n/a	n/a
No. of Stores	112752	94752	-16	40.7	7543	8704	15.4	3.7	151685	129576	-14.6	55.6	n/a	n/a	n/a	n/a

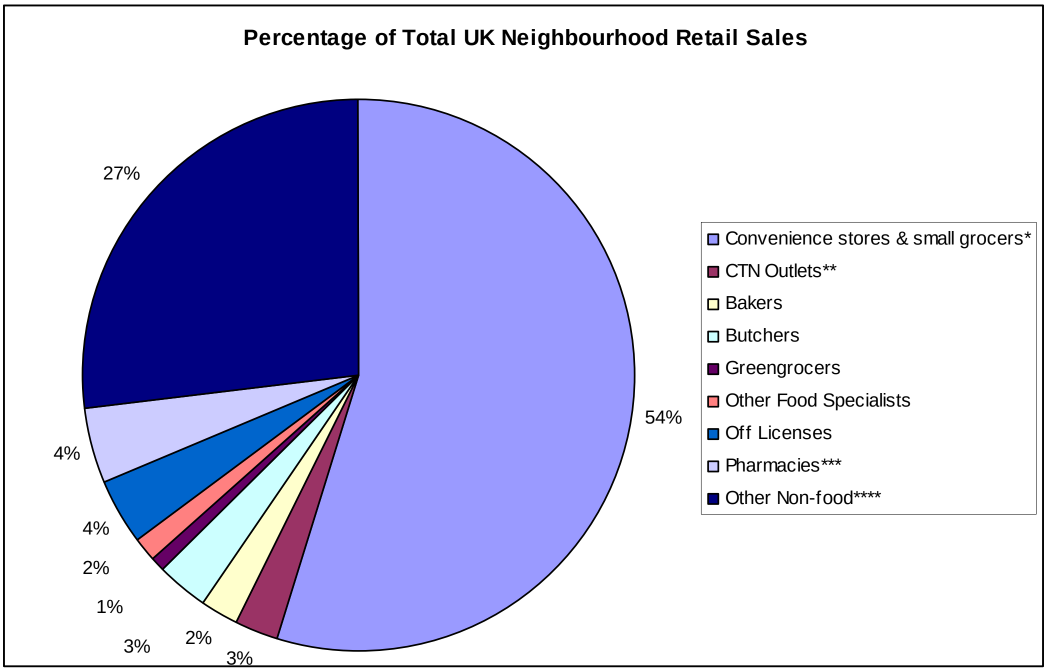
3.1.1 Retail expenditure

According to Verdict, in 2012 sales in the UK neighbourhood retail market, which includes local shops and parades, is estimated to total £48.5 billion – up from £41.1 billion in 2002 and represents growth of 18%. Although this level of sales growth was considerably lower than that seen in out-of-town retail, which is estimated to grow by 29.7% over the same ten year period, and non-store retailing such as online/catalogue (141.1%), it is a significantly better performance than that achieved by town centres, which is estimated to have experienced sales growth of only 4.6%.

The driver of sales growth in the neighbourhood retail market has been food and grocery, which accounts for almost 62.5% of sales in the market. In today's market, it is recognized by Verdict that consumers are increasingly time pressed and this has led to trends towards convenient top-up shopping for which many neighbourhood parades are well placed due to proximity to residential areas.

It is estimated that in 2011, convenience store retailing accounted for 54.5% of the neighbourhood retail market. Food specialists (butchers, bakers, greengrocers, fishmongers etc) had a 7.7% share, CTNs (confectionery, tobacconist & newsagent) 2.5%, off licences 3.8% and pharmacies 4.4%, leaving other non-food retailers with 26.9% (see figure 3.1).

Figure 3.1: Percentage of Total UK Neighbourhood Retail Sales



Source: Verdict 'UK Neighbourhood Retailing 2012'

*(*includes small supermarkets; **includes book specialists; ***includes health & beauty specialists, but excludes NHS prescription income; ****other non-food retailers include those selling DIY, clothing & footwear, furniture & floor coverings, electricals, second hand goods, photographic & optical goods)*

Verdict estimate that growth in the neighbourhood retail market will continue to outperform the town centre between 2012 and 2015, though the margin will be far smaller than previously experienced. Growth in sales in the neighbourhood market is expected to slow to 6.4% due to the limited opportunity for leading players to make further acquisitions and boost productivity of existing space on a large scale. This compares to estimated sales growth of 5.2% for town centres over the same period.

3.1.2 *Retail floorspace*

In recent years, the larger food store operators have moved into the neighbourhood retail market.[19] This has provided a competitive challenge for independent convenience goods retailers and symbol affiliates. As a result, competition is intensifying, driving consolidation. Independents continue to fall out of the market or alternatively look to join symbol groups in order to raise standards and create an identifiable brand.

As outlined by Verdict the growth of out-of-town grocery retailers, boosted by the popularity of one-stop shops and the customer-focused approach to retailing, has put significant pressure on smaller neighbourhood retailers over the past decade. This has also been exacerbated by the growth in non-food retailing in supermarkets, which has affected non-food neighbourhood retailers who often specialise in one sector. This has been linked to the closure of many independent neighbourhood retailers, particularly food specialists, general food stores and other non-food specialists.

Verdict reports that by 2012 total neighbourhood retail floorspace in the UK (including local shops/parades) represents around 15% of total UK retail floorspace standing at 80.4 million sq ft, down from 85.1 million sq ft ten years previous, equating to a fall of -5.5%, although this is below the decline seen in the town centre of 14% over the same period.

3.1.3 *Number of stores*

The total number of stores in the neighbourhood retail market has also decreased over the past ten years, falling from 112,752 in 2002 to 94,725 in 2012 (16% reduction). A similar reduction has been recorded in town centres. It is likely that this is being driven by a combination of factors, including a switch to service uses and consolidation of smaller units to meet demand for larger store formats, particularly from the entry of the major multiple retailers in neighbourhoods.

Verdict predict a continued fall in the number of individual trading units in neighbourhood locations, although this is not necessarily a risk to parade viability given that this may secure and reinforce the sustainability of neighbourhood facilities.

3.1.4 *Sales densities*

Sales densities in neighbourhood retail facilities have increased markedly over the past 10 years, by over 25%. Standing at over £600 per sq ft, neighbourhood retail facilities would appear to be much more efficient in the use of space than the town centre retail stores (£460 per sq ft) and out of centre stores (£464 per sq ft).

3.2 What next for neighbourhood retailing?

Verdict forecast that the dynamics of neighbourhood retailing will continue to change over the coming years, although market growth will outpace town centres and out of town retail, with growth in neighbourhood spending projected at 10% over the five year period to 2015. This compares with 5% in the town centre.

Verdict identifies a number of key trends in consumer behaviour and neighbourhood retailing to account for this change:

- ❑ Neighbourhood parades will continue to change with the entry of new local convenience store formats from leading brands. Indeed, Tesco and Sainsbury's are continuing their expansion into smaller stores, whilst new entrants such as Asda, Morrisons and Waitrose are seeking to increase neighbourhood penetration.

[19] Based on Annual Reports and Wikipedia, the number of 'local' convenience stores operated by multiple retailers in the UK is approximately 5,000 stores including: Co-operative Food – 3,000; Tesco Express – 1,285; Sainsbury's Local – 377; Asda – 219; Waitrose Convenience – 29; Morrisons 'M Local' – 3.

