

Planning Statement

Proposed sub-division of 'Department Store'
Units, The Oracle, Reading

June 2023

Turley

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Client

The Oracle Limited Partnership

Our reference

HAMS3032

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1. Introduction

1.1 This Planning Statement has been prepared by Turley on behalf of The Oracle Limited Partnership to accompany a planning application made under Section 73 of the Town and Country Planning Act to delete planning condition no. 62 on planning permission ref. 970419 relating to The Oracle shopping centre ('The Oracle') and impose a new, appropriately worded planning condition in its place to provide ongoing control on use and size of the created units.

1.2 As the Council will be aware, The Oracle received full planning permission (ref. 970419) in April 1997 for the following development:

Demolition of existing buildings, redevelopment and change of use to provide: shopping centre (Class A1, A2 & A3), 41 residential units, leisure facilities including multi screen cinema (Class D2), car parking (2390 spaces) and community uses together with associated landscaping etc.

1.3 Condition 62 attached to this planning permission states the following:

Notwithstanding the provisions of the Town and Country Planning (General Permitted Development) Order 1995 or any order revoking or re-enacting that order, with or without modifications there shall be no subdivision of the department stores shown in the approved drawings into separate shop units unless agreed in writing by the Local Planning Authority.

Reason: As the balance between shop units and department store retail floor space has a critical effect on the vitality and viability of the rest of the town centre and the impact of any shift needs to be evaluated by the Local Planning Authority.

1.4 The condition focuses on the two department store units to be located within The Oracle shopping centre as identified on the approved plans and known as MSUA and MUSB:

- MUSA - Located at the western end of the shopping centre and occupied by House of Fraser; and
- MUSB – Located at the eastern end of the shopping centre and formerly occupied by a Debenhams department store.

1.5 Plan ref. HAMS3038 - Existing GA plans_v2.indd submitted with this information identifies the subject 'department store' floorspace for clarity.

1.6 The description of development is as follows:

Application under Section 73 of Town and Country Planning Act (1990) to remove condition no. 62 of planning permission ref. 970419 to allow the sub-division of 'department store' floorspace. Imposition of new planning condition(s) to restrict use of 'department store' floorspace within Use Class E(a)(b)(d)(e), with a minimum unit size of 1,000 sqm (GIA).

**the area referenced as department store floorspace, to which the new planning conditions will apply, is identified on plan ref. HAMS3038 - Existing GA plans._v2indd to be approved as part of the Section 73 consent.*

Background and Context

- 1.7 The Oracle Shopping Centre was granted planning permission in 1997 (ref. 970419) and opened in 1999. It transformed Reading's town centre, providing space that suited modern retailer requirements at that time.
- 1.8 At the time of development, the shopping centre was to be anchored by two department stores, bookending the eastern and western end of the shopping centre. As set out above, House of Fraser occupied the department store unit at the western end, referred to as "MSUA", while Debenhams occupied the eastern department store unit ("MUSB"). At the time, department stores were seen as a necessary anchor to the scheme given their role as a footfall generator, and their popularity amongst shoppers in providing a wide range of goods in a single location.
- 1.9 However in the last 5 years, both department store operators Debenhams and House of Fraser have entered administration, along with other independent department stores and regional chains such as Beales. In addition, other national chains such as John Lewis and Marks & Spencer have consolidated their portfolio. This has resulted in a significant number of vacant department store floorspace across the UK, many in prominent or anchor locations.
- 1.10 The context of town shopping has shifted significantly since permission was granted for The Oracle shopping centre 25 years ago, with alternative approaches in retailing and continually changing consumer demands. As such, and as emphasised by changes in national legislation, it is appropriate that town centres remain flexible to these market shifts and ensure the vitality and viability of Reading town centre is sustained and enhanced. This application is submitted in that context, to remove the outdated restriction on The Oracle which seeks the retention of the 'department store' floorspaces.

Structure of Planning Statement

- 1.11 The remainder of the Statement is structured as follows:
- **Section 2:** provides an overview of the context to the application proposals.
 - **Section 3:** an overview of the site context and surroundings including reference to any site-specific designations.
 - **Section 4:** sets out a summary of the application proposals for the site and pre-application discussions
 - **Section 5:** a summary of the planning policy context relating to the site and proposed development

- **Section 6:** an assessment of the principle of development and proposed uses against planning policies contained within the National Planning Policy Framework and the Local Development Plan;
- **Section 7:** provides a conclusion on the planning assessment undertaken and scheme summary.

2. Development Context

The Oracle Limited Partnership

- 2.1 The Oracle Limited Partnership is a joint venture entity between Hammerson and ADIA. Hammerson lead on the asset management and long-term strategic planning of the Oracle Shopping centre.
- 2.2 Hammerson are an owner, operator and developer of shopping centres and urban real-estate across UK, Ireland, and France. In recent years they have reviewed their portfolio and disposed of a number of assets in order to focus on priority urban locations. They currently own 10 core shopping centres in England, located within the heart of city and town centres. A review of Hammerson's shopping centre portfolio led to Oracle Shopping Centre being classified as a 'core' shopping centre in their portfolio.
- 2.3 As experienced by the majority of asset owners, Hammerson face challenges across their portfolio. The demise of department stores and a number of large space, national multiple retailers and occupiers over the last 5 years has resulted in significant retail voids across their estates. With the failure of House of Fraser and Debenhams, across their UK estate, Hammerson needed to work up plans to repurpose eight department stores, and all have significant cost implications.
- 2.4 Hammerson are committed to positive intervention in their assets and to ensure they proactively manage and plan for their centres to create thriving destinations – both within their assets but also within the town and city centres in which they are located.
- 2.5 Retail, however, will remain at the heart of Hammerson's operations. The vision is to introduce new uses but ensure the core shopping element is retained and invested in enabling it to retain its premium offer within Reading. In considering the potential for change within the Oracle, Hammerson will need to ensure the retail provision remains anchored. The offer within The Oracle is carefully curated to ensure that any additional uses complement and enhance The Oracle, and the wider Reading town centre, as a destination, and not detract from it.

Town Centre Context

- 2.6 Town centres are evolving and need to respond to a myriad of challenges and ensure they are resistant to future economic shocks and ever-changing consumer trends. Over the last 5-10 years the retail sector has experienced structural change caused by a variety of factors including:
 - Growth of on-line retailing, accelerated by the Covid-19 pandemic. Online sales, as a percentage of total retail sales online topped 38% in December 2019 above the previous peak of 21.6% in November 2019. This is forecast to level out at around 42% in 2040 for comparison (non-food) goods¹;
 - Continued competition from out-of-town retailing;

¹ Precisely Retail Expenditure Product Guide 2021/22 (Table 3.4)

- Ongoing impacts from the global pandemic, including reduced office population in larger cities and continued recovery from reduced turnover and extended periods of closure during lockdowns;
 - Pressures from increased cost-of-living reducing retail expenditure and consumer confidence; and
 - Changing shopping behaviours with a greater awareness of the sustainable impact of 'cheap' clothing and a desire for greater experiences rather than the consumption of items.
- 2.7 The struggles of retailers to make bricks-and-mortar pay, coupled with the migration of shoppers online, had contributed to an increase in vacancy rates even before the Covid-19 pandemic. The pandemic exacerbated this direction of travel and led to further retail business closures and to reductions in footfall within town centres. The demise of national multiple retailers, many of which operated anchor retail units within centres, such as BHS, Debenhams, House of Fraser, and the Arcadia group has resulted in significant voids on the high street. According to the Local Data Company, chain stores experienced a net decline of 10,059 units in 2021 as retailers rationalised their property portfolios. The 2022 report by property advisors LSH² states that between 20%-40% of UK retail space may need to be redeveloped or repurposed.
- 2.8 Town centres are having to respond to these challenges. Asset owners and local authorities are looking for interventions to repurpose vacant floorspace, reimagine shopping centres and implement strategies to reinvigorate town centres. This often involves an evolution in the role of the centre, bringing in new uses to increase footfall and dwell time.

Reading Town Centre

- 2.9 Reading town centre is a regional centre, with a catchment extending beyond the Thames Valley. It is the principal centre within the Reading local authority area and designated as a regional centre in the adopted Local Plan.
- 2.10 The core of the retail provision is focused around Broad Street, Minster Street and Bridge Street with The Oracle and Broad Street Mall anchoring the retail offer to the south and west respectively. The Oracle is home to a range of national multiple retailers, who do not have representation elsewhere in the Thames Valley. The John Lewis department store, Marks & Spencer, Primark and a range of retailers (predominantly in the sports and athleisure sector), service and food & drink uses also occupy retail space along Broad Street.
- 2.11 Key retailers within The Oracle include Apple, Next, Zara and a wide range of national multiple comparison goods retailers. The Oracle is particularly strong in the provision of jewellery operators, mid-to-high end fashion retailers and mass market retailers.
- 2.12 In terms of leisure uses, there is a wide range of food & drink uses dispersed throughout the town centre, with some clusters around The Oracle riverside, Bridge

² Lambert Smith Hampton Shopping Centre Futures – Putting Shopping Centres at the heart of Regeneration 2022

Street / Market Street and Market Place. The Vue cinema at The Oracle historically served as a leisure anchor with other leisure provision limited to small 3-screen cinema at Reading Biscuit Factory and new-formed leisure uses in the form of Spinners arcade located at Broad Street Mall, providing 2-lane bowling alley, mini-golf and darts, and chain-gymnasiums located across the town centre.

- 2.13 The town centre is also the civic hub for the borough, with the Town Hall, Council Offices, Magistrates Courts, Hexagon theatre and other community uses dispersed throughout the centre. It is a highly accessible town centre by public transport, with the railway station within 5-10 min walk from the core town centre, and bus stands dispersed through the centre providing quick and frequent to surrounding towns of Wokingham, Basingstoke and Bracknell and a range of public car parks.
- 2.14 Like all town centres, Reading is facing challenges from vacant retail floorspace, created by retailer failure or retailers downsizing or rationalising their property portfolio. Colliers has identified Reading town centre has a high vacancy rate of 21% gross space, which is significantly higher than the national average of 13.8%³. It is also higher than a number of competing locations within and around the catchment including Oxford, Wokingham, High Wycombe, and Basingstoke. Increased vacancy rates impact upon the attractiveness of a centre both in terms of public perception and investor / retailer confidence.
- 2.15 A further report produced by Colliers (April 2023; **Appendix 1**) accompanies this planning application and provides an analysis of “anchor store” space, including retail venues classed as department stores (eg. John Lewis; Marks and Spencer, Debenhams). This report identifies that over the last 10 years, Reading town centre’s floorspace has been dominated by anchor stores and in 2016, 64% of Reading’s occupied retail space was anchor store space. Even accounting for the demise of anchor retailers and consolidation of floorspace, Collier’s have identified that Reading continues to have a significantly high proportion of floorspace of anchor tenants when compared to the average across other top 30 retail destinations. In 2023, 46% of space in Reading is allocated to anchor retailing, compared to an average of 28% across the other top 30 destinations.
- 2.16 Whilst Reading’s anchor store space has clearly reduced since 2016 (primarily resulting from the Debenhams closure), this pattern has been seen nationally, with significant reductions seen in 80% of the top 30 towns and cities. The Colliers report concludes that despite the reduction in amount and % of anchor space, Reading still appears ‘over anchored’ and is well ahead of the top 30 average in terms of percentage space dedicated to this category.

³ GOAD November 2022

3. Site and Surrounding Context

The Oracle

- 3.1 The Oracle Shopping Centre was granted planning permission in 1997 (ref. 970419) and opened in 1999. It has transformed Reading's town centre, providing space that suited modern retailer requirements at that time, and in turn helped establish Reading as a regional centre within the Thames Valley.
- 3.2 The Oracle is a covered 2-level shopping centre with two departments stores, 81 retail units, 22 restaurants and a cinema. It sits at the heart of Reading town centre, having a main entrance on Broad Street, the town's historic main shopping thoroughfare. However, the Vue cinema complex turns it backs towards the south of reading with the Inner Distributor Road acting as both a physical and visual barrier to movement.
- 3.3 The Oracle is the largest retail zone within Reading town centre, contributing nearly a third of Reading's town centre retail and leisure offer and considered to be a key driver of visits to the town centre⁴. The supporting text to the Local Plan recognises the importance of The Oracle and highlights that its opening in 1999 helped to establish Reading as *"one of the leading shopping locations in the UK"* (para 5.1.4). The importance of the Oracle and the significant positive impact it has in strengthening the role and offer of Reading town centre is identified throughout the Local Plan and other local guidance documents.
- 3.4 The internal malls within the centre are dominated by national multiple retailers within Reading, with particular focus on mid/upper market fashion retailers, with occupiers benefitting from clustering together to attract footfall. Hammerson carefully curate the tenant mix within the shopping centre to ensure it retains an optimal mix of retailer representation and continues to attract retailers over and above other Thames Valley shopping locations.
- 3.5 There remains active retailer interest in occupying units within the centre, within the primary mall areas. Recent letting transactions over the last 12 months have introduced the following retailers to the centre: Oliver Bonas, Gail's, Rituals, Charles Tyrwhitt and Boux Avenue, with a number of new retailers due to open stores in the coming months.

Department Store Offer

- 3.6 The constructed Oracle shopping centre comprises department stores bookending the scheme at the east and west ends. When The Oracle was first developed, department stores were seen as a necessary anchor to the scheme given their role as a footfall generator, and their popularity amongst shoppers in providing a wide range of goods in a single location. The importance of department stores was confirmed through the imposition of a condition requiring MSUA (House of Fraser) and MSUB (Debenhams) to remain in use as a department store by preventing the sub-division of the units⁵.

⁴ Collier's Market Report (Appendix 2)

⁵ Condition no.62 planning permission ref. 970419

- 3.7 Condition 62 of the original planning permission (970419) currently restricts the sub-division of identified department stores (MSUA and MSUB) into separate shops unless agreed in writing by the Local Planning Authority.
- 3.8 It should be highlighted that this condition is considered to strictly pertain to limiting the sub-division of the identified department stores. This condition does not provide any restriction on the ongoing use of these units.
- 3.9 The Applicant has sought Legal Advice (Enclosed in **Appendix 3**) from Eversheds-Sutherland to clarify this position. The legal advice confirms that the department stores previously operated as Use Class A1 (retail) floorspace. There is no language within Condition 62 with the effect seeks to prohibit the change of use from department store.
- 3.10 In light of changes to the Town and Country Planning Act (Use Classes) (Amendment) (England) Regulations 2020, which came into force on 1 September 2020, a new Use Class E (Commercial, Business and Service) which incorporated Classes A1, A2, A3 and B1 uses and some D1 (medical, creche and day-care), and D2 (indoor sport, recreation and fitness) was created. Existing uses which were within these revoked use classes were reclassified as being within Use Class E. The subject 'department store' floorspace within The Oracle are therefore considered to benefit from an unrestricted Class E use.
- 3.11 The intention behind new Use Class was to provide greater flexibility to help revive high streets and town centres by enabling them to adapt and diversify to meet changing consumer and business demands.
- 3.12 As identified above, retailing trends and demands are continually changing. The appeal of the department store has diminished as a wider range of alternatives became available to shoppers:
- Supermarkets have grown in size and incorporate a greater range of products, with comparison (non-food) goods equally 50% of the product ranges in some of the larger stores.
 - Retail parks evolved from 'bulky goods' destinations to include a number of anchor high street facias with the added convenience of being able to park directly outside.
 - Online shopping has grown exponentially over the last 20 years, with growth in recent years strengthened through the Covid-19 pandemic.
- 3.13 This combined with a lack of investment and perceived absence of innovation by some department store operators, led to diminished demand for department stores by customers, and ultimately the demise of a number of operators including Debenhams and House of Fraser.
- 3.14 The Debenhams department store in The Oracle closed in April 2020 and whilst the House of Fraser store is still operating there is very little new investment into this store, and this was demonstrated through a previous planning application for the

repurposing of the unit submitted in 2019 (ref. 191841). Next Home and Beauty have taken occupation of the Debenhams unit but are only trading from one floor and have a very concessionary agreement in place which leaves the landlord with all of the occupational costs for the unit. Next Home and Beauty are due to vacate the former Debenhams department store in September 2023.

- 3.15 As mentioned above, in March 2020, prior to the COVID-19 pandemic, Hammerson obtained planning permission for the repurposing of the House of Fraser to sub-divide the unit and accommodate a number of new retail and leisure operators (ref. 191841; see planning history below). However, due to changing in market requirements and operational demands, the approved scheme will not be delivered. Hammerson remain committed to using this space for retail and leisure operators, hence the current application to enable the sub-division of this unit to accommodate new retailers and leisure operation within Use Class E.

Planning History

- 3.16 A review of Reading Borough Council's online planning portals sets out that the site has the following planning history:

- App. ref. 970419: Demolition of existing buildings, redevelopment and change of use to provide: shopping centre (Class A1, A2 & A3), 41 residential units, leisure facilities including multi screen cinema (Class D2), car parking (2390 spaces) and community uses together with associated landscaping etc.
 - Granted 04/04/1997.
- App. ref. 991435: Variation of conditions 18 and 19 of planning permission 97/0017/FD to allow obscure glazing of selected windows of the department stores.
 - Granted 22/09/99.
- App. ref. 050162: New access and external seating area to House of Fraser Restaurant.
 - Granted 29/04/05.
- App ref. 191841: Subdivision of three-storey retail unit (Class A1) and change of use to form: 1x flexible retail/restaurant/bar unit (Class A1/A3/A4), 1x flexible retail/restaurant unit (Class A1/A3) and 1x assembly and leisure unit (Class D2) at Riverside level; 1x retail unit (Class A1) and 1x assembly and leisure unit (Class D2) at lower ground level; 1x retail unit (Class A1) at upper ground level, together with alterations to the Riverside frontage and associated plant, car parking and external alterations at car park levels.
 - Granted 31/07/2020.

- 3.17 Paragraph 3.4 of the Committee Report 191481 makes note that, the continued retail use at part lower ground level and upper ground level would not in themselves require

planning permission *“as no change of use is taking place and instead the unit is being subdivided into smaller (continued retail) parts at these points. However, based on the wording of condition 62 of the original permission this permitted development right has been removed and, consequently, this forms part of this application”*.

- 3.18 The Applicant would like to take this opportunity to emphasise that development proposals sought and approved through 191841 are not being implemented, given changes in circumstances surrounding the proposed end users and changed market requirements. It is noted that Reading UK CIC emphasised their *“full support”* through the consultation process on the above application, nothing the provision of a *“a sustainable alternative provision to large scale department store shopping in the heart of Reading ... in light of the quickly changing retail landscape throughout the UK. Footfall, and the vibrancy of the town centre, will depend more and more on the provision of this type of mixed-use scheme”*.
- 3.19 The proposed removal of Condition 62 seeks to facilitate the re-occupation of the House of Fraser unit, and align with the wider development proposals at the eastern end of the centre in the former Debenhams unit. The removal of the condition will enable Hammerson to sub-divide the unit to create separate large floor plate units which reflect current market demands. Hammerson are willing to accept a new planning condition which sets a minimum unit size of 1,000 sqm within the former ‘department store’ floorspace to provide comfort to RBC that this space would continue to provide large floor plate units. The occupation of the space by several new operators will deliver a wider mix of uses within The Oracle, broadening its retail and leisure offer in order to remain responsive to market conditions and be aligned with shopper expectations.
- 3.20 The restrictive nature of Condition 62 currently inhibits such a flexible approach, and detracts from the potential of the Oracle to remain a regional draw in the Thames Valley. The ongoing imposition of the condition is inhibiting the successful reoccupation of this prominent floorspace with the shopping centre.
- 3.21 In order to provide Reading Borough Council clarity over the proposed potential future occupiers, the Applicant is willing to accept a new planning condition that limits the use of the subject ‘department store floorspace’ to uses within Class E(a)(b)(d)(e) to ensure the potential occupiers are compatible with ongoing vitality of the Oracle Shopping Centre, and the town centre. This proposals will facilitate the long-term future of this floorspace within a key frontage and regional shopping destination, allowing for a wide-range of potential occupiers without diluting the town centre offer. Further discussion on this is available in Section 4 of this Statement.

4. Application Proposals

The Oracle

- 4.1 The previous chapter outlined the context in which The Oracle shopping centre currently operates within. Hammerson, as joint owner, and asset manager of the shopping centre, have a clear and urgent challenge in addressing the demand and supply imbalance that has arisen for both retail and leisure space, whilst ensuring a core focus of the shopping centre remains on retail.
- 4.2 Hammerson are committed to The Oracle and Reading Town Centre and have articulated a strategic vision for the centre. Whilst it is performing well when compared with other assets in the UK, Hammerson recognise the need to future proof the centre and make it, and the town centre as whole, more resilient to market shocks and changing trends. The current live planning applications at the eastern end of the shopping centres (ref. 221916 and 221917) demonstrates Hammerson commitment and proactivity in delivering change and intervention at the centre in order to manage the future of the shopping centre, and enabling it to evolve appropriately.
- 4.3 Hammerson recognise it is necessary to have an element of vacant floorspace within a retail centre to facilitate the natural churn of retail requirements, enabling retailers to upsize or downsize their floorspace as operational requirements dictate and providing opportunities for new entrants to the market. However, an excess of vacant space can lead to a perception of decline and uncertainty amongst both retailers and customers, leading to a downward spiral of decline and lack of confidence in the centre.
- 4.4 In particular it has been identified that the most urgent need for The Oracle is to contract the retail space that was built and designed for department stores. Hammerson's analysis has identified that retail space specifically created for department stores has suffered the largest imbalance of supply (high) versus demand (low) for space. Indeed, the LSH research report states that a year after Debenhams's demise, nearly 90% of vacated Debenhams stores remained empty⁶, with the Colliers 2023 report (**Appendix 1**) confirming that Reading is 'over-anchored', and is well anchored' and is well ahead of the top 30 UK Towns and Cities average (including Southampton, Oxford, and Milton Keynes) in terms of percentage of space dedicated to this category. As highlighted previously, Hammerson are facing the challenge of a Debenhams and House of Fraser department stores both operating under a temporary lease arrangements.
- 4.5 Whilst part of the former Debenhams unit was previously let to Next Home and Beauty on a temporary lease, Next have sought agreement to terminate this lease and even when trading a significant proportion of the unit was vacant or utilised as temporary retail storage. This did not represent a long-term solution for the unit. Planning application ref. 221916 currently pending determination by RBC seeks permission to

⁶ Pg. 7 Lambert Smith Hampton 'Shopping Centre Futures – Putting Shopping Centres at the heart of regeneration 2022' (July 2022)

sub-divide the Debenhams unit to provide a new retail and new leisure unit, with the remaining space to be demolished and transformed to accommodate a mixed use development comprising town centre uses at ground floor and residential above.

- 4.6 The House of Fraser department store at the western end of the centre has been previously subject to repurposing proposals for retail and leisure floorspace. Whilst those proposals have not come forward due to changing market requirements, the House of Fraser unit is considered to be a better configured commercial unit, when considered against the Debenhams unit. It benefits from well configured floorplates for retail layout, good circular access, good connection with the car park, good prominence and visibility and is the most integrated into the customer journey. Hammerson has a strong level of interest in this unit from retailers and leisure operators on a longer-term basis, albeit only taking part of the floorspace, and as such reorganisation and reoccupation of this unit by alternative occupiers is considered to be an appropriate strategy for that unit to both maintain and attract and maintain footfall through the Oracle.
- 4.7 The subject planning application therefore seeks the deletion of the restrictive planning condition no. 62 of the original Oracle permission which prohibits the sub-division of the identified 'department store' floorspace. In turn, it is proposed that Condition 62 be replaced with an appropriately worded planning condition that accounts for current and future market and consumer demands, without eroding Hammerson's ability to reoccupy the existing floorspace.

