Aberdeen City & Aberdeenshire Councils

Retail Capacity, Turnover and Opportunity in Aberdeen City/Aberdeenshire

Final Report
Executive Summary

June 2024

Hargest Planning Ltd

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1. Introduction

1.1. This retail study has been commissioned by Aberdeen City and Aberdeenshire Councils principally to derive information concerning retail and related land uses that would be used for the Evidence Report for the preparation of the next Local Development Plans for the two Councils. The principal requirement is for empirically robust data to be provided on patterns of retail expenditure and to identify any deficiencies or capacity for additional retail growth that will occur during the duration of the study period i.e. from 2023 to 2038. Additional study requirements are:

- the identification of a network of centres within LDP areas;
- assess the principles and importance of 20-minute neighbourhoods; and
- highlight the importance of addressing both qualitative and quantitative retail deficiencies including those arising in new communities/residential neighbourhoods as well as in existing areas.

1.2. Additional requirements for the study are to:

- identify locations where retail opportunities should be promoted;
- forecast future retail trends;
- forecast retail turnover and leakage;
- use of household surveys to provide a foundation for the above analyses; and
- provide statements for each centre including: characteristics of trade/catchment areas; actions and strategies for centres; and identification of specific development opportunities.

1.3. Reflecting the above, the approach adopted in responding to this Brief has been to:

- Use up-to-date data to prepare a strategic retail model (“SRM”) for the period to 2038 using:
    - Household surveys
    - Detailed floorspace information provided through the Grampian Regional Assessor
    - Review of different modelling scenarios and sensitivity tests to reflect uncertainties

- Make recommendations for the retail, leisure and town centre policies/proposals for consideration by the planning authorities for inclusion within the forthcoming LDPs including:
    - Identifying appropriate planning policies for inclusion in the LDP (in cognisance of policies in NPF4)
    - Reviewing market trends
    - Undertaking summary up to date town centre health checks
    - Reviewing the existing/proposed major housing developments
    - Identifying potential development opportunities.

2. Overall Study Approach

2.1. The Study has been undertaken using a range of techniques and data sources:

- Data review: existing and future population; existing retail and service floorspace; existing and future available expenditure forecasts; tourism expenditure.
- Household survey (including both Aberdeen City & Aberdeenshire residents) and from recent surveys of residents in Moray and elsewhere.
- Market trends and review including both long-term trends including assessment of impacts associated with the post-Covid-19 pandemic recovery.
- Development of the Strategic Retail Model (SRM) – including the use of different growth and development scenarios.
- Review of existing retail centres – surveys and summary town centre health checks (vitality and viability).

Data Review

2.2. The principal sources of information used for the study include:

- Floorspace data provided by the Grampian Regional Assessor for all retail units within the study area.
- Base line population has been primarily derived from National Records of Scotland (NRS) 2021 mid-year population estimates for data zones as well as the 2011 Census. Population forecasts for the two Councils were provided from the NRS 2018-based forecasts for the authority areas adjusted to reflect housing allocations and completions.
- Experian Area Comparison Report for base data for expenditure for both retail and leisure spend.
- Expenditure growth forecasts from the Experian Retail Planner Briefing Note 21, published at the end of January 2024. This include forecasts for Special Forms of Trading including sales via the internet.
- Tourism expenditure estimates were derived from the 2023 STEAM data for Aberdeen CCity and Aberdeenshire, Visit Scotland, UK and Scottish National Statistics including occupancy rates, visitor numbers and spend.

Household Surveys

2.3. A key component for accurately understanding the operation of retail patterns and estimates of actual retail turnover is the use of extensive and detailed surveys. A household survey has been undertaken to establish both behavioural and attitudinal information about retail habits within the study area. The design of the survey was undertaken jointly by Gravis Planning/Hargest Planning Ltd and NEMS Market Surveys and was implemented as a telephone interview survey by NEMS in December 2023-January 2024. In total 2506 interviews were completed reflecting the distribution of population and the zones used in the Strategic Retail Model.

Strategic Retail Model

2.4. The purpose of the Strategic Retail Model (SRM) is to provide an analysis of the balance between demand and supply for retail expenditure/turnover within the study area for the period 2023-2038. The model identifies actual turnover levels achieved in existing/future floorspace. Model zones are identified in Figures 1 and 2.

