Notting Hill Gate

Analysis of Available Retail Evidence

August 2013

THE ROYAL BOROUGH OF
KENSINGTON
AND CHELSEA

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1. Introduction

This desk top study examines available evidence on the retail performance of Notting Hill Gate to support production of a Supplementary Planning Document for the centre. The study aims to establish the current performance of the centre and opportunities for the future.

It has been prepared by the Royal Borough of Kensington and Chelsea, based on two main sources of data:

1. Findings from the survey of all higher order town centres that is conducted annually by the Council as part of the Annual Monitoring Review. This data was collected in summer 2013.
2. GLA Town Centre Health Check 2013

2. Core Strategy

The RBKC Core Strategy, adopted in 2010, identified:

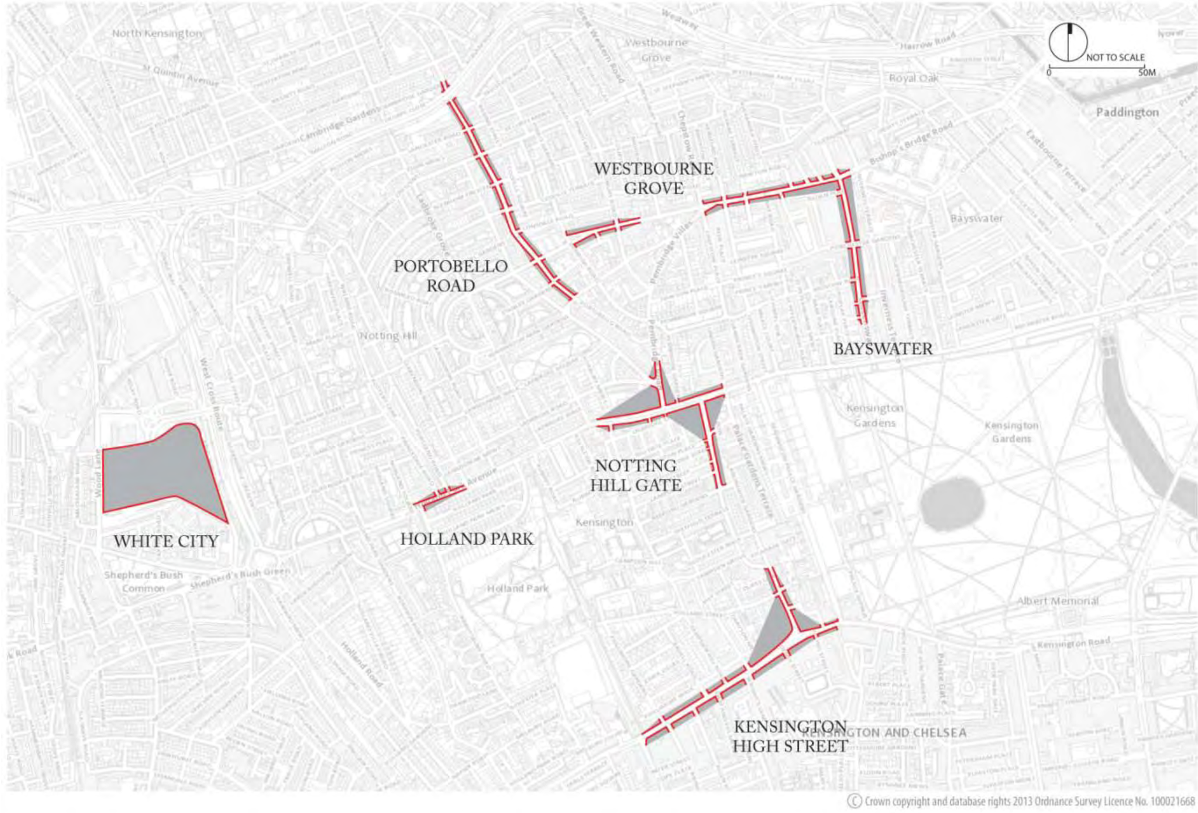
"16.1.2 The centre once had a 'bohemian' character. However, apart from being a gateway to Portobello Road, the only remnants of this past are the antique shops along Kensington Church Street, boutiques along Pembridge Road, the Coronet and the Gate cinemas and the Gate Theatre.

16.1.3 The centre has always had a retail function, although it has struggled to find its identity against strong competition from the high quality local shops along Holland Park Avenue and the wider Notting Hill retail offer. The centre benefits from a good mix of uses, including retail throughout, a valued Saturday Farmers' Market,...

16.1.4 The centre is increasingly dominated by a proliferation of poor quality fast food outlets, bureaux de change and estate agents, which have a negative effect on the centre. It is widely accepted that the place lacks a clear function and identity, especially as a centre with high quality local shops and restaurants, which cater for the local community.

The Vision for Notting Hill Gate in 2028 in the Core Strategy (**CV 16)** states:
"Notting Hill Gate will be significantly strengthened as a District Shopping Centre, with improved shops and restaurants that reflect the needs of the local catchment. Boutiques and premium-quality retailers will become a feature of the area, as they are in Kensington Church Street and Pembridge Road. The centre will continue to be a major office location. Notting Hill has a long-standing reputation for arts and culture; Notting Hill Gate will capitalise on this in developing the arts and cultural offer..."

