



Report of the Cabinet Member for Investment, Regeneration, Events and Tourism

Service Improvement Regeneration and Finance Scrutiny Performance Panel
6th August 2024

City Centre Retail

Purpose	To brief the Panel on the status of retail in the City Centre according to several key areas of interest.
Content	The report reflects on the Retail and Leisure study conducted by JDM, the performance of Swansea Market, details of footfall and customer spend during 2022 and 2023, the impact of the opening of Swansea Arena, the current position regarding the former Debenhams store and an update on the green living wall proposed by The Dragon Hotel.
Councillors are being asked to	Note the information provided.
Lead Councillor	Councillor Robert Francis-Davies, Cabinet Member for Investment, Regeneration, Events and Tourism
Lead Officer	Phil Holmes, Head of Planning & City Regeneration
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1. Background & Context

- 1.1 This report follows on from the report that was presented to the Panel in November 2022 and specifically the key areas of interested highlighted by group members.
- 1.2 Since the last report, significant progress has been made in the continued delivery of a City Centre led regeneration programme worth over £1bn.
- 1.3 Swansea Arena, the city's new coastal park and the landmark bridge over Oystermouth Road have been completed and work to finish the major new office development at 71/72 Kingsway is nearing completion. Led by the

Council and part-funded by the Swansea Bay City Deal, that scheme will create space for 600 jobs.

- 1.4 Work led by the Council to restore and reopen the historic Palace Theatre building on High Street as a shared workspace scheme is also nearing completion, and the transformation of the former BHS unit on Oxford Street into a public services hub called 'Y Storfa' is progressing at pace. Once complete in 2025, that development will be home to Swansea's main library, the West Glamorgan Archive Service and a number of other public-facing council services. Non-council services there will include the Swansea's Careers Wales service and Citizens Advice Swansea Neath Port Talbot.
- 1.5 Following the Council's original contractor for the Copr Bay scheme going into administration, a new contractor is now on board to carry out finishing works there.
- 1.6 A huge amount of investment by the private sector is taking place too. This includes Princess Quarter on Princess Way, the living building at Picton Yard and a number of other investments to create new homes and bring empty units back into use in the City Centre core.
- 1.7 A next phase of transforming the City Centre will soon be unfolding too. Swansea's award-winning market will benefit from new entrances and works to revamp Castle Square into a greener focal point will be starting later this year.
- 1.8 A public sector hub is also being proposed for the development site in the area of the former St David's Shopping Centre as part of a partnership scheme between the Council and long-term regeneration partners, Urban Splash. The public sector hub will also enable the redevelopment of the Civic Centre. The plan is for hundreds of council staff to be located at the public sector hub, as well as workers from other public sector organisations. Consultation on the proposal is due to take place in August.

2. Briefing/ Main Body of Report

2.1 Retail and Leisure Study

- 2.1.1 A specialist retail and leisure consultancy JDM retail were commissioned by Swansea Council at the end of last year to conduct a detailed review of the retail and leisure offer in the City Centre. This study has identified gaps in the range of retail and leisure occupiers and recommended a comprehensive spatial strategy to optimise the retail mix. This work is being used as baseline information to inform the preparation of a new strategy for the City Centre, also to be known as a Placemaking Plan which will replace the current Swansea Central Area Regeneration Framework which has previously guided investment in regeneration since 2016.
- 2.1.2 The new Swansea Central Area Placemaking Plan will present a new vision for the City Centre and identify new development zones and a deliverable action plan. It will make the best of the city's unique qualities with a range of medium/ long term actions and short-term interventions, with the aim of making it a better place to live, work and spend leisure time. Further public and stakeholder engagement will be taking place on this plan in the coming weeks.

2.2 Swansea Market

2.2.1 Swansea Market continues to perform strongly across occupancy and footfall indicators.

2.2.2 Occupancy is currently 94% which is well above the national average of 72% (Source: *National Market Traders Federation/NMTF*). There are currently 6 vacant stalls. Applications are being progressed on 3 of these stalls.

2.2.3 There is healthy interest in the Market as a place to trade and applications are reviewed according to the Market's Lettings Strategy, which seeks to attract new business products and services not currently represented in the Market.

2.2.4 Footfall continued to grow in the Market in 2023 with its COVID recovery efforts, including a successful grant-funded events programme. Footfall increased year on year by 4% (121,271).