Inevitably, this will put further pressure on small independent grocers who will drop out of the market or alternatively seek to join symbol groups;

- It is suggested that in future consumers will increasingly manage their convenience shopping expenditure through more planned purchases online and more frequent top up shopping in neighbourhood stores. The trend for top-up shopping is expected to continue to drive footfall into neighbourhood parades, particularly given reduced disposable incomes, the drive to minimise waste and high fuel costs that is dissuading consumers from making unnecessary car journeys. Also, the growth in main food shopping online will feed through into growth in neighbourhood shopping to fill gaps;
- In terms of independent specialists in neighbourhood locations there appears to be a greater focus on higher end spending and added value in order to justify price positioning. Alongside needs-based purchasing, high levels of service and a niche product offer can often form the core attraction for shoppers in neighbourhood parades. In this instance, quality and service, not price are prioritised when shopping in these stores. Increasingly the trend towards dining in and cooking from scratch is also expected to encourage trading up and providing possibilities for independent food specialists to revive;
- Symbol convenience stores such as Spar, Londis and Budgens will be increasingly focused on retaining rather than recruiting new members. Rising costs are considered a key risk for non-specialist retailers and symbol affiliates given the impact on operational profitability;
- In terms of the impact on neighbourhood parades arising from shifting consumer attitudes and behaviours, Verdict suggests that independent retailers will increasingly need to specialise to survive, but CTNs are expected to struggle to remain relevant. Neighbourhood pharmacies will continue to benefit from increased local demand through demographic changes and benefiting from the location of clinics and surgeries in neighbourhood centres. Those businesses related to personal services such as ‘looking and feeling good’ will remain relatively resilient – with consumers viewing it as a necessity and a way of treating themselves for relatively low cost;
- There is limited national data relating to vacancy and churn rates in neighbourhood parades. Such data is often collected by local authorities as part of local survey work, but this may be an area for further research.

4 Case studies – evidence on the ground in neighbourhood parades

4.1 Introduction

As part of this research a 'bottom-up' assessment of the performance and characteristics of neighbourhood parades has been undertaken based on six case study locations. In selecting case studies we were guided by CLG and three selected local authorities to identify a series of distinct parade types. While each case study location was selected to produce a telling story in its own right, these cases were chosen for their collective value and as a potential means to understand the 'bigger picture' of the performance and characteristics of neighbourhood parades.

Table 4.1: Review of case study selection

Typology	*Cluster of small parades in city estate*	*A rural parade*	*Neighbourhood hub in a housing estate*	*Sub-urban parade on a radial route*	*Village parade on a radial route*	*Radial parade on the edge of a city core*
Total number of units	7	11	20	25	12	57
Number of Independents	4 (57%)	6 (55%)	10 (50%)	20 (80%)	7 (58%)	34 (60%)
Number of multiples	3 (43%)	0	3 (15%)	1(4%)	0	0
Number of symbol affiliates	0	0	0	1(4%)	1(8%)	1(2%)
Convenience outlets	4 (57%)	1 (9%)	4 (20%)	3 (12%)	4 (33%)	11(19%)
Non-food retail	1 (14%)	1 (9%)	4 (20%)	10 (40%)	2 (17%)	7 (12%)
Hot food takeaway	0	3 (3%)	1 (5%)	5 (20%	1 (8%)	6 (11%)
Personal services	2 (28%)	1 (9%)	4 (20%)	4 (16%)	1 (8%)	11 (19%)
Other neighbourhood facilities (e.g doctors; dentists; library; pub; community centre)	0	5	7	3	4	15
Vacancy rate	0%	0%	0%	0%	0%	12%[20]

Source: GENECON Research, 2012 – (Data on 'cluster of parades in city estate' relates to largest parade only. 'Other neighbourhood facilities' are not included in the Total Number of Units).

Within each case study area selective semi-structured interviews were undertaken with occupiers/managers of operational business units. These interviews were supplemented with interviews with relevant local authority officers and set within the context of a desk-based socio-economic profile of each case study locality. It is intended that through this range of methods that the research would provide a picture on the character, performance and future prospects of these neighbourhood parades. The remainder of this section provides analysis of our findings.

[20] From discussions with the local authority the length of vacancies in this location range from long-term vacancies dating back to the late 1980's/early 1990's on 3 units, to more recent vacancies of between 1 and 2 years on 3 units.

4.2 A cluster of urban neighbourhood parades

Description

This case study included three small parades located within an area of approximately one square mile in the core of a major residential estate on the periphery of a major northern city. These parades are located six miles east of a city centre and within a short distance to a large-scale multiple convenience store built in the early 2000's. The three parades operate in a similar context but perform in different ways so the case study included examination of the cluster rather a single parade.

All of the parades are owned and managed by the local authority. They have level access with some limited car parking and on-street parking. The first consists of 7 units (5 with retail uses – 2 convenience stores including a national retailer; butchers/fruit and vegetables, bakers and newsagent/post office and 2 providing personal services – hairdressers/ beauty salon and betting shop). The second parade contains 5 units (post office/convenience store occupying 2 units; charity community shop using 2 units; and a community digital drop-in centre). The third parade contains 6 units (2 convenience stores; a hot food takeaway; hairdressers/beauty salon and 2 vacant units). On each of the parades there is at least one unit leased by an entrepreneur with an ethnic minority background.

There have been no major changes made to any of these parades or recent investment made by the local authority in recent years. The physical condition and appearance would benefit from some cosmetic improvement works.

Catchment Area

These neighbourhood parades are located in the heart of urban residential areas, serving principally a local walk-in catchment – with a combined population of approximately 11,000 residents (ONS based mid-year population estimates, 2010). However, one of the parades is on a busier through route generating some passing trade. Each of the parades is located on a public transport route.

In terms of the socio-economic profile of the case study area this is an area dominated by social housing with high rates of unemployment currently at 9.6% (ONS, Claimant Counts, January 2012) and high levels of deprivation with income levels and employment rates in the worst 3% in the country in some parts, with the whole catchment within the worst 20% deprived areas in England (Indices of Deprivation, 2010).

Performance

Currently there is full occupancy on two of the parades, with two vacant units on the third parade, although the local authority state that tenants have been identified for both premises and will be opening imminently, with both vacant for a period of less than 18 months. Based on tenancy information the trends in terms of the types of retail outlets have remained relatively consistent.

From discussions with traders, it was emphasised that this is an area where people have very limited disposable income or mobility. The average spend at the convenience outlets is extremely low, with the main customer demand being for distress purchases, with an emphasis on alcohol, cigarettes and paypoint (gas/electricity). Traders confirmed that the retail and services available on these parades cater for the needs of a highly localised population. Given constrained expenditure and mobility levels, the propensity to undertake a bulk food shopping trip to the nearest major national retailer store and other major stores in the area is low. Traders in the parades confirmed that this had mitigated, to some extent, potential trade diversion effects. There is general consensus between the traders that their businesses have been affected by a general decline in the wider economy. However, more locally there is a real concern over two identified issues.

The first relates to the change that has taken place on the two parades without an 'anchor' convenience store. These parades have seen significant churn, with traders identifying this being due to the impact of the supermarkets. These parades previously contained independent bakers, butchers, greengrocers and chemist, now replaced by small convenience, 'personal service' and community service functions. Despite this, the traders on these parades identify that given the high levels of deprivation in the community, it is felt that the neighbourhood parades still perform a vital function, particularly for the elderly and less mobile residents. The parades retain a strong community 'feel' as traders provide a more 'personal service' for residents. This has built a loyal customer base. However, it was identified that a major foodstore is now beginning to penetrate local expenditure through a free shuttle bus during the week.