Description of Development

- 4.8 The Oracle is currently served by two identified departments (MSUA and MSUB) that bookend the eastern and western ends of the shopping centre respectively.
- 4.9 The planning applications to which this statement relates seeks the removal of Condition 62 of the original planning permission in respect of the sub-division of existing department stores present within The Oracle. It is proposed that a new condition be imposed in its place that provides comfort to RBC on the minimum unit size to be created and the range of uses which could occupy the floorspace.
- 4.10 The description of development is as follows:

Application under Section 73 of Town and Country Planning Act (1990) to remove condition no. 62 of planning permission ref. 970419 to allow the sub-division of 'department store' floorspace. Imposition of new planning condition(s) to restrict use of 'department store' floorspace within Use Class E(a)(b)(d)(e), with a minimum unit size of 1,000 sqm (GIA)

**the area referenced as department store floorspace, to which the new planning conditions will apply, is identified on plan ref. HAMS3038 - Existing GA plans._v2.indd to be approved as part of the Section 73 consent.*

- 4.11 We recognise there are other conditions attached to permission ref. 970419 which reference the department store floorspace, namely conditions no. 18 and no. 42 which read as follows:

Condition 18:

Notwithstanding the provisions of the Town and Country Planning (general Permitted Development) Order 1995 (or any order revoking and re-enacting that Order with or without modification) all windows on the external elevations of the department stores and the Riverside link block, shopfronts and the bridge over Minster Street shall be glazed and thereafter maintained in clear glass and shall not be obscured or obstructed unless agreed in writing by the Local Planning Authority. Reason: in the interests of protecting the vitality of the centre as viewed from the exterior and to integrate the development into its surrounding area

Condition 42:

All public entrances to the department stores, as shown on the approved drawings shall remain open for use by customers at all times when the stores are open for trading unless otherwise agreed in writing by the Local Planning Authority. Reason: in the interests of the vitality and viability of the town centre and pedestrian convenience

- 4.12 It is noted that condition no. 18 has previously been varied by RBC to allow the use of obscure glazing on specified elevations. As future occupiers of the space develop their proposals for the space, there may be a requirement for minor alterations to the glazing on the external elevations to respond to the internal layout. Depending on the nature of the changes, it is considered any alterations should be dealt with by way of a non-material amendment application under Section 96A.
- 4.13 In terms of both of these conditions, it is noted that the 'department stores' will not exist in the same format should condition no. 62 be deleted and the units sub-divided. As such, we propose to agree alternative wording during the course of the application to provide an alternative description to the 'department store' floorspace.
- 4.14 As part of this process, in light of the Oracle being fully built and operational, the Applicant is also committed to working with RBC to undergo a review of existing conditions permitted through the original 1997 consent. It will be established whether conditions should be 're-attached', amended or deleted from any permission granted under Section 73.

Pre-Application Discussions

- 4.15 The Applicant has acted positively and proactively in engaging with officers of Reading Borough Council (RBC) prior to the submission of this planning application.
- 4.16 Officers acknowledged the rationale for the proposed application and the desire to sub-divide the department store floorspace in order to secure successful reoccupation of the space.
- 4.17 Planning Officers noted concern regarding the Local Planning Authority's future control about the uses which may occupy the space, given the floorspace benefits from Class E consent, which covers a wide range of town centre uses. In light of the overriding reason for the condition to protect the vitality and viability of the town centre, Officers questioned whether all the permitted uses within Class E would positively impact upon

the vitality and viability of the centre, and whether the deletion of the condition would limit the local planning authority's ability to assess and manage this.

4.18 In response to this, whilst as identified in the legal advice obtained by the applicant, the 'department store' floorspace benefits from unrestricted Class E use, the applicant is willing to accept the imposition of a new planning condition on the consent which limits the uses within Class E which can lawfully occupy the subject floorspace. This forms the basis of the proposed development and the intention to restrict potential future occupiers of Oracle to the following within Class E:

- E(a) Retail
- E(b) Sale of Food and Drink
- E(d) Indoor Sport and Recreation
- E(e) Provision of medical or health services

4.19 It is considered that these sub-categories of Class E are considered acceptable in this town centre location, facilitating the potential for evening and night time activities, as well as a wide of complementary uses.

4.20 Paragraph 4.6.26 of the Reading Local Plan identifies that 'main town centre uses', including retail, leisure and offices, should be located in centres, with it being acknowledged that major retail and town centre leisure development, including evening economy uses, will take first precedence, followed by, to a more limited extent, offices (Paragraph 5.2.7).

4.21 The Oracle forms part of the designated Primary Frontages. Policy CR7 identifies that Use Classes A1, A2, A3, A4, A5, C1, D1, D2 or related sui generis uses would be appropriate in this location. The E class sub-categories proposed within the description of development all fall within the categories specified in policy, and are therefore considered to entirely appropriate in this location.

4.22 The identified E Class uses (a,b,d and e) will all make a positive contribution to the overall diversity of the centre, and will not diminish the overall function of The Oracle as a retail destination. Hammerson will continue to carefully curate the occupants to ensure that the shopping centre remains a core retail location, with any leisure and food & drink uses complementing the retail offer and increasing dwell time within the centre, and town centre as a whole.

5. Planning Policy Context

- 5.1 This section outlines the key planning policy considerations relevant to the proposed development at a national and local level.
- 5.2 It follows Section 54(a) of the Town and Country Planning Act (1990), as amended by Section 38(6) of the Planning and Compulsory Purchase Act 2004, which states that Local Planning Authorities (LPAs) should determine planning applications in accordance with the Development Plan unless material considerations indicate otherwise.

The Development Plan

- 5.3 The Local Development Plan Reading Borough Council is formed of:
- Reading Borough Local Plan (November 2019)
 - Proposals Map (November 2019)
- 5.4 The site is not situated within an area with a 'made' Neighbourhood Plan area.
- 5.5 At a national level, relevant planning policy and guidance is set out within the National Planning Policy Framework ('the NPPF') published in July 2021 and the Planning Practice Guidance ('the PPG') in 2014 and updated as an online resource. These form a further material consideration.
- 5.6 In addition, there are a couple of technical documents produced by RBC which underpin the adopted Development Plan, which are considered material considerations to the determination of this application. These are as follows:
- City Centre Framework (2008);
 - Western Berkshire Retail and Leisure Study (2017).
- 5.7 We are aware that in April 2023 RBC Strategic Environment, Planning and Transport Committee approved the partial review of the Local Plan. This process is at very early stages and therefore it is considered that no weight should be attached to this review in the determination of the subject application.

Local Plan Designations

- 5.8 For the purposes of the adopted Development Plan, an extract of the Councils adopted Proposals Map is provided below:

Figure 6.1 Extract of Reading Borough Council Proposals Map

- **Policy RL1 (Network and Hierarchy of Centres)** identifies Reading as a regional centre with a focus on ensuring the vitality and viability of the centre is maintained and enhanced. The following improvements will be acceptable in all centres:
 - Accessibility and transport improvements;
 - Broadening range of facilities;
 - Residential use of upper floors; and
 - Environmental enhancements.
- **Policy RL2 (Scale and Location of Retail, Leisure and Culture Development):** Provision will be made for up to 34,900 sq. m of retail and related facilities in Reading to 2036, together with new leisure facilities. Retail and main town centre leisure and culture development, where it would mean a net gain of over 2,500 sq. m, will take place in, or as an extension to, the centre of Reading, unless it is on a site allocated for such development
- **Policy CR1 (Definition of Central Reading):** the Central Area Boundary as shown on the Proposals Map will mark the edge of the town centre other than where specified.
- **Policy CR4 (Leisure Culture and Tourism in Central Reading):** the Central Core will be the prime focus for major leisure, cultural and tourism development. Leisure, cultural and tourism uses that would attract a wide range of people into the centre will be encouraged. Innovative solutions to leisure provision will be encouraged, particularly those that make best use of available (often limited) site area.
- **Policy CR7 (Primary Frontages in Central Reading):** outlines the uses on the ground floor along the designated primary frontages as shown on the Proposals Map will be within one of the following use classes: A1, A2, A3, A4, A5, C1, D1, D2 or related sui generis uses, unless it would be an entrance to upper floors. New developments that front onto any of the designated primary frontages will provide an active building frontage with a display window or glazed frontage at ground floor level, to contribute to the vibrancy of the town centre and provide visual interest. Frontages should be of a high visual quality. Any frontages that have the potential to hinder movement or cause unnecessary safety risk will not be permitted. Proposals that would result in the loss of A1 or A2 use such that the proportion of the length of frontage within the street in A1 or A2 use falls below 50% will not be permitted, unless the proposal introduces a use that makes a positive contribution to the overall diversity of the centre. 50% of new primary frontages as shown on the Proposals Map should be in A1/A2 use.

Material Considerations

- 5.11 The revised NPPF was adopted in July 2021. The NPPF covers a range of land issues including, transport, infrastructure, the economy, climate change and the natural and historic environments.

Decision Making

- 5.12 **Paragraph 39** of the NPPF states that good quality pre-application discussions enable better coordination between public and private resources and improved outcomes for the community. **Paragraph 42** also outlines that the participation of other consenting bodies in pre-application discussions should enable early consideration of all the fundamental issues relating to whether a particular development will be acceptable in principle.
- 5.13 **Paragraph 47** reiterates that planning law requires that applications for planning permission be determined in accordance with the development plan, unless material considerations indicate otherwise. Decisions on applications should be made as quickly as possible, and within statutory timescales unless a longer period has been agreed.

Building a strong, competitive economy

- 5.14 **Paragraph 80** highlights how planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development.

Ensuring the vitality of town centres

- 5.15 **Paragraph 86** states that planning decisions should support the role that town centres play at the heart of local communities, by taking a positive approach to their growth, management, and adaptation. This includes allowing them to grow and diversify in a way that can respond to rapid changes in the retail and leisure industries, allows a suitable mix of uses (including housing) and reflects their distinctive characters.

Planning Practice Guidance

- 5.16 The Planning Practice Guidance (PPG) provides direction on the consideration and determination of planning applications, alongside various other technical and procedural matters, supporting the overall implementation of the policies contained within the NPPF.

Town Centre Retail

- 5.17 Local planning authorities can take a leading role in promoting a positive vision for these areas, bringing together stakeholders and supporting sustainable economic and employment growth. They need to consider structural changes in the economy, in particular changes in shopping and leisure patterns and formats. A wide range of complementary uses can, if suitably located, help to support the vitality of town centres, including residential, employment, office, commercial, leisure/entertainment, healthcare and educational development. (Paragraph: 001 Reference ID: 2b-001-20190722).
- 5.18 The following indicators, and their changes over time, may be relevant in assessing the health of town centres: customers' experience and behaviour; diversity of uses; state

of town centre environmental quality. (Paragraph: 006 Reference ID: 2b-006-20190722)

Other Documents

- 5.19 **City Centre Framework (2008)** - The framework provides a spatial and design overview for the central area both to guide forth coming developments and to provide reference in the consideration of planning applications. The City Centre Framework, developed in tandem with the now superseded Reading Central Area Action Plan, recognised how the Oracle Shopping Centre has re-invigorated the town centre, and that the supporting residential and mixed-use developments of areas within the central core will increase the vibrancy of the central area and to bring about additional benefits such as improved access, public transport and open space.
- 5.20 With regards to the strategic land use within Reading, the City Centre Framework establishes that the Oracle shopping centre is suitable for supporting mixed use retail, leisure and residential.
- 5.21 **Western Berkshire Retail and Leisure Study (2017)** - The purpose of this study when prepared was to be used by authorities to assist in the determination of applications for new retail development within their respective authority areas. The study recognises The Oracle as the main centre within the Western Berkshire sub-region, with good representation from national multiple retailers and a comparison goods focused provision. The retail study sets out indicative quantitative capacity requirements for centres in the area, including Reading, but given this assessment is over 5 years old and the structural changes in the retail sector in the interim, it is considered these figures are largely obsolete. In respect of leisure uses, the study identifies a qualitative need for additional commercial leisure provision in Reading, including additional cinema facilities and entertainment venues (i.e. bowling / ice skating).
- 5.22 **Reading 2050 Vision** – In parallel to the development of the Local Plan, Reading UK⁷, the economic development and marketing company for Reading, has launched a 2050 vision for the town as a smart and sustainable city by 2050. The 2050 Vision identifies clear ambitions for living within the environmental limits and ensuring healthy and just society and seeks to drive this ambition with opportunities for all in the long term.
- By 2050, it is envisioned that Reading will be a city that:
 - Shares success to support and enable thriving communities;
 - Delivers a real sense of place and identity;
 - Thrives on cultural and cross-generational diversity;
 - Is recognised for its heritage and natural assets;
 - Embeds technology to deliver innovation and low carbon living for all; and

⁷ Reading UK (2017) Reading 2050 Vision

- The 2050 Vision acknowledges that Reading's success has been significantly influenced by its physical and virtual connectivity nationally and internationally, alongside local leadership.

6. Planning Assessment

- 6.1 This section considers the scheme in the context of the adopted development plan for the site, as well as the principle of the applicants proposal, given the growth objectives and vision to drive ambitious and sustainable growth in Reading and town centre.
- 6.2 It is widely acknowledged that town centres need to evolve, with buildings and space reimagined and new uses introduced in order to reinvigorate the centre and reduce the reliance on retail floorspace. All town centres, however, are different and it is imperative that any interventions respond to the function of the centre, its unique characteristics and identified market demands.

The Principle of Development

Sub-division of floorspace

- 6.3 In considering the principle of this application, it is necessary to consider the purpose of the condition and why it was originally attached. At the time of consent, market trends relied heavily on department stores given their role as a footfall generator, and their popularity amongst shoppers in providing a wide range of goods in a single location. As such, department / anchor stores were seen as an attractive means to conglomerate consumer spending and ensure the vitality and viability at that time.
- 6.4 However, market and consumer trends with regard to High Street spending have changed drastically in the past 20 years, with the growth of online retailing; reduced footfall in light of the Covid-19 pandemic and reduced retail expenditure and consumer confidence in light of cost-of-living increases. This Statement and accompany evidence, including the Colliers Report (2023) highlight how Reading remains 'over-anchored' by virtue of its significant provision of large anchor and department store chains that are present with the town centre, and that changing retail patterns have meant that these types of retail units are no longer central to the vitality and viability of centres. Indeed, vacant department stores, much like other vacant units, are detrimental to the centres and creating vibrant and successful centres, but are limited in uptake given the costs of maintaining and occupying such a significant quantum of floorspace.
- 6.5 The current application is a clear response to market demands and need for retail floorspace, or indeed lack of need for floorspace of the scale and format provided in the Debenhams unit. Hammerson have been unable to secure a long-term occupier for the former Debenhams unit, with Next Home & Beauty only occupying part of the floorspace.
- 6.6 The difficulties in securing the reoccupation of such floorspace for retail use was highlighted earlier in this statement, through the Colliers market report. This identified that just 37% of Debenhams stores were reoccupied by retailers, the majority of which already have representation in Reading, and two thirds of stores remain vacant after 2 years. Shopping centres are identified as having the largest vacancy of department stores, and highest levels of long-term vacancy⁸. With both the House of Fraser and

⁸ Local Data Company 2022 referenced in Colliers Market Report Appendix 1

Debenhams department floor space in The Oracle being available for reoccupation there is considered to be no realistic prospect of the retail floorspace in either the Debenhams or House of Fraser unit being successfully reoccupied in its entirety.

6.7 Removal of the restriction, the application proposals will facilitate the creation of new, individual large floor plate units to accommodate national retailers within the mall, providing an enhancement to the retail and leisure offer in Reading town centre.

6.8 Commensurate with market demands, it is Hammerson's intention to sub-divide the House of Fraser unit in order to create 3 no. separate units across the different levels of the shopping centre. Individual units would be created at Riverside, Lower Mall and Upper Mall level. These units at 3,000-4,000sqm would continue to be large floor plate offer targeted at national multiple businesses in accordance with Hammerson's wider strategic vision for the shopping centre. These units would still function as anchors to the centre, by virtue of their size and prominent location.

6.9 Chapter 7 of the NPPF seeks to ensure the vitality of town centres. Paragraph 86 empathises that planning decisions should support the role that town centres play at the heart of local communities and take "a positive approach to their growth" by

- *"allowing them to grow and diversify in a way that can respond to rapid changes in the retail and leisure industries, allows a suitable mix of uses (including housing) and reflects their distinctive characters" ...*
- *retain and enhance existing markets and, where appropriate, re-introduce or create new ones; ...*

6.10 Furthermore, the PPG identifies a range of following indicators that may be relevant in assessing the health of town centres, including, but not limited to, diversity of uses, customers' experience and behaviour, pedestrian flows, **and extent to which there is evidence of barriers to new businesses opening and existing businesses expanding.** [Turley emphasis]

6.11 The rationale for bringing forward this current application has been set out earlier in this statement. There is a clear need to remove the ongoing restriction on the 'department store' floorspace within The Oracle shopping centre, to enable this space to be successfully reoccupied and contribute positively to vitality and viability of the town centre. The current condition was attached in order to protect the vitality and viability of the town centre, whilst conversely the condition is now detrimental to the vitality and viability of the centre by severely limiting the successful reoccupation of the department stores.

6.12 It should also be noted that the House of Fraser Department store benefits from extant consent (ref. 191841) approved in 2020 for the Subdivision of three-storey retail unit (Class A1) into flexible retail / restaurant / leisure units respectively. This extant consent recognised that the *"repurposing of the space will inevitably result in an overall loss of Class A1 retail floorspace.. however, the prevailing local policies fully support a mix of uses within Central Reading (as a regional centre), with this being at the heart of the strategy"*.

- 6.13 This application establishes the principle of establishing a range of uses in this location, that will visibly activate the Riverside frontage and were considered to provide *“an exciting range of uses which will maintain and enhance the vitality and viability of the regional centre”*.
- 6.14 The Applicant has undergone a marketing exercise in support of the proposed development to demonstrate that the use of the existing stores at MSUA and MSUB for ‘department store’ use, has not been found to be readily accepted, by virtue of their scale and massing, and dominance of other, founded department stores within Reading Town centre and exemplified within the Colliers Report.
- 6.15 A copy of this Marketing report is enclosed in **Appendix 4**.
- 6.16 This marketing report is evidence of the current economic market and consumer retail trends, showing limited market interest in occupying such a substantive floorspace given the limited number of retailers / occupiers operating within that sector. In contrast, the sub-division of the existing floorplates will allow for both the expansion of existing stores currently present in the Oracle, without them ‘over-reaching’ their floorspace requirement and also facilitate new entrants into the Oracle, whose floorspace requirements have not previously been met. In relation to the relocation of existing occupiers with the centre, this in turn would free-up smaller Class E units for occupation by new retailers, allowing for new entrants to the Reading market who may initially require smaller unit sizes to ‘test’ the market. To ensure the ongoing success of The Oracle, and to compete with other regional centres further afield, it is essential that there is capacity, in terms of available unit sizes, for the offer to be upgraded and diversify to respond to market demands.
- 6.17 The Marketing Report confirms that extensive marketing has been undertaken for the site as use as department store from March 2022, in excess of 12 months, with only limited interest from retailers that already have an existing department store presence within Reading Town Centre. It is noted that substantial investment required, need to dispose of existing freehold, including increased operational costs, meant that existing interest stopped.
- 6.18 The marketing evidence also confirms that there is significant market interest from retailers seeking to take a single trading level, from the three levels currently present on both MUSA and MSUB respectively. This marketing evidence supports the approach taken through this application to enable occupation of this floorspace, ensuring the vitality and diversity of uses and avoid the long-term vacancy of key units within the Oracle.

Principle of Uses

- 6.19 The Applicant has sought Legal Advice (enclosed as **Appendix 3** to this Statement) from Eversheds-Sutherland (2023) that clarifies the lawful use of the identified department stores subject to original planning application, and that are the subject of this S.73 application. The Eversheds note confirms that, prior to the amendments to Town and Country Planning Act (Use Classes) (Amendment) (England) Regulations 2020, enacted on 1 September 2020, the existing department stores MSUA and MSUB were categorised as Use Class A1 (retail), given their established retail use.

- 6.20 Following legislative changes, MSUA and MSUB these units would have transitioned from Use Class A1 (retail) to Use Class E (commercial, business and service) on 1 September 2020, as there are no other listed conditions or Section 106 obligations which provide an ongoing restriction on the use of the 'department store' floorspace. The Eversheds Note confirms that whilst the Section 106 agreement entered into in connection with the original planning permission (ref. 970419) prohibits a changes of use away from department store use, this was time limited and came to an end five years after the completion of Phase 1 of the Development.
- 6.21 Notwithstanding this and in acknowledgement of the Council's pre-application advice we have considered the likely use of the unit against development plan policy as set out below.
- 6.22 The site is situated within the main urban area, and central Core of Reading, as defined on the adopted Proposals Map. As noted throughout this statement, the need for increased diversity and swift response to shifts in economic models and social shifts with regards to shopping patterns, requires town centres to flexible and adapt to changing circumstances.
- 6.23 Providing a reimagined commercial offer at both the eastern and western end of The Oracle is fundamental to Hammerson. In respect of both 'department stores' the vision is to provide reconfigured retail and leisure uses within Class E to provide prominent units accessed directly from either the riverside or mall levels, ensuring The Oracle remains foremost a shopping destination, with complementary leisure offer.
- 6.24 Paragraph 4.6.2 of the Local Plan identifies Reading as a centre of regional significance and references an Experian study from 2017 which identified the centre as having the 8th strongest market potential in the country, however it is recognised in the Local Plan that as competing centres continue to enhance their offer, it will continue to be necessary to develop and adapt to maintain its position.
- 6.25 Delivering updated retail and leisure provision is at the heart of the proposed application. Given the ongoing evolution of the town centres and the need for The Oracle to be able to respond appropriately, planning permission is sought to remove the restrictive condition that is considered to be out-of-touch with modern retail trends. Hammerson have firm interest from national multiple retailers and Class E leisure operators in occupying individual floors of the House of Fraser unit and reconfigured space in the Debenhams unit.
- 6.26 It is considered occupation of the floorspace by the interested operators will assist in widening the variety of the retail and leisure offer of the centre, with this also helping to attract a greater range of people into the centre. Accordingly, the units would introduce uses which would make a positive contribution to the overall character of the centre in accordance with CR7 of the Local Plan and is at the heart of the development strategy.
- 6.27 As indicated above, it is likely that some of the department store floorspace within the shopping centre would be repurposed to provide new Class E leisure use(s) for the town centre. As set out previously there are identified market requirements for representation in Reading town centre from a range of leisure operators and

Hammerson are actively exploring interest. By providing a new use to the town centre, leisure floorspace will have a positive impact on the vitality and viability of the centre. This is evidenced by research undertaken by Collier's in respect of the repurposing of the former Debenhams department store in Wandsworth into a Gravity leisure unit. This reoccupation resulted in both increase in footfall and dwell time in the centre.

