Canterbury City Centre

Performance Report

December 2019

Canterbury City Centre Performance Report – December 2019

Executive summary:

Welcome to the December 2019 edition of Canterbury city centre performance report. This report has been prepared by Canterbury Business Improvement District (BID) to determine how the city centre is performing on a range of indicators. The objective of the report is to track the impact of economic activity on the city centre, and to provide a baseline from which future performance can be benchmarked. This report considers the following key indicators to determine the City's economic health:

- Business premises vacancy rates
- Business premises type
- City centre footfall
- Business sales performance
- Tourism

The table below provides at-a-glance colour coded trend indicators:

🟢 Signifies improvement 🟡 Relative stability 🔴 Decline

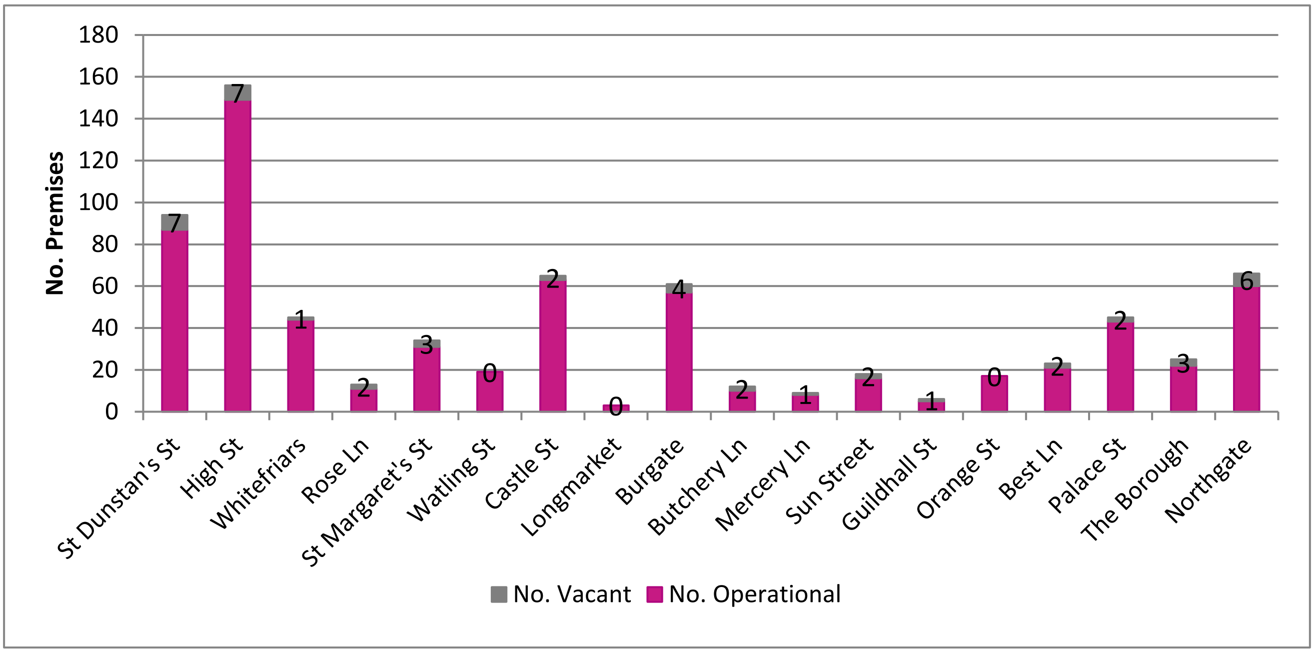
Indicator	Trend	Comment
Premises vacancy rates	🟡	The vacancy rate for Canterbury in December 2019 was 6.7%, 0.1% higher than November 2019 and +1.1% higher than December 2018. The twelve-month average for Canterbury is 6.4%.
Premises type	🟡	Overall food and drink premises (24%), speciality and other (20%) and residential (15%) had the highest presence in the city. Education establishments in the city centre (1%) department stores (1%) and technology premises (2%) had the lowest presence. In total, retail (department stores, fashion, jewellery, speciality and other) occupied 31% of city centre premises.
City Centre footfall	🔴	Footfall in Canterbury increased by 1.9% in comparison to November 2019 and in was lower by -8.9% YOY in December 2019. It is -3% lower than the average for the South East, -3.8% lower than other historic centres and -6.4% lower than the national rate.
Business Sales Performance	🟡	Sales in December increased by 6.6% compared to November 2019 and it is -2.2% down on the twelve-month average of -2.5% for Canterbury and -6.6% lower than the national rate YOY.
Tourism	🟢	In December there was a +25% YOY change in visitor numbers to visitor attractions in Canterbury and 30.4% increase comparing to November 2019. For Kent, there was a +3.5% YOY change in visitor numbers to visitor attractions which is -3.4% decrease comparing to November 2019.