The third parade, located on a busier road with some passing trade, has suffered from the clearance of 800 houses in the past 5 years as part of a wider regeneration initiative, although this parade, overall, seems to perform reasonably well. To date there has been little new housing developed and subsequently no fresh influx of people into the area. One trader identified that they have lost 80% of their trade over the past 5 years following the estate clearance.

Management

With a few exceptions, traders / occupiers in these parades are local residents. This has contributed to the sense of community service alongside commercial objectives. There are no formal management arrangements or commercial tenants group representing these parades. Indeed, there is an underlying unease and resentment with the small format multiple convenience store on one of the parades, being perceived as 'corporate' and therefore 'not local'. In the other parades, occupiers informally work together. In one case, this has been driven by the introduction of community uses, including a community shop and IT 'drop-in' centre which have transformed the function of the parade from a shopping destination to a community hub. The team operating the community uses have taken on a wider role in engaging with local residents as part of an informal neighbourhood planning process, generating positive engagement in neighbourhood futures and the potential to use the parade as a focus for local regeneration activity. Without parade premises acting as a hub, such activity may have become dissipated

There are currently no local authority strategies in place for business improvement in any of these neighbourhood parades, but other parades in local authority area have been the subject of improvement strategies. The local authority has in place some restrictions to ensure that there is a good mix of uses within each parade, for example, the Council will not allow new occupiers to trade competitively with existing traders. In one case, the small format multiple store is restricted from selling newspapers and fresh meat in order to support the established newsagent and butcher in the parade. In addition, traders are expected to adhere to opening times based on the nature of their business, such as a sandwich shop opening between 7am and 4pm is acceptable alongside a fast-food takeaway that opens between 5pm and 11pm.

It is understood that the local authority is examining funding options to deliver improvements in this area to cover both commercial and residential uses, although this will not cover the neighbourhood parades. This does not appear to part of an authority-wide strategy for neighbourhood retail and service provision across the area.

Prospects

From discussions with the local authority it is felt that all three parades remain commercially viable but marginal. The parades have been in existence for over 60 years and have always successfully adapted to difficult economic periods and changes in the wider shopping provision locally and general shopping trends. Given these neighbourhood parades are located within large residential areas it is believed that they will remain as an essential local amenity for the area.

There is a concern over the future of one or two traders on these parades, particularly in terms of succession as independent traders approach retirement. However, the important role and function played by these neighbourhood parades, particularly within a deprived community, is recognised and valued. The neighbourhood is in the process of major change as part of a housing stock renewal process and once replacement stock comes on stream, the viability of at least one of the parades is expected to be secure.

The local authority is seeking to improve the prospects of both current and future tenants, by offering rent free periods to businesses if they are able to demonstrate a financial hardship that is likely to be short-term. This assistance is provided on an ‘as needs’ basis. In the immediate short-term, the future prospect of these parades will perhaps be most influenced by the pace and scale of new housing development to replace the previously cleared 800 homes. However, a more strategic, balanced approach to developing the role of these parades in the neighbourhoods they serve could improve long term viability.

Key Messages

- Parades such as these, set within the context of dense residential areas appear to be relatively insulated from wider macro-economic circumstances. Given relatively limited numbers of units, demand has consistently been sufficient to limit vacancies.
- These parades have adapted to provide for small-scale local needs which tend to be consistent and predicable given the limited mobility and therefore shopping choice faced by the local population. The arrival of a major foodstore in relatively close proximity has had limited direct impact given the emphasis in the parades on walk-in, low volume purchasing for which the major stores offer limited competition.
- While stores such as a local small format multiple store or small independent convenience store will typically anchor such parades, demand for units has shifted over time towards an increasing prevalence of service uses, including both commercial and community services.
- These local parades are recognised locally as vital community hubs rather than simply as places to purchase goods and services.

4.3 A rural neighbourhood parade

Description

This neighbourhood parade is located in a rural hinterland/Green Belt six miles west of a large market town and eight miles east of the outskirts of a city.

This case study consisted of a single main street with six shop units interspersed with residential properties, alongside other community facilities including a doctor's surgery, community hall and three pubs which offer a good range of provision and remain popular. This parade comprises mainly owner-occupied premises including a small independent store linked with a post office, alongside a delicatessen, hot-food takeaways and a specialist bridal shop.

There is some tourist draw for this location and passing trade given its location on a tourist route and from nearby business/industrial parks. There is available on-street parking and the condition of the shops appears good.

The offer has clearly changed substantially overtime with a number of former retail outlets now converted to residential use.

Catchment Area

The neighbourhood parade is located in the heart of the village with an estimated population size of 1,050 people (Census of Population, 2001)[21]. From discussions with the local authority there has been no expansion of the village in the past 10 years and the village is primarily occupied by commuters with access to a car. This provides residents with mobility and thus choice in terms of where they shop. The parade provides very local service provision in the village and surrounding rural areas but there is some passing and tourist trade given the location of the village on a popular tourist / commercial travelling route.

In terms of the socio-economic profile of the case study area this is an area with low rates of unemployment at 1.5% (ONS, Claimant Counts, January 2012) and low levels of deprivation with income levels and employment rates ranging among the best 70-80% in England (Indices of Deprivation, 2010). This is a popular residential area given ready access to major employment locations in urban centres to the east and west.

Performance

At one time a much more extensive range and number of shops existed in the village (including butchers, florist, bakers, iron-monger, antiques, pottery) with approximately half of the units now having closed and mainly converted to residential use. It is reported that the decline in the number of shops coincided with the growth of major foodstores in the nearby market town and city. The traders that remain are relatively specialised.

Given the village is set within a Green Belt location this has limited any hew housing growth in the village which might have supported viability of more local services. The planning decision to limit growth in this location will have had an impact on the sustainability of local shopping provision.

[21] Note: Census of Population (2001) data has been used for this case study given the large scale of the Lower Super Output Area boundary covering this area. In addition, the Local Authority has identified that no new housing developments have taken place in the past 10 years. This makes the Census the most accurate source for the size of the local catchment.

Traders indicate that they are trading relatively well within the confines of their catchment. The bridal shop is highly specialised and unusual for this location, however, it provides a base for a local entrepreneur not requiring a town centre location and who is trading principally through internet and regional referrals.

Within the village, traders identified an important ‘social’ function and the role they play as part of the daily life of the community. Indeed, the village convenience store is used by the elderly and immobile residents for a main food shop, as well as providing a delivery service, and performs additional support services such as picking up prescriptions. Emphasis is placed on giving customers what they want, what is described as “good old fashioned service…if they want 2 eggs, they will get 2 eggs!” – the convenience shop operator suggested that this offered better value for money for small households than shopping at major supermarkets where value is only achieved through bulk purchase.

Performance and occupancy of the village shops is driven by local entrepreneurship. The local delicatessen is developing a niche offer linked to tourist trade but was concerned about profile of the village and the range of attractions. Nevertheless, reference was made to operating a ‘lifestyle’ business rather than maximising commercial potential.

Management

There is no formal management arrangement between traders within the village, but there is evidence that a small number of local entrepreneurs have been instrumental in sustaining local services. There is also evidence of an informal cross-referencing where the traders are recommending customers to use other facilities within the village. There is a sense of mutuality between commercial traders. There is limited evidence of any rural economic development initiatives to support village enterprise in this location and no evidence of business support services.