2. Retail benchmarks



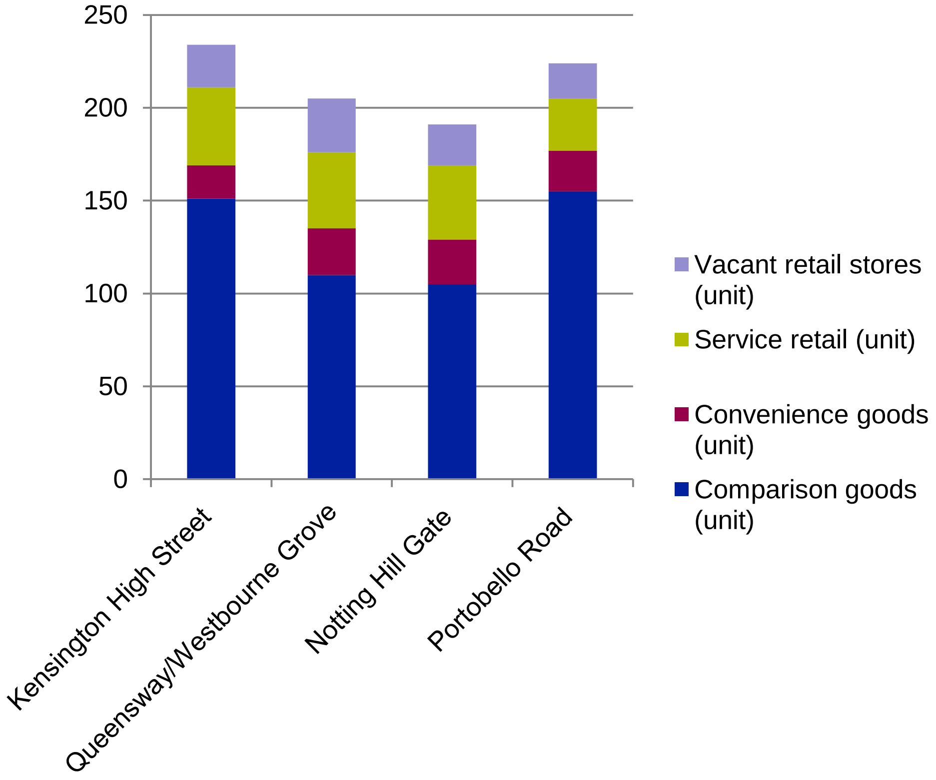
Shopping Centres Plan
Map of competing centres

At its southernmost tip, the boundary of Notting Hill Gate is less than 150 metres away from the boundary of the northern edge of Kensington High Street, while Portobello Road, Westbourne Grove and Holland Park are within five minutes walk, and he huge Westfield London Shopping Mall is two tube stops, or a short bus ride away, at White City.

The closeness of these competing centres affects the nature of the shops and services that are provided in Notting Hill Gate, so Kensington High Street, Queensway / Westbourne Grove and Portobello Road have been used as benchmarks against which to compare the relative performance of Notting Hill Gate. This approach helps to understand how the town centre functions currently and identify opportunities to strengthen its performance in the future.