All data provided within this report is limited by the amount of information available at the time of the report being written. Where data is missing, it will be indicated at the end of each section. YOY = Year on Year.

Business premises vacancy rates

In December a survey of 18 key streets within Canterbury City Centre was undertaken. A total number of 668 premises were recorded within the survey area. Below is a summary of the 18 key streets monitored and the vacancy rates in each street.

Graph 1.1 - Premises vacancy rates

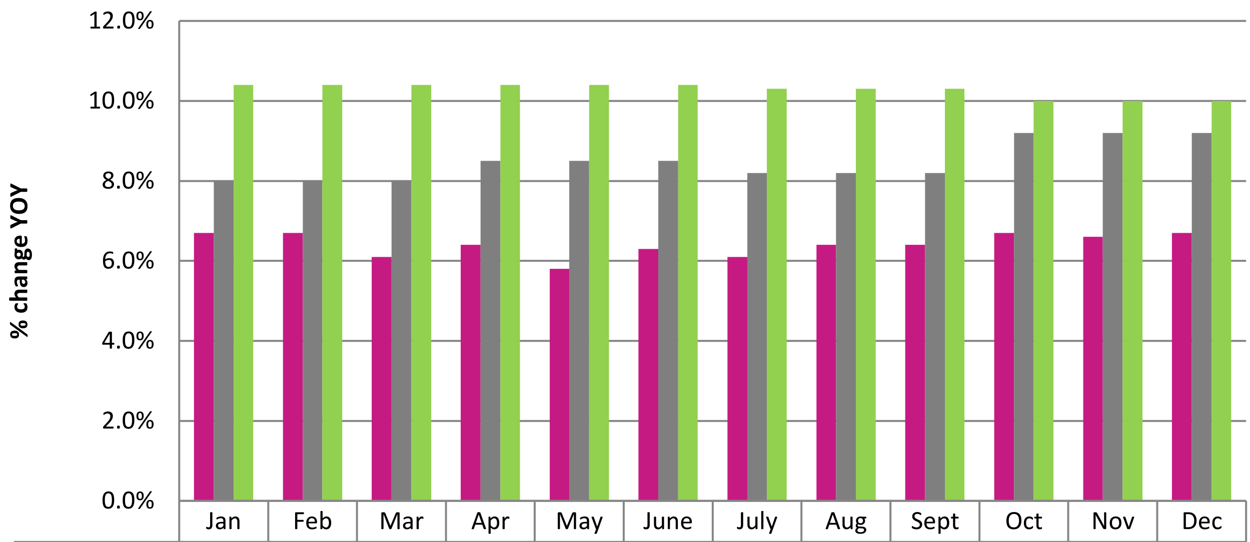


Source: Canterbury BID monthly survey.

Key findings:

- A total number of 45 businesses premises were recorded as vacant in December, one more than in November 2019.
- St Dunstan's Street, the High Street, Burgate and Northgate had the highest number of empty premises whilst Watling Street, Longmarket and Orange Street had none.
- As a comparison to the total number of premises within each street, Butchery Lane and Guildhall Street had the highest vacancy rate (20% each).

Graph 1.2 - Premises vacancy rates YOY



	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Canterbury	6.7%	6.7%	6.1%	6.4%	5.8%	6.3%	6.1%	6.4%	6.4%	6.7%	6.6%	6.7%
South East	8.0%	8.0%	8.0%	8.5%	8.5%	8.5%	8.2%	8.2%	8.2%	9.2%	9.2%	9.2%
National	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.3%	10.3%	10.3%	10.0%	10.0%	10.0%

Source: Canterbury BID monthly survey and the British Retail Consortium and Springboard reports which are gathered on a quarterly basis in January, April, July and October. Please note that the Q4 vacancy rate survey will be compiled in January and released in February 2020.