Prospects

There was an air of optimism with regards to future prospects, given that the impact of major stores had now run its course. Given the size of the catchment, the parade has probably reached a kind of equilibrium, with its combination of basic convenience goods provision and the post office, combined with some specialist outlets. The general view was that existing provision offers a sustainable range of services and provision that meets demand in this location. One owner is contemplating a wider range of community services in response to local market opportunities.

This parade is unlikely to expand without additional demand being generated through village expansion. Passing trade could be enhanced through tourist ‘brown signing’ and a stronger visitor offer in the village, but no such initiatives are currently planned.

Key Messages

- ❑ The form and scale of the village parade is proportionate to the nature of the village population. Without new housing growth it is unlikely that any greater level of provision could be sustained.
- ❑ Local entrepreneurship is important and drives adaptation of existing shops and services and the emergence of specialised activities. In this type of location specialist outlets are often lifestyle based and relatively footloose in terms of location. Given that existing businesses are typically owned and operated by local residents, their retention is subject to residential preferences as much as commercial prospects.
- ❑ Village parades can attract trade from wider tourism catchments if the offer is sufficiently niche and distinctive. This requires a more coordinated approach to planning, developing and marketing the offer.

4.4 A neighbourhood hub in the heart of a residential estate

Description

This parade was opened in 1975 as part of a neighbourhood in a New Town development. The parade is located two miles to the north-east of the New Town centre. Most of the units are owned by the Local Authority, but some additional units have been developed by a private developer.

The 'L' shaped parade wraps around a substantial dedicated surface car park, close to private housing estates, highly visible from a residential distributor road, with open aspect to playing fields to the west.

This neighbourhood hub consists of 20 units, with 13 retail units – 4 convenience outlets (including a local format national multiple convenience store, bakery, off-licence and a newsagent); 4 non-food retail units (florist, charity shop, carpet shop and mobility aid centre); 1 hot-food takeaway; and 4 providing local services (pharmacy, launderette, hairdressers and betting shop). In addition, there are a series of neighbouring social functions including community centre, health centre and clinic, two pubs and a snooker club.

The premises are in a reasonable condition and have been refurbished but would benefit from some further cosmetic improvement. The car park appears very well used, reportedly operating as an informal park & ride given good bus links to the town centre. There is a new recycling facility which appears well used.

Catchment Area

The parade is located within a relatively densely populated area with a ward population of nearly 7,500 people (ONS based mid-year population estimates, 2010), although it is estimated that the immediate local catchment is 3,500 people. The parade primarily serves a local walk-in catchment but also the wider residential estate. The parade is also located on a public transport route and benefits from spin-off trade from users of the wider social assets nearby.

The socio-economic profile for the area suggests equivalent rates of unemployment (4%) to the England average (ONS, Claimant Counts, January 2012). In terms of income levels and employment rates the local catchment is relatively deprived ranging between the worst 25-50% (Indices of Deprivation, 2010). Local consultations suggest that the neighbourhood has a poor reputation locally and is perceived to be suffering from a range of deprivation issues. As a consequence it is a priority area for the local authority.

Performance

Currently 61% of the units (excluding the social functions) contain retail uses. There is a good mix of retail and service provision, anchored by a local format national multiple convenience store (which took over a previous convenience store) that serves the local catchment. This small format multiple convenience store report good trading conditions but recognise its role as a top-up facility alongside major foodstores which capture bulk food shopping trips from the neighbourhood. There are no vacant properties, with only limited churn on the parade. The parade previously had a wider range of independent convenience goods traders, including a greengrocers and butchers, which have now gone but the parade has sustained a bakery, off-license and post office/newsagents alongside the small format multiple convenience store.

Among the recent in-movers there is a carpet shop and a specialist mobility centre. These are both serving regional markets. These traders indicated the reasons for being attracted to locate in this parade include low rental costs and good accessibility and is the preferred alternative to an industrial estate or town centre location.

From discussions with traders there is some evidence of spin-off trade, due to the presence of the local format national multiple convenience store. In contrast, there were concerns particularly expressed by the bakery and florist with regards to the on-going impact of this store on their business. Unlike other parades, the small format multiple store was not limited in its range of goods for sale.

The discussion with traders identified that the main features of the success of this parade includes: cheaper rents than the town centre; plenty of free parking for staff and customers; the ‘personal service’ that small traders offer instils loyalty within the customer base; the presence of social functions such as the community centre, health centre and clinic and close-by schools draws in people; and, the presence of the local format national multiple convenience store attracts people to come to the parade.

Management

There is no formal business network amongst the traders on this parade but strong informal interaction between tenants to make coordinated representations on issues that arise. For example, this parade is generally regarded as being located in a relatively ‘poor’ neighbourhood, characterised by high levels of deprivation, anti-social behaviour and crime. The traders have therefore worked with the relevant authorities to introduce CCTV and secure the presence of a community police officer. The ‘L’ shaped layout of the centre enables observation across the parade and the effectiveness of community policing is reported to have contributed to reducing the incidences of crime.

This parade is mostly owned by the local authority, although 2 additional units were developed in the 1980’s by a private developer. There are no reported issues with the local authority as the landlord.

The local authority issue 15 year leases (usually with 5 year break clauses) including restrictive user clauses in order to ensure complementarity between occupiers on the parade. The local authority also restricts certain uses within its neighbourhood parades by having in place a 1 mile limit, for example, no other florist within a mile radius of a neighbourhood parade.

Prospects

The discussions with occupiers identify a generally positive picture in terms of future prospects for the parade, although there is a concern over the bakery and florists given the presence of the local format national multiple convenience store. There is a common recognition that this centre functions as a ‘community hub’ as much as a local shopping, with trading spin-offs from the close proximity of schools, health centre and clinic etc.

The local authority identifies the important role that the restrictive user clauses have played in trying to provide sustainable balanced parades within local communities. However, there is recognition of the possible need for greater flexibility in future application given current trends in terms of greater interest for vacant units from hot-food takeaways, personal service users (such as hairdressers) and charity shops rather than for ‘traditional’ retail.

The parade is currently being considered as part of a wider Neighbourhood Plan, with a launch event held in December 2011. The Neighbourhood Plan is intending to identify options for change within the neighbourhood but also seeks to ‘freshen up’ the parade, with relatively small investments likely in lighting, bins, planters etc. It is also understood that this parade is actively investigating further funding sources and funding competitions.

Key Messages

- The parade has sustained a good mix of uses and is of a sufficient scale to support a diverse offer. This may suggest that parades require a critical mass, including linked social assets to operate effectively as a neighbourhood hub.
- A branded convenience store is a key draw, offering the opportunity to purchase locally the same goods at the same prices as a major store, albeit with a limited range of product lines.
- The parade has become the preferred location for businesses serving non-local markets which do not need to be in a town centre but require more profile than an industrial estate. Parades are therefore an important intermediate property offer for certain types of businesses. This points to the need for flexible approaches to use to maximise the enterprise development role of parades.
- Formal business networks are not a necessary pre-requisite to coordinated responses to local issues. Given the nature of local traders, mostly local residents, the guardianship of parades can be effective through informal channels of communication and can become a focus for neighbourhood action.

4.5 A sub-urban parade on a radial route

Description

This large sub-urban parade located two miles east of the centre of a market town on a main arterial route.