- 6.28 The potential introduction of new leisure uses within the centre will deliver benefits to the town centre as a whole, in terms of increased footfall, dwell time and expenditure. Colliers consumer survey⁹ identified that 56% of consumers cited choice of leisure as an important factor when choosing a location to go shopping or to eat. The introduction of new leisure uses within part of the anchor floorspace in the centre will both support and increase the attractiveness of Reading town centre as a destination.
- 6.29 This flexibility of the retail and leisure offer is supported by the Local Plan which identifies that *"the focus of town centres across the country is increasingly on leisure provision. Reading town centre's leisure offer will need to expand to ensure that the centre can meet this changing role"* (para 5.2.10).
- 6.30 The principle of accommodating leisure uses in this location is therefore established and accepted through the extant permission, with the Committee Report (191481) acknowledging Policy CR4 recognises *"that leisure uses which would attract a wide range of people into the centre will be encouraged... accordingly, the units would introduce uses which would make a positive contribution to the overall character of the centre. As such, in pure land use terms, the two leisure units are welcomed and supported"*.
- 6.31 Whilst the Local Plan identifies a quantitative need for new retail floor space, this policy was prepared prior to the Covid-19 pandemic and the significant structural changes in the retail sector which have occurred over the last 5 years. As such, it is considered the quantitative need set out in Local Plan policy is largely out-of-date, with the significant volumes of retail floorspace created by the demise of department stores and other retailers indicating a need to rationalise retail floorspace in certain locations. It is important to note that the current application proposal will not impact the overall quantum of commercial floorspace within the centre.
- 6.32 This is in accordance with Policy RL1 (Network and Hierarchy of Centres) and RL2 (Scale and Location of Retail, Leisure and Culture Development) that seek to focus retail and main town centre leisure and culture development in the centre of Reading.
- 6.33 The application proposals will assist in maintaining the role of Reading as a centre of regional significance. The repurposing of the 'department store' floorspace, will assist in future proofing The Oracle Shopping Centre, increasing its resilience to structural changes in sector, and ensuring it will continue to successfully anchor the town centre. As emphasised within the Officer Report ref. 191481, *"in land use terms, based on current local and national policies, the provision of these smaller units raises no issues and reflects the changing dynamics of the retail sector since the 1990s"*.

⁹ Colliers Retail Midsummer report 2022

- 6.34 The Applicant is proposing to limit the uses within the department store that the most suitable sub-uses within Class E that are pertinent to the ongoing success of the Oracle, and thus wider Reading town centre, and in accordance with the adopted primary shopping frontages policy. As noted within the proposed description of development, those uses considered most pertinent to the ongoing diversification and success of the Oracle include E(a) Retail; E(b) Food and Drink; E(d) Indoor Leisure and Recreation; and E(e) Medical Services.
- 6.35 It is considered that these uses best represent the most appropriate uses for the units in the Oracle that would allow the individual units to remain in-keeping with character and function of Oracle, whilst remaining flexible to meet customer requirement and future market demands.
- 6.36 Paragraph 5.2.10 of the Local Plan recognises the changing context in the retail market and the *“the focus of town centres across the country is increasingly on leisure provision, and Reading town centre’s leisure offer will need to expand to ensure that the centre can meet this changing role. This will include arts and cultural provision, sport and recreation facilities and additional restaurants and evening uses that appeal to a wide range of users and continue to provide an 18-hour welcome”*.
- 6.37 Policy CR7 makes explicit reference to permitted use classes along designated primary frontages as including classes: A1 (retail), A2 (financial and professional services), A3 (café and restaurant), A4 (public house; drinking establishment), A5 (hot food takeaway), C1(hotels), D1(clinics; health centre; nursery), D2 (Gyms and indoor recreation) or related sui generis uses. All of the aforementioned uses have now been subsumed into new Class E (Commercial, Business and Service). In compliance with this policy, it is proposed to limit the use of prospective future units to simply cover Retail (Class Ea); Food and Drink (E(b)); Indoor Sport and recreation (E(d)); and Medical services (E(e)).
- 6.38 The proposals will facilitate the ongoing use of prime town centre floorspace, in accordance with the strategy for employment and retail floorspace identified throughout the Local Plan and envisioned through Policy CR1. This visible sign of significant investment in the town centre by a core landowner, is a positive indicator of commercial confidence in the centre.
- 6.39 The ability to introduce new uses within the department store floorspace at The Oracle will further assist in widening the variety of the offer of the centre, and would, in many cases, help to attract a greater range of people into the centre. For that reason, it is considered the proposed uses with Class E(a);(b);(d); and (e) should be encouraged in line with Policy CR1 and Policy RL2 of the Local Plan.

Active Frontages

- 6.40 The principle of retaining ground floor active town centre uses and the vitality and viability of the overall retail experience within the shopping centre is integral to the proposals and reflective of the sites positioning within the Central Core and primary shopping frontage.
- 6.41 Whilst the application proposals relate directly to the sub-division of the unit, it is recognised that condition no. 18 of the original Oracle planning permission required *all*

windows on the external elevations of the departments stores and the Riverside link block, shopfronts and the bridge over Minster Street shall be glazed and thereafter maintained in clear glass and shall not be obscured or obstructed unless agreed in writing by the Local Planning Authority. The reason given for the imposition of this condition was to protect the vitality of the centre as viewed from the exterior and to integrate the development into its surrounding area.

- 6.42 It is identified that in Section 3 above that permission was granted in 1999 to modify Condition 18 and 19 (under ref. 97/0017/FD) to obscure glazing on the House of Fraser and Debenhams frontage at street level. The importance of active frontages is recognised at para 5.3.28 of the Local Plan which states that “*Active frontages at ground floor level are key in creating the impression of a healthy centre*”.
- 6.43 In accordance with Local Plan Policy CR7 and condition no. 18, the proposed uses with the ‘department store’ floorspace will facilitate permeability and legibility along the Riverside and within the mall through active frontages and appropriate levels of glazing. Indeed, the removal of condition 62, thereby facilitating the sub-division of the floorspace and successful reoccupation of the units will ensure active frontages at street level. The alternative is ongoing vacant floorspace along the riverside frontage and approaches to The Oracle, such as that experienced at the eastern end with the vacant Debenhams floorspace. This does not *create the impression of a healthy centre*, and is detrimental to the general character of the riverside and wider shopping centre.
- 6.44 As mentioned above, condition no. 18 was previously amended to enable the use of obscure glazing on identified areas of the external elevations to respond to retailer requirements. As the occupiers develop their internal configurations of the sub-divided units there may be a need for further amendment to this condition to respond to the occupiers requirements, whilst still ensuring appropriate activation. It is considered, that any future changes could potentially be secured by a non-material amendment application under Section 96A, subject to the nature of the proposed amendments. The Applicant is working closely with potential occupiers to ensure that appropriate levels of activation are created on the external elevations.
- 6.45 The proposed development is therefore considered to create active frontages and will create activity within a primary frontage in compliance with the requirements and uses stipulated in Policy CR7. The proposed development is therefore in accordance with Policy CR7.

Positive intervention in Reading Town Centre

- 6.46 Collier’s identified that following the repurposing of a former Debenhams store to a ‘Gravity’ leisure facility in Wandsworth, footfall to the unit significantly increased upon opening of the leisure asset and remained above levels achieved by Debenhams. Footfall to the centre increased by 27% and dwell time within the facility also increased by 40%, providing a more even distribution of trips across the week. It is expected a similar trend would be achieved in respect of the proposed leisure use at The Oracle, to the benefit of the shopping centre and to the town centre as a whole
- 6.47 The Planning Practice Guidance acknowledges that certain indicators are useful for assessing the health of town centres, including the diversity of uses and the extent to

which there is an evening and night time economy offer (Reference ID: 2b-006-20190722). The introduction of new leisure uses in the town centre is also forecast to increase engagement with different demographics, particularly within the 25-44 age categories, ensuring the centre is adapting to meet the demands of younger generations. This is tandem with the recognition in the Reading Local Plan that *“in order to diversify uses in the town centre and improve the Centre’s leisure offer, it is important to accommodate leisure, cultural and tourism activities that appeal to a wide range of age and social groups. Leisure and entertainment uses that would contribute to the 18-hour economy will be encouraged, and existing uses maintained. This should include a range of different, yet complementary evening and night-time economy uses to cater for all sections of Reading’s community, and offer alternative activities to drinking”*. Indeed, we highlight that uses with the former Class D2 (Indoor Sport and Leisure) are identified within adopted Local Plan Policy as accepted uses within the Primary Shopping Frontages.

- 6.48 Successful occupation of the unit, by permeant retailers and / or leisure operators will secure new employment opportunities, delivering economic benefits both in direct jobs and net indirect / induced jobs and further instil confidence in the operation and success of Reading being a social, communal, and economic hub within the south east region.

7. Summary

- 7.1 In summary, the current application proposals will facilitate the successful reoccupation of anchor floorspace within the Oracle shopping centre. It will avoid long term vacant anchor units, which will be detrimental to both the shopping centre and the town centre as a whole. The development proposals respond to market conditions and seek to future proof The Oracle as an anchor asset within Reading, providing flexibility for the long term success and management of these units.
- 7.2 In assessing the proposals against development plan policy, it is considered that the proposed developments are in full accordance with the development plan. The principles of the proposals accord wholly with the aims and objectives of the Plan.
- 7.3 The policy is considered to comply with the following policies of relevance within the development plan:
- Policies RL1, RL2 & CR1 – the proposals will positively impact upon the vitality and viability of Reading town centre by facilitating the reoccupation of anchor floorspace within the shopping centre, enhancing the diversity of uses with the centre, and by providing a clear and positive statement of investment within the town centre. The floorspace would be occupied by town centre uses with Class E, with retail and leisure operators the intended occupants. This is in full accordance with Policy R1, with The Oracle with the Central Core remaining the focus for retail and leisure uses as per Policies RL2 and CR4.
 - Policy CR7 – the proposals will retain the lawful use of the ‘department store’ floorspace as Class E, as per the existing or last known occupation by House of Fraser and Debenhams. Acknowledging RBC’s concerns regarding the wide scope of uses permitted under Class E the applicant is proposing the imposition of a ‘new’ condition identifying the extent of Class E uses considered appropriate for this town centre location, consistent with the use classes identified within Policy CR7 and to maintain primary frontages in the central core of the town.
 - Policy CR7 asks that ground floor uses along primary frontages be within one of the following use classes: A1, A2, A3, A4, A5, C1, D1, D2 or related sui generis¹⁰. It is considered the uses falling within Class E will collectively add to the overall diversity of the centre in accordance with the development plan. The mix of uses would also assist in widening the variety of the offer of the centre, helping to attract a greater range of people into the centre. Accordingly, the units would make a positive contribution to the overall character of the centre, as identified within the extant planning permission (ref. 191841). The Applicant is proposing a new, suitably worded planning to manage the future uses of this site in line with the Council’s aspirations for the Oracle, in manner which diversifies the mix of available units and that supports the vitality and vibrancy of Reading town centre as a whole.

¹⁰ This policy pre-dates the introduction of Use Class E

- The applicant is proposing the imposition of a minimum unit size restriction to apply to any units created within the 'department store' floorspace, to ensure that this floorspace continues to provide large floorplate units, providing a mix of unit sizes across the shopping centre, and town centre as a whole.

- 7.4 This proposal within the core of the town centre, will positively contribute to the vitality and viability of Reading Town Centre, and help maintain its role as regional town centre and economic powerhouse for the Thames Valley area.
- 7.5 These proposals are necessary in order to address the clear and urgent challenge presented by structural changes to the retail sector, and the demand and supply imbalance at The Oracle. The alternative is two, prominent vacant units at each end of The Oracle, which is considered will have a detrimental impact upon the vitality and viability of the riverfront, The Oracle shopping centre and town centre as a whole.
- 7.6 It is respectfully requested that planning permission is granted under Section 73 of the Town and Country Planning Act to delete planning condition no. 62 from planning permission ref. 970949, and attach a new condition that provides controls on the ongoing use and size of the identified 'department store' floorspace.

Appendix 1: Anchor Floorspace Report – Colliers (2023)



Hammerson

Reading space mix vs. Top 30 UK towns & Cities

April 2023

Prepared by: Paddy Gamble, Emma Sharman & Alex Fox



Hammerson Reading vs. Top 30 UK retail venues

Hammerson Group Management, owner of The Oracle Centre in Reading, engaged Colliers to undertake an assessment of anchor store space in Reading vs. top 30 UK towns and cities.

The analysis based upon occupier data from 2016 and early 2023 with anchor stores defined as John Lewis, M&S, Primark, Frasers, Debenhams, Selfridges and Harvey Nichols.



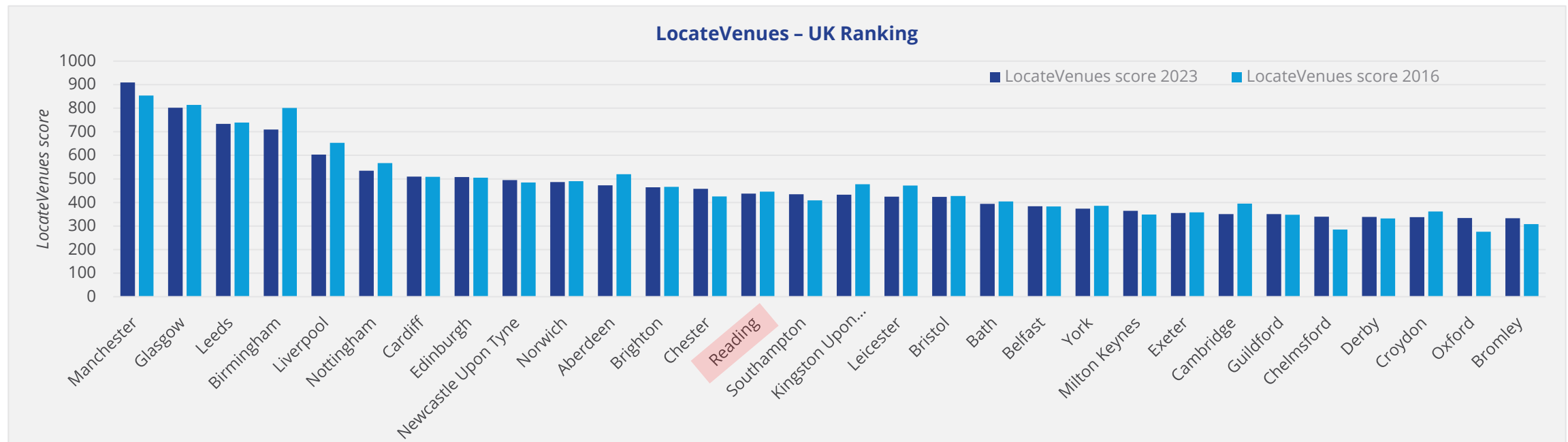
Summary

Despite a reduction in anchor space since 2016 – Reading still appears over-spaced in this category

- **Reading's LocateVenues score ranks it 14th of the top 30 retail towns and cities in the UK**
 - On par with Brighton, Chester and Southampton
- **Reading's retail provision has been dominated by anchor stores**
 - In 2016 64% of Reading's occupied retail space was anchor store space
 - On average the UK's top 30 retail destinations had 31% of occupied retail space provided by anchor store space
- **Since 2016 Reading's occupied anchor store space has declined by 35%, however there has also been a reduction for approximately 80% of the top 30 towns and cities**
 - The only locations to see an increase in the proportion of anchor store space has typically been venues that have had significant new developments that included the opening on a John Lewis store
- **Consequently Reading is comparatively still allocating a larger than average amount of space to anchor tenants**
 - 46% in Reading vs. top 30 average of 28% based upon the latest 2023 occupancy data

Top 30 Venues: Retail ranking

Reading currently ranks 14th amongst top 30 retail towns and cities in the UK



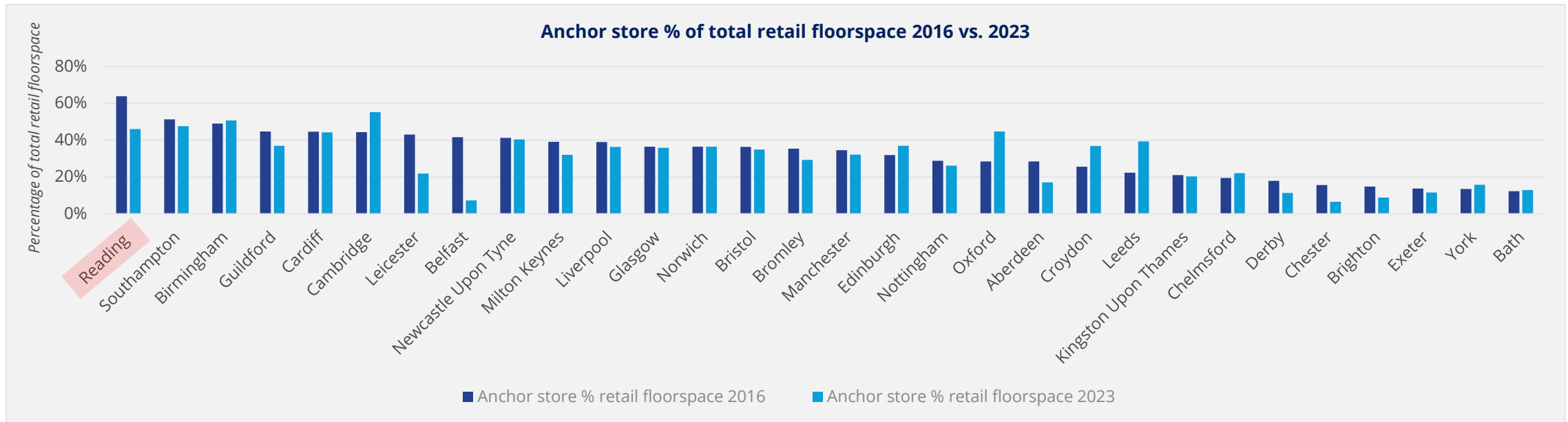
- **Reading ranks 14th amongst top 30 retail towns and cities in the UK**
 - On par with Brighton, Chester and Southampton
 - The Oracle contributing 29% towards this LocateVenue score
 - Venues that have improved in score have all had major developments since 2016. E.g. Leeds Victoria Gate, Edinburgh St James

Source: LocateVenues

Note: Locate Venues score is a weighted count of multiple retail offer in a venue

Venue overview

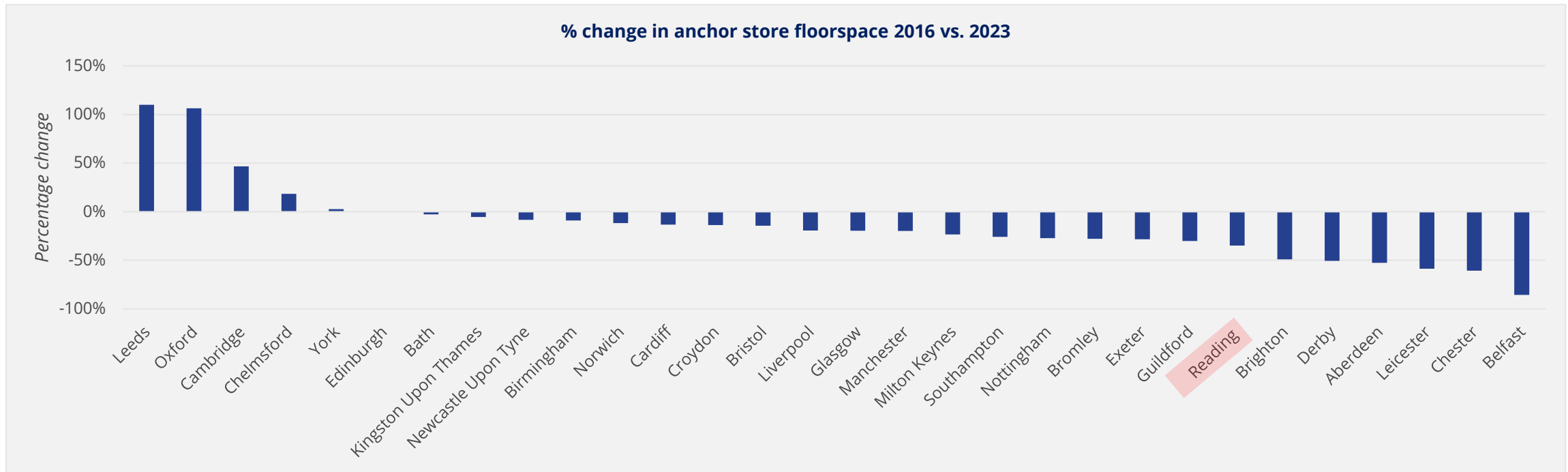
Reading has historically been dominated by anchor store space and is still well above average compared to top 30 UK towns & cities



- **In terms of anchor stores, Reading has historically been dominated by space within this category**
 - Excluding vacant units, in 2016 64% of retail space was anchor store space
 - The highest of any venue within the top retail towns and cities in the UK that on average had 33%
 - Locations to see an increase in anchor store % have typically had significant new developments that included anchor space

Venue overview

Whilst there has been a -35% reduction in anchor space in Reading since 2016, this is also the case for 80% of the top 30 towns & cities

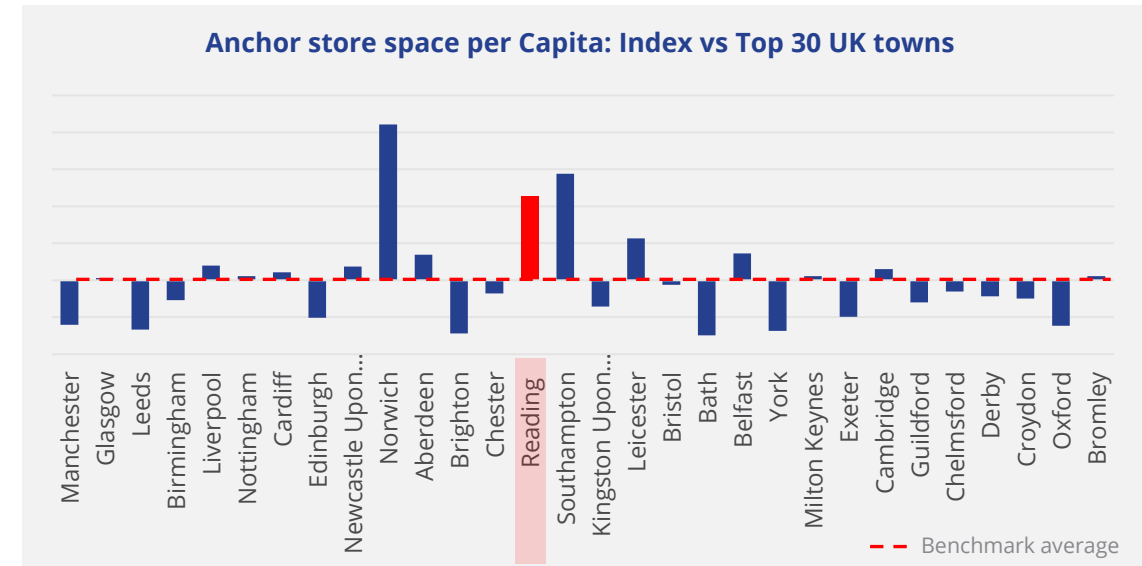
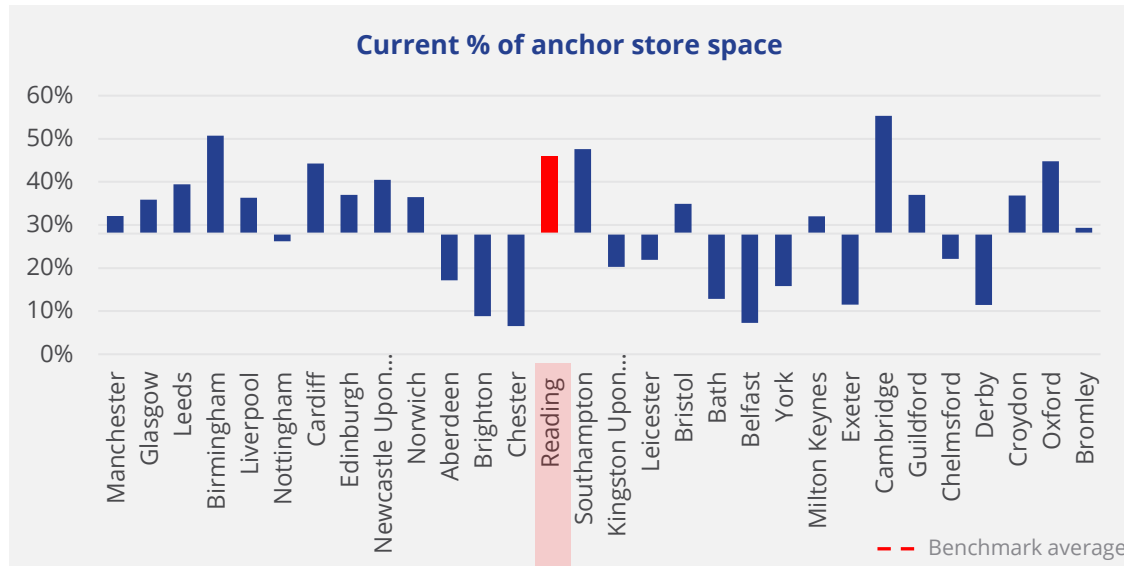


- Whilst there has been a -35% reduction in anchor store space in Reading since 2016 (due to Debenhams closure), this is also the case for 80% of the top 30 towns and cities
 - The only locations to see an increase in anchor store have typically been have had significant new developments that included the opening on a John Lewis store

Source: LocateVenues

Venue overview

Despite reduced anchor space, Reading still appears 'over-anchored' vs. top 30 towns + when accounting for catchment population



- **Despite the reduction in amount and % of anchor space, Reading still appears 'over-anchored' and is well ahead of the top 30 average in terms of % of space dedicated to this category**
 - 46% in Reading vs. top 30 average of 28% based upon the latest 2023 occupancy data
 - Accounting for quantum of anchor store space in relation to catchment population, Reading is the 3rd most over-anchored venue in the top 30



08

Appendix





Locate
Venues

Colliers LocateVenues Venue ranking

LocateVenues is a brand new ranking of commercial venues across the entire UK, enabling occupiers, investors, landlords, developers and local authorities to track the characteristics of the UK's retail and leisure locations.