Key findings:

The vacancy rate for Canterbury in December 2019 was 6.7%, 0.1% higher than November 2019 and +1.1% higher than December 2018. The twelve-month average for Canterbury is 6.4%.

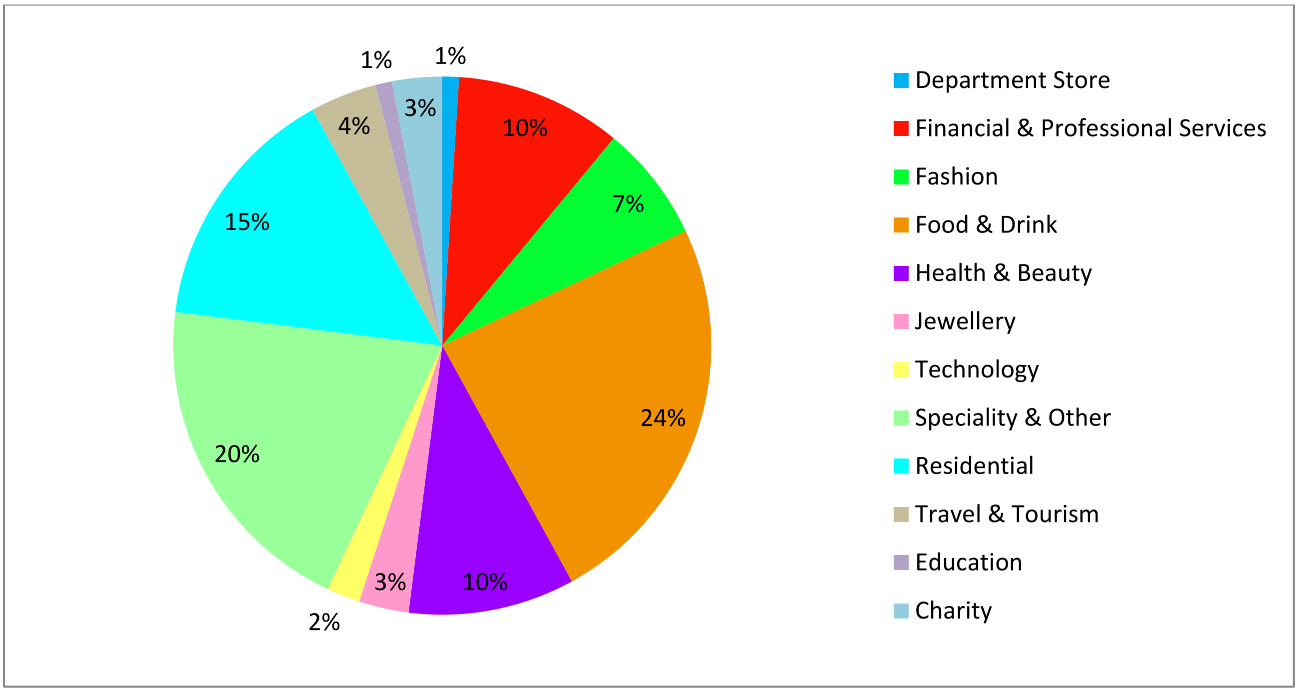
- The vacancy rate for the Southeast in December 2019 was 9.2%, +1% higher than Q2 2019 and +1.2% higher compared to the same quarter last year.
- Canterbury had the 6th lowest vacancy rate of the 27 towns in the South East that published their results in the Springboard Vacancy Rate Survey.
- The National Town Centre Vacancy Rate was 10% in December 2019. This is lower than the vacancy rate of 10.4% in February and May 2019 and 10.3% in July 2019.
  The result this December is also -0.1% lower than the same month last year and remains higher than the benchmark low of 8.7% recorded in January 2016.