This case study comprises two parades although functionally they operate as one. The parade consists of 22 retail and personal service units, with 3 additional neighbourhood facilities (doctors, community centre and pub) in close proximity, although not within a single continuous parade. The units are mainly located on one side of the road and are in private ownership. The parade is effectively anchored at either end by convenience stores, a long-established convenience symbol affiliate and new local format national multiple convenience store which opened within the past 6 months, alongside an established discount foodstore. The parade between these occupiers includes a range of niche traders with a wider than local catchment, including a cycle shop, kitchen showroom, reptile shop and fishing tackle shop. There is also a long-established hardware store with a town-wide reputation for a range of goods and levels of service.

Given its location on a busy through route car parking along the parade is limited to few pull in spaces in front of the parade, with on-street parking on adjoining residential streets and a small customer car park to the rear of the symbol affiliate store. The discount foodstore also has a dedicated car park, but this is on the periphery of the parade and therefore functions almost exclusively for users of this main store. The condition of the parade appears reasonable and is highly visible from the main route into the town centre with good potential for passing trade.

Catchment Area

The parade is surrounded by traditional residential areas (1920's/30's), primarily private housing, with a local catchment population estimated at 3,500 people based on discussions with the local authority (ONS based mid-year population estimates, 2010). The parade primarily serves a local walk-in catchment but is also accessible to a wider catchment and passing trade given its location on a main arterial route into the market town and is readily accessible by foot, cycle and public transport (located on a main bus route).

The socio-economic profile for the area is one of a relatively affluent neighbourhood, with relatively low levels of unemployment at 2.1% (ONS, Claimant Counts, January 2012). In terms of income levels and employment rates the catchment area is mixed, with areas of affluence alongside lower income households – ranging from the worst 35% to the best 90% in terms of deprivation (Indices of Deprivation, 2010).

Performance

Currently over half (59%) of the total number of units consist of retail uses with no vacant units. It is reported that there has been some limited churn on the parade although this is considered to be sporadic and the parade generally settled. Any units that have become vacant have been re-occupied quickly, suggesting sustained local demand. There is a mix of long-standing family run businesses (indeed one business has been located since 1953) and new in-movers that are seeking visible but low cost location.

From discussions with traders, there is recognition of the importance of maintaining a high level of service for customers in order to remain competitive, particularly given that some are finding the current trading conditions challenging, with references to declining demand. The traders identify the importance of 'personal' service and 'getting to know your customers' in ensuring a loyal customer base. The traders emphasised that low rents in parades (compared with town centres) provides them with the opportunity to remain competitive and the importance of free parking for customers.

The more established traders identified that the change that has taken place on the parade is partly the result of changing markets and consumer preferences, with the loss of facilities such as the post office, video shop, wine shop being associated with a combination of on-line shopping and the growth of the major supermarkets. In their place are more transient services, in particular, more hot-food takeaways and specialised services that have changed the tone of the parade from shopping to service provision. Overall, however, the location and form of the parade should ensure resilience to such changes and a continued role as a neighbourhood asset.

Management

There is no formal management arrangement or representative body for the traders on the parade. However, an informal network exists between some on the longer established businesses and where necessary traders identify they would come together on any common issues. For example, in response to plans to relocate the bus stop that serves the parade, the traders successfully worked together to make representations to the Highways Authority for the relocation of the bus stop to a location that better serves the parade.

In terms of property ownership, the parade consists mainly of private rented properties with no reported issues with landlord relationships.

There is some evidence of a growing 'shop-local' culture as a reaction to a perceived decline in the quality of the town centre. The Council championed a 'Buy Local' and 'Shop at your local parade' campaign in 2009, working with the Federation of Small Businesses with this parade one of the featured areas.

Prospects

Based on discussions with occupiers there was a mixed response with regards to future business prospects, with some indicating very strong trading and others struggling, particularly in the convenience sector. The main factor identified for reduced performance in the convenience stores is considered to be the loss of trade as a consequence of the opening of the new national multiple convenience store.

This parade is well-established with a diverse occupier mix, with highly specialist traders operating alongside a strong base of personal service activities. With a relatively affluent catchment and located in a highly visible location for passing trade, it is likely that despite some small amounts of on-going churn, this will remain a relatively successful parade that meets the needs of its local population and wider markets.

Key Messages

- This parade offers a combination of a substantial convenience goods offer, a mix of niche retailers and services and high visibility. This blend has sustained the parade and demand levels for units appear strong.
- The linear form introduces some issues given the length of the parade, which limits interaction between occupiers and limits mixed shopping trips. However, the position on a busy through route has enabled the parade to attract and sustain occupiers with wider than local markets.
- Parades have had to adapt to changing market factors. This parade has been sustained by local specialist traders which attract a wide market e.g. the cycle shop, reptile centre and traditional hardware stores. Loyalty and reputation for service become critical factors which can only be achieved through the skills and dedication of the store owner / manager.
- Traders in parades are recognising a growing interest in shopping locally with a sense that customers are seeking to balance main food shopping at major food stores with increased use of local parades.

4.6 A village parade on a radial route

Description

This parade is located in a village on a radial route three miles to the south-east of a town centre. This village area has been subsumed as part of a New Town development but retains its identity.

The parade is purpose built, developed in the late 1950's and owned by the local authority. This linear parade consists of 8 units with residential units above, serviced by a small dedicated surface car park. There are additional neighbourhood facilities including: a dentist, library, community centre and pub, along with some workshop units to the rear. The occupiers include: a convenience symbol affiliate; a specialist butchers; bakery; pharmacy; post office; fast food takeaway; hairdressers; and, a television repair centre.

All the units are occupied and in reasonable condition and forms a distinctive village centre, highly visible from a main route into the town centre and opposite a large village green used for cricket and other community events throughout the year.

Catchment Area

The parade is located within a relatively densely populated area with a ward population of nearly 7,000 people (ONS based mid-year population estimates, 2010), although it is estimated that the immediate local catchment is closer to 2,500 people. The parade primarily serves a local walk-in catchment but also serves passing trade given its location on a main arterial route into the town centre. The parade is also located on a public transport route.

The profile for the area in terms of socio-economic data identifies relatively low rates of unemployment at 2.7% (ONS, Claimant Counts, January 2012). In terms of income levels and employment rates the local catchment area is mixed, with mainly areas of affluence alongside lower income households – ranging from the worst 45% to the best 95% in terms of deprivation (Indices of Deprivation, 2010).

Performance

There is a mix of retail and service provision, anchored by a convenience symbol affiliate store (attracts 5,500 customers per week), alongside a post office that is reported to be highly valued locally although struggling to remain viable. The parade includes other important local services such as a pharmacy and dentist. There has been only limited churn on the parade and it has sustained a popular bakery and butcher alongside the convenience symbol affiliate store. There is the emergence of a quality theme with both the bakery and butchers. The bakery is popular with commuters and the butchers (recently changed ownership) is promoting high quality products that are attracting customers from beyond the local catchment.

There is also a good example of the different types of use that a parade can attract. A television repair centre is located on this parade using the rear of the premises as a workshop and managing operations. The occupier identifies that they were attracted by the low cost and good accessibility and that this is preferred to an industrial estate or town centre. The shop window and a small showroom space at the front of the unit are used to display and sell local art.

From discussions with the occupiers, there is a shared awareness that the parade is largely serving its local catchment but the quality and mix of activity is proving attractive for passing trade. Traders benefit at peak times from commuter traffic, and from parents / pupils using the local school. There are also customers drawn to the parade as a consequence of the events that take place on the village green throughout the year (particularly at weekends).