Figure 1: Aberdeen City - Strategic Model Zones

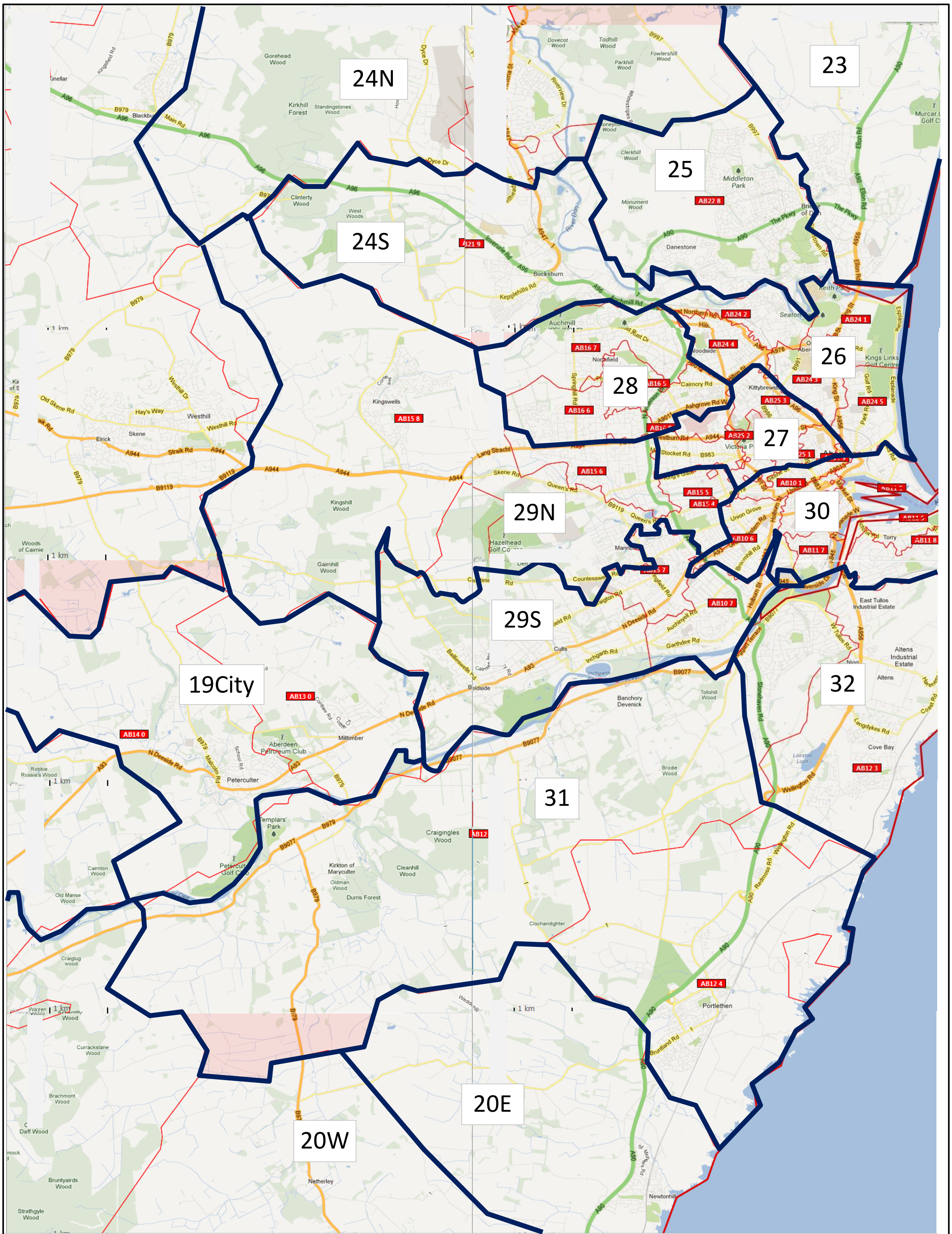


Figure 1 Key: Aberdeen City

Zone Boundaries

Postcode Sector Boundary

Zone No. 20

Figure 2: Aberdeenshire - Strategic Model Zones

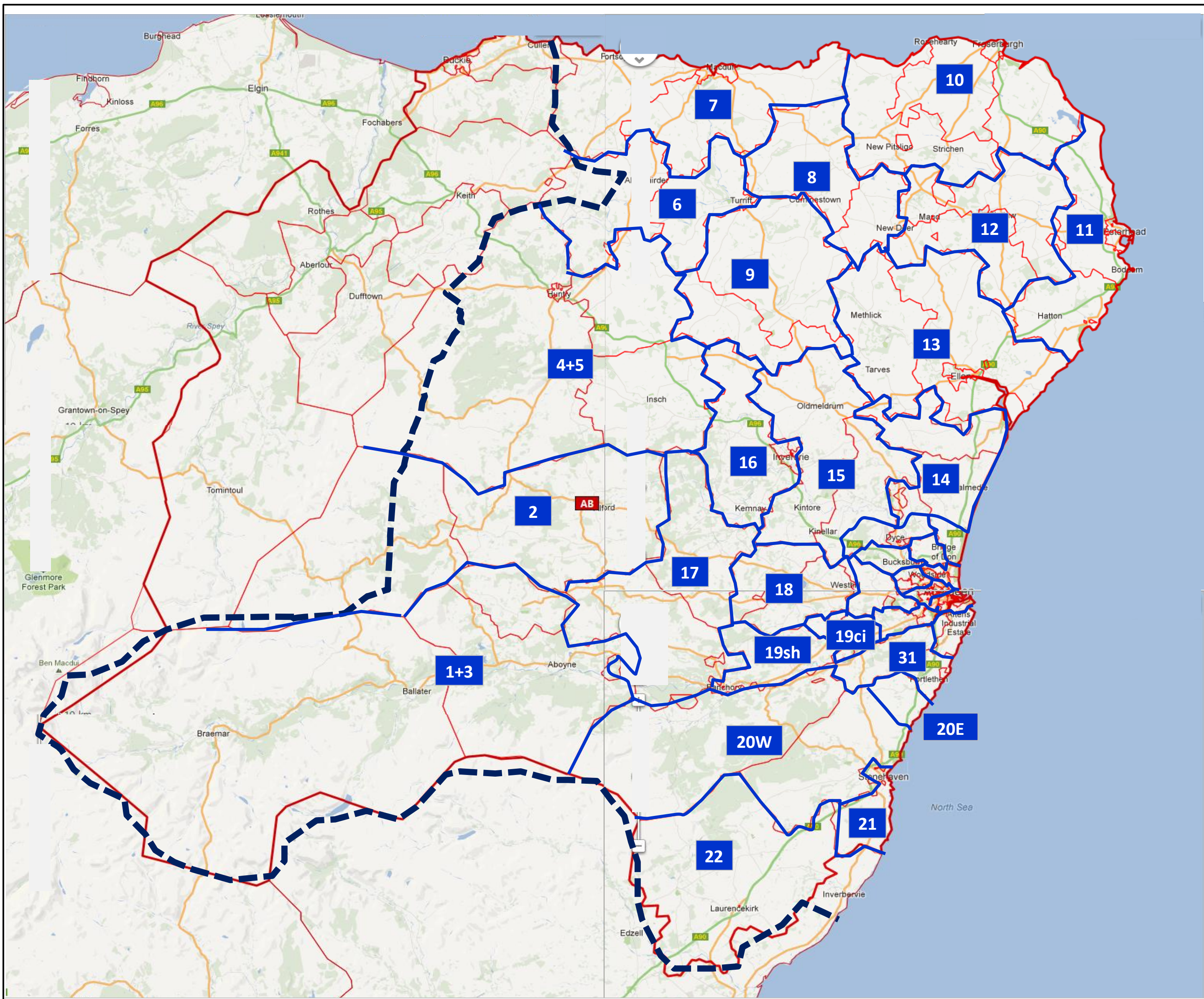


Figure 2 Key: Aberdeenshire

Zone Boundaries

Zone Number 22

Study Area Boundary (approx)

Postcode sector boundary

3. Retail and Leisure Trends

3.1. The primary consideration in the review of retail and leisure markets has been to identify long term changes in markets to assess the implications that these have for the planning for these sectors in Aberdeen City and Aberdeenshire. However, it is evident that the social-distancing restrictions that were introduced in response to the Covid-19 pandemic had profound short-term impacts on both the retail and leisure markets and it is unclear at this stage to what extent these impacts will have long-term over the period to be covered in the study.

Long Term Retail Trends

3.2. A number of factors have been identified that have underpinned changes to retail in the long term. These include:

- Demographics – an aging population changing demand priorities for spending.
- Lifestyle changes e.g. consumers are happy to use a range of shopping channels with younger generations particularly comfortable with purchasing goods and services online.
- Technology – this has supported increased online retail, improved distribution networks and product development.
- Economic growth – this has increased uncertainty e.g. the long term effects of Brexit reducing access to low-cost labour (particularly important in the leisure sector)

Impact of Covid-19 and Other Factors from 2020

3.3. During 2020 and 2021 the disruptive effects arising from the social restrictions imposed during the Covid-19 pandemic had dramatic effects on the retail and leisure sectors. The impacts were profound and, although they appear to have been short-term, there remains a degree of uncertainty as to whether the restrictions have had longer term impacts on consumer behaviour. This impacts included:

- Direct impact on different types of retail and leisure units – with closures of many units during parts of 2020 and 2021.
- Short-term dramatic increase in the use of on-line retail.
- Significant post-Covid inflation affecting household available expenditure.

Implications for Aberdeen and Aberdeenshire

General Trends

3.4. It is apparent that, over a significant period of time, the character and composition of city, town and other centres has been changing. Although the social-restrictions that were imposed as a result of the pandemic had profound impacts on both the retail and leisure sectors for all locations in the UK, the most recent evidence appears to suggest that these impacts were relatively short-term and there are good indications that current patterns are returning to pre-pandemic conditions. Regardless of the effects of the pandemic there were very strong trends already in place that affected all retail locations and, in particular town centres, associated with a combination of the following:

Retail

- Increased use of, familiarity with and access to the internet.

