

# **EASTBOURNE TOWN CENTRE LOCAL PLAN**

## **PROPERTY MARKET AND DELIVERABILITY OVERVIEW (2013)**

### **1 Introduction:**

1.1 David Lock Associates were commissioned in April 2009 to lead a consultant team in preparing an Area Action Plan for Eastbourne Town Centre (now the Town Centre Local Plan). BPS Chartered Surveyors, part of the consultant team, provided a preliminary property market overview in May 2009, principally focused on retail development, to inform preparation of the Plan. Valerie Conway, a chartered surveyor and property market expert was, at that time, a Partner at BPS. Valerie is now employed directly by David Lock Associates to provide property market advice on development potential and delivery, on a wide range of projects. Valerie has continued to monitor the property market situation within Eastbourne during the latter stages of the Plan's preparation and has prepared this note to provide an up-to-date overview, to inform consideration of the Plan at examination.

1.2 The prevailing economic environment and uncertain property market means that current development viability is largely un-provable. The purpose of the Town Centre Local Plan is to identify a spatial vision and set a policy context for the major opportunity sites in this important part of central Eastbourne. Early delivery will act as a catalyst for a wider regeneration programme over the period to 2027. It is therefore appropriate to assume that "more normal" property market activity will resume during the life of the plan. The key issue is to establish a strategy for a suitable and compatible mix of uses to enable a sustainable transformation of the key town centre sites, and to encourage its physical and operational linkage with the wider context, particularly the seafront.

### **2 The National Picture:**

2.1 The property market has been in recession since mid 2008, and continues to be hesitant as the recent economic failures in Europe impact on overall confidence. There are, however, promising signs of improvement, with strong activity in London and occupier demand reported to be increasing slowly in other major centres, coupled with evidence of additional letting activity in the commercial sector. Eastbourne is in the affluent south east, which has fared better than other locations. Eastbourne particularly benefits from its relative geographical isolation and lack of competition from

nearby comparable, commercial centres. That said, values have fallen and as for all other areas outside London, development activity remains slow.

2.2 There is however increasing pressure for development particularly as a result of unmet demand for housing. Action is also being taken to simplify and streamline planning processes, to encourage development and economic activity.

### **3 Property Investment:**

3.1 Market commentators are reporting an increase in the availability of debt finance (credit) in the first quarter of 2013[1] together with an increased appetite for property investment in the UK outside of London, as investors continue to see the UK as a safe haven. This is not yet reflected in performance, as evidenced by the largest yield gap ever reported between prime and secondary investment opportunities[2].

### **4 The Commercial Occupier Market:**

4.1 The retail sector remains contradictory: as occupiers such as HMV and Blockbuster have gone into administration there remains demand for well-configured retail units in good locations[3]. Structural changes are impacting on the retail market, with the increase in multi-channel retailing and the emergence of Click and Collect. This is however giving rise to new demand in itself. There remains a need for operators to trade up to modern floorspace, particularly in centres where the majority of retail space is in more traditional smaller single units, such as Eastbourne. The demand may not therefore arise from new trade, but from required improvements to the trading performance of existing businesses and anticipated improvements in consumer spending, post 2013.

4.2 The leisure sector is reportedly resilient [4], with positive activity in the hotel sector, with a rise in “staycations”, and strength in the restaurant (A3) sector [5].

4.3 The Office Agents Society is reporting underlying demand from occupiers for good quality office space, and that recently announced planning relaxations enabling the conversion of (mostly obsolete) office floor space for residential use will improve the overall quality of stock available and in the longer term reduce the quantity of available floor space which skews the market view on the deliverability of new office development. Take up for high quality space is reported to have strengthened during 2012, and in particular demand is evident for prime space for owner occupation. Major office developments remain reliant on pre-letting for commitment.

## **5 Residential Property:**

5.1 The Council of Mortgage Lenders [6] (CML) is reporting that increased availability of mortgages in the last 12 months has led to a positive impact on house purchase activity, particularly amongst first time buyers. The recently announced Help to Buy scheme is also anticipated to lead to even greater evidence of demand growth in 2014 and beyond. The Help to Buy initiative has also been welcomed by house builders, who have also reporting increased activity over the last six months.

## **6 Outlook:**

6.1 From a historically low point in property activity since the 1930's, there is now an awakening optimism in the marketplace, which has had to adapt and respond to the impact of the severe economic conditions of recent years. Signs are pointing to a slow but sustainable improvement across the UK property market. While growth remains patchy and viability fragile, flexibility and the ability to minimise risk will remain important in securing development and regeneration.

## **7 Eastbourne:**

7.1 Eastbourne is a relatively isolated commercial centre which relies largely on its own immediate catchment for its economic activity and commercial growth, together with the activity generated by tourism. Eastbourne is the largest single town economy in East Sussex [7] and the second fastest growing UK seaside resort.