Regional Vacancy Rates December 2019			
London	6.0%	North East Yorkshire	13.1%
South East	9.2%	North West	12.0%
South West	9.8%	Scotland	10.5%
East	8.5%	Northern Ireland	14.3%
East Midlands	9.0%	Wales	13.4%
West Midlands	10.2%		

Business premises type

Business property plays an important role in an area's ability to generate, attract and retain economic activity. The type of property available in Canterbury plays a key role in determining the extent, and the type of businesses that will locate here in the future. Each premise within the study area has been categorised into 12 categories. The following graph illustrates the premises type in Canterbury:

Graph 2.1 - Premises type in Canterbury



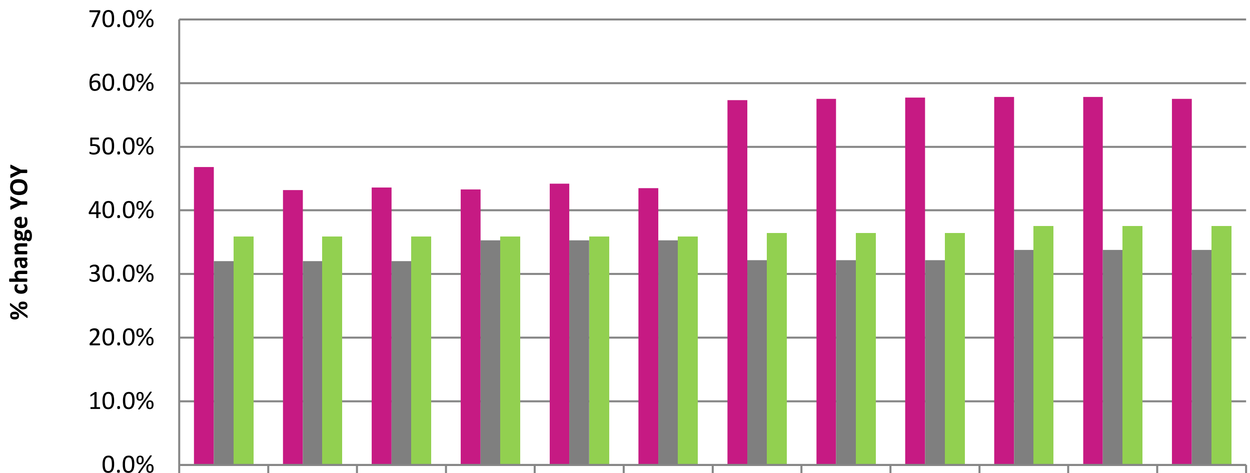
Source: Canterbury BID monthly survey.

Key findings:

- Overall food and drink premises (24%), speciality and other (20%) and residential (15%) had the highest presence in the city. Education establishments in the city centre (1%) department stores (1%) and technology premises (2%) had the lowest presence. In total, retail (department stores, fashion, jewellery, speciality and other) occupied 31% of city centre premises.

The following graph illustrates the number of independent premises within the survey area benchmarked against the South East and national results:

Graph 2.2 Independent premises: Canterbury, the South East and Nationally



	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Canterbury	46.8%	43.2%	43.6%	43.3%	44.2%	43.5%	57.3%	57.5%	57.7%	57.8%	57.8%	57.5%
South East	32.0%	32.0%	32.0%	35.3%	35.3%	35.3%	32.2%	32.2%	32.2%	33.8%	33.8%	33.8%
National	35.9%	35.9%	35.9%	35.9%	35.9%	35.9%	36.4%	36.4%	36.4%	37.5%	37.5%	37.5%

Source: Canterbury BID monthly survey and Springboard's quarterly reports which are gathered in January, April, July and October. Please note that the Q4 vacancy rate survey will be compiled in January and released in February 2020.