- Greater ability of retailers to achieve market penetration through a combination of physical stores and an active online presence (i.e. multi-channel retailing) reducing the need for the amount of space and number of stores.

- A shift in the balance of power between retailers and consumers in favour of the latter. This will affect the range of quality that will need to be provided by retailers while, at the same time, affecting profit margins. This implies greater potential for less successful retailers to fail.

- Changing social behaviours including greater importance attached by consumers to: environmental concerns including ensuring that goods and services consumed are increasingly environmentally sustainable; support for shopping locally and supporting independent traders.

- Need for retailers to be flexible to provide an enhanced offering to attract customers. This can include the importance of shopping experience and also the blurring of distinctions between retail and other services – often with multiple functions provided on one premises (e.g. shop, café and information provision all in one location).

- Long term growth in retail expenditure but at significantly reduced rates than pre-2008. This in part reflects long term economic uncertainty but, perhaps more significantly, more opportunities for consumers to spend on other services and experiences rather than goods. The most recent forecasts for convenience goods expenditure indicate negligible long term growth per capita.

- Ongoing sustained growth in special forms of trading reducing the availability of expenditure growth being directed to shops. Nonetheless, the proportion of expenditure directed to online sales will eventually plateau with the best estimates currently available suggesting that this will be in the mid-2030s.

- There is a long term reduction in the number of retail shops nationally (both Scotland and the UK) – declines in numbers have been identified in all types of location and vacancies have increased.

Leisure

- There is uncertainty as to the prospects for growth. Some commentators forecast sustained strong growth especially in key sectors such as coffee shops and gyms. Other forecasts are more circumspect identifying only modest expenditure growth and reduced margins resulting in a high susceptibility to business failure.

- Leisure spend is, inherently, discretionary and is, therefore, likely to be more volatile according to the wider economic situation.

- The sector is rapidly evolving with new formats and experiences coming forward each year, often linked to new advances in technology.

- Although there will continue to be opportunities for leisure activities to be purchased on line and consumed in the home there is, generally, a lower potential impact of the internet affecting the location of leisure services. This would imply greater potential for ongoing requirement for space for the provision of leisure services than for retail.

Development Implications for Retail & Leisure Locations

The Traditional "High Street"

3.5. There is no clear consensus regarding the prognosis for traditional "High Street" locations. The general implications of both long-term trends and short-term impacts is that "High Streets" in smaller and mid-sized centres and in secondary/tertiary locations within major centres, will change in two key ways: first with higher "churn" of occupiers but with, inevitably, higher overall vacancies; and second with a continued shift away from retail goods shops to a greater retail and leisure services and hybrid units mixing retail with services within the same unit.

3.6. This is particularly important for smaller and mid-sized centres (typically less than 400 retail/retail service units) which would apply to all centres in Aberdeen City and Aberdeenshire outwith the City Centre. There are strong indications that this process is already well-established, certainly in terms of the mix of units within centres with the proportion of retail goods shops declining relative to the total number of units being observed in Scottish centres over at least the past 20 years.

Purpose Built Shopping Centres

3.7. Purpose-built shopping centres have been hardest hit by changes in retailing – both in terms of sectoral changes (e.g. decline of mid-market fashion and clothing) and also through the restrictions imposed during the pandemic.

3.8. The key challenge is for centre owners to accept the changing retail circumstances and adopt a more flexible approach to tenants. Where owners do not benefit from long lease agreements with tenants they are increasingly forced to reconsider the mixture of tenants within shopping centres having to accept either lower rents, and/or weaker covenants resulting in softening of yields and reduction in capital values. In many the proportion of non-multiple occupiers has increased significantly while, at the same time, vacancies have also increased.

3.9. It has been noted that these trends are affecting what are now secondary pitches within Aberdeen City Centre, notably Bon Accord/St Nicholas and Trinity. Bon Accord is affected most acutely and it is evident that recent letting strategies by the new owners have, in the short-term at least, adopted a reasonably flexible approach for securing tenants including those that would not normally be able to provide very strong covenants.

Retail Parks

3.10. Retail parks appear to have fared relatively well during and since the pandemic reflecting reduced restrictions during the pandemic, ease of parking, and larger unit sizes which also make them attractive for operators for servicing “click and collect” which will become more important as online sales continue to grow.

Local Shopping Provision

3.11. Even before the pandemic it was evident that there had been a degree of revitalisation in local provision for both retail (in particular the renewed strength of convenience-format stores) and services. It appears that the strength of home-working and the impact that this has on local shopping/service provision following the pandemic has been overstated but, nonetheless, there is a significantly higher level of working from home in 2023 compared to before the pandemic. This has implications for town and city centres which have traditionally relied on custom from those working in the centre losing trade and for local shops and services which are likely to benefit from increased trade.

3.12. There is no clear delineation as to the size that determines “local” floorspace. In both Aberdeen City and Aberdeenshire, with the possible exceptions of Inverurie, Fraserburgh, Peterhead and, of course, the City Centre (and excluding the district centres based on large format stores), town centres are small when compared to other parts of the UK and all could benefit from the potential for greater trade directed to “local” centres. The household surveys confirm that respondents generally visited their nearest town centre on a regular basis implying that they have an important “local” function for the provision of goods and services.

4. Retail & Leisure Provision in the Study Area

Overall Distribution of Retail & Leisure Floorspace

4.1. Figures 3 and 4 provide a summary of retail floorspace and turnover, by principal retail goods category together with all retail, leisure and business services, for the both Council areas. They also identify the floorspace located in City Centre, Principal and Other town centres (as defined in the LDPs) and Commercial Centres, together with local and rural floorspace. The figures show that the principal features of the distribution of retail and service floorspace are as follows:

- In 2023 the total of retail and retail/leisure/business service uses comprises:
    - 651,827 sq m floorspace in 2126 units in Aberdeen City. Total retail space is 449,587 sq m (543 units) which is 69% of the total. Retail and other services account for 149,548 sq m GFA (in 1062 units) and there are 200 vacant units totalling 52,692 sq m GFA. The estimated total annual retail turnover (retail goods shops only) is £1,738.7m
    - 393,746 sq m floorspace in 1812 units in Aberdeenshire. Total retail space is 295,017 sq m (819 units) which is 75% of the total. Retail and other services account for 83,421 sq m GFA (in 837 units) and there are 156 vacant units totalling 15,308 sq m GFA. The estimated total annual retail turnover (retail goods shops only) is £1,032.3m.

4.2. The principal concentration of retail/service uses is within the City Centre. This accounts for 172,958 sq m GFA (23% of study area) of retail floorspace, 25% of retail turnover and 22% of total retail units within the Study Area. These figures indicate that, although, the City Centre is clearly the most important location for retail goods floorspace and turnover within north east Scotland, it does not dominate provision.