3. Retail floorspace

3.1 Total number of retail units

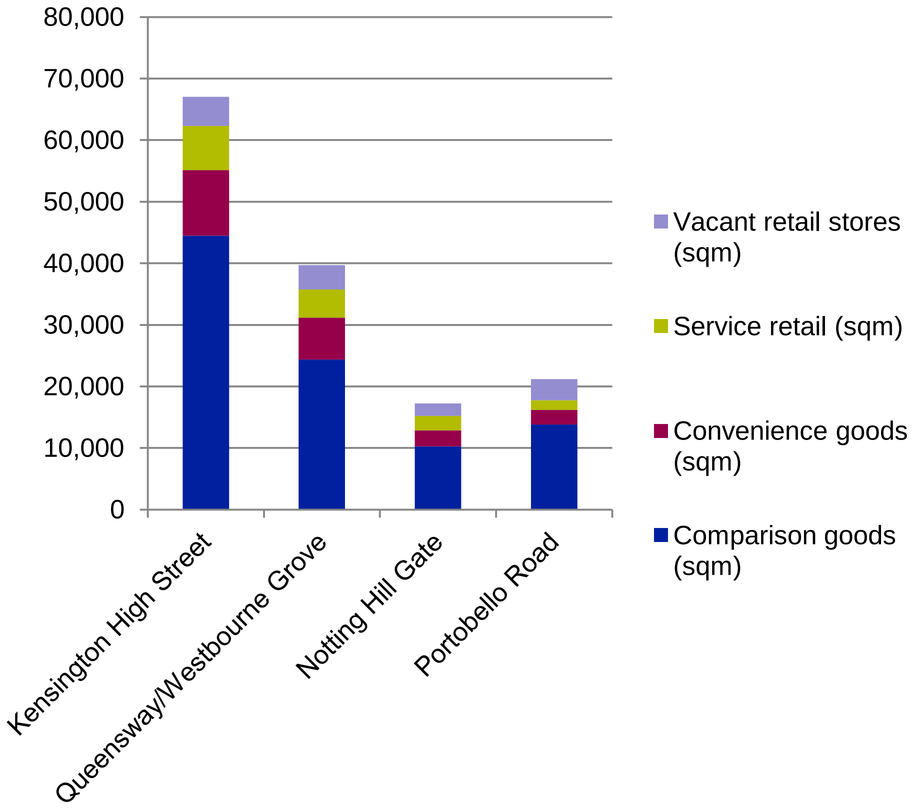


	Comparison[1] goods (unit)	Convenience[2] goods (unit)	Service retail[3] (unit)	Vacant retail stores (unit)
Kensington High Street	151	18	42	23
Queensway/Westbourne Grove[4]	110	25	41	29
Notting Hill Gate	105	24	40	22
Portobello Road	155	22	28	19

Source: RBKC Town Centre Survey 2013

[1] **Comparison goods** non-perishable physical goods like clothes, electrical items and furniture. They are bought infrequently and the buyer usually makes a comparison before purchasing.
[2] **Convenience goods** are purchased on a regular basis, and are likely to be perishable e.g. food.
[3] **Service retail** is defined as goods which are traded with no physical form such as hairdressers, beauty salons, banks and estate agents.
[4] As this centre spans RBKC and Westminster the figures used have been taken from the Preliminary GLA Town Centre Health Check 2013

3.2 Total gross retail floorspace (sqm)



	Comparison goods (sqm)	Convenience goods (sqm)	Service retail (sqm)	Vacant retail stores (sqm)	% Vacant
Kensington High Street	44,506	10,622	7,182	4,749	7%
Queensway/Westbourne Grove	24,360	6,791	4,606	3,930	10%
Notting Hill Gate	10,264	2,630	2,335	2,017	12%
Portobello Road	13,796	2,406	1,542	3,455	16%

Source: Preliminary GLA Town Centre Health Check 2013 (based on GOAD data)

Notting Hill Gate is smaller than the surrounding benchmark centres both in terms of shop units and retail floorspace. It also has a lower proportion of comparison retailing (in terms of floorspace) than these neighbouring centres. This indicates that the centre serves local day to day needs of residents and office workers, rather than attracting shoppers from further afield.

4. Vacant Units

Retail vacancy levels	Centre Vacancy rate (2011) (all ground floor units)	Vacancy rate (2012) (all ground floor units)	Vacancy rate (2013) (all ground floor units)
Notting Hill Gate	5.7%	3.8%	6.1%
Borough average (higher order centres)	6.2%	5.2%	6.2%

Source: RBKC Annual Monitoring Review 2012 and Town Centre Survey 2013

The Council's Annual Monitoring Review indicates retail vacancy rates within Notting Hill are very similar to the Borough average at 6.1%. This is significantly below both the vacancy rate of approximately 10 % across London's town centres, and the national average of 14.1%.[5] A 5% vacancy rate is expected to allow for natural churn within the market as businesses open, close and relocate. This indicates that there is demand for retail premises in Notting Hill Gate and implies that the centre is thriving.

5. Size of retail units

	Total sqm	Total no. for stores	Average size sqm
Kensington High Street	67,059	256	262
Queensway/Westbourne Grove	39,687	205	194
Notting Hill Gate	17,246	171	101
Portobello Road	21,199	224	95

Source: Preliminary GLA Town Centre Health Check 2013 (based on GOAD data).

Average retail units are significantly smaller in Notting Hill Gate than most of the benchmark centres, although they are even smaller in Portobello Road.

Further analysis of the retail units within Notting Hill Gate shows that most single units were built at around 80 sq m (The GLA identify 80 sq m as the maximum size for a small retail unit), although some larger premises have been formed by combining units. Larger units are concentrated in the western half of the town centre, and particularly in the buildings that were constructed in the 1950s. The average floorspace is greater than 80 sq m in this part of the town centre.

No multiple retailers (A1 uses) operate from units of less than 90 sq m. Occupiers who trade from units below 90 sq m are generally selling food or drink for consumption off the premises, or do not need to hold much stock (e.g. hairdressers, or key cutting services) or, like coffee shops their customers do not stay long.

[5] Source: The Local Data Company June 2013.

This indicates that there are plenty of smaller units in Notting Hill Gate, and if there is any additional retail provision the requirement may be for larger units.

6. Affordability

The GLA London Small Shops Study 2010[6] provides guidance on assessing the need for affordable shops. This study suggests that for a small independent business an affordable retail rent is one of £50,000 or less, although affordability will vary between centres and in locations where footfall is low may be less than £25,000 pa. Clearly footfall in Notting Hill Gate is relatively high so an affordable rent in Notting Hill Gate would be closer to £50,000.