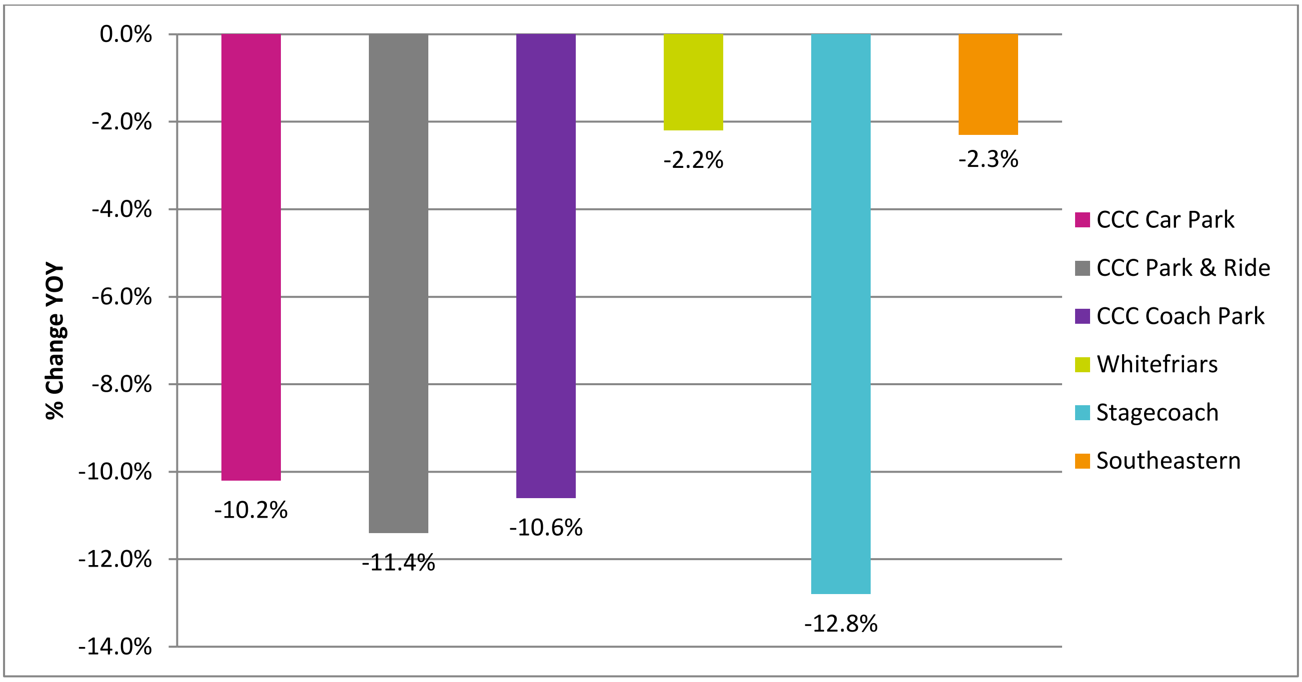
Key findings:

- 57.5% of businesses recorded in December were independent, +23.7% more than the average for the South East and +20% more than the national average.
    - Longmarket (100%), Whitefriars (98%) and Rose Lane (89%) had the highest number of multiples, which is unsurprising as they are managed developments.
    - Orange Street (100%), Palace Street (95%) and The Borough (93%) had the highest number of independent businesses.

City centre footfall

The footfall of the city centre is extremely hard to measure without investment however; the best indicator is to look at the car park and public transport user data:

Graph 3.1 – City centre transportation usage YOY

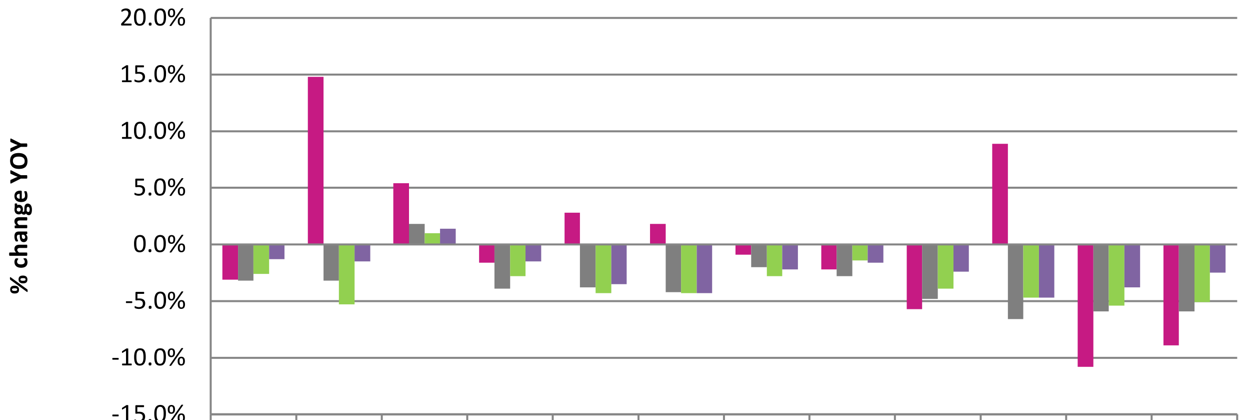


Source: Canterbury City Council Transportation Department, Stagecoach East Kent, Whitefriars shopping centre car park and Southeastern.