- ✓ Offer scale (*weighted presence of multiples, floorspace*)
- ✓ Price positioning (*value vs. luxury*)
- ✓ Independent mix, vacancy/voids
- ✓ Leisure & F&B orientation, tourism orientation

LocateVenues monitors the retail and leisure offer of over 9,000 venues across the UK, covering all major venue types. Venue sizes range from major city centres to standalone grocery stores.



Locate
Venues

Appendix

Location definition

- 30 key areas used for analysis:
 - Aberdeen
 - Bath
 - Belfast
 - Birmingham
 - Brighton
 - Bristol
 - Bromley
 - Cambridge
 - Cardiff
 - Chelmsford
 - Chester
 - Croydon
 - Derby
 - Edinburgh
 - Exeter
 - Glasgow
 - Guildford
 - Kingston Upon Thames
 - Leeds
 - Leicester
 - Liverpool
 - Manchester
 - Milton Keynes
 - Newcastle Upon Tyne
 - Norwich
 - Nottingham
 - Oxford
 - Reading
 - Southampton
 - York



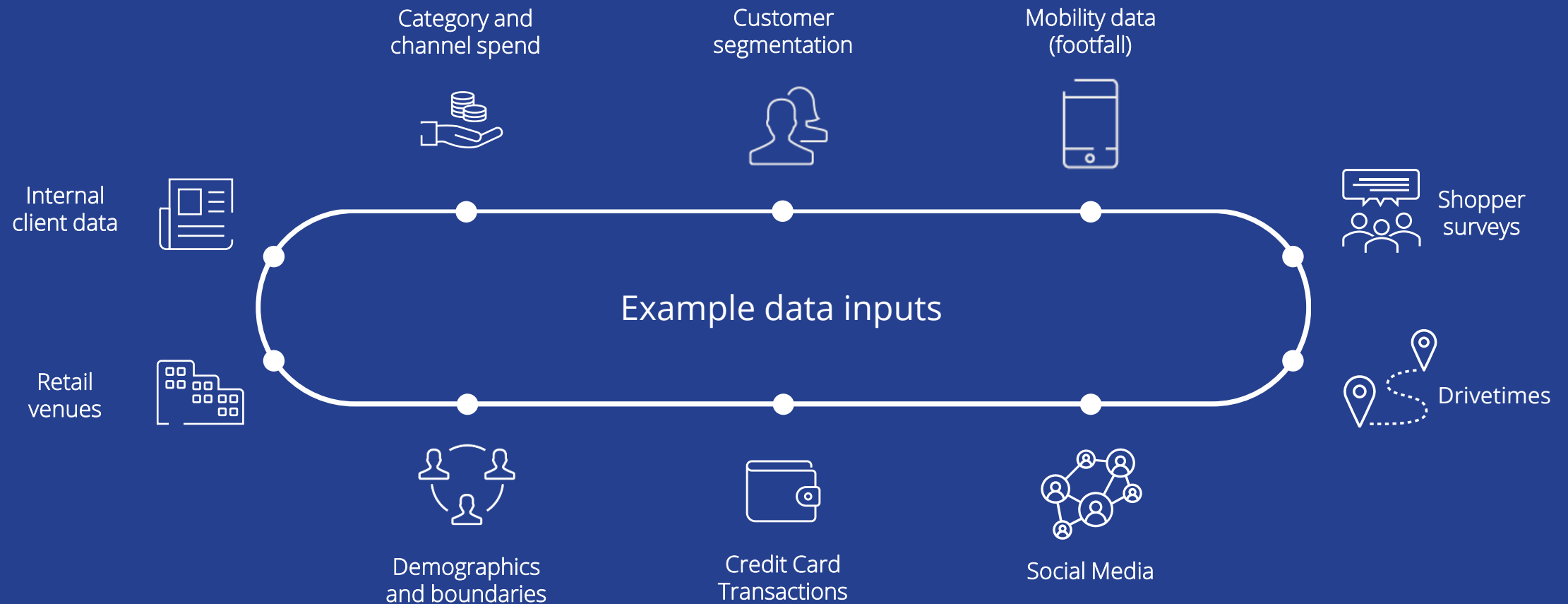


Data-driven, objective location strategy

We work with Occupiers and Landlords/Investors to optimize
store/branch estates and real estate assets

Appendix

Data is at the heart of everything we do....



Illustrative / Non-Exhaustive

Appendix

Disclaimer

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Appendix 2: The Oracle Reading – Colliers Report

The Oracle Reading

November 2022

Prepared by: Paddy Gamble, Emma Sharman & Alex Fox



Contents

1	Introduction	08	Appendix
2	Summary		
3	Retail Supply		
4	Shopping Patterns		
5	Department store repurposing		

Section 1

Introduction

The Oracle Reading Introduction

Hammerson Group Management, owner of The Oracle shopping centre in Reading are seeking to repurpose the Debenhams store within the asset.

Hammerson are seeking a data led report that highlights the role of The Oracle in Reading and wider catchment, to support the planning application submission and assist in demonstrating the requirement for this intervention within the centre.

A range of retail supply and consumer demand/behavioural data has been explored and analysed to deliver this report. Insights include...

- ✓ Retail Supply
- ✓ Catchment analysis
- ✓ Consumer behaviour
- ✓ Department store repurposing



Section 2

Executive Summary

Executive summary

Dominance of Reading is under threat; The Oracle is a key component to wider town centre performance

- **Reading currently ranked 14th largest retail venue in the UK⁽¹⁾**
 - **The Oracle is the largest retail zone within the town centre⁽¹⁾**, contributing nearly a third of Reading's city centre retail and leisure offer and a **key driver of visits**, drawing visitors from further afield than a typical town centre visitor
- **Footfall at The Oracle has been returning close to 2019 levels in recent months⁽²⁾**
 - **Recovery is ahead of Reading town centre as a whole** and so **demonstrates the importance of the asset for the town** in terms of driving post-pandemic recovery and attracting footfall
 - Asset is particularly important at driving weekend footfall within Reading
- **Whilst Reading is the dominant venue across its catchment it has been in decline since 2019⁽³⁾**
 - Faces strong competition from the likes of Wokingham, Bracknell, Maidenhead, Newbury, Windsor, Slough, High Wycombe and Oxford
 - When compared to these key competing venues, **Reading has experienced the biggest decline in LocateVenues score since 2019⁽¹⁾** and with 21% of gross retail space currently vacant is **at risk of losing its dominance**
 - For example, highlighted by the **weakening Reading market shares seen around some of these key competing venues when compared to 2019⁽³⁾** levels of performance

Executive summary

Repurposing retail space ensures locations remain vibrant and prevent decline

- **Like many towns and city centres across the UK, increased vacancies are in part being driven by changing consumer behaviours and the evolution of the role and purpose of retail space**
 - For example, department stores have faced major challenges and pressures to their business model as more sales have gone online, brands increasingly selling direct to consumers and consumers increasingly favouring specialist retailers
- **Shopping centres typically have the highest vacancy rate of any location type**, approx. 18.9% in the first half of 2022; and they also have highest levels of long term⁽⁴⁾ vacancy
- **Weaker demand for retail space has led to a an increased amount of repurposing**
 - **63.3% Debenhams stores remain vacant 2+ years post closure**, and nearly 70% of Arcadia stores remain vacant⁽⁴⁾
- **Repurposing retail space ensures locations remain vibrant**, can drive increased customer engagement and footfall, **prevents decline of a location** and taps into demand from other sectors (leisure, offices, residential)
 - Where repurposing has been carried out, Colliers analysis highlights how a **change from department store to alternative use brought in in significantly more footfall and had a positive impact of shopper and catchment engagement**
 - For example: Gravity, Wandsworth

Section 3

Retail Supply

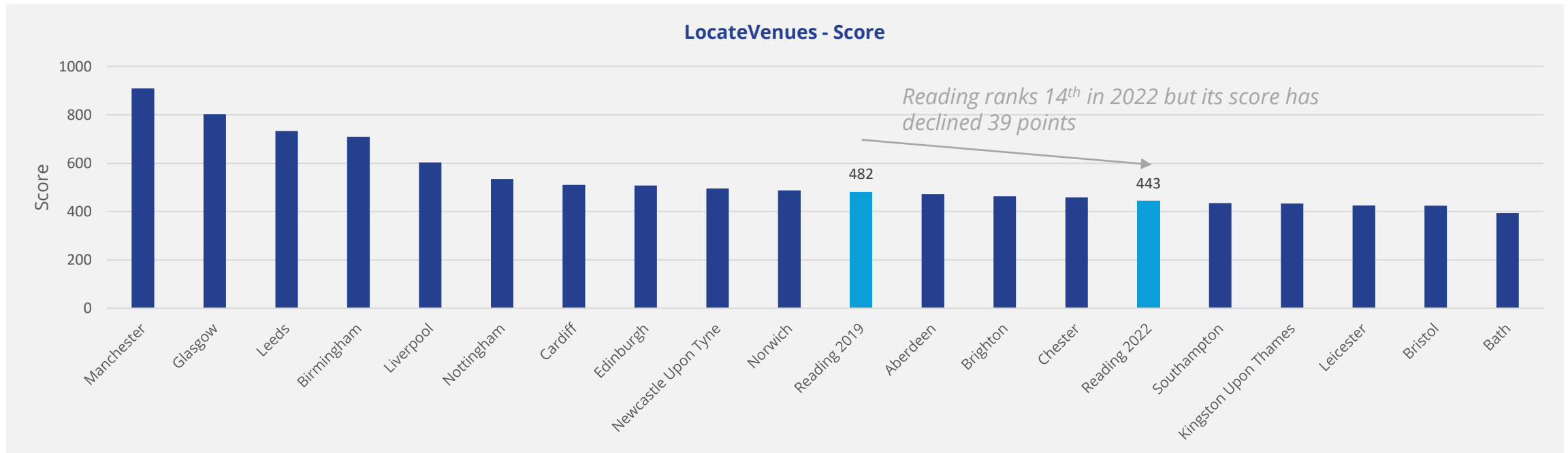
Summary: Retail Supply

Reading the dominant venue in its catchment but had greater decline since 2019 than competing venues

- **Reading is the 14th largest retail venue in the UK currently, but its score has declined since 2019 (-39 points)**
 - Big losses in the city include Debenhams closing April 2020, and the decline of House of Fraser
 - **Reading has seen one of the biggest declines in LocateVenue score amongst it's catchment** competitors in this time period
 - 21% of Gross space is currently vacant which **will impact the town's attractiveness and vibrancy**
- **The Oracle shopping centre is the largest retail zone within Reading**, contributing nearly a third of Reading's score
- Reading faces competition in the catchment from other towns such as:
 - Wokingham, Bracknell, Maidenhead, Newbury, Windsor, Slough, High Wycombe and Oxford
- Retail offer in Reading is...
 - **More luxury focused than average UK venue**, however not as biased as other nearby locations like Oxford and Marlow
 - Retail offer is **more biased towards younger consumers**
 - **Fashion retail bias is lower than other competing venues** in the catchment

Retail supply

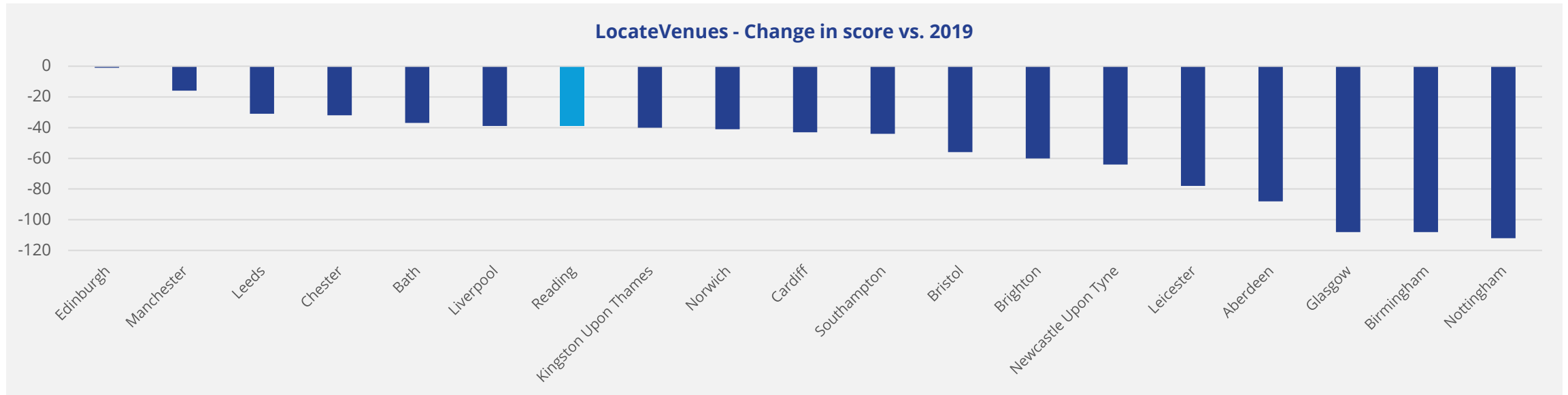
Reading is 14th largest retail venue in UK



- Reading currently ranks 14th in the UK, with The Oracle contributing 29% towards this LocateVenue score
 - On par with Brighton, Chester and Southampton

Retail supply

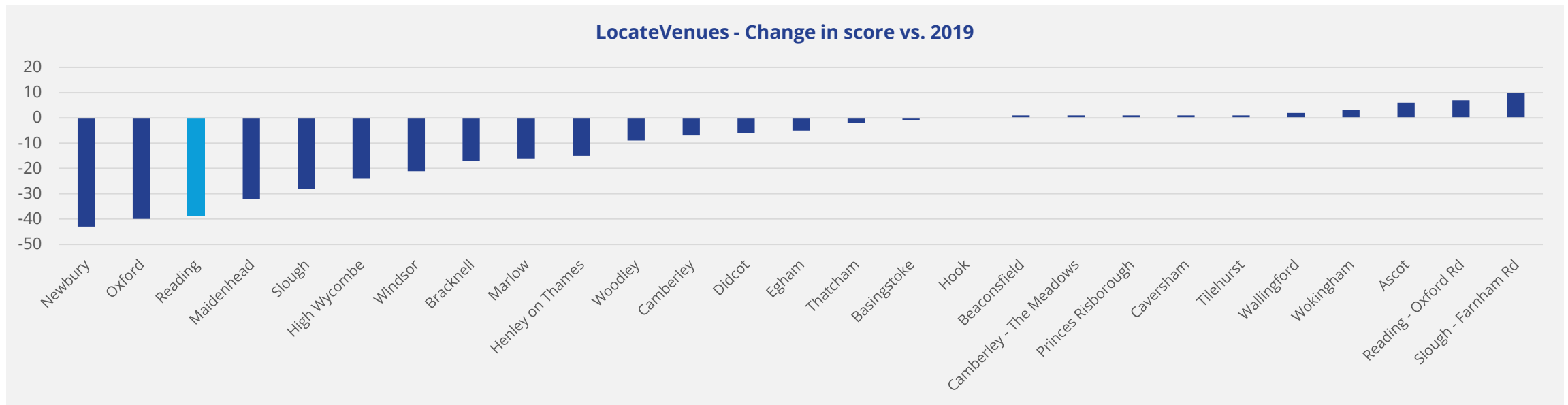
Majority of venues with large declines have investment planned



- Whilst Reading has had a lower change in score than some other major UK retail venues many of these have investment in the pipeline e.g. Glasgow
- In a rapidly changing retail environment venues cannot stand still, they need to continually evolve as circumstances change e.g. loss of multiple department stores

Retail supply

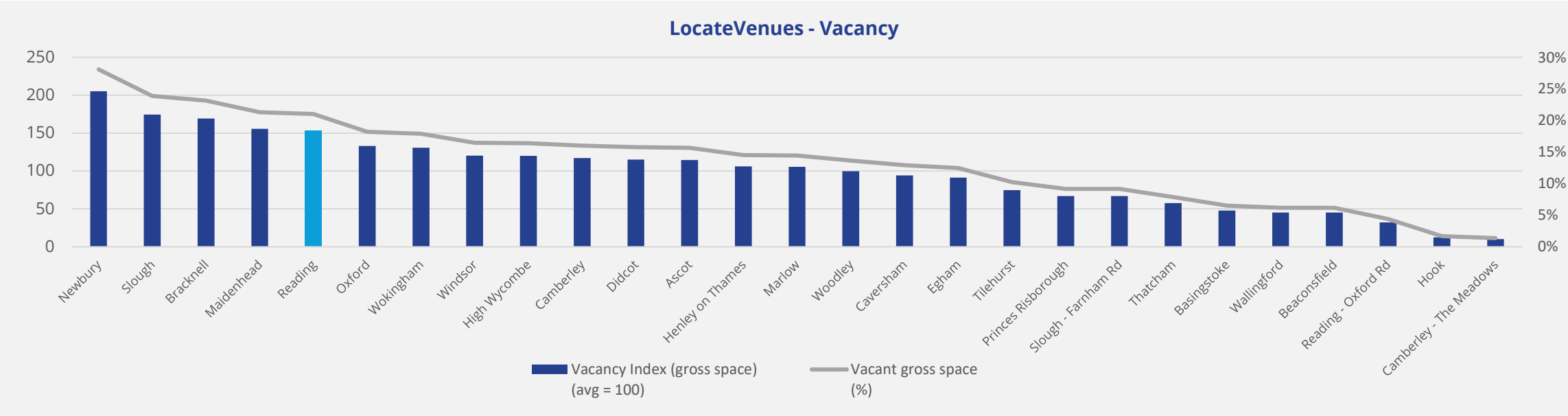
Reading has seen 3rd greatest decline since 2019



- Reading's LocateVenue score has decreased 39 points versus December 2019
 - One of the largest decreases versus other competing venues in the catchment
 - This greater level of decline could potentially make some competing venues more attractive and impact Reading market shares across its catchment

Retail supply

Reading has a high vacancy rate vs. catchment competition

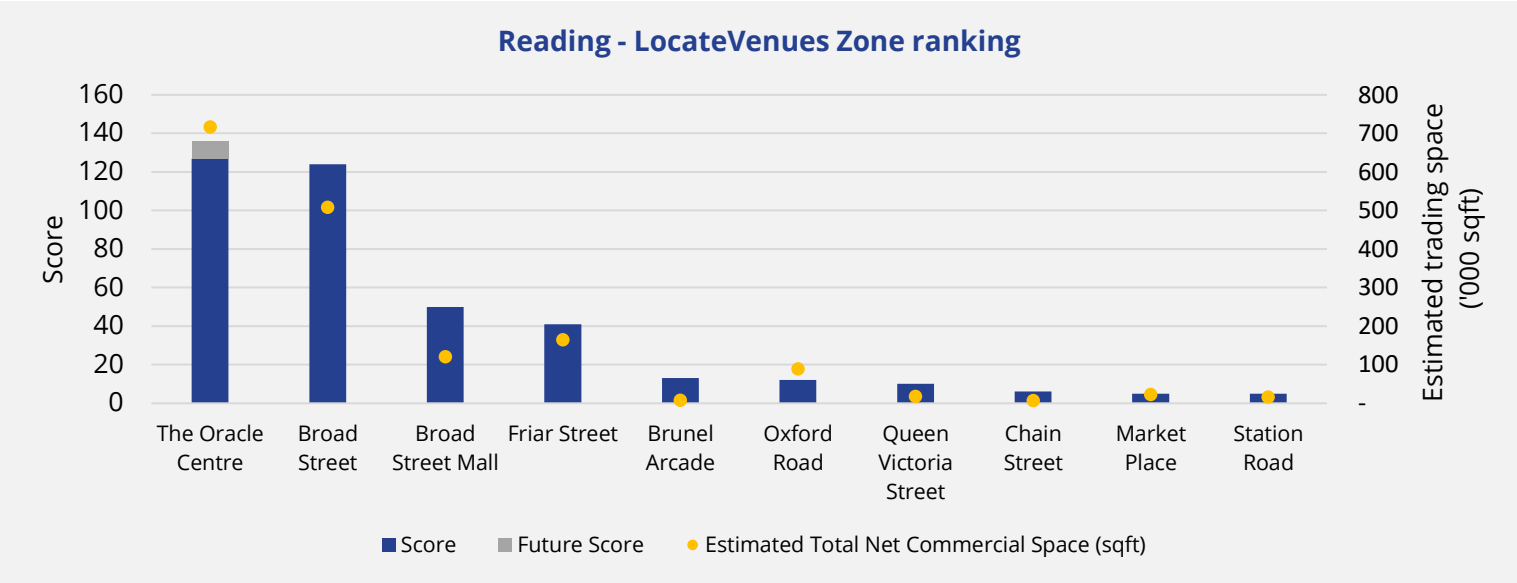
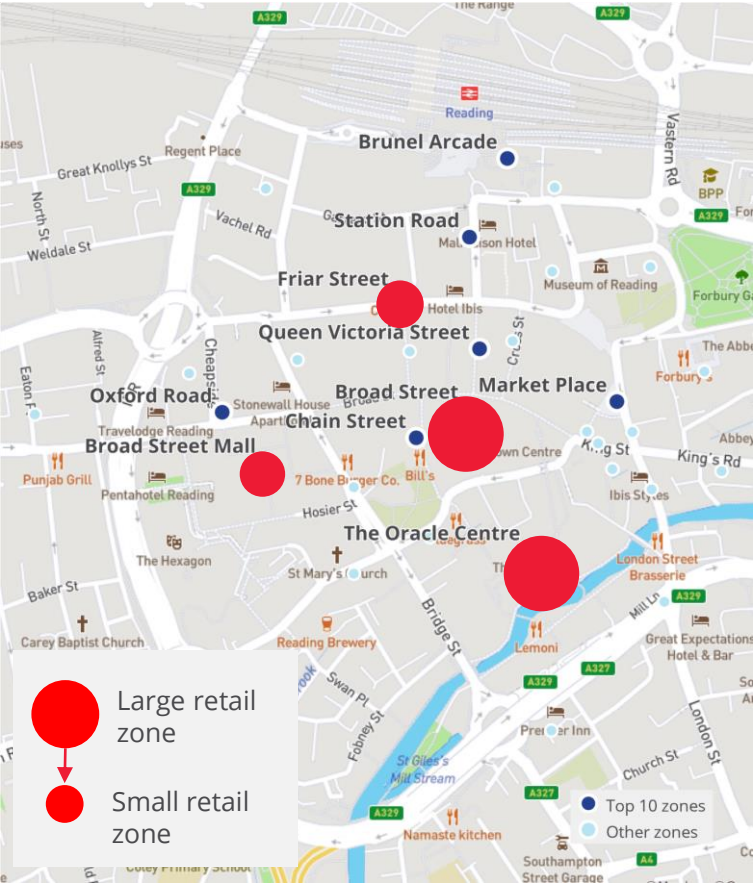


- Recent closures in Reading means it has a high vacancy rate (21% gross space) vs. competing locations, which will impact its overall attractiveness.