Figure 3: Summary of Retail and Services Provision in Aberdeen City – 2023

			Convenience				General Comparison				Bulky Goods				All Goods		
ABERDEEN CITY 2023		No.	GFA	NFA	Turnover Rate	Total Turnove	GFA	NFA	Turnover Rate	Total Turnover	GFA	NFA	Turnover Rate	Total Turnover	GFA	NFA	Total Turnover
			Sq M	Sq M	£/Sq M	£m	Sq M	Sq M	£/Sq M	£m	Sq M	Sq M	£/Sq M	£m	Sq M	Sq M	£m
City Centre	Retail Goods Shops	377	47033	30573	£4,981 psm	£152.29m	114658	75140	£6,326 psm	£475.34m	11267	7615	£8,545 psm	£65.07m	172958	113329	£692.69m
	Retail Services	503													93729		
	Vacant	111													55300		
	Total	**991**													**321987**		
Town Centres	Retail Goods Shops	57	3619	2352	£7,776 psm	£18.29m	2838	1845	£5,038 psm	£9.29m	932	606	£4,668 psm	£2.83m	7388	4802	£30.41m
Rosemount	Retail Services	77													5648		
Torry	Vacant	22													1483		
	Total	156													14519		
District Centres	Retail Goods Shops	24	26412	15357	£11,135 psm	£171.01m	26269	16451	£5,850 psm	£96.23m	5830	3892	£11,348 psm	£44.17m	58511	35700	£311.41m
Danestone	Retail Services	24													2786		
Dyce	Vacant	6													1333		
Middleton Park	**Total**	54													**62630**		
Rousay Drive																	
Berryden																	
Commercial Centres	Retail Goods Shops	32	20170	12062	£9,947 psm	£119.98m	24083	15021	£5,575 psm	£83.73m	47714	37047	£3,211 psm	£118.94m	91967	64129	£322.66m
Garthdee	Retail Services	5													2555		
Kittybrewster	Vacant	3													2463		
Links Road/Boulevard	**Total**	40													**96984**		
Denmore Road																	
Bridge of Don RP																	
Remainder Aberdeen	Retail Goods Shops	366	50534	32931	£6,774 psm	£223.07m	26500	18575	£2,387 psm	£44.33m	21438	15732	£2,014 psm	£31.68m	98472	67238	£299.08m
	Retail Services	445													43440		
	Vacant	58													8173		
	Total	869													**171766**		
Total Aberdeen City	**Retail Goods Shops**	**856**	**147768**	**93276**	**£7,340 psm**	**£684.63m**	**194347**	**127031**	**£5,581 psm**	**£708.93m**	**87181**	**64893**	**£4,048 psm**	**£262.69m**	**429296**	**285199**	**£1,656.24m**
	Retail Services	**1054**													**148158**		
	Vacant	**200**													**68752**		
	Total	**2110**													**667887**		

Figure 4: Summary of Retail and Services Provision in Aberdeenshire – 2023

ABERDEENSDHIRE 2023		No.	Convenience GFA Sq M	Convenience NFA Sq M	Convenience Turnover Rate £/Sq M	Convenience Total Turnover £m	General Comparison GFA Sq M	General Comparison NFA Sq M	General Comparison Turnover Rate £/Sq M	General Comparison Total Turnover £m	Bulky Goods GFA Sq M	Bulky Goods NFA Sq M	Bulky Goods Turnover Rate £/Sq M	Bulky Goods Total Turnover £m	All Goods GFA Sq M	All Goods NFA Sq M	All Goods Total Turnover £m
Principal Town Centres	Retail Goods Shops	359	26452	18235	£9,116 psm	£166.23m	39757	25839	£4,405 psm	£113.83m	24347	17078	£3,493 psm	£59.65m	90555	61152	£339.70m
Banchory	Retail Services	377													39278		
Banff	Vacant	71													5736		
Blackdog	**Total**	**807**													**135569**		
Ellon																	
Fraserburgh																	
Huntly																	
Inverurie																	
Peterhead																	
Stonehaven																	
Turriff																	
Other Town Centres	Retail Goods Shops	119	26023	16316	£7,648 psm	£124.79m	17394	11485	£3,860 psm	£44.33m	5738	3645	£2,419 psm	£8.82m	49155	31445	£177.93m
Aboyne	Retail Services	136													13554		
Alford	Vacant	17													1892		
Insch	**Total**	**272**													**61648**		
Kemnay																	
Macduff																	
Mintlaw																	
Newmachar																	
Portlethen																	
Portsoy																	
Oldmeldrum																	
Westhill																	
Other Commercial Centres	Retail Goods Shops	11	14648	9881	£8,406 psm	£83.06m	7917	5280	£5,181 psm	£27.36m	5558	4389	£1,902 psm	£8.35m	28124	19550	£118.77m
Buchan Gateway, Peterhead																	
Corskie Drive/B9026, Macduff																	
Portlethen Retail Park																	
South Harbour Road, Fraserburgh																	
Steven Road, Huntly																	
Waterton, Ellon																	
Windmill Road, Peterhead																	
Remainder Aberdeenshire	Retail Goods Shops	330	54454	36099	£7,739 psm	£279.39m	37901	24486	£3,149 psm	£77.12m	36752	24898	£1,508 psm	£37.54m	129108	85483	£394.04m
	Retail Services	324													30589		
	Vacant	68													7679		
	Total	733													**196529**		
Total Aberdeenshire	**Retail Goods Shops**	**819**	**121578**	**80531**	**£8,114 psm**	**£653.46m**	**102969**	**67090**	**£3,915 psm**	**£262.63m**	**72395**	**50009**	**£2,286 psm**	**£114.35m**	**296942**	**197631**	**£1,030.44m**
	Retail Services	**837**													**83421**		
	Vacant	**156**													**15308**		
	Total	**1812**													**393746**		