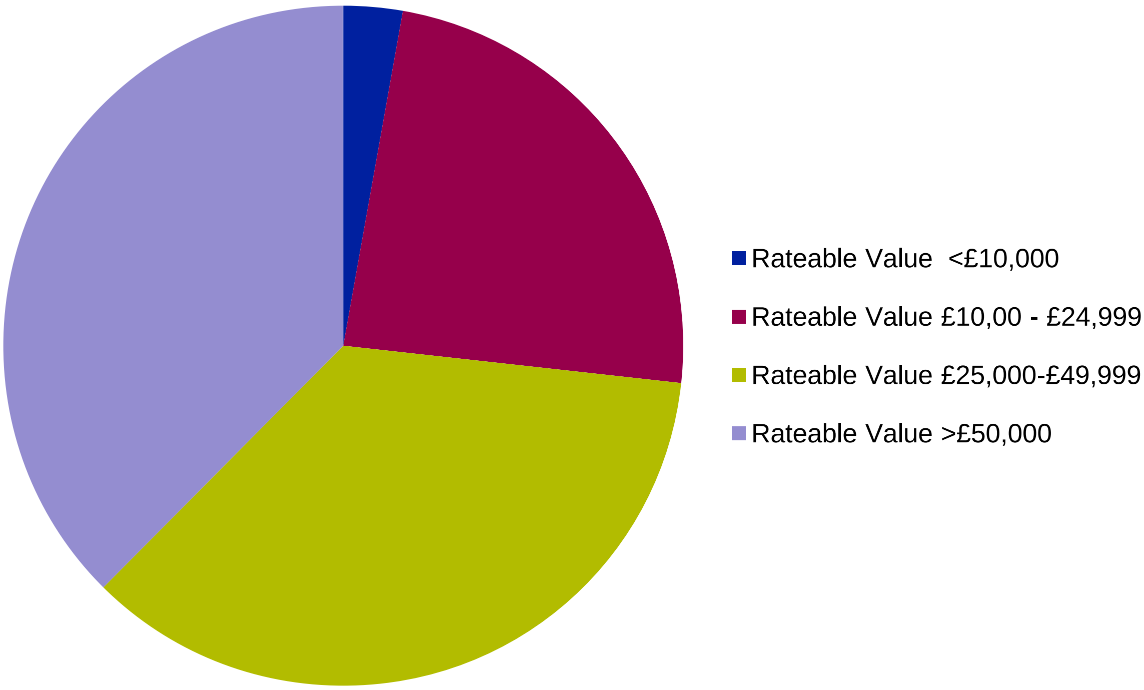
Assessment of Rateable Values[7] in Notting Hill Gate, which are the VOA's assessment of market rents, shows that nearly 3% have a Rateable Value of less than £10,000 (these units are located in Pembridge Road and Kensington Church Street), 24% of units have a rateable value of less than £25,000 and only 37% of units have rateable values over £50,000.

This suggests that there is no requirement to provide affordable retail units in Notting Hill Gate.

[6] http://www.london.gov.uk/shaping-london/london-plan/docs/london-small-shops-study.pdf

[7] Rateable value represents the open market annual rental value of a business/ non-domestic property.

Rateable values for shops in Notting Hill Gate



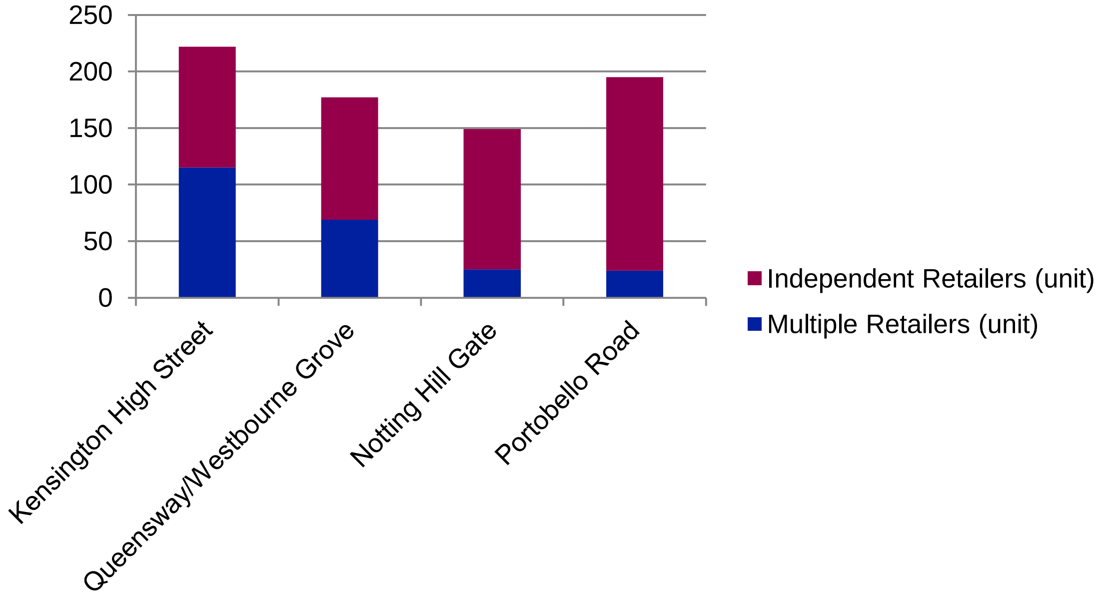
Source: RBKC Ratings List 2012

7. Retail mix

Source: RBKC Shopping Map Notting Hill Gate www.rbkc.gov.uk/visit

This map is designed to promote the Borough's shopping centres to visitors and shows shops in red and cafes, restaurants and bars in yellow. These are defined as the public would understand them, not according to the Planning Use Class Order.