The traders identified some key reasons that they believe allows this parade and its independent small traders can succeed in this location including: cheaper rents than those in the town centre; free parking for customers; access to both an affluent local catchment and passing trade; the quality of offer, particularly the reputation of the butchers and bakery; and, the 'personal service' that small traders can provide by knowing local people building up a sense of loyalty.

Management

There is no formal business network on the parade but informal interaction between tenants. From discussions with the occupiers there is a strong sense of community links amongst the traders. For example, the convenience symbol affiliate has recognised its role in the community and offers a collection point for internet shopping deliveries.

In terms of property ownership, the parade is owned by the local authority with no tenancy issues identified by the occupiers. The local authority administers a system of restrictive user clauses in leases in order to ensure complementarity between occupiers on the parade. It is understood that given the success of this parade that rents are on an upward trend.

A Village Association is in operation which highlights the parade on its website as a key feature of the community. This reflects the value placed on these facilities as part of the wider neighbourhood.

Prospects

There is some evidence of a growing shop-local culture in this location driven by the quality and mix of the offer. This appears to be a reaction to a perceived poor quality offer in the town centre, rising concerns over the 'value' benefits of some aspects of the major supermarket offer and a strong sense of identity among the local community towards the parade.

The parade plays a key role in contributing to the place-making of this location and it functions as a 'community hub' as much as a shopping centre. The parade is well-established and provides a mix of retail and service provision. Located within a relatively affluent neighbourhood, and with secure passing trade, this parade is likely to remain viable and increase in popularity with the emergence of a quality theme that meets local needs and aspirations, as well as attracting customers from beyond the local area.

Key Messages

- ❑ Despite the limited scale, this parade benefits from its location close to walk-in and passing trade. The mix of uses close by also adds to critical mass, generating sufficient footfall to sustain viability.
- ❑ Small independent traders have succeeded by promoting a quality theme which has drawn trade back from the major foodstores in the area. The overall quality of the local environment has enabled this qualitative offer to develop.
- ❑ Local services such as a post office are important but the parade is located in an area of relatively affluent mobile customers able to access services in other locations. This has required the parade to improve its offer to maintain footfall and is now less dependent on facilities such as the post office.

4.7 A radial parade on the edge of a major city

Description

This location comprises a series of separate parades in linear form extending along a major radial route into a major city. The individual parades are punctuated by breaks in the urban form creating a sense of a dislocated series of facilities rather than a coherent single offer. These parades are located within 2 miles of the city centre.

Historically, this area was a wealthy suburb to an expanding city. Over the twentieth century it became the gateway for generations of migrants and this continues today, with a diverse multi-cultural mix of Afro Caribbean, Asian and Eastern European origin. This is reflected in the parades with all but one of the retail/service units in occupancy being a small independent trader, with the majority catering for the needs of the local population, for example, Afro-Caribbean and Asian specialist convenience and non-food retail stores and fast-food takeaways.

There is the potential for passing trade with this road connecting the city centre with the wealthy suburbs of the city. There is available limited on-street parking and opportunity to park on adjacent residential roads and the parades are located on a public transport route. The condition of the parades is generally poor, with one or two notable exceptions, but the architectural interest in the area has led to its designation as a Conservation Area.

The area contains a number of key footfall drivers, including a local authority shared service centre and a college. There is also a managed business centre which contains a mix of enterprises adding to the diversity of the area.

Catchment Area

This parade is surrounded by dense residential areas and serves an estimated local catchment of circa 13,500 residents with 60% of Afro-Caribbean, Asian or East European origin (ONS based mid-year population estimates, 2010). Given the specialist nature of some of the traders, including ethnic foods and personal services, this parade also serves a much wider catchment and has potential to develop a distinctive identity and brand that could create a unique urban service destination.

In terms of the socio-economic profile of the resident population this area has high rates of unemployment currently at 7.7% (ONS, Claimant Counts, January 2012) and relatively high levels of deprivation with income levels and employment rates in small pockets of the area amongst the worst 20% in England, although most of the area is within the worst 40-50% deprived areas in England (Indices of Deprivation, 2010). The residential hinterland is characterised by dense terraced housing of variable quality.

Performance

Currently there is a 12% vacancy rate amongst the parades, with a mix of retail and service provision dominated by independent retailers. The individual parades perform at different levels, influenced by the presence of specific attractions such as popular ethnic food stores, specialist hair dressers and office uses including a leading local legal practice and housing office. There are a high number of social functions such as a health and counselling centre, community centre, doctors, dentists mixed within the fabric of the parades. This location very much acts as a service hub for its local community, particularly given its diverse character.

There was a mixed view in terms of the performance of the parades, with some traders identifying concerns over further decline due to a lack of footfall, and the subsequent impact this could have on retaining businesses in the area and the ability to encourage new businesses or developers to invest. There is a concern that given the substantial length over which the retail and commercial offer is dissipated along this road, coupled with the fragmentation of uses, that this discourages potential shoppers (particularly those who may be considered as the stop and shop/passing trade) from walking the length of the parades. There is also concern over the willingness of local businesses to invest in their businesses moving forward, with traders tending to sell on value rather than quality as many believe this caters for the local available spending profile.

There is evidence of the parades attracting new local entrepreneurs, particularly in the food & drink sector. A new café has recently opened which offers high quality produce, made on the premises and is building a loyal customer base from a wider than local area. The investment in this unit stands out on the specific parade in which it is located and has the potential to set a new tone for this part of the area. This may have potential to generate a catalytic confidence boost to the area encouraging other entrepreneurs to set up pioneering businesses in the area.

There are a significant number of neighbourhood services located within this area serving the local community. As such, traders identify that the area serves as a key employment destination for people from across the city and beyond but raise concerns over whether these employees are using local provision.

Traders identify that the specialist goods that are on offer within the parades, such as Indian grocery, Afro-Caribbean hair products and speciality music etc, makes this an attractive area for people from across the wider sub-region, making the area a destination for a wider catchment, however, there are concerns over whether this leads to linked shopping trips.

There is a conflict, to an extent, between the role of this radial route as a transport corridor and its local shopping and service function, with traffic flows inhibiting its potential to create an attractive and sustainable destination.

Management

There is no formal business network or traders association among these parades but some informal links between tenants. From discussions with occupiers there is a strong sense of connection with the local community and a desire for more formal association. A previous association has failed to become fully established.

In terms of property ownership, the parades are in multiple ownerships, with some evidence of absentee landlords and limited willingness to invest in property improvements. Some vacant units have recently been sold, indicating a degree of new market interest in the location but some units have been vacant for a protracted period.

This area is a priority for the local authority in terms of regeneration and further investment. The area suffers from an ongoing stigma associated with historic incidences of social unrest but traders regard this as perceptual and lessening over time as the population has become more settled and family-based. These improvements have been driven, in part, by a series of area-based regeneration initiatives which have consistently sought to improve the quality and distinctiveness of the shopping parades. However, they have yet to generate a sustained regeneration momentum and ongoing maintenance of public works appears to have been inadequate.

Prospects

From the discussions with traders there is a generally positive view about the future of the area given that the local population retains close ties with local businesses and the specialist outlets draw people from across the city. The diversity and specialisation that this location offers needs to be reinforced and supported through a coherent strategy and investment plan that promotes a positive identity for the area.

There is a concern over the vacant units within the parades and a desire to see these turned back into productive use in order to underpin the further growth and development of this area. In general, the traders consider this location as offering 'significant potential' but that the opportunities this location presents has yet to be fully realised. The local authority has continued to prioritise this location, with ongoing investment in public realm and transport improvements. However, this has yet to secure a sustainable future for the parades.