4.3. In general the following can be noted:

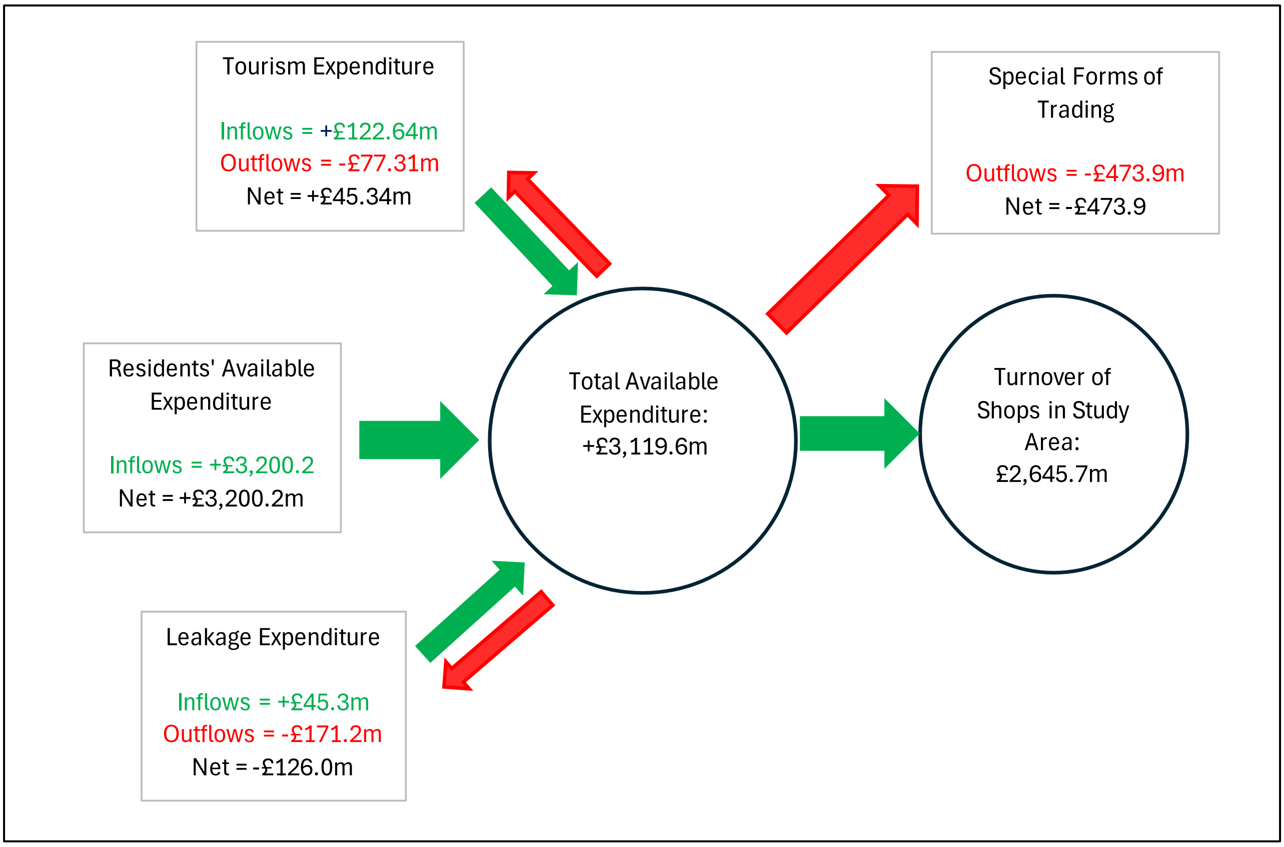
- Within the City the two Town Centres (Rosemount and Torry) account for only a small proportion of retail and services floorspace and turnover, and both are significantly smaller than the District and Commercial Centres.
- The City Centre accounts for approximately 40% of the retail turnover of the City as a whole. However this varies considerably between types of goods: it accounts for 21% of convenience turnover, 24% of bulky goods turnover but 64% of general comparison goods turnover.
- In total within Aberdeen City, the Town, District and Commercial Centres have a turnover similar to (but less than) the City Centre.
- Within Aberdeenshire, whereas the Principal Town centres are the most important locations for retail floorspace accounting for 33% of total turnover, there is a very wide distribution of floorspace, especially in both rural locations and in other commercial centre-type locations (not all of which are formally identified as such in the adopted LDP).

4.4. In overall terms existing retail/service provision is widely distributed throughout the two Councils.

Expenditure Flows

4.5. Figure 5 identifies expenditure flows into and out of the study area.

Figure 5: Study Area – Retail Expenditure Flows and Turnover 2023 (2021 prices)



Changes in Available Expenditure for Retail 2004 – 2023

4.6. There have been notable changes in the floorspace, turnover and available expenditure within Aberdeen City and Aberdeenshire compared to that identified in earlier studies in 2004 and 2013:

- For convenience goods, the last decade has seen continued growth in available expenditure both gross and net of SFT which has been matched by changes in total retail floorspace. This contrasts with the preceding 10 years (2004 – 2013) when there was limited growth in expenditure for these goods but a rapid increase in floorspace reflecting that this was a period of rapid supermarket development.

- For comparison goods almost the reverse picture emerges. Net expenditure (i.e. that available for sale of goods in shops taking into account SFT) has slightly *declined* since 2013 but grew rapidly in the preceding decade (even taking into account the growth of SFT) and, reflecting this, floorspace for comparison goods has also declined (but more rapidly). Floorspace also declined in the earlier period despite expenditure growth reflecting strong market concentration factors. Retail turnover in shops grew between 2004 and 2013 (despite reductions in floorspace) but has declined since 2013. This reduction in turnover is more than accounted for by the loss of retail floorspace and turnover in the City Centre.
- For retail and related services both numbers of units and floorspace have increased strongly to the extent that there are now significantly more service units in the study area whereas in 2004 there were almost 60% more retail goods shops than services.
- Vacancies reduced significantly in the earlier period but in 2023 have now returned to 2004 levels.

Network of Centres

4.7. NPF4 and the Local Development Plan Guidance (LDPG) requires the identification of a network of centres within a planning authority area. The existing networks of centres currently identified in the two LDPs are:

Aberdeen City:

- Regional Centre (City Centre) – this also includes a defined Retail Core
- Town Centres – only Rosemount and Torry
- District Centres – 5 named
- Neighbourhood Centres – 32 identified on the Proposals Map
- Commercial Centre – 5 named

Aberdeenshire:

- Principal Town Centres - 9 existing larger town centres plus proposed town centre for Blackdog
- Other Town Centres – these are identified in 13 smaller settlements and vary significantly in terms of numbers, types of units and floorspace.
- Neighbourhood centres
- Commercial centres and retail parks – 8 are identified

4.8. Figure 6 sets out the recommended changes to these networks with a summary of the reason for the proposed changes.

Figure 6: Recommended Changes to Networks of Centres

Location	Recommended Change to Network	Reason
Aberdeen City		
King Street	Identification as District Centre (from Neighbourhood Centre)	To reflect importance of Morrisons superstore together with comparatively wide range of retail and service units providing a range of facilities to local community.
Aberdeenshire		
Inverurie	Review whether town centre should be identified as Sub-Regional Centre	In recognition of its significance as a major retail/service location serving a significant part of Aberdeenshire
Steven Road, Huntly Deveron Road, Huntly Waterton, Ellon	Review whether all, or none, should be identified as Commercial Centres	Currently each of these locations has a single large supermarket and no other retail or service units/facilities. They should be treated in a similar manner. In accordance with NPF4 Policy 28 locations outwith defined Commercial Centres are not identified for new retail floorspace.
Hill of Banchory	Identification of current retail development with Tesco as Commercial Centre	To reflect range of retail provided in the location once the current development is completed.
Watermill Road, Fraserburgh	Identification of current retail development (ASDA and Home Bargains) as Commercial Centre	To reflect range of retail provided in the location.
Westhill	Review categorisation as Principal or Other Town centre.	Current recommendation is no change but the review should recognise that Westhill has a significantly more important function as a retail and service centre compared to other OTCs and when other, non-retail, considerations are considered an uplift to a Principal TC status may be appropriate.
Arnhall Business park, Westhill	Review of current retail, trade counter, health centre and related uses as a Commercial Centre	To reflect the range of retail and services located in this area.

5. Addressing Retail Deficiencies

5.1. The assessment of retail deficiencies within the study area encompasses a range of separate issues:

- Quantitative and qualitative retail deficiencies and the related concept of "retail capacity".
- Access to food shopping provision.
- The extent to which existing retail/service provision supports the principle of local accessibility to retail facilities and services as embodied in the "20-Minute Neighbourhood" principle set out in NPF4.

Retail Deficiencies and Capacity

5.2. The analysis of quantitative and qualitative retail deficiencies has been undertaken both by comparing expenditure and notional average turnover for the study area as a whole, for Aberdeen City and Aberdeenshire separately, and for market areas served by different categories of retail goods.