Source: LocateVenues

Retail supply

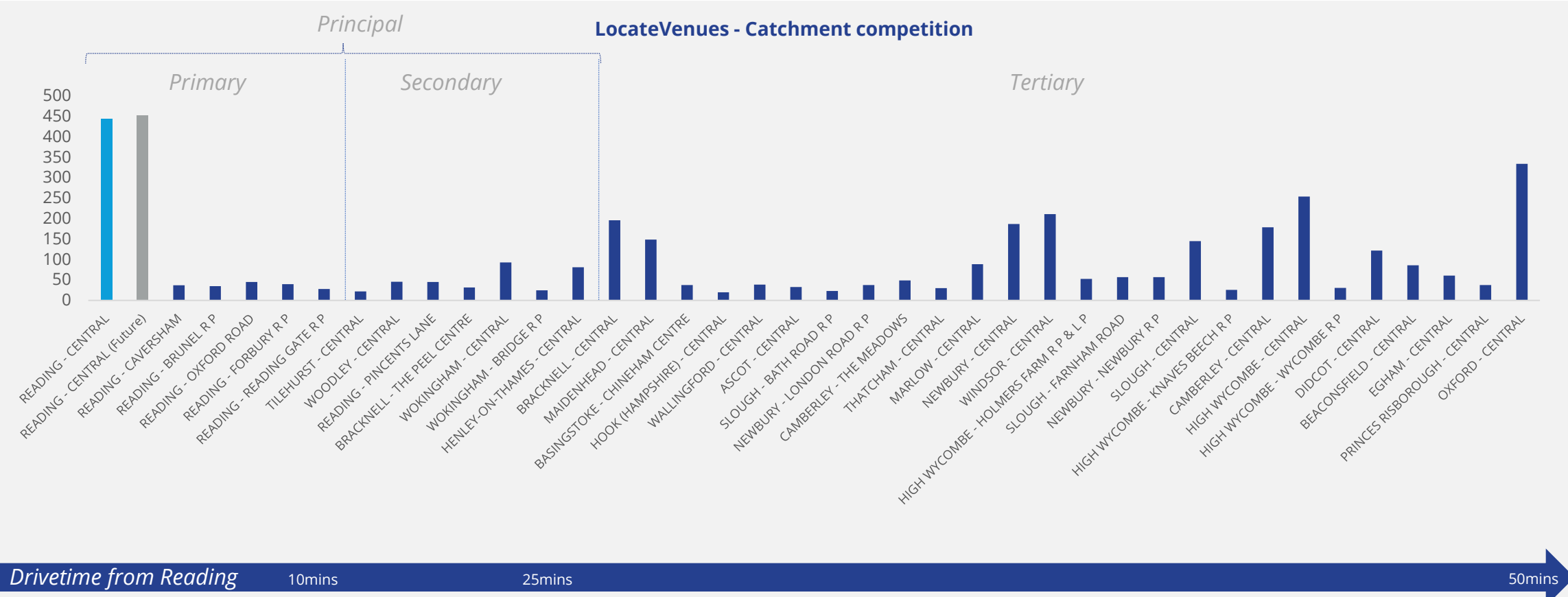
The Oracle Centre is largest retail zone in Reading



- The Oracle has the largest cluster of retail within Reading (based on both score and trading space) and is a key component of the core retail zone
- Future planned openings/repurposing of space within The Oracle will add an additional 9 points to the score helping to cement the mall as the prime pitch within Reading

Retail supply

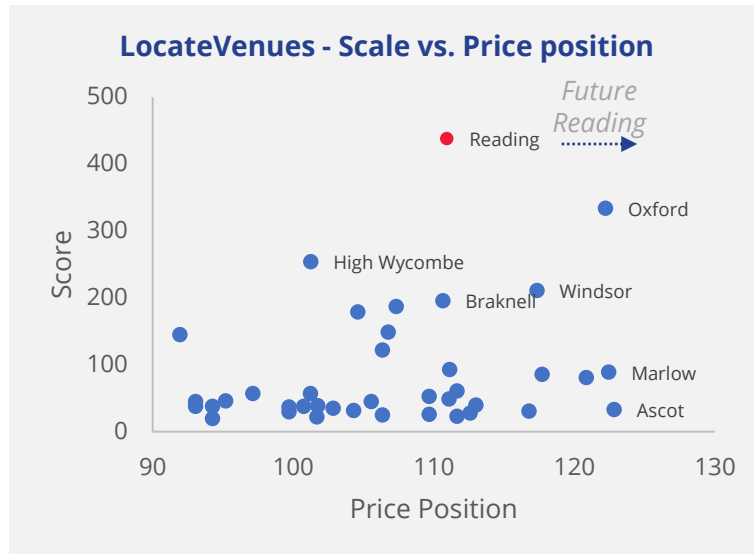
Reading is dominant in Principal catchment



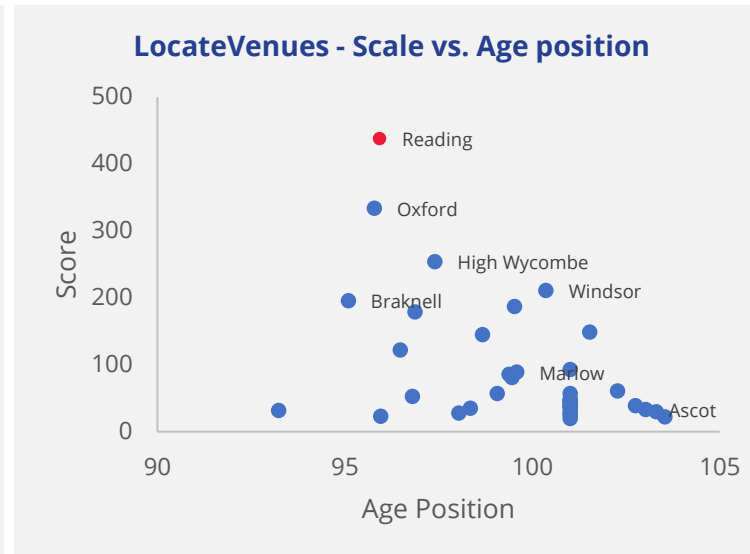
Source: LocateVenues

Retail supply

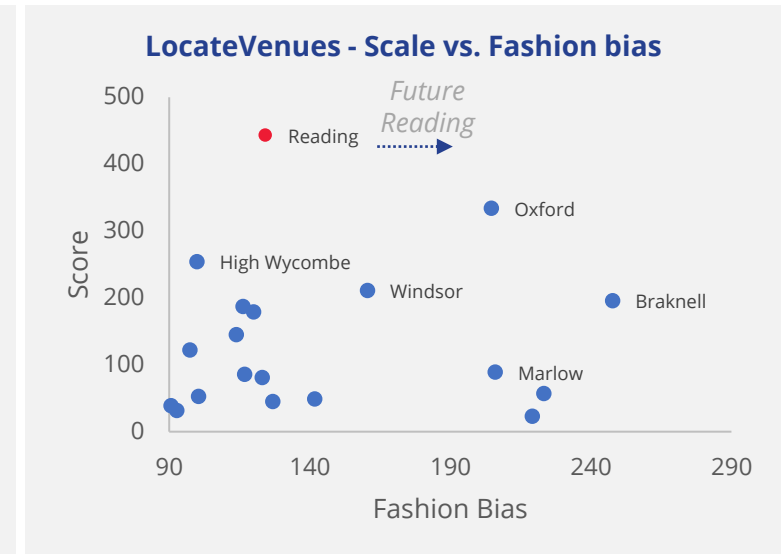
Less of a fashion bias than competing centres



- Reading has an above average price position i.e. more luxury focused, however less biased than places like Oxford, Marlow and Ascot
- Price position will increase with planned tenant changes



- Reading has a below average Age position i.e. focused towards younger consumers



- Reading's fashion bias is low versus other major competing venues such as Oxford and Bracknell
- Planned tenant changes likely to strengthen Reading's fashion bias

Section 4

Shopping Patterns

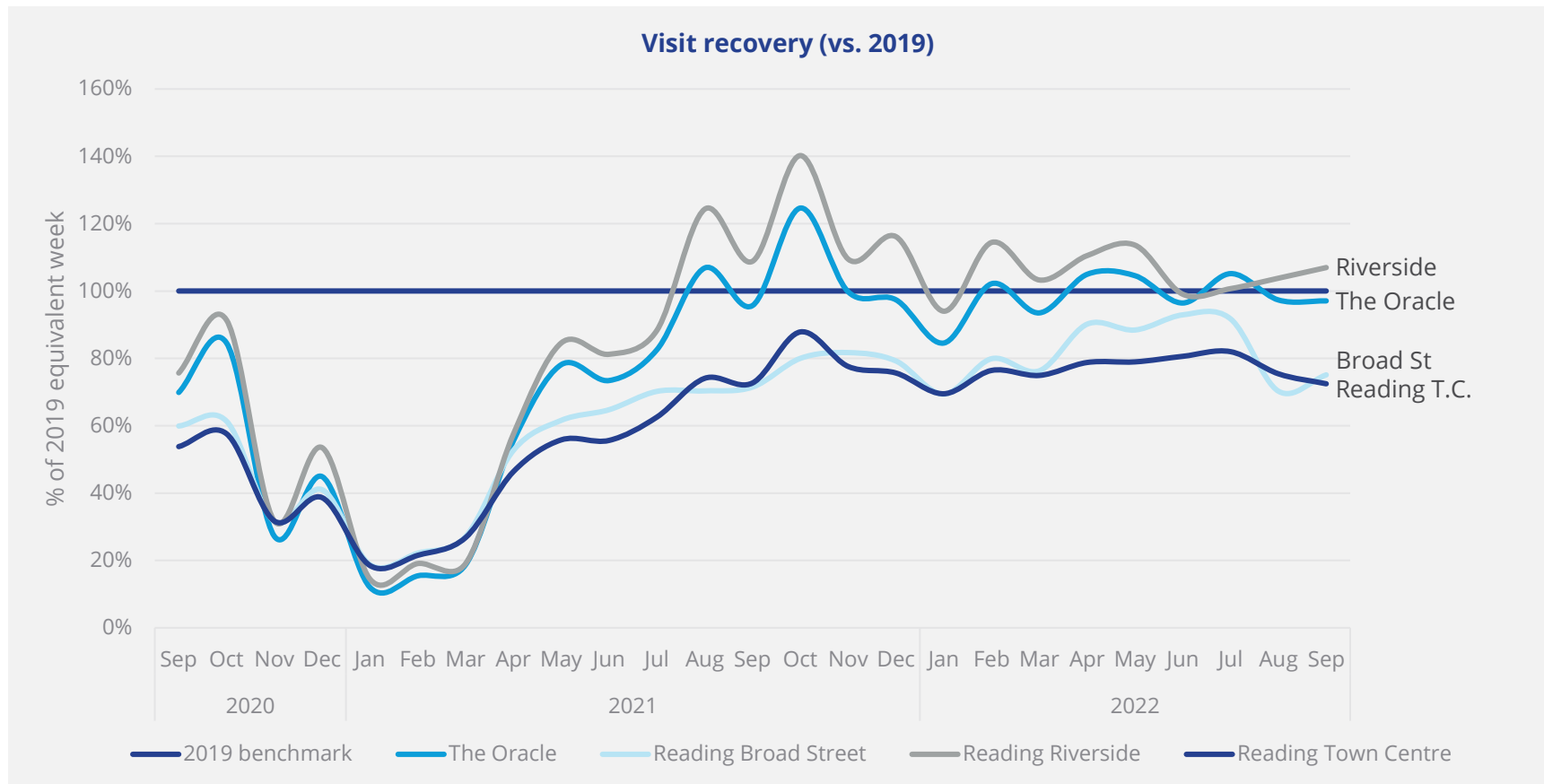
Summary: Shopping Patterns

Footfall close to 2019 levels, The Oracle ahead of Reading town centre footfall recovery

- **Footfall at The Oracle has been returning close to 2019 levels in recent months**
 - Footfall **recovery at The Oracle is ahead of Reading town centre as a whole**
- Catchment market share analysis shows weaker market shares to the North East of the catchment in 2019, with a similar pattern evident in 2022
 - Strongest improvement in market shares over this time period has been in the central area of the catchment
- **Affluence of The Oracle profile has declined versus 2019**
- Shopping patterns in Reading and at The Oracle have been analysed using mobility data
 - **Shift towards more frequent visits and shorter dwell times** generally, however **The Oracle has not seen as significant a shift as Reading**
 - The **Oracle has a higher proportion of visitors at the weekend** versus town centre
 - 78% of visits to The Oracle are during the day (9am-6pm)

Shopping patterns

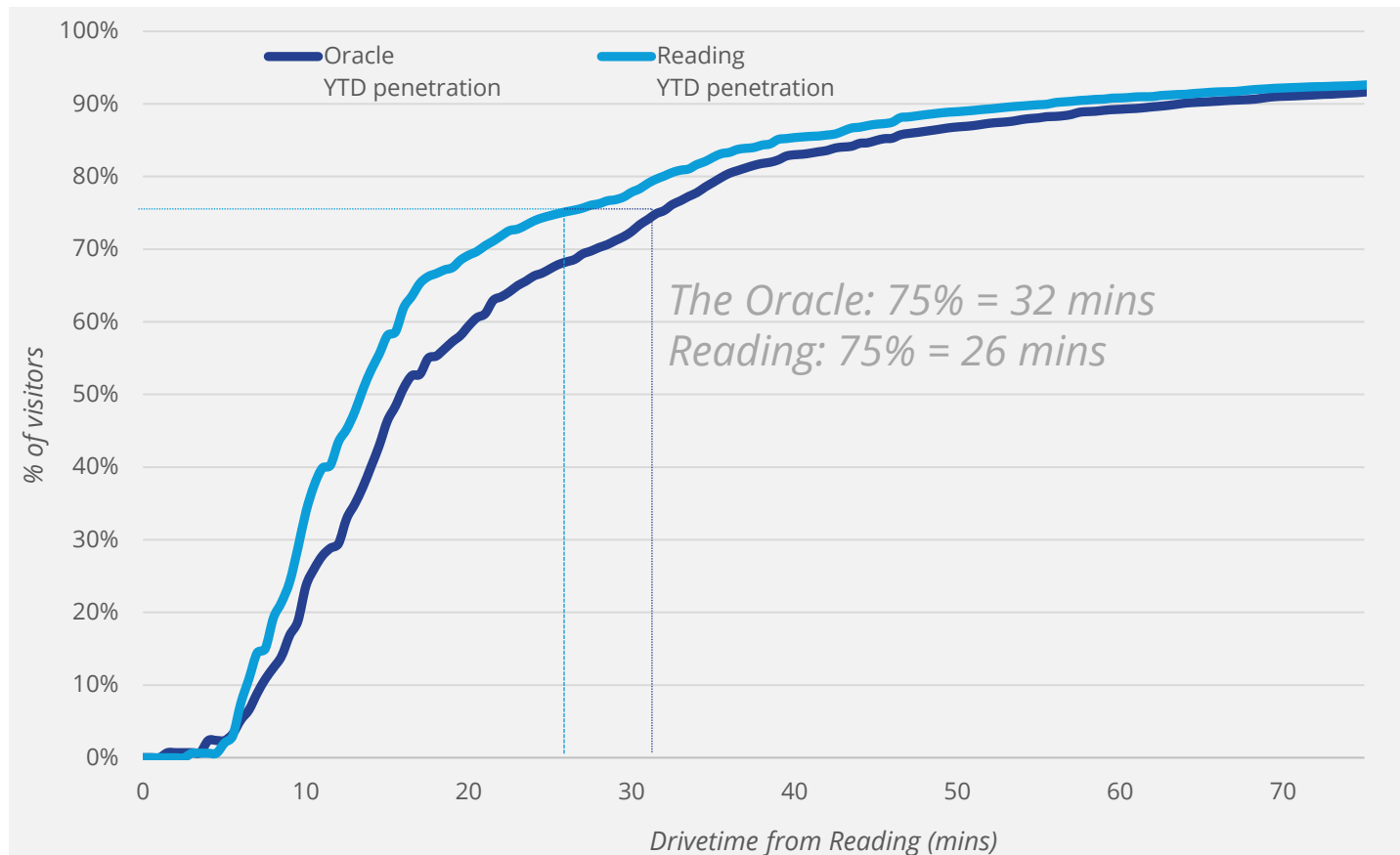
Oracle footfall returning to 2019 levels



- The Oracle and Riverside footfall is recovering well versus pre-pandemic levels
 - Leisure offer at Riverside will be a key driver of this
- Footfall in Reading town centre however remains down 38% versus 2019 as of September
- Highlights how The Oracle more likely to draw catchment footfall that the wider town centre

Shopping patterns

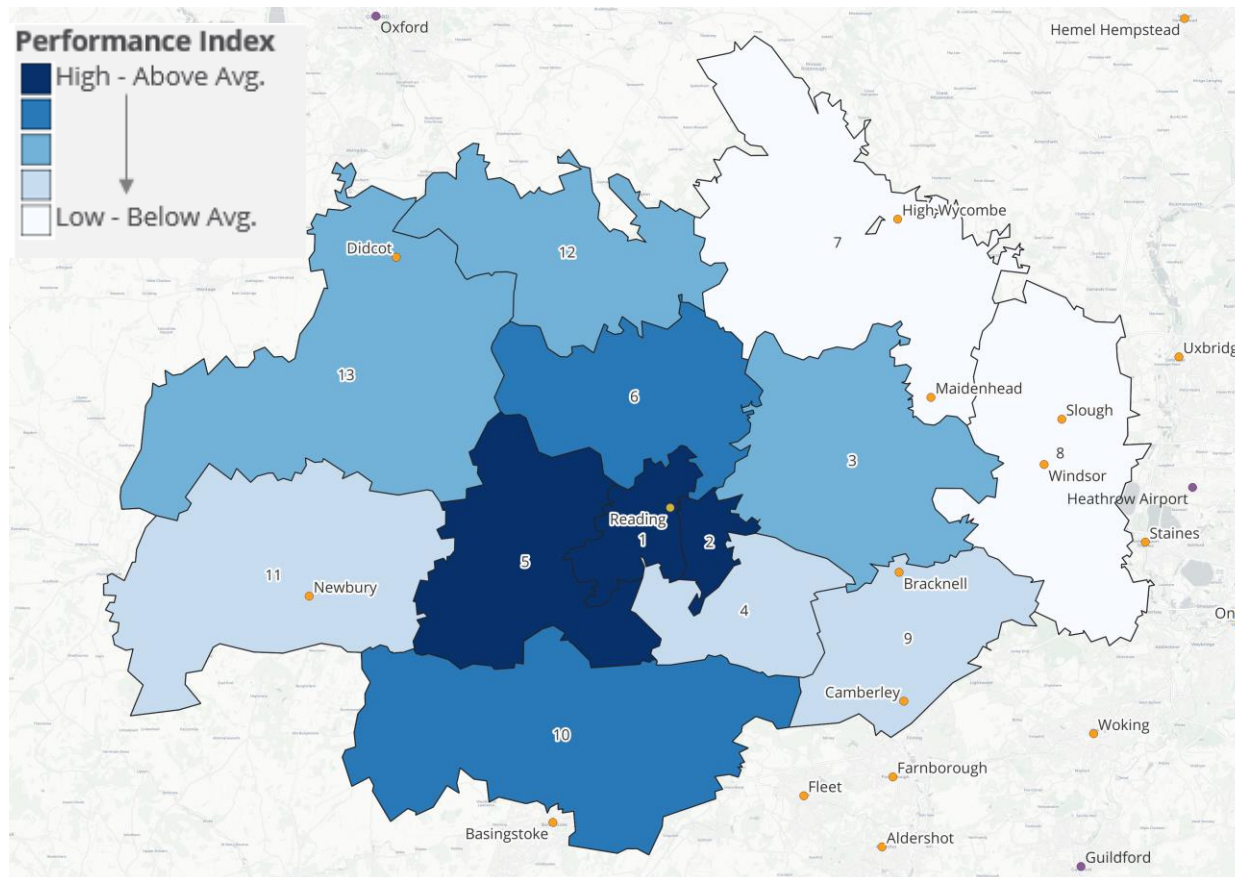
The Oracle has larger catchment than town



- The Oracle has a larger catchment than the town centre pulling from further afield