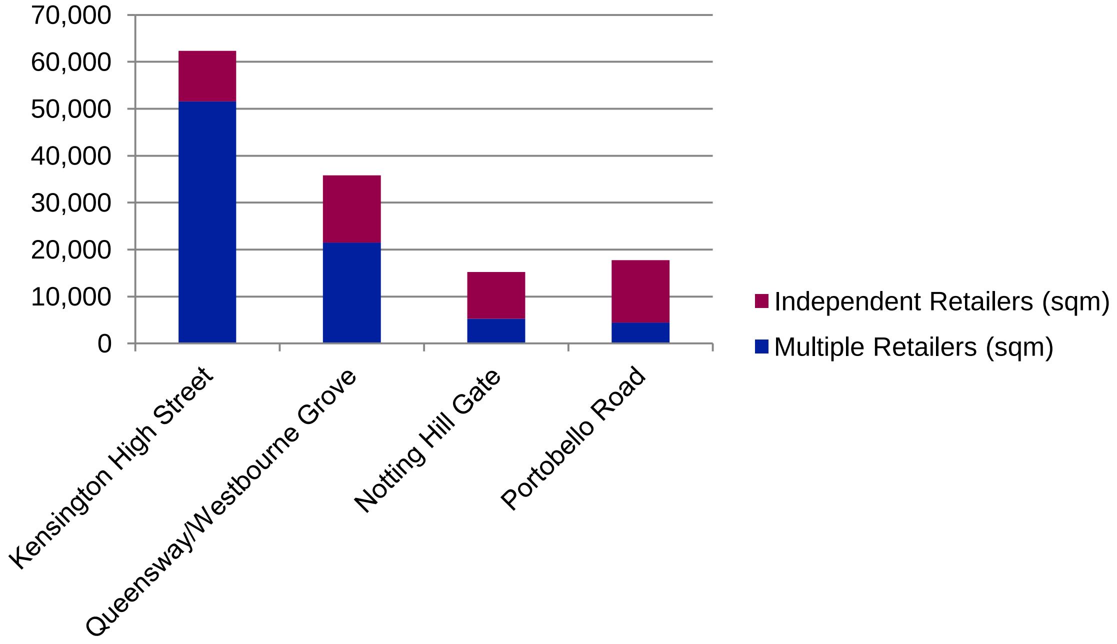
7.1 Independent versus multiple retailers – number of units



	Multiple Retailers (unit)	Independent Retailers (unit)	% Multiples
Kensington High Street	115	107	52%
Queensway/Westbourne Grove	69	108	39%
Notting Hill Gate	25	124	17%
Portobello Road	24	171	12%

Source: Preliminary GLA Town Centre Health Check 2013 (based on GOAD data).

7.2 Independent versus multiple retailers - floorspace



	Multiple Retailers (sqm)	Independent Retailers (sqm)	% Multiples
Kensington High Street	51,582	10,728	83%
Queensway/Westbourne Grove	21,520	14,265	60%
Notting Hill Gate	5,249	9,980	35%
Portobello Road	4,459	13,285	25%

Source: Preliminary GLA Town Centre Health Check 2013 (based on GOAD data)

7.3 Proportion of multiple occupiers – change over time

	Multiples (% of occupied ground floor units)			
	2010	2011	2012	2013
Notting Hill Gate	30%	30%	29%	28%
Kensington High Street	48%	50%	45%	42%
Portobello Road	13%	15%	14%	13%
Westbourne Grove	31%	46%	41%	35%
Borough average (higher order centres)	22%	21%	25%	28%

Source: Annual Monitoring Review 2012 and Town Centre Survey 2013

Contrary to general perception Notting Hill Gate has a lot of independent retailers[8] and they occupy the majority of the retail space. These include an independent chemist, a hardware store, a fishmonger and a farm shop that are highly valued by local residents. There are significant clusters of antiques shops and galleries in Kensington Church Street and specialist second hand book, music and vintage clothing shops, and fashion boutiques along Pembridge Road.