5.3. Retail capacity calculations present a number of methodological difficulties that reduce the reliance that can be placed on the results of the calculations for identifying the quantity of retail floorspace that should be provided within the study area over the period to 2038. However, undertaking a comparison between existing and future expenditure and notional average sales from existing and committed future floorspace, when carried out at a strategic level (in this case study area-wide) can assist in providing an indicative basis for assessing the general level of retail deficiencies (or surplus of retail floorspace). This analysis is strengthened if it is combined with an analysis of *qualitative* retail deficiencies and a review of market potential. Based on an analysis of each of these the following conclusions are drawn regarding retail deficiencies within Aberdeen city and Aberdeenshire through to 2038.

Convenience Goods

- For the study area as a whole no significant quantitative retail deficiency is identified to support additional convenience goods floorspace.
- However, in local areas, notably Turriff, Ellon, Stonehaven and Loirston/south Aberdeen additional floorspace can address local deficiencies in floorspace.
- Significant new convenience floorspace serving local markets is, however, expected to adversely impact on existing foodstores in the study area.
- It is unlikely that there will be significant requirements for operators not already present within the study area. More significant requirements could be from existing operators with what are considered to be suboptimal units seeking to relocate to more commercially attractive units and also from mid-sized supermarket operators including discounters for new stores.

General Comparison Goods

5.4. In overall terms the capacity calculations do not identify a clear quantitative retail deficiency for general comparison goods for the study area as a whole. However, it is also evident that, insofar as there is a quantitative deficiency, then this occurs within the City Centre rather than in other parts of the study area. In relation to other aspects of the assessment:

- Market demand is, unlikely to support the scale of deficiency identified. The indications are, at the moment, that the City Centre will remain attractive to comparison retail but that this is unlikely to replace the scale floorspace that has been lost in recent years.

- Inverurie continues to be attractive to investment serving a sub-regional role. This will attract those retailers already with well-established supply networks and see Inverurie as serving an affluent market area benefitting from of significant population growth. However, significant investment in Inverurie, and any other location outwith the City Centre, will undermine the long term growth of the City Centre.

- In the other principal town centres and district centres it is not expected that there will be any significant change in comparison space provision.

Bulky Comparison Goods

5.5. In general the assessments identify both a broad level of quantitative retail deficiency for bulky goods as well as market demand for these goods directed to, in particular, major retail parks located within Aberdeen and Inverurie.

Leisure Space

- In the long term demand for commercial leisure space is expected to grow significantly in the City, Town and District Centres. Increased demand for leisure and other service uses has the potential to offset the decline in comparison goods retailing, which could be particularly significant in a number of the town and district town centres.

- There is also the significant potential for additional leisure space to serve the long term growth of tourism especially in Deeside and other rural areas of Aberdeenshire.

Local Accessibility to Retail and Related Services

5.6. Local accessibility to retail and related services within neighbourhoods is embodied in the 20-Minute Neighbourhood principle (20MN) set out in NPF4. This states that the general principle underlying 20MNs is to create "*connected and compact neighbourhoods where people can meet the majority of their daily needs within a reasonable distance of their home, preferably by walking, wheeling or cycling or using sustainable transport options*". To support this principle an assessment of the distribution of retail/retail service units in the study area has been undertaken.

5.7. In the absence of guidance from NPF4 or Development Plan Guidance the following has been adopted as a benchmark as a minimum level of retail/service provision, located within 800m walking distance of homes, that would meet acceptable levels of local accessibility to these facilities and services:

- Minimum no. of 4 retail and retail/leisure service units, provided at least one of these units retails convenience goods in a clearly defined urban location or, in rural areas, within a village as a whole.
- Otherwise minimum no. of 5 retail/service units.
- All supermarkets are considered to provide an acceptably wide range of goods for sale suitable for supporting the principle of local living.
- All identified town centres.
- All identified retail parks.

Aberdeen City

5.8. The review of local accessibility has identified that there are few existing residential areas that are not within easy walking distance of facilities and shops providing a reasonable range of shopping and other local services. However, the major new proposed housing areas (a number of which have commenced development) are not within easy walking distance of a minimum level of provision.   Additional analysis in the study provides an assessment of the extent to which these residential areas would be able to support new local shopping and services that would assist in meeting the principles of 20 Minute Neighbourhoods.

Aberdeenshire

5.9. Aberdeenshire comprises a series of discrete towns and extensive rural areas with numerous small communities. The application of 20MNs based on access by walking is not appropriate in rural areas and this is also recognised in NPF4 which notes that the distribution of shops and services in rural areas will be different from urban areas. In the towns within Aberdeenshire a number of existing residential areas have been identified that are located outwith easy walking distance of shops and other facilities that provide a range of shopping and other local services. In addition there are also a number of major new housing allocations that are also outwith easy walking access to these types of facilities.

5.10. The recommendations for the study identify locations in proposed major housing proposals that could assist in addressing local accessibility and the principle of 20MNs.

6. Review of Centres

6.1. Reviews have been undertaken of each of the following principal retail and town centre locations within Aberdeen City and Aberdeenshire:

Aberdeen City

- Aberdeen City Centre
- Town Centres; Rosemount; Torry
- District Centres:
    - Danestone
    - Dyce
    - Berryden
    - Middleton Park
    - Rousay Drive.
- Neighbourhood Centres have *not* been included in this review. The Aberdeen Planning Guidance – Hierarchy of Centres identifies 32 separate neighbourhood centres.
- Commercial Centres
    - Garthdee
    - Kittybrewster
    - Links Road/Boulevard
    - Bridge of Don
    - Denmore Road area
    - Lower Berryden is included within the review of Berryden.

Aberdeenshire Council

- Principal Town Centres
    - Banchory
    - Banff
    - Ellon
    - Fraserburgh
    - Huntly
    - Inverurie
    - Peterhead
    - Stonehaven
    - Turriff
- Other Town centres – these have been limited to Westhill and Portlethen which have been included because of their particular characteristics which are distinct in terms of numbers of units and/or turnover when compared to the remaining Other Town Centres in Aberdeenshire
- Commercial Centres – summary comments are provided only

6.2. For each of these centres the following have been included within the review:

- Numbers of units and space for principal types of retail, commercial leisure and services.
- An update to the town centre health check information for each centre.

- Summary of the perceptions of each centre from the household surveys
- Assessment of the retail characteristics of each centre including identification of primary and secondary catchment areas, market penetration/share within study zones and variation in forecasts of future turnover according to the Strategic Retail Model based on different future growth scenarios.