Shopping patterns

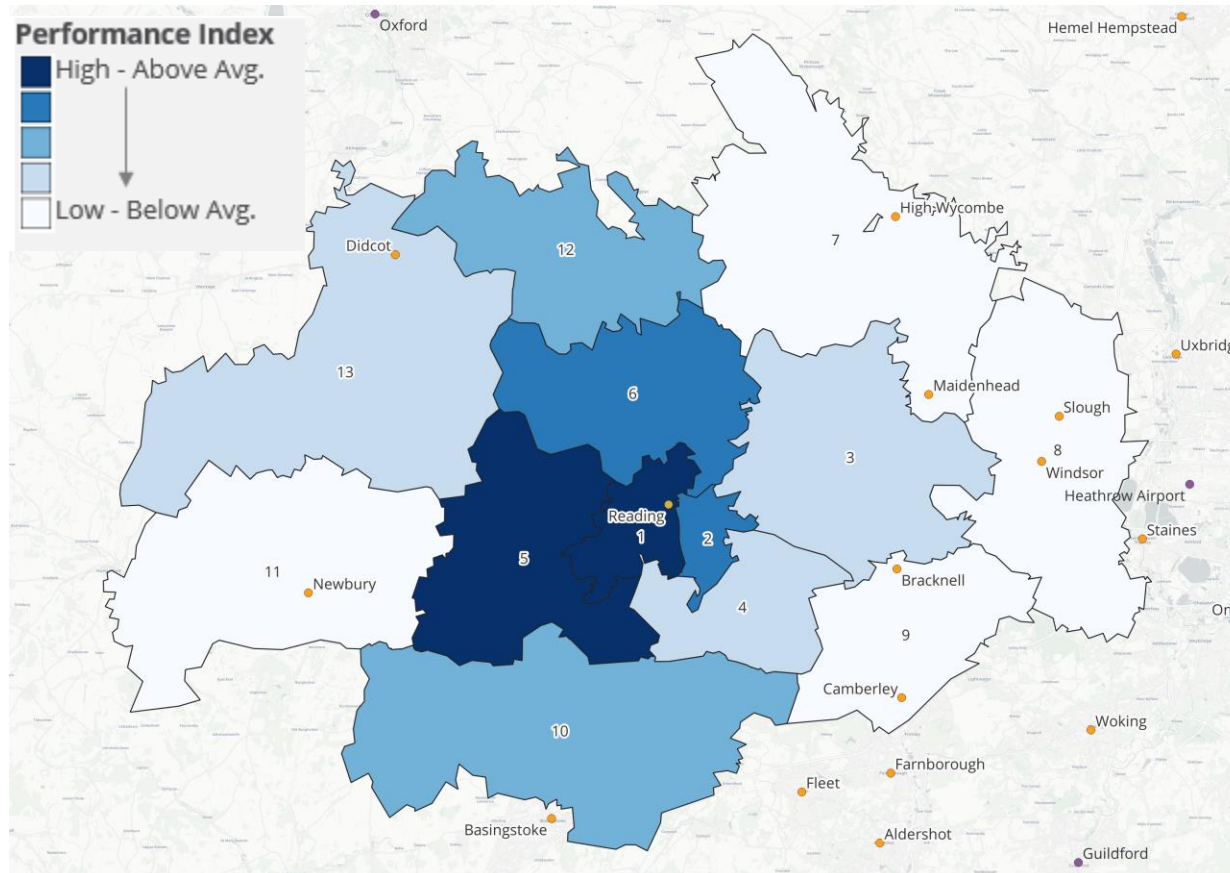
2019: Weaker performance in North East



- The Oracle was typically overperforming across large parts of its catchment in 2019
- Below expected levels of market share in the north east of the catchment, towards Windsor and High Wycombe

Shopping patterns

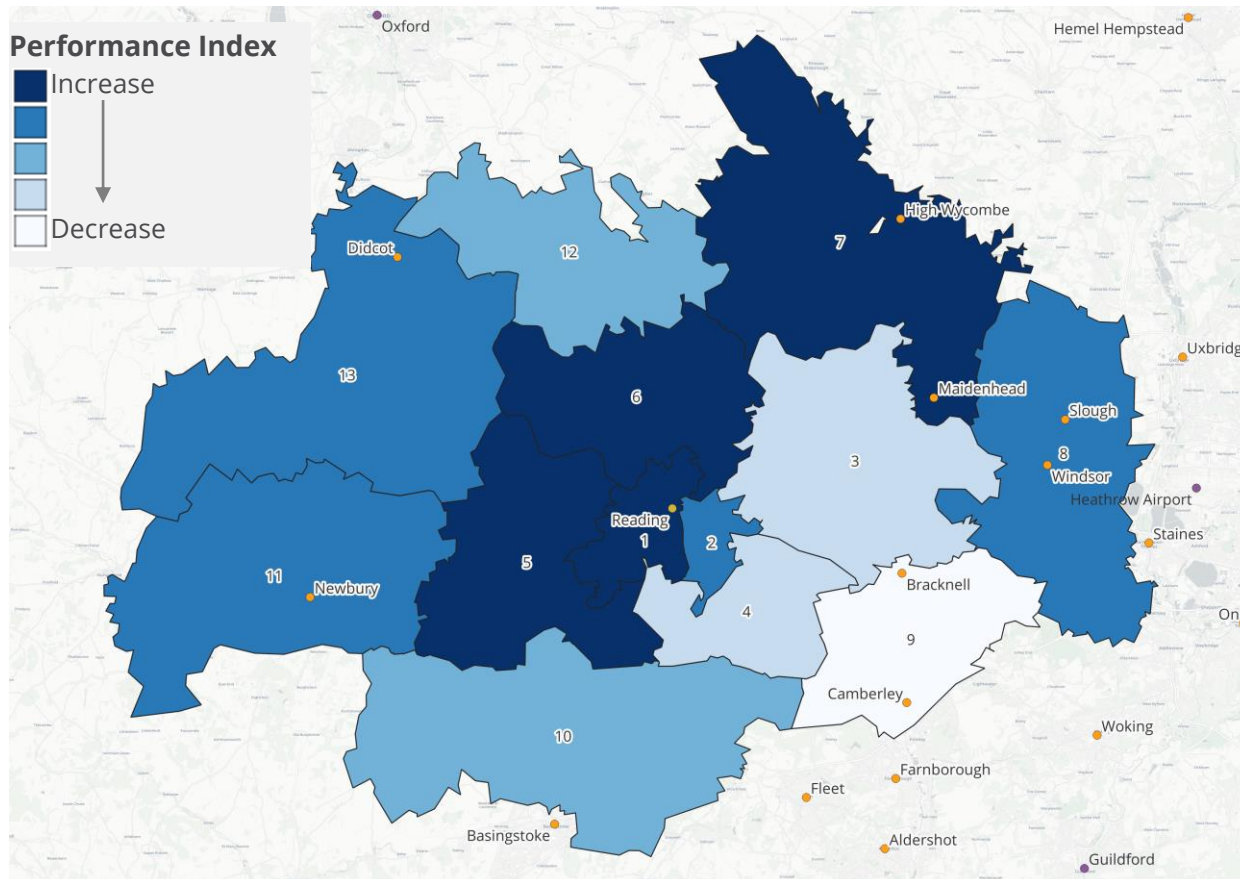
2022: Continued lower performance to the East



- The geography of The Oracle's market share in 2022 is similar to in 2019, with a higher than expected shares to the west of the centre, but a lower share to the east
- Overall, market share performance declined across the catchment

Shopping patterns

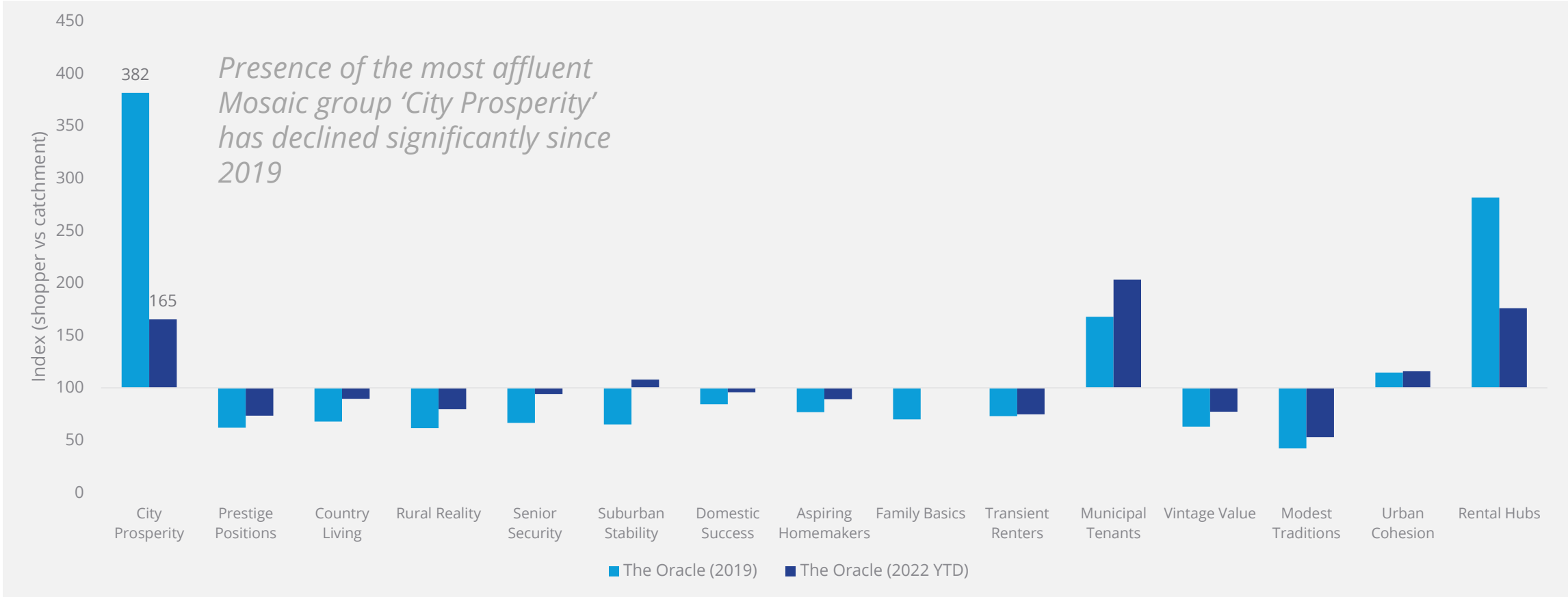
Change vs 2019: Market share improvement in central catchment



- Strongest improvement to market shares in central Reading catchment (zones 1, 5, 6 and 7)
- The Oracle has seen a decrease in market share in zones 3, 4, and 9 to the south east, coinciding with the improvements to Bracknell Town Centre.

Shopping patterns

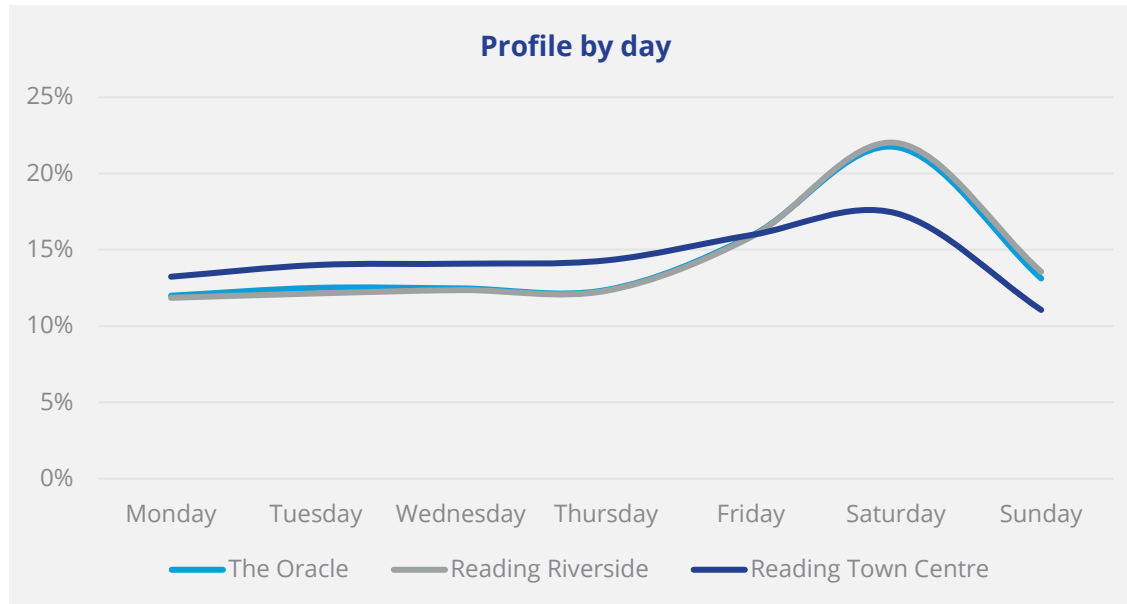
Affluence of The Oracle profile has declined vs. 2019



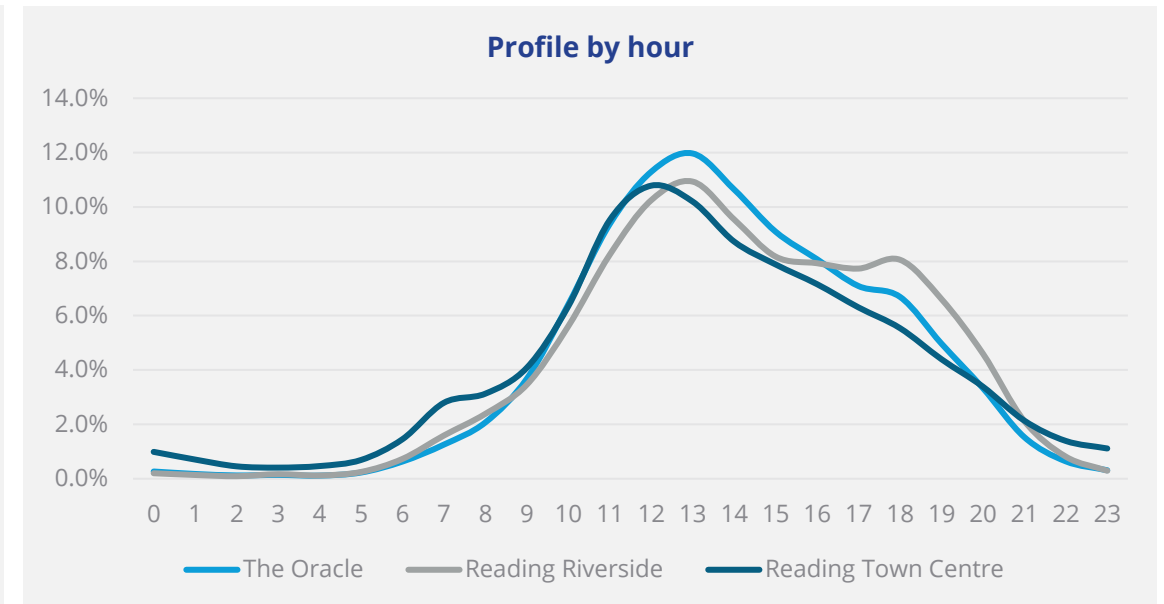
Source: LocateFootfall, Mosaic - Experian

Shopping patterns

35% of visits to The Oracle are at the weekend



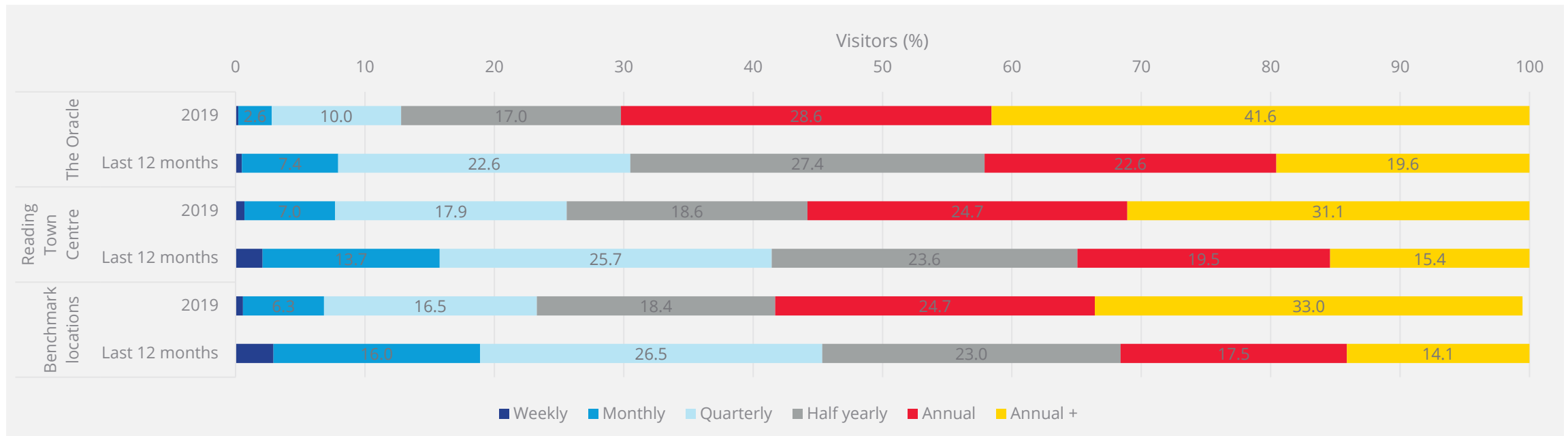
- The Oracle pulls in a higher proportion of visitors at the weekend vs. town centre



- 78% of visits to The Oracle are during the day (9am-6pm) and 17% in the evening

Shopping patterns

Shift towards higher visitor frequency post Covid



- Across The Oracle, Reading TC and benchmark locations there has been a general trend towards increased frequency of visits in last 12 months vs. 2019
- However, The Oracle has a lower proportion of visitors visiting Monthly or more frequently (7.9% vs. benchmark average of 18.9%).

Source: LocateFootfall

Section 5

Focus on department store
repurposing

Department store repurposing

Department stores facing challenges

- Department stores facing major challenges and pressures to their business models
 - Debenhams ceased trading in April 2020
 - House of Fraser have closed multiple stores including Oxford St flagship
 - John Lewis have closed 16 stores during the pandemic
 - Marks and Spencer announced a further 67 stores to close
- Challenges include:
 - Channel shift as sales shift to online
 - Specialists vs. generalists – consumers favouring specialist retailers
 - Brand owned direct to consumer – retailers selling direct to consumer to capture increased margins
 - Polarisation – shift from mid-market spend to more luxury / more value markets



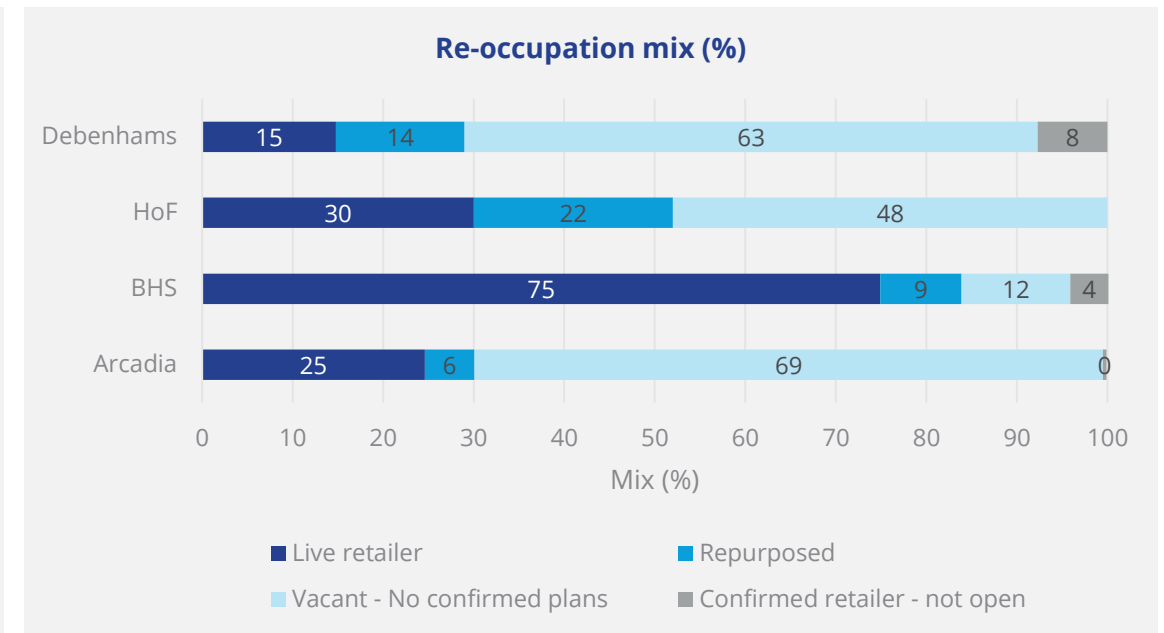
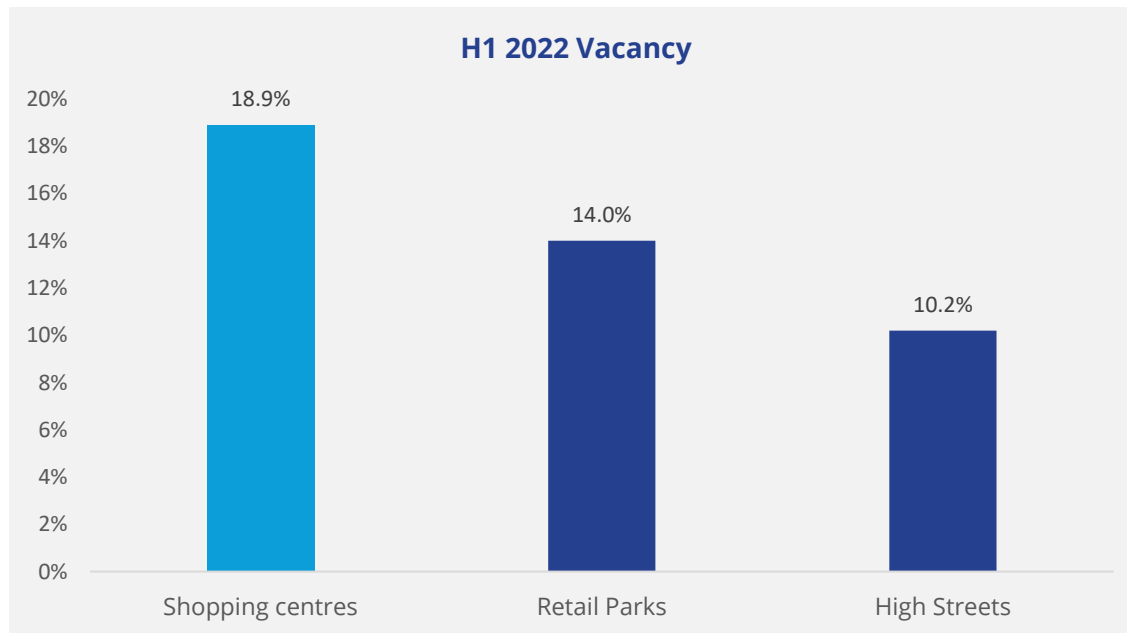
Almost 90% of Debenhams stores still lie empty a year after collapse

M&S to close one in four bigger stores selling clothing and homeware

John Lewis to close eight more stores, putting 1,500 jobs at risk

Department store repurposing

Closed stores remaining empty for years..