2.2.5 Week commencing 18 December 2023 achieved the highest footfall (102,244). This was just 9% lower than the busiest week in 2019.

2.2.6 Footfall data does not indicate that car parking charges or special offers have had any effect on customer numbers. However, the special offers have been well-received by traders.

2.2.7 Swansea Market is well respected across the sector. In January 2024, Swansea Market won Britain's Best Large Market award for the third time. Officers were also invited to present at the annual NMTF conference in April 2024 to share initiatives and best practice during which the Swansea Market Supervisor was awarded Market Manager of the Year.

2.2.8 Following on from the installation of public toilets and opening of The Market Garden communal seating, eating and events space in the centre, works are advancing to upgrade the Market's external entrances. These works collectively represent an investment of around £1.1 million in the Market with core and external funding.

2.3 Footfall & Customer Spend

A. Footfall Data

2.3.1 Under a contract with MRI Software the Council has footfall cameras located at the junction of Oxford Street/ Princess Way, Lower Oxford Street, St Mary's Street and Wind Street. The data derived from these cameras together with that from a wide range of other retail destinations across the UK is used to help understand footfall performance over time on a local, regional and national basis.

National Trends

2.3.2 MRI published their annual report 'The Year That Was 2023' in February this year which sets out the following headlines mainly relating to footfall trends across the UK as well as the key considerations that affected performance.

+ Footfall over the 12 months from January to December 2023 remained **+3.3%** higher than 2022 levels but still **-11.5%** lower than 2019. This is an improvement from 2022 when the year ended **-14.2%** lower than 2019.

+ Footfall recovery varied across the UK with Northern Ireland witnessing the most

significant uplift at +5.5% compared to the more modest rise of +0.5% observed in the West Midlands and around a +3% uplift in Wales.

+ The data from January to December 2023 revealed sales across all retail categories were on average **+1.6%** higher than 2022.

+ In the last 12 months, consumers preferences for online shopping rose to 58% of those surveyed in October 2023 from 49% six months earlier in May 2023.

+ Rising interest rates and escalating household bills for consumers placed considerable strain on both individual households and the retail and leisure sector.

+ 2023 was affected by the closure of several prominent bricks and mortar stores such as Wilko and Argos.

+ The UK faced seven storms in the space of four months (September to December), combined with ongoing rail strikes and disruption and the impact of hybrid working affecting our towns and city centres.

Local Trends

2.3.3 Looking specifically at Swansea's footfall, the graph below compares the annual performance in months of the City Centre (9am-5pm) from January 2022 until December 2023.



2.3.4 This data shows an overall a pattern of improved performance from 2022 (**4,054,759**) to 2023 (**4,181,620**) at **3.2%**.

2.3.5 The management team at the Quadrant Shopping Centre report an even better annual picture of footfall between 2022 and 2023 with footfall increasing at the Centre by **4%** year on year.

2.3.6 Looking at the data from the external cameras in more depth, whilst the weeks in January after Christmas are clearly quieter each year, the best performing weeks. In 2022 was Week 22 (30 May – 5 June) at **97,808** and in 2023 it was Week 24 (12 June – 18 June) at **99,440**.

2.3.7 June 2023 was the busiest month overall since January 2022 at **448,342** visitors. Analysis of 2022 shows December outperformed the previous months at

435,138 and during 2023 May was the month seeing the highest footfall recorded at **371,645**.

B. Customer Spend

2.3.8 The Council does not hold any current information relating to evidence of customer spend.

2.3.9 The Council was approached recently by a retail insights company Beauclair about setting up a subscription. This was however discounted on the basis of the set up and ongoing costs which were between £15,750 and £21,450 in year 1.

2.3.10 Sales information from the management team at the Quadrant Shopping Centre is however available. This shows sales within the Centre saw a **17%** year-on-year increase in December 2023, significantly outperforming the UK's average uplift of 1.7%.

2.4 Swansea Arena

2.4.1 As part of the £135m Copr Bae district, Swansea Arena was developed by the Council and leased and operated by ATG entertainment. Since opening in March 2022 and up until April 2024, over **350,000** visitors have attended a variety of shows, conferences, and sports events. In addition, the Arena now hosts Swansea University graduation ceremonies. Artists who have already performed at the Arena include John Bishop, Michael McIntyre, Alice Cooper, the Hollywood Vampires and Katherine Jenkins. West End productions including Jersey Boys, Six, Bat Out of Hell and The Musical.