7. Recommendations for Retail & Leisure Planning

Issues to be Addressed in the Retail Strategy

7.1. The key issues to be addressed in the recommended Retail Strategy are identified in the following box.

Key Issues to be addressed through the Retail Strategy

1. ***The protection and enhancement of the City Centre, town and district centres***. *This reflects the importance of these centres providing services and facilities to the wider community consistent with a "town centres first" policy approach. In addition the importance of protecting, where possible, local shopping provision in the towns and in rural areas to support local access to shopping facilities. This will support social inclusion and assist the minimisation travel of demand and reduction in overall carbon emissions.*

2. ***Encouraging new investment in retail and leisure*** *in both existing retail centres (including both new floorspace and the re-use of existing space, including vacant space) and in new local centres which serve new residential areas.*

3. ***Ensuring that new retail and leisure developments contribute towards supporting local access to these facilities incorporating the principles embodied in 20-Minute Neighbourhoods and similar.*** *This will support reducing the need to travel and encouraging people to walk, cycle or use public transport by making these attractive choices.*

4. ***Addressing identified existing retail deficiencies (qualitative and quantitative).***

5. ***Addressing the retail needs of new major residential areas*** *in both Aberdeen City and Aberdeenshire towns where major growth is proposed, insofar as this is practical.*

6. ***Facilitating and supporting the growth of retail, leisure and related services within the City Centre.*** *This will support maintaining and strengthening the vitality and viability of the city centre and to maintain its position as the principal retail and leisure location serving north east Scotland. The primary focus of the City Centre will be for comparison goods retailing. However, it is recognised that the delivery of new sites within the City Centre is a difficult and protracted process reflecting a range of development constraints including complex land ownership. Therefore, in order to provide the maximum opportunity for City Centre development to proceed, some restraint is proposed for out-of-centre retail proposals elsewhere.*

7. ***Supporting leisure, entertainment, tourism and cultural activities to complement retail in the City Centre.*** *This involves encouraging uses that support the City Centre vitality and viability in locations throughout the City Centre, including in the "heart" of the City centre along Union Street, with appropriate policies and investment/interventions that increase the attractiveness of the City Centre allowing it to adapt as retail demand for older premises becomes more limited.*

8. ***Identifying general policy principles*** *to be applied for all new retail and leisure development consistent with National Policy Framework 4 provided this is consistent with meeting the local needs of Aberdeen and Aberdeenshire.*

Network of Centres

7.2. The proposed changes to the network of centres was set out in Figure 6.

Retail Deficiencies

7.3. The results of the combined assessments of retail deficiencies were summarised above. Based on this analysis the key opportunities for addressing retail deficiencies relate to the potential for retail and leisure development in:

- the principal City Centre development/opportunity sites;
- development to meet the needs of major residential expansion areas both within the City and also at Blackdog and Chapelton in Aberdeenshire; and
- the potential to address local shopping requirements linked to the analysis of 20 Minute Neighbourhoods, particularly associated with the development of major housing sites.

7.4. Local provision in major new housing sites can also assist in addressing the limited quantitative deficiencies identified for Turriff, Ellon and south Aberdeen. In Stonehaven the deficiency would be addressed by the proposed supermarket at the Ury Estate.

Aberdeen City Centre and Other Opportunity Sites

7.5. Various development opportunity sites have been reviewed in the study. The most significant is site OP102 George Street & Crooked Street. This site is largely under the control of a single ownership which includes Bon Accord, the former John Lewis and large parts of the block on the west side of George Street/north of Crooked Lane. This is a critical site for the long term development of the City Centre and provides a major opportunity to counter the shift of the retail focus towards Union Square. Any development in this area is likely to involve a range of uses in addition to retail including leisure and some residential however, as noted in its allocation as part of the retail core, retail should continue to be the prime focus of redevelopment proposals. Given the significance of the site early and continued engagement with the owners of the site should be encouraged.

7.6. Outwith the City Centre key sites are:

- OP114 for providing Milltimber with emphasis on addressing need for local shopping/services
- OP65 is located close to the Haudagain neighbourhood shopping area and there is the opportunity for linkages between this opportunity site and existing retail provision.

Improving Local Accessibility to Retail & Services – Major Housing Developments

7.7. The analysis of accessibility to local retail and services provision, in accordance with the principles of 20MNs, identifies a range of sites in which limited retail/service provision would both support the principles of 20MNs (i.e. supporting access to local facilities) and would also be viable. However, it is also recognised that many of the sites and masterplan areas identified are already well advanced either in terms of agreed masterplans/development briefs/planning consents and, in some cases, they are already progressing on site. Nonetheless, where possible, developers and landowners should be encouraged to provide new retail/service provision in accordance with the following recommendations.

Aberdeen City

- OP9 Grandhome - new *District* Centre to be included in the proposed development with a total floor area of ca. 6500 sq m including significant convenience (2750-3000 sq m comprising foodstore *and* local convenience units), comparison (ca. 2000-2250 sq m GFA) and additional services and leisure space.

- OP20-22 Newhills etc – new *District* Centre. Overall provision of floorspace to ca 4500 sq m in total with approximately half of the floorspace for convenience and the remainder for comparison and services.
- OP28, 31-33 Maidencraig etc – new local/neighbourhood retail and services to be provided in the region of 750-1250 sq m GFA.
- OP38 Countesswells – new local/neighbourhood retail and services to be provided ca. 1250-1750 sq m GFA in total.
- OP59 Loirston – new *District* Centre including medium sized supermarket. Increased scale (from previous neighbourhood centre) to reflect potential for serving existing residential areas in south Aberdeen.

Aberdeenshire

7.8. Provision in new settlements:

- Blackdog – scale of development only supports relatively small scale retail and services development of, ca. 1500 sq m convenience, comparison and services space in total. The previously proposed "regional food outlet" cannot be sustained from trade from the proposed development alone.
- Chapelton – new town centre to include supermarket plus comparison and services floorspace – total floorspace ca. 5000-7000 sq m GFA.

7.9. Provision in existing settlements. In the following cases additional local provision of shops and services would enhance local access to retail and services provision consistent with the 20-Minute Neighbourhood principle:

- OP1 Goldenknowes or OP2 Colleonard Road, Banff
- OP1 Cromleybank, Ellon
- OP1 Kirkton or OP2 West of Boothby Road, Fraserburgh
- Various sites in Inverurie (OP1/OP15 Conglass; OP4/R2 Portstown; OP5 Crichie; or OP7 Uryside)
- OP1 Inverugie Meadows. Peterhead
- OP1 Wood of Delgaty, Turriff
- OP1 Kintore East

Boundaries of City, Town, District and Commercial Centres

7.10. In a number of instances existing boundaries of centres do not match the functional extent of centres – in some cases it is recommended that boundaries are extended and, in others, that the extent of defined centres is reduced. These affect each of the following:

- King Street Area – District Centre. Extension to include areas to the north west and south east of the existing centre boundary.
- Haudagain Neighbourhood Centre. Extension to include land north of the Great Northern Road.
- Huntly – exclusion of residential areas west of the town centre.
- Fraserburgh – exclusion of parts to the west and inclusion of areas to the south to reflect town centre related uses.
- Stonehaven – inclusion of Co-op supermarket
- Portlethen – exclusion of land west of the A90(T)

Additional Commercial Centres

7.11. Subject to a review of the role of Commercial Centres within Aberdeenshire, consideration should be given to identifying the following as new Commercial Centres:

- Deveron Way, Huntly
- Watermill Road, Fraserburgh
- Hill of Banchory, Banchory
- Arnhall Business Park, Westhill (part)

Policy Review and Recommendations

7.12. The existing policy framework for retail, leisure and town centre uses is provided though:

- The Aberdeen Local Development Plan 2023 (adopted June 2023)
- The Aberdeenshire Local Development Plan 2023 (adopted January 2023)
- National Planning Framework 4 (Feb 2023) principally policies 27 and 28 (and also Policy 15 in relation to 20 MNs).