Most of the businesses are locally generated, with little evidence of in-movers from outside of the area. Some traders suggested that this has led to a degree of complacency due to a lack of competition in what is largely a captive market. While levels of observed activity inevitably pick up at lunchtime, for much of the day activity levels are low, in part due to the disparate nature of the parades and lack of focus. Without the high incidence of neighbourhood service occupation within the parades it is likely that the vacancy rates would be significantly higher. This presents a real challenge in terms of the future prospects of this location.

Key Messages

- Parades serving ethnic populations can create highly distinctive locations and business mix, offering a destination for specialist goods and services. This requires critical mass and supporting infrastructure / services for this to become embedded and form a genuine destination with wide appeal.
- The disjointed linear nature of this parade results in a lack of focus or sense of a 'centre'. Users tend to make single trips for specific purposes rather than mixed trips. This suggests that the spatial form and layout works against its long term viability. Some re-configuration and scaling down of the number of units may improve its prospects and better reflect real levels of demand for retail units in the parades.
- The parade trades without any recognised national brands or affiliates (other than a symbol affiliate which itself specialises in international food). This concentration of small independent enterprises points to the important role of the parade as a 'seed-bed' for new businesses. Such parades offer important business start-up locations, with low entry barriers, but remain high risk in the absence of wider investment to improve the public realm and provide effective support to business growth.
- The quality of public realm in and around parades is critical in promoting place-making effects. Traffic management, safe pedestrian environments and quality of built form are as important in sub-urban parades as they are in town centres and should be well planned and maintained effectively.

5 Towards a policy response to supporting neighbourhood parades

5.1 Current policy responses

Concerns over the future of local shopping provision in town centres have been placed firmly in the policy spotlight following the Portas Review. A range of ideas have come forward and the Government is developing its response to the findings of that work. This review of provision at the neighbourhood parade level starts the process of developing new policy initiatives in this domain, which will need to complement any emerging framework for town centres.

The Portas Review recognised that generic policy responses to high streets and town centres would be inappropriate given the diverse nature of the issues facing individual locations. For neighbourhood parades this problem of heterogeneity is arguably even more acute. This perhaps explains the national policy vacuum that currently exists, with limited guidance to local authorities and other stakeholders on approaches to supporting ongoing, viable roles for neighbourhood parades.

This lack of national policy guidance has, however, not inhibited the development of local policies and initiatives. Many local authorities have included specific reference to neighbourhood parades in planning policy frameworks, including such provision within the defined local shopping hierarchy and adopting guidelines for enhancing, sustaining and growing their roles and functions in local neighbourhoods. For many communities, the future of local neighbourhood shops will be a key issue as Neighbourhood Planning processes advance.

From the review of available national evidence and the case studies at the local level, a number of common themes emerge that should be taken into account in the development of any new policy responses to support neighbourhood parades. These are reviewed below.

5.2 Dealing with diversity

Neighbourhood parades have evolved in a wide range of forms, scales and locations. Each performs important relevant functions as part of their locations and contributing to consumer retail choice. Their roles are diverse, their markets locally-driven and their historic and future performance are a function of a complex array of factors, many outside of public sector policy influence. Given that neighbourhood parades present such a diverse range of spatial and economic propositions, any policy responses will need to be tailored to local circumstances and be capable of local adaptation.

In many ways, such diversity in neighbourhood provision reflects the fact that parades have continually had to adapt and evolve. Any policy frameworks will need to offer a high degree of flexibility, encouraging and supporting parades to respond effectively to changing trading conditions and local needs. Nevertheless, neighbourhood parades tend to fall into a number of specific typologies that reflect their role, function and spatial location and form. Such typologies may be helpful in developing distinctive policy initiatives that respond to specific parade characteristics:

Typologies of Neighbourhood Parades	
Local neighbourhood parade	Typically located in the heart of a residential community, urban and rural, often with circa 5-10 units, providing walk-in convenience shopping and limited local services.
Local neighbourhood hub	Larger in scale than the neighbourhood parade, with a wider range of retail and service outlets but with other public services clustered in the vicinity, typically including health, education and leisure services with a catchment beyond the immediate neighbourhood.
Radial parade	Cluster of small retail and service outlets in linear form along radial routes into urban centres, with high visibility to passing traffic. Typically serving as a secondary shopping area to a main town centre and attracting trade from a residential hinterland as well as passing trade.
Radial destination	As per Radial Parade but with a wider catchment based on distinctive market factors or visitor appeal creating a recognised destination (but not a town centre) for specialised goods/services or shopping experience.

Consultations through the case studies point to a sense that neighbourhood parades are genuinely perceived as an integral part of local communities. Unlike town centres, which typically have wider than local catchments, non-local ownerships and more institutionalised occupancy, the make-up and functionality of neighbourhood parades is highly localised – many traders are themselves local residents, often family businesses, and customers tend to be regular and often known by name - their social function is often valued as highly as their retail and service offer.

The diversity of neighbourhood parades should be recognised through flexible policy initiatives, recognising the distinctive roles performed by different types of parades. Any future policy responses should seek to reinforce local distinctiveness and community value, and develop the social function of neighbourhood parades, alongside economic potential, which will underpin ongoing commercial viability.

5.3 A role in place-shaping

Neighbourhood parades, in whatever form, and whether thriving or declining, are important contributors to place-shaping. They act as local hubs of activity and interaction and their physical presence will often act as spatial reference point for the local communities they serve. Their occupancy profile and physical condition can act as an indicator of wider socio-economic conditions in a neighbourhood – given that many parades are in highly visible locations on through routes and arterial roads, they act as important ‘image-formers’ for the places they serve.

Whilst some parades have remained narrowly focused shopping locations, others have evolved through the co-location of new local services, including health, education, leisure and other community facilities, expanding their role as ‘community hubs’. This has had the effect of extending their role and increasing their value in local place-shaping.

The environmental quality of neighbourhood parades is variable. Many have received focused investment in public realm to improve physical appearance, amenity, parking provision and security, including CCTV installations. The case studies suggest that, where such investments have occurred, positive impacts on trading performance have been noted. But there is little by way of ex-post evaluation to confirm such effects and much will clearly depend on wider market factors. There is evidence, however, albeit anecdotal, that where such public realm improvements have *not* been made, parades have often become a focus for anti-social behaviour within neighbourhoods which has led to local stigmas and negative effects on neighbourhood reputation.

The place-shaping role of neighbourhood parades is not well understood but could offer an important avenue for future policy development. Further specific research to gain insights into the potential role of parades in local place-shaping and their contribution to community cohesion and local pride would be a pre-requisite for any targeted policy initiative supporting physical and spatial aspects of neighbourhood parades. Wider evaluation of previous public sector interventions and investments in neighbourhood parades could help to inform future policies.

5.4 Underpinning local housing markets

Linked to the place-shaping role of neighbourhood parades is their potential influence on local housing markets. Local consultations as part of the case studies suggest that the availability of local retail and service facilities can support housing market performance, particularly in cases where the parade offers a good range of local provision or has a quality or specialist offer. Conversely, poor quality parades can inevitably have a negative effect on local housing market confidence.

There are numerous examples of housing regeneration strategies which have recognised the value of improving neighbourhood parades as part of a renewal plan. Indeed, the presence of a neighbourhood centre with sufficient critical mass to draw trade from a wider catchment, combining retail, service and community facilities has been a feature of many new housing developments, recognising the market-making impact of such facilities. This relationship seems intuitively unchallengeable but has not been the subject of any specific research or policy guidance.