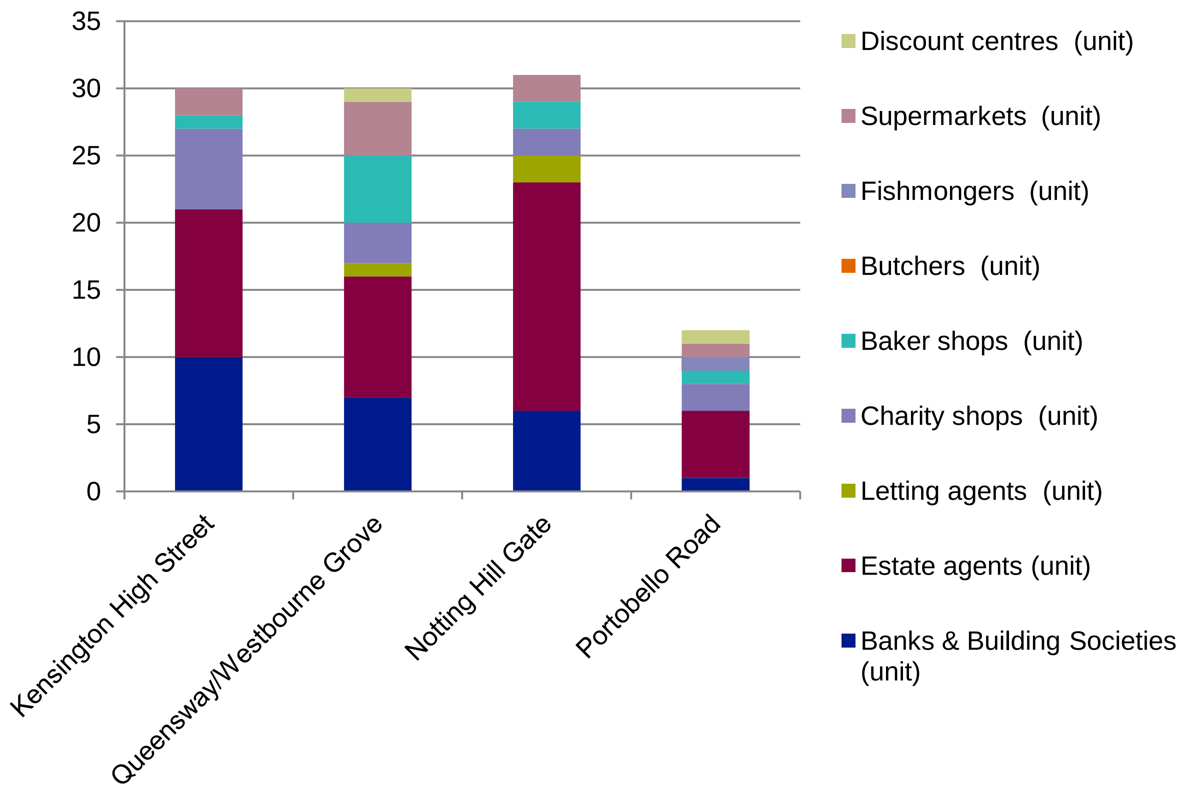
In addition a Farmers' Market operates in the car park behind Newcombe House on Saturdays. This is likely to require re-location if Newcombe House is redeveloped. Possible new sites are behind Astley House or the wider pavement outside Boots and Tylers. Alternatively it could be relocated to Kensington High Street.

The proportion of multiple retailers in Notting Hill Gate is close to the average for the Borough's higher order centres. There is a Tesco supermarket and a Marks and Spencer's food store and recently Jamie Oliver's Recipease, selling prepared food, cookery ingredients and utensils and offering cooking lessons, has opened on the corner of Pembridge Road providing a new draw for the centre.

Unusually the centre's multiple retailers are not in the clothing and footwear sector, where only Gap and Phase Eight are represented. This is a reflection of the strength of the clothing and footwear offer nearby in Kensington High Street, Queensway/Westbourne Grove, Portobello Road and Westfield White City. As a result Notting Hill Gate is unlikely to attract more fashion shops.

[8] An independent retailer is defined as being a sole operator or one within a chain of nine units or less.

7.4 Range of shops



	Total number of shop and 'service retail' units.	Banks & Building Societies (unit)	Estate agents (unit)	Letting agents (unit)	Charity shops (unit)	Bakers (unit)	Butchers (unit)	Fishmongers (unit)	Supermarkets (unit)	Discount centres (unit)
Kensington High Street	210	10	11	0	6	1	0		2	0
Queensway/ Westbourne Grove	78[9]	7 (0)	9 (5)	1 (0)	3 (0)	5 (1)	0	0	4 (0)	1 (0)
Notting Hill Gate	169	6	17	2	2	2	0	0	2	0
Portobello Road	205	1	5	0	2	1	0	1	1	1

Source: RBKC Town Centre Survey 2013

The GLA Town Centre Health Check identifies certain types of shop that can define the nature of a retail centre. It shows Notting Hill Gate has a significantly higher