- Shopping centres continue to have the largest vacancy rate of any location type, landing at 18.9% in H1 2022; and they also have highest levels of long term vacancy (Local Data Company - 2022)
- 63% Debenhams stores remain vacant 2+ years post closure, and nearly 70% of Arcadia stores

Department store repurposing

Only 14.8% Debenhams have been re-let to a retailer so far

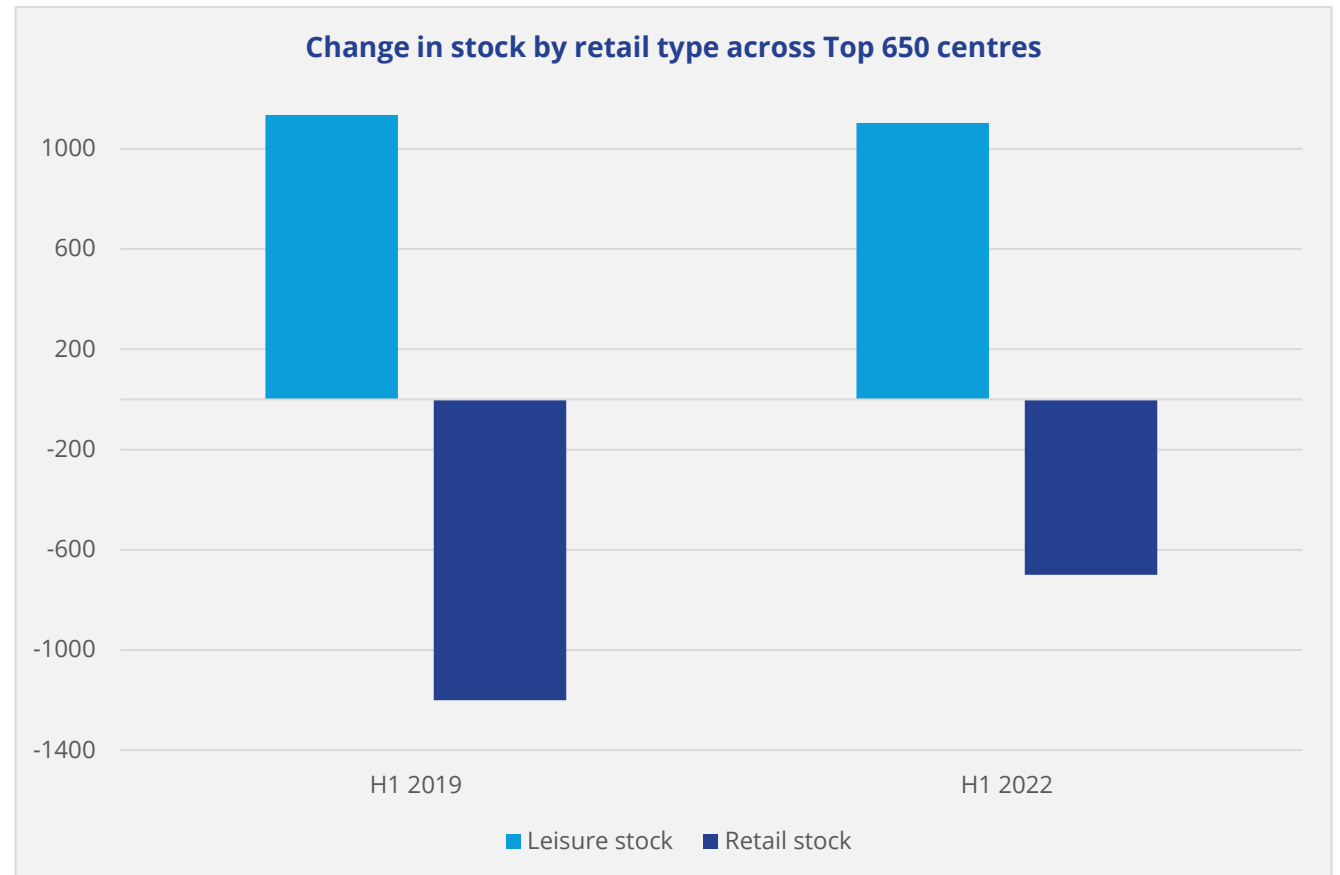


- 14.8% former Debenhams stores have re-opened with new retailers e.g. Next Home, Sports Direct
 - Majority of these retailers already present in Reading
- A further 14.2% stores have been repurposed e.g. Wandsworth store now a leisure site, Plymouth store potentially being converted into flats (with some smaller retail units below)

Department store repurposing

Leisure stock levels reaching 2019 levels, whilst retail stock in decline

- Leisure saw the second largest year on year increase in units in the first half of 2022 (Local Data company)
- In our recent Midsummer retail report consumer survey (June 2022) 56% respondents cited choice of leisure when choosing a location to go shopping, eat etc as important.



Source: Local Data company, Colliers Retail Midsummer report 2022

Department store repurposing

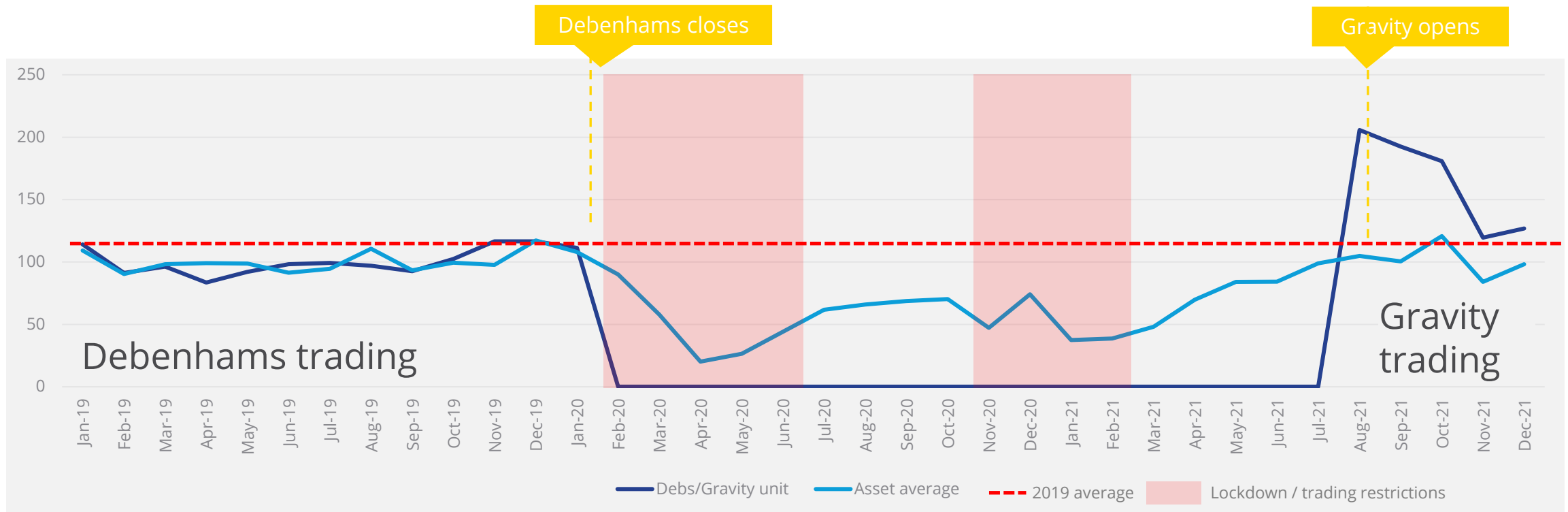
Repurposing ensures location remains vibrant

- Repurposing space can drive increased customer engagement, preventing decline of a location
- Mobility data has been used to understand impact of repurposing former Debenhams site in Wandsworth into Gravity (a leisure concept) which opened August 2021
 - Using mobile data, we are able to profile visitor interaction pre and post opening on Gravity in Wandsworth



Department store repurposing

Repurposed Debenhams unit bringing in significantly more footfall when converted to Gravity leisure offer

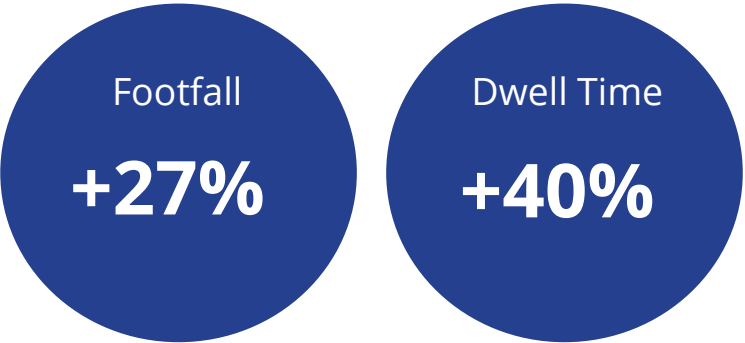


Colliers | 34

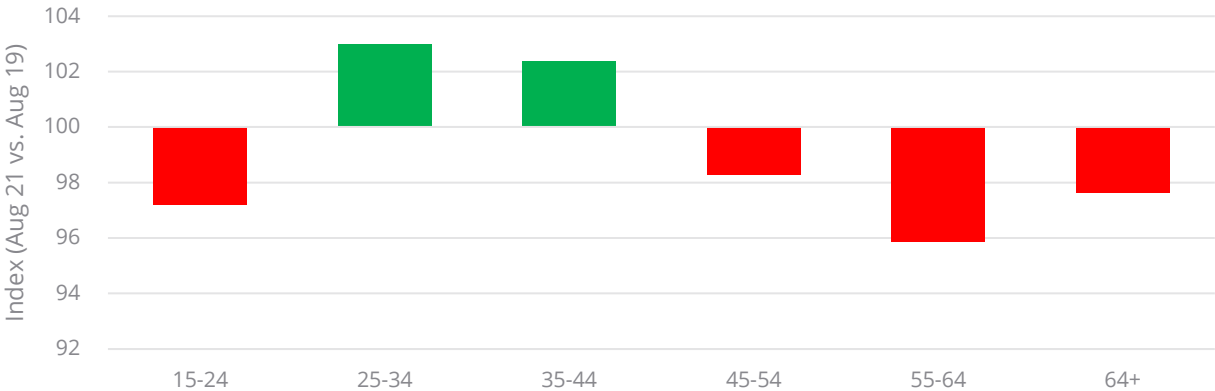
Understanding shopper behaviours

Positive impact on shopper engagement

Footfall overview

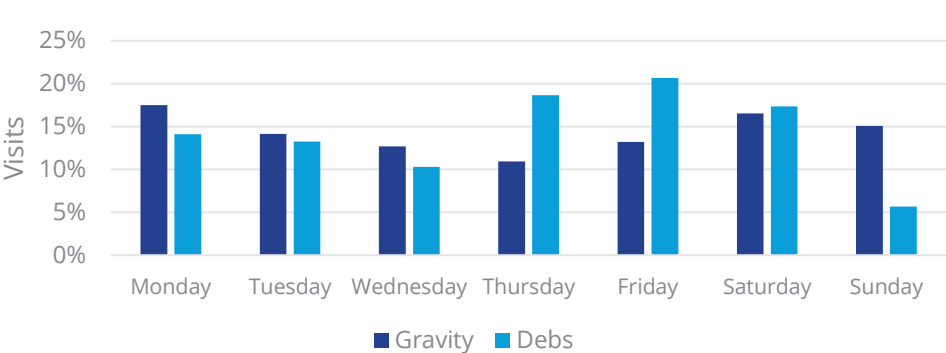


Age Profile

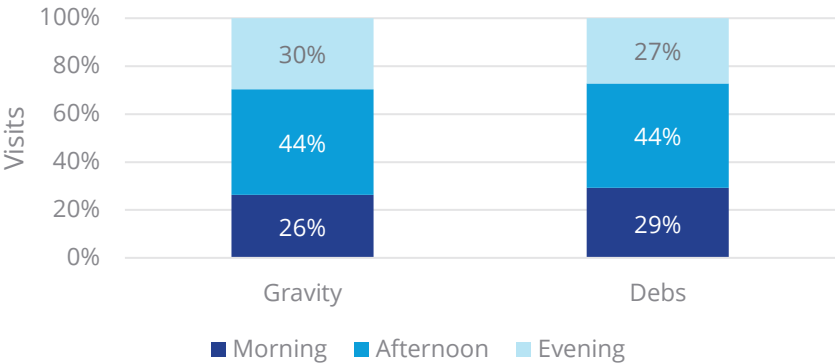


Increased engagement with 25 to 44 year olds

Trading Patterns

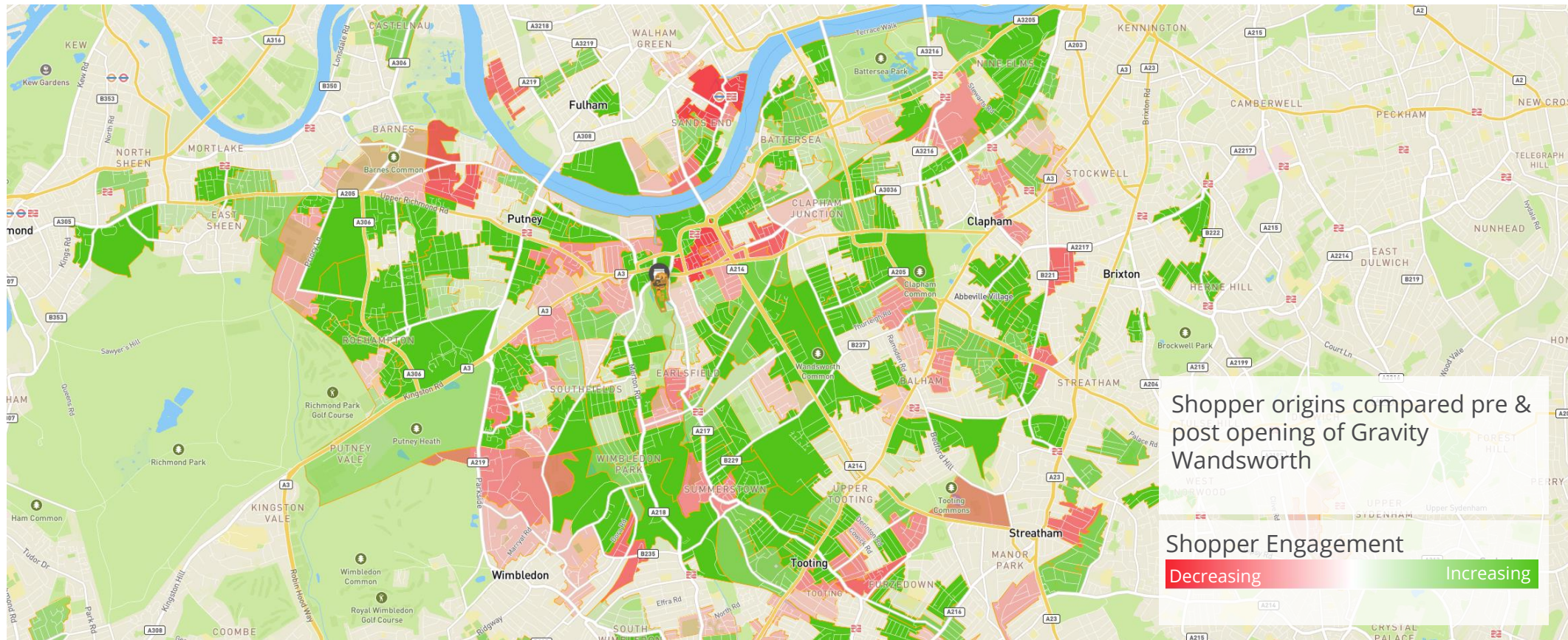


More varied trading days



More varied trading hours

Department store repurposing Repurposing and change to unique leisure proposition drove catchment engagement....



Section 8

Appendix

Appendix

Mosaic groups

Type	Name	Description
A	City Prosperity	High status city dwellers living in central locations and pursuing careers with high rewards.
B	Prestige Positions	Established families in large detached homes living upmarket lifestyles.
C	Country Living	Well-off owners in rural locations enjoying the benefits of country life.
D	Rural Reality	Householders living in less expensive homes in village communities.
E	Senior Security	Elderly people with assets who are enjoying a comfortable retirement.
F	Suburban Stability	Mature suburban owners living settled lives in mid-range housing.
G	Domestic Success	Thriving families who are busy bringing up children and following careers.
H	Aspiring Homemakers	Younger households settling down in housing priced within their means.
I	Family Basics	Families with limited resources who budget to make ends meet.
J	Transient Renters	Single people renting low cost homes for the short term.
K	Municipal Tenants	Urban residents renting high density housing from social landlords.
L	Vintage Value	Elderly people with limited pension income, mostly living alone.
M	Modest Traditions	Mature homeowners of value homes enjoying stable lifestyles.
N	Urban Cohesion	Residents of settled urban communities with a strong sense of identity.
O	Rental Hubs	Educated young people privately renting in urban neighbourhoods.

Source: Experian

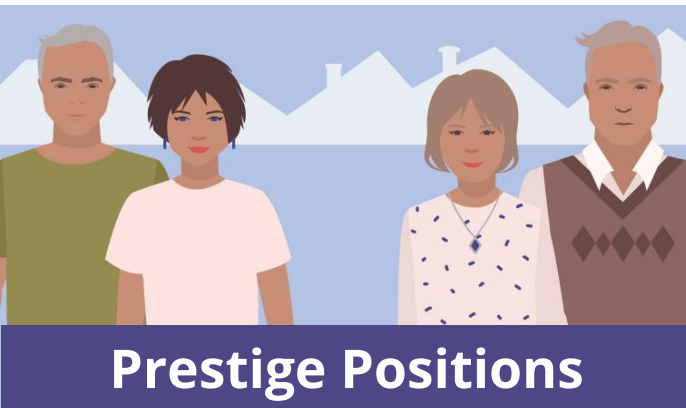
Mosaic groups



4.07%
households

A: City Prosperity

- City Prosperity are high-income residents who have expensive homes in desirable metropolitan locations. Households range in type from successful young professionals to wealthy families.
- Age: 26-35
- Income: £100 – 150k



7.39%
households

B: Prestige Positions

- Prestige positions are established families in large detached homes living upmarket lifestyles.
- Age: 55-65
- Income: £150k +

Mosaic groups



6.64%
households

C: Country Living

- Well-off owners in rural locations enjoying the benefits of country life.
- Age: 66+
- Income: £70-99k



6.54%
households

D: Rural Reality

- Householders living in less expensive homes in village communities.
- Age: 56-65
- Income: £20 – 30k

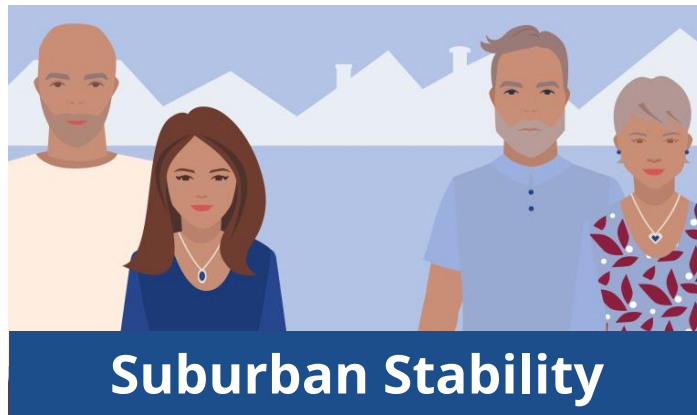
Mosaic groups



8.3%
households

E: Senior Security

- Elderly people with assets who are enjoying a comfortable retirement.
- Age: 66+
- Income: £20-30k



6.5%
households

F: Suburban Stability

- Mature suburban owners living settled lives in mid-range housing.
- Age: 56-65
- Income: £30-39k

Mosaic groups



7.3%
households

G: Domestic Success

- Thriving families who are busy bringing up children and following careers.
- Age: 36-45
- Income: £70-99k

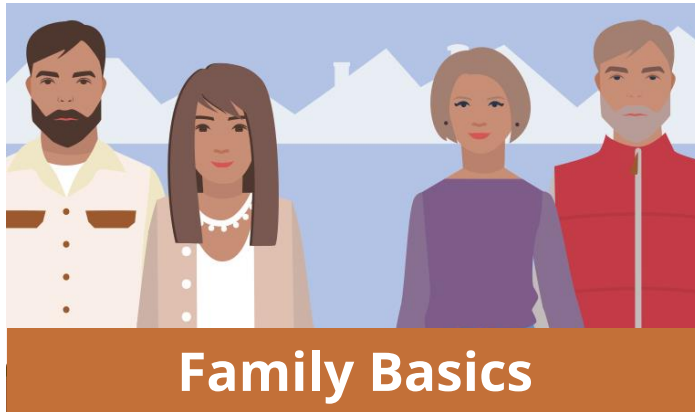


9.4%
households

H: Aspiring Homemakers

- Younger households settling down in housing priced within their means.
- Age: 26-35
- Income: £40-49k

Mosaic groups



7.9%
households

I: Family Basics

- Families with limited resources who budget to make ends meet.
- Age: 36-45
- Income: £20-29k

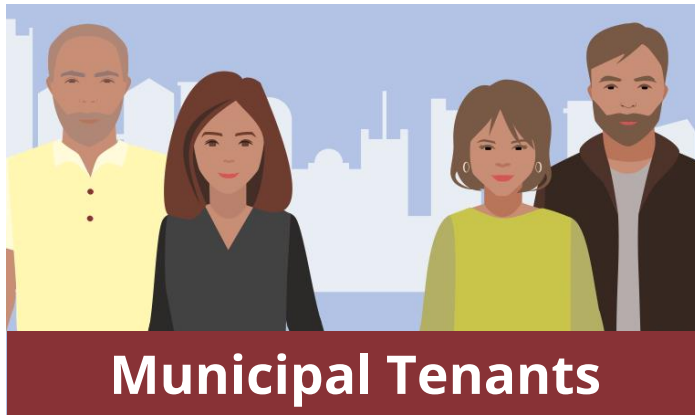


5.2%
households

J: Transient Renters

- Single people renting low cost homes for the short term.
- Age: 26-35
- Income: £20-29k

Mosaic groups



6.7%
households

K: Municipal Tenants

- Urban residents renting high density housing from social landlords.
- Age: 56-65
- Income: <£15k



6.5%
households

L: Vintage Value

- Elderly people with limited pension income, mostly living alone.
- Age: 66+
- Income: <£15k

Mosaic groups



4.9%
households

M: Modest Traditions

- Mature homeowners of value homes enjoying stable lifestyles.
- Age: 56-65
- Income: £20-29k



4.8%
households

N: Urban Cohesion

- Residents of settled urban communities with a strong sense of identity.
- Age: 36-45
- Income: £20-29k

Mosaic groups



7.8%
households

O: Rental Hubs

- Educated young people privately renting in urban neighbourhoods.
- Age: 26-35
- Income: £30-39k



Data-driven, objective location strategy

We work with Occupiers and Landlords/Investors to optimize
store/branch estates and real estate assets

Retail Strategy & Analytics

We work with landlords and occupiers to understand and adapt to these changing market dynamics



For Landlords

- Scheme optimization
- Catchment & customer insight
- Development / redevelopment strategy
- Investment strategy
- Sales & sustainable rental modelling
- Footfall and performance trends analysis
- Embedding BI & analytics tools

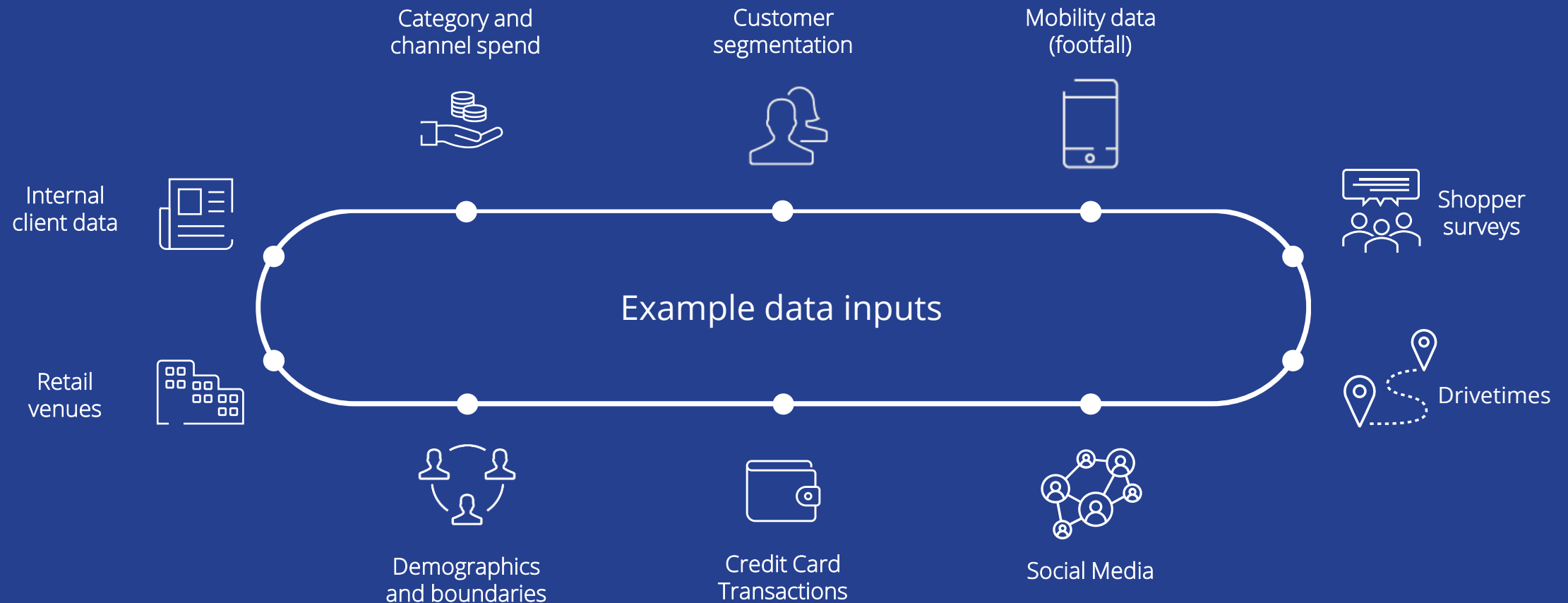


For Occupiers

- Customer profiling and segmentation
- Catchment definition and profiling
- Channel 'halo' analytics
- Sales forecasting and performance analysis
- Cannibalization analytics
- Expansion / optimization strategy
- Footfall and visitor profile reporting

Our data tools

Data is at the heart of everything we do....