The link between the quality of local centres and local housing markets is not well understood. Given the importance to economic growth delivery of securing sustainable local housing markets, further consideration could be given to policy guidance on how the role of neighbourhood parades can serve to reinforce local market appeal and how the spatial disposition of such facilities should be planned as part of neighbourhood regeneration and new housing schemes.

5.5 Supporting neighbourhood entrepreneurship

Neighbourhood parades provide a focus for local enterprise. As such, they have the potential to play an important role as seed-bed facilities for new business formation and local economic growth. This role is not widely acknowledged in existing literature and the business growth role of neighbourhood parades does not appear to have been subject to any specific research. The case studies identified some interesting examples of how the property offer at parades is providing an opportunity, with low entry barriers, for local entrepreneurs to start-up - the format and cost of town centre and business park premises will often be inappropriate for small, service-based businesses. In this context, neighbourhood parades provide an important first-rung commercial property option for small businesses.

Small business occupiers will tend to be attracted to premises which offer flexibility in terms of use. While parades will, in the main, focus on retail and some small office use, there are examples where small-scale manufacturing and repair uses have become significant, often linked to a retail function – an electrical goods retailer with repair facility, a wedding dress shop with dress-making workshop, a mobility aid retailer with maintenance unit. This mix would be expected to be more prevalent in secondary parades than in prime retail centres. Thus, parades can offer an important location for a wide range of business activity which does not naturally fit in a town centre or business park. To perform this role effectively may require a greater degree of planning and user flexibility than is conventionally found in neighbourhood parades. The implications of promoting more flexible approaches to support enterprise growth in these locations would seem to warrant further detailed examination.

The management challenges facing independent entrepreneurs in neighbourhood parades are arguably no different to those facing any micro-enterprise. Failure rates tend to be high but the barriers to entry are comparatively low. However, tailored business support in the independent retail sector is perceived to be limited. This is an area of concern expressed by a number of consultees in the case studies and could be an area for future policy initiatives.

A more focused approach to supporting the enterprise formation and employment growth potential of neighbourhood parades could enable this sector to play an important role in developing local economies, providing a 'seed-bed' function for start-up businesses. The potential to develop tailored business support services to neighbourhood entrepreneurs should be considered as part of future policy initiatives. The scope to introduce flexible planning and property-based user controls should also be examined further to enable neighbourhood parades to maximise their enterprise growth potential.

5.6 Integration into neighbourhood planning

Given the important role that neighbourhood parades can clearly perform in the life of local communities they are likely to feature regularly in responses to local consultations on attitudes to local futures. Their role as a 'barometer' of local socio-economic health and as a social as well as economic asset, should mean that local planning processes should have due regard to supporting parades as far as possible.

Of course not all parades will remain viable indefinitely – but the evidence from the case studies suggests that, in many circumstances, there continues to be locally-driven demand for units in parades alongside the ongoing expansion of multiples, albeit on a selective basis.

In some large-scale housing estates, particularly in the sub-urban areas of larger towns and cities, there is a legacy of numerous small parades which lack the critical mass to secure long term viability and move from being, in our terms, 'neighbourhood parades' to 'neighbourhood hubs'. This may point to the need for a more planned approach to the growth and managed decline of the existing, historic pattern of parades to arrive at a more sustainable balance of provision, including higher order and lower order parades / hubs.

The future pattern of retail and service provision at the neighbourhood level will be driven by economic realities but judgements on how this could be planned and influenced through policy interventions should be informed by effective consultation with local communities and should form part of neighbourhood planning processes. This will ensure that communities understand the rationale for any planned changes in provision and that the function and form of neighbourhood parades going forward fully reflect the reality of local economic circumstances as well as local needs and views.

Appendix I

Verdict Research Analysis – Neighbourhood Retailing

Retail Spending by Location (£ million, Current Prices)					
Year	**Neighbourhood**	**Out of Town**	**Town Centre**	**Non-Store**	**Total**
2002	41,071	71,550	116,096	14,416	243,134
2003	42,180	75,348	118,596	15,244	251,369
2004	43,361	79,295	121,917	16,299	260,873
2005	44,055	81,732	120,532	17,169	263,488
2006	44,936	84,859	122,323	18,471	270,589
2007	45,880	87,229	125,499	21,727	280,336
2008	46,431	88,688	126,669	24,160	285,947
2009	46,848	89,723	121,996	26,172	284,740
2010	47,130	91,177	121,887	28,955	289,149
2011 est	47,648	91,852	120,995	31,732	292,226
2012 est	48,458	92,783	121,432	34,751	297,424
2015 est	51,600	99,200	127,800	44,000	322,600

Note: Out of Town sales exclude online and trade; Non-store includes catalogue mail order, online and TV shopping

Retail Floorspace by Location (Million sq ft)					
Year	**Neighbourhood**	**Out of Town**	**Town Centre**	**Non-Store**	**Total**
2002	85.1	163.2	305.9	n/a	554.2
2003	84.6	170.3	307.1	n/a	562.0
2004	83.9	177.2	305.9	n/a	567.0
2005	83.2	182.3	303.8	n/a	569.3
2006	82.8	188.4	302.0	n/a	573.3
2007	82.3	193.1	304.7	n/a	580.1
2008	81.7	195.9	293.8	n/a	571.4
2009	81.2	196.5	281.7	n/a	559.4
2010	80.9	199.3	269.1	n/a	549.4
2011 est	80.5	198.7	265.2	n/a	544.4
2012 est	80.4	201.4	263.2	n/a	545.0

Retail Sales Densities by Location (£ per sq ft, at current prices)					
Year	**Neighbourhood**	**Out of Town**	**Town Centre**	**Non-Store**	**Total**
2002	481	451	379	n/a	415
2003	497	452	387	n/a	423
2004	515	456	398	n/a	433
2005	527	455	395	n/a	434
2006	541	458	404	n/a	441
2007	556	457	414	n/a	448
2008	566	456	423	n/a	455
2009	575	457	424	n/a	457
2010	581	461	443	n/a	469
2011 est	590	462	453	n/a	476
2012 est	602	464	460	n/a	482

Note: Out of Town sales exclude online and trade

Retail Store Numbers by location					
Year	**Neighbourhood**	**Out of Town**	**Town Centre**	**Non-Store**	**Total**
2002	112,752	7,543	151,685	n/a	271,980
2003	109,416	7,872	150,772	n/a	268,060
2004	108,605	8,170	149,228	n/a	266,003
2005	106,920	8,347	147,278	n/a	262,545
2006	104,995	8,611	146,313	n/a	259,919
2007	103,106	8,734	146,001	n/a	257,841
2008	101,043	8,746	143,667	n/a	253,456
2009	98,820	8,672	139,121	n/a	246,613
2010	96,943	8,711	132,821	n/a	238,475
2011 est	95,489	8,638	129,579	n/a	233,706
2012 est	94,725	8,704	129,576	n/a	233,005

Distribution of Retail Neighbourhood Expenditure (2011)		
	£ million	**%**
Convenience stores	25,978	54.5
Butchers	1,515	3.2
Bakers	1,067	2.2
Greengrocers	373	0.8
Other food specialists	725	1.5
Pharmacies	2,119	4.4
Off-licenses	1,788	3.8
CTN outlets	1,181	2.5
Other non-food	12,818	26.9
Total	47,648	100.0