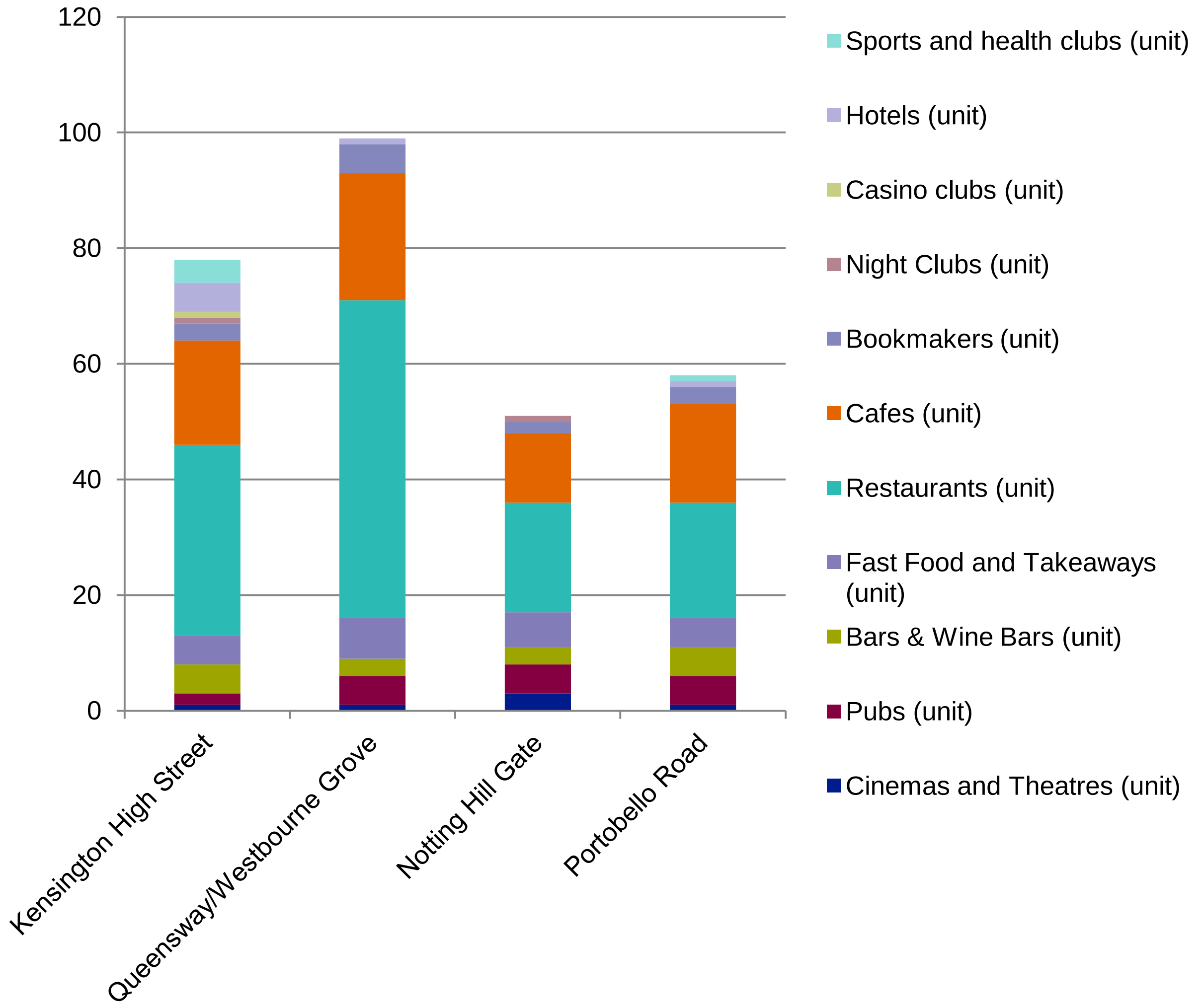
[9] This only includes that part of the centre which lies in the Royal Borough. The figures in brackets relate to uses within the Royal Borough.

number of Estate Agents and Letting Agents than the surrounding centres, reflecting the local prime residential market.

Like the other centres Notting Hill Gate lacks a butcher, although there is a fishmonger which has not been picked up by the GLA Town Centre Health Check, as it is part of a restaurant. There is a very high quality butcher, Lidgates, in Holland Park neighbourhood centre nearby so it probably unrealistic to expect one to be provided in Notting Hill Gate. Overall the high quality neighbourhood retail offer available at Holland Park makes it unlikely that Notting Hill Gate can develop further as a high quality convenience shopping centre, although another small supermarket might be accommodated preferably to the eastern end of the centre.

The quality of the future retail offer in Notting Hill Gate will be dependent upon how the landowners work together to ensure that the centre provides a retail mix that fully meets the needs of local residents, office workers and visitors. Given the strong competition in both comparison and convenience retailing, for Notting Hill Gate to have an improved offer, it will need to find a niche market to fulfil, as it is unlikely to emerge as a high quality comparison shopping centre.

8. Leisure, culture and arts – the evening economy



	Cinemas and Theatres (unit)	Pubs (unit)	Bars & Wine Bars (unit)	Fast Food and Take aways (unit)	Restaurants (unit)	Cafes (unit)	Book makers (unit)	Night Clubs (unit)	Casino clubs (unit)	Hotels (unit)	Sports and health clubs (unit)
Kensington High Street	1	2	5	5	33	18	3	1	1	5	4
Queensway / Westbourne Grove	1	5	3	7	55	22	5	0	0	1	0
Notting Hill Gate	3	5	3	6	19	12	2	1	0	0	0
Portobello Road	1	5	5	5	20	17	3	0	0	1	1

Source: Preliminary GLA Town Centre Health Check 2013 (based on GOAD data).

Notting Hill Gate has quite a strong identity as a cultural centre based around the Gate and Coronet Cinemas and the Gate Theatre, which specialises in producing international work. This is a real strength compared to surrounding centres which could be built upon.