Key Findings

- Overall footfall decreased by -8.9 % YOY in December 2019 which is a 1.9% increase from November 2019.
- All transportation methods saw a YOY decrease in footfall.

Graph 3.2 – Canterbury footfall rates YOY



	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Canterbury	-3.1%	14.8%	5.4%	-1.6%	2.8%	1.8%	-0.9%	-2.2%	-5.7%	8.9%	-10.8%	-8.9%
South East	-3.2%	-3.2%	1.8%	-3.9%	-3.8%	-4.2%	-2.0%	-2.8%	-4.8%	-6.6%	-5.9%	-5.9%
Historic Towns	-2.6%	-5.3%	1.0%	-2.8%	-4.3%	-4.3%	-2.8%	-1.4%	-3.9%	-4.7%	-5.4%	-5.1%
National	-1.3%	-1.5%	1.4%	-1.5%	-3.5%	-4.3%	-2.2%	-1.6%	-2.4%	-4.7%	-3.8%	-2.5%

Source: Canterbury BID monthly survey and the BRC - Springboard Footfall and Vacancies Monitor.

Key Findings:

Footfall in Canterbury increased by 1.9% in comparison to November 2019 and in was lower by -8.9% YOY in December 2019. It is -3% lower than the average for the South East, -3.8% lower than other historic centres and -6.4% lower than the national rate.

Nationally:

> The -2.5% drop in footfall across UK retail destinations during December was not a surprise as footfall has declined in December in all but one year since 2009. The challenge for destinations and stores was not only that this was the eighth consecutive year that footfall has decreased in this key trading month, but that it was also at the upper end of the scale in terms of the magnitude of decline. All of this was despite the occurrence of Black Friday during the December trading month which, in conjunction with Cyber Monday, helped to increase footfall in the first two weeks by +0.1%. Essentially this discounting bonanza pulled Christmas trading forward, demonstrated by a drop in footfall of -6.1% over the third and fourth weeks of December which was nearly three times as large as the -2.2% drop in the same weeks in 2018. The reasons why this occurred are varied, but reflect the caution and spending restraint of consumers which typifies low consumer confidence that has been ongoing for the last three years. Even supermarket spending only rose by +0.2% in December despite food price inflation of +0.9%, with supermarket volume sales dropping by -0.7%; indicating that this restraint also encompassed food and consumables during a month in which food and beverage are key. Other influences that will have driven down footfall in stores and destinations during December include the strong shift in consumer demand towards experience/leisure based trips, away from wholly transaction focussed visits.

This was evident on Boxing Day when footfall up to 5pm, whilst stores were trading, declined by -10.6%, but post 5pm - when most stores were nearing the end of the trading day – footfall dropped by less than half this at -5.1%, with restaurants and bars benefiting.
Today's rather circumspect consumer was clearly demonstrating considered restraint towards their lifestyle and spend decisions over the Christmas period. The growing climate change movement and increased consumer concerns around waste and sustainability is likely to have further limited trips to destinations to make nonessential purchases, thereby diluting footfall even further.