2.4.2 According to ATG, their first-time booker rate represents a healthy 58.23% of the audience which is made up of patrons from all walks of life which points to the affordability of the price-point during these challenging financial times.

2.4.3 In terms of regional audiences and audiences from further afield, around 70% of the audience are from within the SA postcode area (which extends to Aberaeron and Haverfordwest) and there is a particularly pronounced audience to the west of the region.

2.4.4 The remainder of the audience is strongly CF postcodes, with some notable audience groups from Gloucester, Bristol. Shrewsbury, Swindon, Exeter, Reading and Plymouth postcodes to name a few.

2.4.5 Beyond the UK out wider, The Arena also attracts an international audience which is predominantly from the United States, Germany, Australia and Ireland.

2.4.6 Now fully developed, the Copr Bae district is a key attractor and has increased interest in Swansea evidenced by the level of inward investment and development across the city. To reinforce its position, in October 2022, The Estates Gazette, a specialist property publication, shortlisted Swansea with three other UK centres for the City of the Year award for its wider regeneration. The Arena and wider Copr Bae development has been a catalyst for development raising developer and investor confidence together with local retailer support.

2.5 Former Debenhams Store

2.5.1 Debenhams traded in Swansea City Centre for more than 42 years as the Quadrant's anchor store and was a key link in Swansea's wider retail circuit, alongside M&S and Primark before its corporate collapse in late 2020. The store closed permanently in mid-May 2021.

2.5.2 The freehold of the Quadrant is owned by the Council, with the long leasehold interest being held by Coal Pension Fund, represented by fund manager De'Lancy. The Council benefit from receiving 33.33% of the net rents received from the asset and De'Lancy the remaining 66.66%. The Head Leasehold interest of the Quadrant has recently been marketed and we understand is currently under offer.

2.5.3 The department store's closure, together with the loss of the corresponding local jobs, is one of the most significant events to disrupt retailing in the City Centre. To provide confidence to the market and local traders, the Council with the assistance Welsh Government grant support, purchased the store in May 2023.

2.5.4 Since that time the Council has undertaken numerous surveys and instructed specialist agents to prepare a letting strategy to occupy the vacant space. The agents have subsequently held discussions with interested parties for various uses, including single occupation to a mix of tenure and uses. A number of these discussions are at an advanced stage and further detail will be provided once the interests are secured. In the interim the holding costs have been budgeted and regular inspections are taking place for insurance purposes. As shown below, artwork has also been installed to the building facades to make them more colorful and attractive.



Before treatment



After treatment

2.5.5 The acquisition of the former Debenhams store by the Council and letting to quality tenants will contribute towards stabilising the retail market in the City Center and the Quadrant whilst response to the difficulties being experienced in the retail

sector nationally. It will also address the Council's corporate priority of creating a vibrant and viable city center and a healthy economy.

2.6 Dragon Hotel Green Living Wall

2.6.1 Following extensive work with the owners of the Dragon Hotel, planning as now been approved for a multifunctional biodiverse modular system green wall system to the front façade of the hotel, on top of replacement windows, to improve the overall appearance of the building.

2.6.2 The installation of the green wall system is scheduled for summer of 2024.

3. Conclusions/ Key Points Summary

3.1 The report demonstrates continued momentum in the delivery of the Council's regeneration ambitions and positive action in key areas of interest from the Panel relating to City Centre retail. This includes the development of a Placemaking Plan which will set future strategy, the strong performances of Swansea Market and The Arena and the proactive measures being taken regarding the former Debenhams store and Dragon Hotel.

3.2 The 3.2% uplift in City Centre footfall between 2022 and 2023 and improving customer spend in the Quadrant Shopping Centre over the last Christmas period is also an indicator of positive action.

4. Legal implications

4.1 There are no specific legal implications associated with this report.

5. Finance Implications

5.1 There are no specific financial implications associated with this report.

6. Integrated Assessment Implications

6.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage.
- Consider opportunities for people to use the Welsh language.
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

6.1.1 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance

with the sustainable development principle, aimed at achieving the 'well-being goals'.

6.1.2 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

6.2 As this is an information report there is no need for an IIA.

Glossary of terms: None.

Background papers: The Year That Was 2023 – MRU Software's Annual Footfall Review.

Appendices: None.