The centre also has a thriving evening economy with many cafes and restaurants and three clubs the Notting Hill Arts Club, Blagclub, and the Gate club. Although many of the multiple cafes and restaurants are brands which are more characteristic of a transport interchange, an office centre or a tourist attraction and do not appear a good fit with a premier residential location.

9. Requirement for additional retail floor space

The Borough's retail and leisure need report was published in July 2008, based on data collected in 2006 and 2007, before the recession. It was also based on Experian's predictions on special forms of trading (largely retail sales via the internet) for 14.4% of comparison retail sales by 2013 and beyond. The latest GLA Retail Needs Assessment (when confirmed) is likely to increase the forecast proportion of comparison goods retail sales via internet from 14% to 21% by 2021/2026. This, coupled to the continuing effects of the recession, is likely to reduce overall projected retail need in London. However, the Royal Borough is expected to buck this general trend and see a projected increase in floorspace requirement. This reflects both the wealth of many living in and close to the borough and the large numbers of visitors the borough attracts.

9.1 Need for comparison retail floorspace.

The low growth projections in the Borough's Retail Needs Assessment are "the most realistic for planning purposes". These identify a need for 4,500 sq m of additional floor space across the borough 2008 to 2012 and 20,500 sq m 2008 to 2015. The assessment includes further predictions from 2008 to 2020 of 52,250 sq m. but this is much more uncertain.

The need is divided into three areas, north, central and south Kensington and Chelsea. The vast majority of growth was predicted to be within the southern centres. Notting Hill Gate falls within central and north. There is very little demonstrable need for new floor space for central and north to 2015. This is predicted to rise a little to 2020, but these figures need to be treated with caution and, for this reason, they were not included within the Core Strategy.

9.2 Comparison retail floorspace projections central and north RBKC

2008 to 2012	reduction of 4,250 sq m
2008 to 2015	need of 500 sq m
2008 to 2020	need of 10,000 sq m.

Much of the need within the south could be accommodated within existing centres by reducing vacancy rates and by the implementation of retail development within or on the edge of main centres in the south.

This means there is little or no identified need for additional comparison retail floorspace in Notting Hill Gate.

9.3 Need for convenience floorspace RBKC

The assessment of need for convenience floorspace is borough-wide, not by area.

2008 to 2012	need of 2,200 sq m
2008 to 2015	need of 3,600 sq m
2008 to 2020	need of 5,800 sq m

These figures are not large, and 1,200 sq m of the Lots Road centre needed to be subtracted from them. The conclusion was that “vacant units within main and local centres should be sufficient to meet the projection for both small shops and small supermarkets”. The Core Strategy noted that the identified convenience need would be accommodated in the new centre in Earl’s Court and the new Neighbourhood Centre around Latimer.

10. Conclusions

The main findings of this report are:

- Notting Hill Gate experiences strong comparison retail competition from centres nearby in: Kensington High Street; Portobello Road; Westbourne Grove and Westfield London Shopping Mall.
- Notting Hill Gate is smaller than these surrounding centres both in terms of shop units and retail floorspace. It also has a lower proportion of comparison retailing in terms of floorspace. This indicates that the centre serves the day to day needs of residents and office workers, rather than attracting shoppers from further afield.
- The retail vacancy rate at 6.2% is low indicating there is demand for retail premises in Notting Hill Gate and implying the centre is thriving.
- With and average unit size of 101 sq m there are plenty of smaller shop units in Notting Hill Gate suggesting that if there is any additional retail provision the requirement may be for larger units.
- Analysis of Rateable Values indicates that only 37% of retail units in the area would be unaffordable for small independent businesses. This suggests that there is no requirement to provide affordable retail units in Notting Hill Gate.
- Contrary to general perception Notting Hill Gate has a lot of independent retailers and they occupy the majority of the retail space. This is especially the case in Kensington Church Street and Pembridge Road.
- Notting Hill Gate has a significantly higher number of Estate Agents and Letting Agents than the surrounding centres, reflecting the super prime local residential market.

- The proportion of multiple retailers in Notting Hill Gate is close to the average for the Borough's higher order centres but unusually the centre's multiple retailers are not in the clothing and footwear sector.
- There is an opportunity for landowners to work together to ensure that the centre provides a retail mix fulfils a market niche that fully meets the needs of local residents, office workers and visitors.
- Another small supermarket might be accommodated.
- Notting Hill Gate has quite a strong identity as a cultural centre based around the Gate and Coronet Cinemas and the Gate Theatre. This is a real strength compared to surrounding centres that could be built upon.
- The centre also has a thriving evening economy with many cafes and restaurants and three clubs. Although many of the multiple cafes and restaurants are brands which are more characteristic of a transport interchange, an office centre or a tourist attraction and do not appear a good fit with a premier residential location.
- The Borough's Retail Needs Assessment (based on 2006/7 data) identified very little demonstrable need for new comparison floor space in the north and centre of the Borough to 2015. This was predicted to rise a little to 2020, and the latest GLA projections to 2026 indicate increased need, although this has not been quantified. Similarly the Borough wide predicted need for convenience retail concluded vacant units should be sufficient to meet projections for both small shops and small supermarkets.

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