7.2 As the sunniest place in the UK year on year, it attracts some 4.9 million visitors per annum, worth an estimated £346 million to the local business economy [7].

7.3. The town centre benefits from a diverse retail offer, spanning both the speciality and niche sectors and mainstream national multiples such as Marks & Spencer. Much of the existing retail stock is however in older more traditional buildings, particularly on the periphery of the town centre, which is no longer suitable to meet modern retailing needs. There is therefore a shortage of suitable stock to accommodate modern retailer demand.

## **8 Eastbourne's Commercial Property Market:**

8.1 In terms of retail property, Eastbourne's prime market is dominated by the

Arndale Centre, adjacent to Development Opportunity 1, where Legal and General has publicly announced its plans for a £65 million expansion offering 24 new shop units. Planning permission has been granted for the scheme which is due to be delivered in the immediately foreseeable future.

8.2 Stiles Harold Williams Eastbourne office has also recently reported a strong take up of shops in Eastbourne town centre, and growing confidence in the town from both external investors and local businesses.

8.3 According to the International Property Investment Network (IPIN), Eastbourne Property offers good investment opportunities [8], as evidenced by recent investment in properties around Terminus Road, where the new Patisserie Valerie is located, together with an increase in the take up of surrounding premises, and the recent sale of the 70 bedroom Claremont Hotel. IPIN reported that the number of commercial property transactions completed in Eastbourne in 2012 totalled more than the sales of the four previous years put together.

8.4 With regard to offices and employment uses, Eastbourne is home to a number of significant business occupiers including Gardners Books (the largest private employer in the town), Veritek Global – world leader in digital photo technology and health scanning machines, HMD Kontro and Alpha Laval – world leading advanced pump manufacturers, Teva Uk ltd boxed medicines suppliers and Jones Bootmaker whose head office is in Eastbourne.

8.5 Chaucer Business Park, built in 2010 during the height of the recession comprises 6 self contained office units, 5 of which were let or sold within a year of completion. This demonstrates that there is demand for quality employment space of the right size in Eastbourne, despite the wider economic challenges in the market. This is reinforced by Ross & Co Chartered Surveyors who have reported 3 office lettings in the first quarter of 2013, and demand for further space from occupiers.

8.6 With regard to leisure, Planning consent has been granted for Development Opportunity site 5 for hotel use. There is also reported demand for restaurant and other A3-5 class uses, as evidenced by recent lettings to Patisserie Valerie, a delicatessen and coffee shop. Whilst the leisure market nationally remains volatile, Eastbourne's location as a holiday destination ensures the resilience of the local leisure economy.

## **9 Eastbourne's Residential Property Market**

9.1. Local agents such as Reid and Dean are reporting increased activity in the residential market and more robust sales and rental levels. The Eastbourne market is also an ideal location for the growth area of assisted living residential care, which can include flatted developments in central locations, such as the types of residential mix identified for the opportunity sites.

9.2. The 2011 census indicates that Eastbourne has a lower than average representation of flatted residential stock than its surrounding area, and is particularly low compared to Brighton. This suggests that demand for flatted development suitable to town centre mixed use sites such as the identified opportunity areas is likely to return to strength more quickly here than in other areas.

## **10 Conclusions**

10.1. Whilst the ongoing economic uncertainty has no doubt impacted on the property market in Eastbourne, there are clear indicators that activity is increasing, and in particular that demand from commercial occupiers and residential purchasers is increasing.

10.2. This is evidenced by progress currently being made on two of the identified Opportunity Areas which have already secured Planning consent and are now moving into the delivery phase. This will help to underpin growing confidence to the wider Eastbourne market, and demonstrates the return of investor interest in the area. Furthermore, once these early phase developments are completed, the activity and improved environment they will generate will act as a catalyst for progress on the later phased sites. Whilst there is no guarantee of a return to more normal market conditions, it is anticipated that the later phases will come on stream in a more certain economic environment, or as a worst case in a market that has evolved to operate in an ongoing period of austerity. The property market is already adapting to changed circumstances, as evidenced by the recent emergence of a build to rent residential sector which over time is expected to reinforce demand for flatted development.

10.3. It is therefore our opinion that there is evidence to support a realistic likelihood that the identified Opportunity Areas will be delivered during the plan period.

- [1] Schroders UK Property Market Commentary March 2013
- [2] CBRE
- [3] IPIN and Jones Lang LaSalle
- [4] Schroders UK Property market Commentary March 2013
- [5] Fleurets market commentary 2012
- [6] CML Market Commentary April 2013
- [7] Eastbourne and District Chamber of Commerce
- [8] IPIN report 4/2/13