Illustrative / Non-Exhaustive



Locate
Venues

Colliers LocateVenues Venue ranking

LocateVenues is a brand new ranking of commercial venues across the entire UK, enabling occupiers, investors, landlords, developers and local authorities to track the characteristics of the UK's retail and leisure locations.

- ✓ Offer scale (*weighted presence of multiples, floorspace*)
- ✓ Price positioning (*value vs. luxury*)
- ✓ Independent mix, vacancy/voids
- ✓ Leisure & F&B orientation, tourism orientation

LocateVenues monitors the retail and leisure offer of over 9,000 venues across the UK, covering all major venue types. Venue sizes range from major city centres to standalone grocery stores.



Locate
Venues

Colliers LocateFootfall

Footfall intelligence

Using mobile data, we are able to profile visitors from a data pool of billions of records

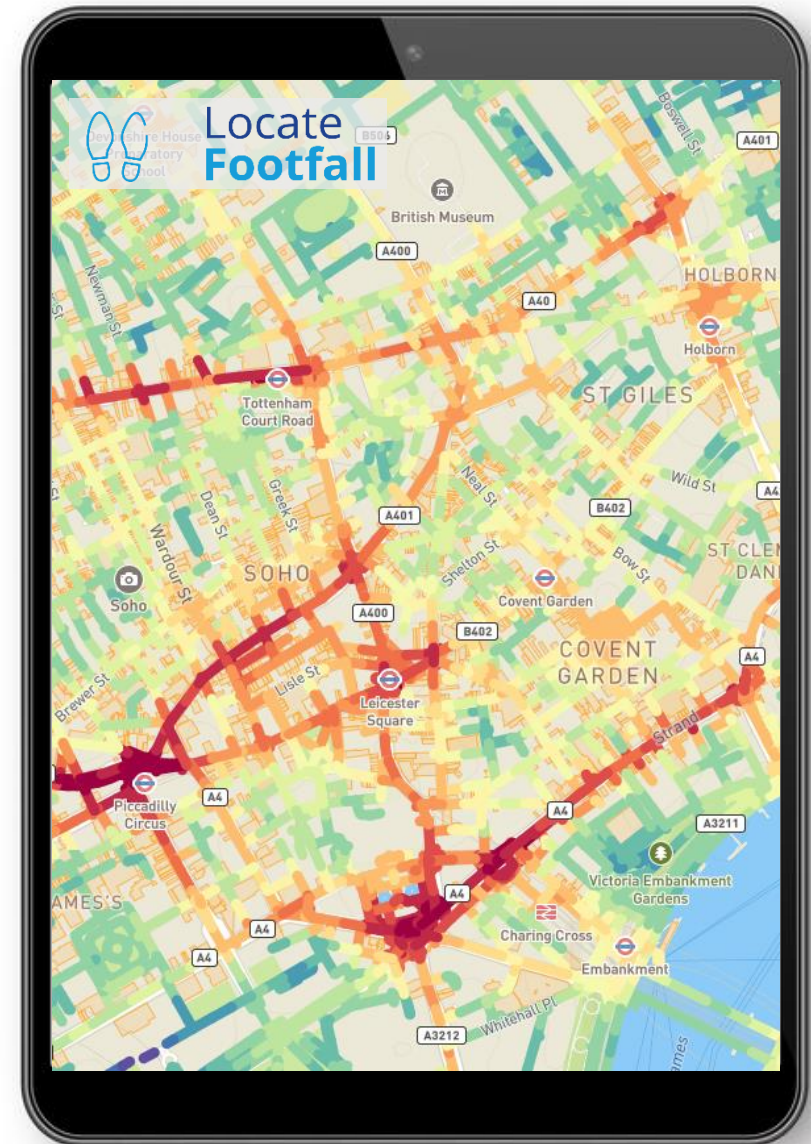
Part of Colliers' proprietary LocateInsights Platform, LocateFootfall delivers unique crowd level profile & behavioural insights for use across the UK retail sector.

The platform is the product of a range of unique partnerships across the Data & Proptech markets, harnessing big data and A.I via a simple browser based tool.

- ✓ Market leading intelligence from 80+ data sources
- ✓ Sample size of over 15 million active smartphone users
- ✓ Delivers data instantly without hardware installation
- ✓ Location data at any level of geography, over any time period



Locate
Footfall



LocateFootfall

Regular reporting

Reports can be created for bespoke boundaries to cover multiple streets/zones to understand historical & real time performance, and post-COVID recovery rates.

Comprehensive range of data available, covering visitor behaviour, profile and preference metrics.

Benchmark against any number of UK locations or assets.



Footfall



Time of Day



Seasonality



Dwell Time



Frequency



Age Profile



Demographic



Occupation

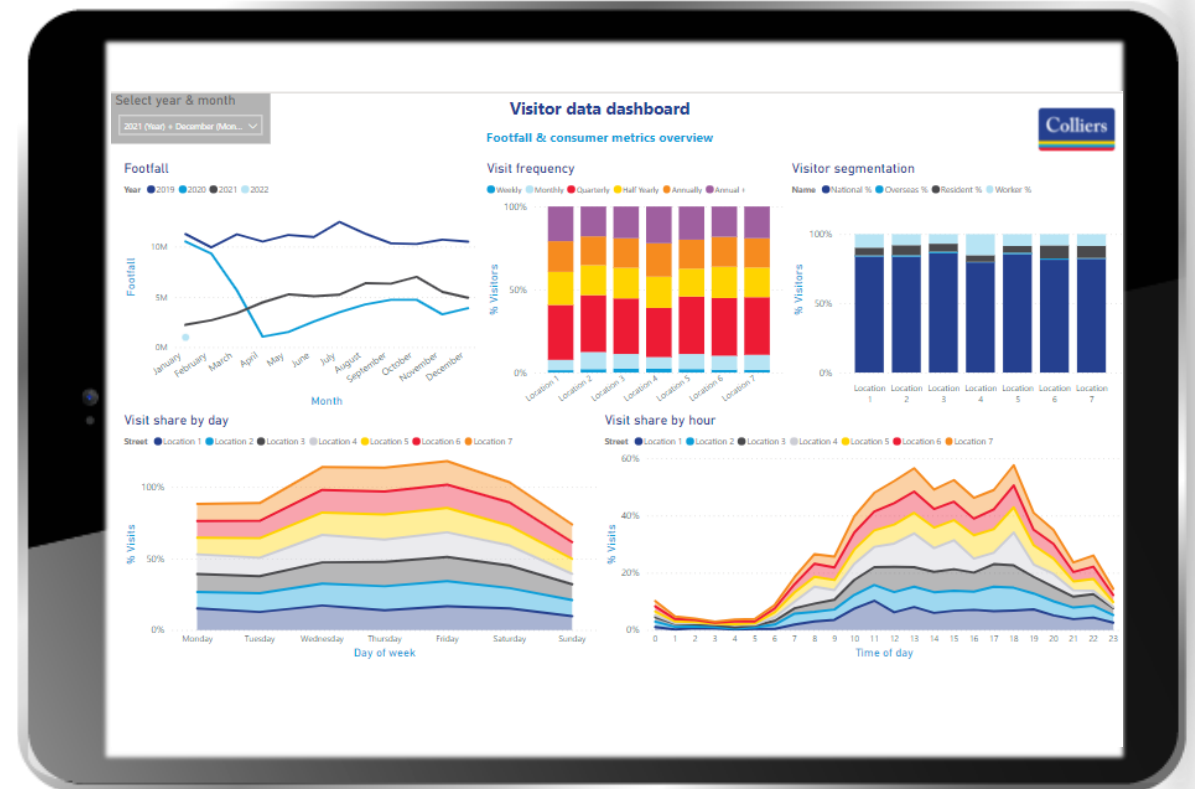


Visitor Type



Preferences

We can deliver regular visitor metric reports for your locations



Colliers

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Appendix 3: Legal Advice prepared by Eversheds-Sutherland (2023)

Dated: 9 May 2023

The Oracle Limited Partnership

Note on interpretation of planning condition 62 at the Oracle Shopping Centre

1. Introduction

1.1 We have been asked to advise The Oracle Limited Partnership ("**Oracle**") in relation to its development proposals at the Oracle shopping centre in Reading.

1.2 Specifically, we have been asked to advise on the interpretation of condition 62 of the operative planning permission for the shopping centre (reference 970419) (the "**Planning Permission**"). This condition sets out that:

"Notwithstanding the provisions of the Town and Country Planning (General Permitted Development) Order 1995 or any order revoking or re-enacting that Order, with or without modifications there shall be no subdivision of the department stores shown on the approved drawings into separate shop units unless agreed in writing by the Local Planning Authority.

1.3 Oracle is seeking the removal of this condition from the Planning Permission as it wishes to subdivide the 'department store' units as these are no longer occupied. It is considered that the inability to subdivide these units is adversely impacting on the future use of the floorspace.

1.4 We note that Reading Brough Council (the "**Council**") has concerns in regard to such a request, specifically in regard to its ability to control the use of the units and avoid changes of use within Use Class E (as set out in the Town and Country Planning (Use Classes) Order 1987 (as amended)) which they assert might harm the vitality of the city centre.

1.5 We respectfully disagree with the position taken by the Council in this regard since it should be noted that the existing use of the 'department store' units currently falls within Use Class E. We have set out below a summary of the relevant legislation and case law confirming how we have reached this conclusion.

2. Background

2.1 The Planning Permission was granted on 4 April 1997 and provides for the "*demolition of existing buildings, redevelopment and change of use to provide: shopping centre (Class A1, A2 and A3), 41 residential units, leisure facilities including multi-screen cinema (Class D2), car parking (2390 spaces) and community uses together with associated landscaping etc.*"

2.2 The Planning Permission contains 75 conditions with a number of these requiring the submission of various plans and schemes, the carrying out of works before parts of the development are brought into use and restricting the ability to change use under the Town and Country Planning (Use Classes) Order 1987 (the "**1987 Order**") and the Town and Country Planning (General Permitted Development) Order 1995.

2.3 We note that the Planning Permission does not include any such provision restricting the change of use of the Use Class A1 (retail) floorspace including the units described in the Planning Permission the 'department store units'. The planning permission is subject to a section 106 agreement dated 24 December 1996 however, this agreement does not contain anything relevant to the current development proposals. While we note that while clause 7.6.1.5 prohibits a change of use from department store for five years from the completion of Phase 1¹, this timeframe has since ended.

2.4 Whilst the Planning Permission refers to certain use classes, it does not contain any conditions which restrict floorspace for individual use (save for a condition limiting the number of shop units which may be used for Use Class A2 purposes). Whilst there is understandably no reference to Use Class E, as it has only recently been created, it is necessary to look at the Government's intention in introducing that Use Class, namely to provide greater flexibility to help high streets and town centres adapt quickly to what consumers and businesses need, and to provide protection for community based uses.

¹ Phase 1 is defined as "*that part of the Development comprising the Shopping Centre, car park over up to Minster Street and south to River Kennet and bridges the extent of which is shown edged red on Plan C being drawing number 1468/10028C*".

3. Statutory Background

- 3.1 Under section 57(1) of the Town and Country Planning Act 1990 (the "**1990 Act**"), planning permission is required for the carrying out on land of any development. Section 55(1) sets out that 'development' includes *"the making of any material change in the use of any buildings or other land"*.
- 3.2 The Secretary of State has the power to make an order that excludes from the definition of development *"the use of the buildings or other land or, subject to the provisions of the order, of any part of the buildings or the other land, for any other purpose of the same class"* (section 55(2)(f), the 1990 Act). The Secretary of State did so in the 1987 Order.
- 3.3 Article 3(1) of the 1987 Order sets out that *"Subject to the provisions of this Order, where a building or other land is situated in England and is used for a purpose of any class specified in ... (b) Schedule 2, the use of that building or that other land, or if specified, the use of part of that building or the other land ("part use"), for any other purpose of the same class is not to be taken to involve development of the land"*. Accordingly, a change of use within the same use class does not constitute development and therefore does not require planning permission.
- 3.4 The Town and Country Planning Act (Use Classes) (Amendment) (England) Regulations 2020, which came into force on 1 September 2020, created a new Use Class E (Commercial, Business and Service) which incorporated Classes A1, A2, A3 and B1 uses and some D1 (medical, creche and day-care), and D2 (indoor sport, recreation and fitness) set out in Schedule 2 to the 1987 Order. As noted above, the intention behind new Use Class was to provide greater flexibility to help revive high streets and town centres by enabling them to adapt and diversify to meet changing consumer and business demands.
- 3.5 On 1 September 2020, existing uses which were within these revoked use classes were reclassified as being within Use Class E (in accordance with regulation 7 of the Town and Country Planning Act (Use Classes) (Amendment) (England) Regulations 2020)² and became able to benefit from the wider permitted changes of use within this Use Class in reliance on Article 3(1) of the 1987 Order.
- 3.6 This was subject to transitional arrangements which (amongst other matters) provided for Use Classes under the 1987 Order or for the purposes of permitted development rights to be read as though they were references to the Use Class which were in force before these amendments, for the period of 1 September 2020 to 31 July 2021. The same applied to applications for prior approval; making, modifying or cancelling an article 4(1) direction restricting permitted development rights and to references to Use Classes within such directions made prior to 1 September 2020.
- 3.7 However, where a planning condition or planning obligation which authorised one of the revoked uses excludes any change from the existing use to other uses within the same class and/or other permitted changes of use, this will continue to limit the use of the property to its specified use within Use Class E.³

4. Case Law

- 4.1 In relation to removal of the ability to change use within a specified Use Class, it was held in the case of *Carpet Decor (Guilford) Ltd v Secretary of State for the Environment and another* [1982] 1 EGLR 164 that it was possible for a local planning to do so *"by the imposition of a condition in unequivocal terms, for in the absence of such a condition it must be assumed that those orders will have effect by operation of law"*. In the case, it was

² Regulation 7 states *"For the purposes of the Use Classes Order, if a building or other land is situated in England, and is being used for the purpose of one of the following classes which were specified in Part A or B of the Schedule to that Order on 31st August 2020, as— (a) Class A1 (Shops), (b) Class A2 (Financial and professional services), (c) Class A3 (Restaurants and cafes), or (d) Class B1 (Business), that building or other land is to be treated, on or after 1st September 2020, as if it is being used for a purpose specified within Class E (Commercial, business and service) in Schedule 2 to that Order."*

³ See *Planning Practice Guidance: When is Permission Required*, paragraph 012b.

held that a planning condition that no variations from the deposited plans and particulars would be permitted unless previously authorised by the local planning authority would not be an effective restriction on the ability to change use under the 1987 Order.

- 4.2 As set out in the *Carpet Décor* case, to be effective, a condition restricting changes of use must be sufficiently clear and unequivocal. This was confirmed in *Dunoon Developments Ltd v Secretary of State for the Environment and Poole BC* [1992] E.G. 24 (C.S.), with the judgement stating that (in the context of the restricting changes of use under the General Permitted Development Order 1988) “*the purpose of the General Development Order is to give a general planning consent unless such a consent is specifically excluded by the words of the condition.*” A mere limit on the ability to do something was not considered sufficient.
- 4.3 It should be noted that the Government’s Planning Practice Guidance⁴ that as to whether it is appropriate to use conditions to restrict the future use of permitted development rights or changes of use, such conditions may not pass the test of reasonableness or necessity. The scope of such conditions needs to be precisely defined, by reference to the relevant provisions in the Town and Country Planning (General Permitted Development) (England) Order 2015, so that it is clear exactly which rights have been limited or withdrawn.
- 4.4 In regard to interpreting conditions, *Trump International Golf Club Scotland Ltd v Scottish Ministers* [2015] UKSC 74 the Supreme Court considered that although it was possible to imply words into a condition into a document such as a planning permission the court must be careful in doing so:

“while the court will, understandably, exercise great restraint in implying terms into public documents which have criminal sanctions, I see no principled reason for excluding implication altogether.”

- 4.5 The case also confirms that there is only limited scope for the use of extrinsic material in the interpretation of a public document, such as a planning permission, and sets out how conditions should be interpreted:

“When the court is concerned with the interpretation of words in a condition in a public document such as a section 36 consent, it asks itself what a reasonable reader would understand the words to mean when reading the condition in the context of the other conditions and of the consent as a whole. This is an objective exercise in which the court will have regard to the natural and ordinary meaning of the relevant words, the overall purpose of the consent, any other conditions which cast light on the purpose of the relevant words, and common sense. Whether the court may also look at other documents that are connected with the application for the consent or are referred to in the consent will depend on the circumstances of the case, in particular the wording of the document that it is interpreting. Other documents may be relevant if they are incorporated into the consent by reference ... or there is an ambiguity in the consent, which can be resolved, for example, by considering the application for consent.”

5. **Application to condition 62 of the Planning Permission**

- 5.1 The Planning Permission authorises the use of the shopping centre within Use Classes A1, A2 and A3. We note that the units within the Oracle shopping centre which are referred to as the ‘department store units’ in the Planning Permission, have been in retail use and therefore would have fallen with Use Class A1 (retail) before this was abolished.
- 5.2 In accordance with regulation 7 of the Town and Country Planning Act (Use Classes) (Amendment) (England) Regulations 2020, these units would have transitioned from Use Class A1 (retail) to Use Class E (commercial, business and service) on 1 September 2020. In the absence of a planning condition or obligation limiting such changes, from this date this floorspace may be used for any of the uses within Use Class E without the need to apply for planning permission in accordance with Article 3(1) of the 1987 Order and sections

⁴ See *Planning Practice Guidance: Use of Planning Conditions*, paragraph 017.

55 and 57 of the 1990 Act, subject to the restriction on subdivision contained in the current condition 62.

- 5.3 We note that the section 106 agreement entered into in connection with the Planning Permission does contain an obligation prohibiting changes of use, however this was time limited and came to an end five years after the completion of Phase 1 of the Development (defined above).
- 5.4 In relation to the Planning Permission, applying the interpretation principles in *Trump* it cannot be said that a reasonable reader of the condition would understand that the restriction on subdivision of the department store units was intended to prohibit changes of use which would otherwise be lawful under the 1987 Order or under permitted development rights (not relating to subdivision) (as now set out in the Town and Country Planning (General Permitted Development) (England) Order 2015 (the "**2015 Order**").
- 5.5 As set out in the *Carpet Décor* and *Dunoon* cases above, any such restriction imposed by condition would have needed to be set out clearly and unequivocally in the planning permission. It can be assumed the Council were aware of this requirement when they granted the Planning Permission, as several of the conditions make clear reference to restricting certain permitted development rights under the Town and Country Planning (General Permitted Development) Order 1995 (since replaced by the 2015 Order) and changes of use within the same Use Class under the 1987. The Council chose not to include such a restriction in relation to the 'department store units' and instead opted to impose a time limited planning obligation restricting such changes.
- 5.6 In further support of this, we note that if the Planning Permission were to have the effect of restricting changes of use, the Council would not need to have included a clause in the section 106 agreement restricting such changes.

6. **Conclusions**

- 6.1 Accordingly, for these reasons, we respectfully conclude that the reasoning set out in the Council's letter of 29 March 2023 is flawed in its assertion that the removal of condition 62 of the Planning Permission would result in the department store units gaining Use Class E. There is nothing currently preventing the conversion of the department store units into any other use comprising Use Class E, including Use Class E(f) or (g) uses and so this would not appear to be a valid reason for refusing an application to remove the condition.
- 6.2 We therefore also disagree with the Council's position that condition 62 gives the Council the ability to assist in the control of the use of the 'department store' units for the reasons set out in paragraph 6.1 above.

Eversheds Sutherland (International) LLP

9 May 2023

Appendix 4: Marketing Report prepared by Hammerson

NJS 280623.1

28th June 2023

Giles Mount
Hammerson plc
Marble Arch House
66 Seymour Street
London
W1H 5BX

Dear Giles,

READING – ORACLE LEASING REVIEW

As requested, we outline below brief commentary on the marketing progress and feedback received on MSU A, currently occupied by House of Fraser, arranged over 3 trading floors, totalling approximately 120,000 sq ft.

FMX were appointed to consult and market the unit commencing March 2022. The initial approach was to target retailers to take the whole store, but interest was very limited, reflective of the UK market generally and not specific to Reading. There are only three main retailers still in the market for such stores and with House of Fraser exiting, this left two other viable operators. Both have an existing presence in Reading and would, therefore, need to relocate and dispose of their existing freeholds.

After several months of negotiation, both retailers declined the relocation due to the substantial investment required, increased operational costs, and the prevailing belief that Department Stores of this size are no longer viable in certain locations. This situation is not unique to Reading, as many other retail locations in the UK also have vacant and unoccupied department stores. These vacancies significantly impact the viability of shopping centres, making it crucial to utilise them in the best possible way.

Once it became evident that there was no longer any interest in occupying the entire space, the strategy was modified and refocussed. Discussions were initiated with occupiers who could make use of the MSU space by taking a single level. This change yielded very positive results, as we quickly received strong interest and offers from quality national operators that would enhance the overall appeal of the destination, and the town centre generally.

Discussions are now at the stage where decisions must be made with these occupiers or there is a risk the interest will fall away.

We trust that this update provides the input needed, but needless to say, if further input is required then please do not hesitate to contact us.

Kind regards

Yours sincerely



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