7.13. Both NPF4 and the relevant LDP form the development plan for Aberdeen City and Aberdeenshire. Insofar as there is any incompatibility between a provision of NPF and a provision of an LDP, whichever of them is the later in date is to prevail (TCP(S) 1997 section 24(3)).

7.14. There is no legal requirement for LDPs to be directly 'compatible' with NPF4, although in preparing LDPs, there is a statutory requirement under section 16(2)(a)(i) of the 1997 Act that planning authorities take the NPF into account. In this regard it is important that the policies/proposals contained in the forthcoming LDPs take into account the particular circumstances of centres and the retail/leisure sector as a whole in Aberdeen City/Aberdeenshire towns – this is not possible in NPF4 because it has been prepared to apply across Scotland as a whole.

7.15. The following therefore provides a series of recommendations to be considered for relevant policies to be included within the forthcoming LDPs based on both the principal provisions in NPF4 relevant to the scope of this study and from the analysis set out in the study relating to retail and leisure planning within Aberdeen city and Aberdeenshire.

Policy 15 Local Living and 20 Minute Neighbourhoods

7.16. Recommendation 1:

- **Consideration should be given to including local retail/service facilities within identified development sites, insofar as this is practical given the current position with planning consents and development progress, based on the analysis provided in this report.**
- **For residential and other development sites identified in future LDPs, regard should be had to existing access to local retail/service provision, in accordance with the 20MN principle, and, where appropriate, inclusion of these land uses within development briefs/allocations.**

Supporting Town Centres

7.17. Recommendation 2: future LDPs should expressly identify:

- **The network of centres as described above.**
- **Town centres first approach applied to both proposed retail and leisure development proposals.**
- **Impact test applied to both proposed retail and leisure development proposals.**

Planning for Additional Retail & TC Uses Provision

7.18. Recommendation 3. No justification for significant additional retail floorspace is identified apart from that required to address the needs of new major housing expansion areas and local

deficiencies consistent with the principle of 20MNs. Qualitative deficiencies have been identified but, for this to be a justification for out of centre retail floorspace, this would need to be demonstrated clearly and comprehensively.

7.19. **Recommendation 4. New retail, leisure and commercial services floorspace should be provided in both major new residential development/expansion areas and to enhance local accessibility to retail/services in accordance with the 20 Minute Neighbourhood principle as set out in the preceding parts of this Section.**

Network of Centres

7.20. **Recommendation 5. Amendments to the proposed network of centres should be considered:**

- **Aberdeen City:**
  - **The King Street area, identified on the proposals map, should be designated a District Centre**
  - **No further changes are recommended**

- **Aberdeenshire:**
  - **Consideration should be given to the role of Inverurie as a sub-regional centre although, based on the evidence in this report, it is not recommended that it should be changed from a Principal Town Centre.**
  - **The role of Portlethen centre should be reviewed. Based on this study it is recommended that it remains designated as an Other Town Centre, that the retail park should not be identified as a Commercial Centre and the area west of the A90(T) excluded from the town centre boundary.**

Town Centre Health Checks

7.21. **Recommendation 6. TCHCs should be continue to be undertaken for the City and Town Centres in Aberdeen City and, preferably also for the District Centres and also in Aberdeenshire, and should include a wider set of measures to identify change and assist development planning.**

Clustering of Non Retail Uses

7.22. **Recommendation 7. Policy should restrict non-retail uses in centres (and elsewhere) only insofar as they restrict changes of use to the categories of use identified in NPF4 Policy 27 c). Where proposals to these uses are proposed consideration needs to be given to both the adverse impact on the character and amenity of the area and also the extent to which the units would be able to provide a service to the local community (i.e. could it be considered that failure to provide the proposed service would have a negative impact on the local community).**

7.23. **Proposals for town centre and city centre living would be expected to be supported in principle subject to consideration of the impact of the developments on the operations/viability of existing town/city centre commercial uses and achievement of acceptable living standards for residents as well as other considerations normally considered as part of the determination of planning applications.**

Town Centres First/Sequential Approach

7.24. **Recommendation 8.**

- **In general the TCF approach set out in the two LDPs is preferred to that in NPF4 on the grounds that it better reflects the circumstances in the study area.**
- **A single TCF approach should continue to be applied that applies equally to all retail and other town centres uses that generate significant footfall. “Significant” is contextual and,**

given the range of potential range of town centre uses/developments it is not possible to state a threshold in terms of floorspace, however, by way of guidance retail developments >1000 sq m GFA could be considered to generate significant footfall (but this will, of course vary according to the type of retail proposed).

- **The TCF approach should include both a sequential approach and address the matters listed in NPF4 Policy 27 concerning: relationship to the network of centres; and demonstrate economic impacts; plus, insofar, as relevant to out-of-centre proposals, clear justification for out-of-centre proposals as set out in Recommendation 2. Matters identified in NPF4 Policy 27 specific to the proposed operator and/or business model are not considered appropriate.**
- **The sequence of preferred locations within the TCF should be, for developments/uses serving the regional market area:**

    1. **The City Centre (Core Retail Area for retail uses)**
    2. **Edge of City Centre (remainder of city centre for retail uses)**
    3. **Town Centres**
    4. **Edge of Town/Principal Town Centres (City/shire)**
    5. **Commercial Centres**
    6. **Out of Centre – which are easily/proposed to be made easily accessible by choice of modes of transport**

- **For other developments:**

    1. **City, Town (Principal and Other) and District Centres**
    2. **Edge of Town Centre**
    3. **Out of Centre – which are easily/proposed to be made easily accessible by a choice of modes of transport.**

- **Alteration of scale of development. In applying the TCF/sequential approach flexibility should be in accordance with that identified in the Supreme Court Tesco v Dundee City Council decision.**

Scale of Development

7.25. **Recommendation 8. As part of the Impact Test proposals should be assessed as to how the proposal could support the role of centres within the Network of Centres identified in the LDP.**

Drive Throughs

7.26. **Recommendation 9. The approach to the location of drive-throughs should reflect both the concerns highlighted in Policy 27 and government guidance/Chief Planner letter. A policy approach reflecting the principles identified in the main study report should be included within LDPs reflecting the principles set out above.**

Impact Test

7.27. **Recommendation 10. Impact tests for both retail and other town centres uses should continue to be required. By way of guidance it is recommended that retail developments >1000 sq m GFA should require some form of assessment of impact and for other non-retail town centre uses the same approach should be adopted as identified for the application the Town Centres First/Sequential Approach. Assessment of impact should include assessment of impact on the vitality and viability of centres, potential impact on access to local & rural retail/services and also the impact on the overall network of centres in Aberdeen City/Aberdeenshire. The level of detail required for the assessment will depend on the individual proposals reflecting both the scale and intensity of proposed development and the sensitivity of centres potentially affected. In general, detailed and comprehensive assessments of impact would be expected for retail or leisure development proposals of 2500 sq m GFA or greater.**

Rural Areas

7.28. **Recommendation 11. In Aberdeenshire consideration should be given to both encouraging and protecting rural shopping/services provision to enhance accessibility to services and facilities. It is recommended that this should reflect the principles set out above.**