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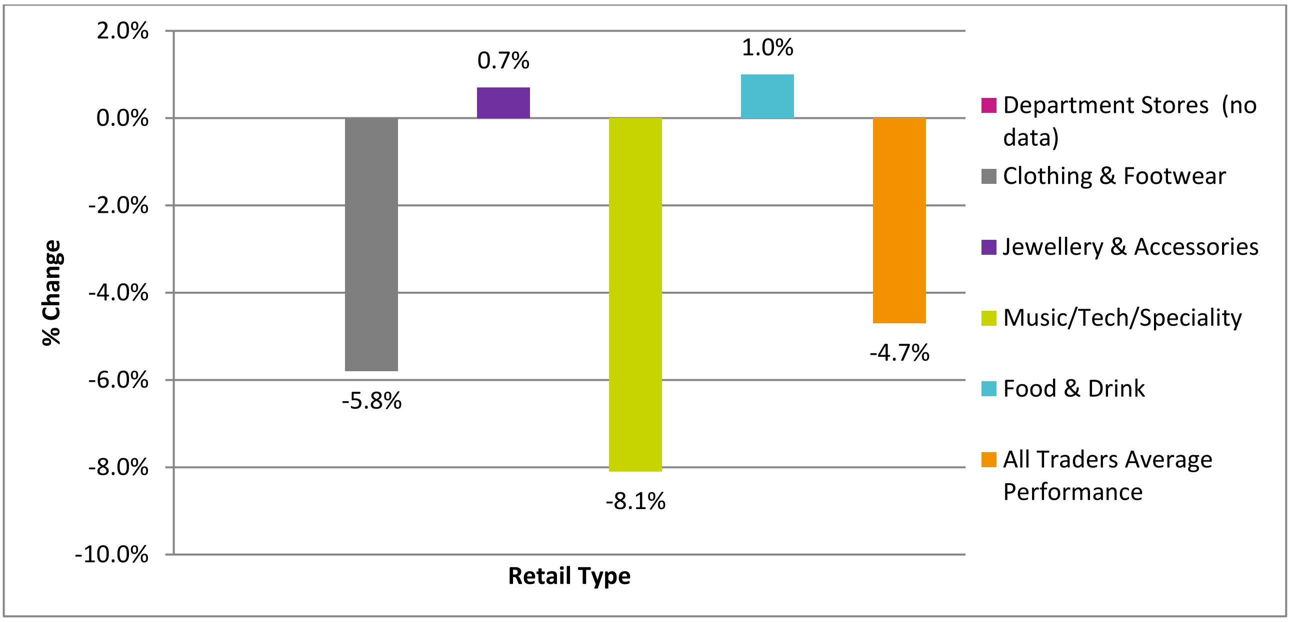
Business sales performance

The below graph illustrates business' average percentage change in sales compared to the same month in 2018.

Graph 4.1 – Average Sales performance of businesses YOY



Source: Canterbury BID Business Survey of Average Sales Performance based on 32 respondents. Please note that no data was available in December 2019 for Department Stores.

Key findings:

- In December there was an overall –4.7% YOY decrease in sales performance which is a -3.9% change from December 2018 and +6.6% change from November 2019.
  - A1 retailers had a -5% decrease in sales performance YOY, which is a +6.9% increase from November 2019 and -2.3% decrease in comparison December last year.
  - A3 food and drink trade increased by +1% YOY which is a +7% increase from November 2019 and a +0.1% increase in comparison to the same month last year.

Graph 4.2 – Average Sales performance YOY

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Canterbury	1.3%	1.9%	0.9%	-3.8%	0.2%	1.0%	0.0%	-7.6%	-2.9%	-4.9%	-11.3%	-4.7%
National	1.8%	0.5%	-1.1%	3.7%	-2.7%	-1.3%	0.1%	-0.5%	-1.7%	0.1%	-4.4%	1.9%

Source: Canterbury BID Business Survey of Sales Performance and BRC-KPMG UK Retail Sales Monitor for December 2019

Key findings:

- Sales in December increased by 6.6% compared to November 2019 and it is -2.2% down on the twelve-month average of -2.5% for Canterbury and -6.6% lower than the national rate YOY.

According to the BRC-KPMG UK Retail Sales Monitor:

The December figures are positively distorted by the late timing of Black Friday. The 3-month and 12-month averages are not distorted.

In *italics* below, BRC-KPMG have calculated 2-month average figures in order to correct for this distorting effect and, therefore, represent a clear picture of the festive period overall.

<u>Covering the five weeks 24 November – 28 December 2019</u>

- On a total basis, sales increased by 1.9% in December, against a flat 0.0% in December 2018.
- *Looking at the year-on-year change over November and December together to iron out the Black Friday distortions, sales declined 0.9%, which is worse than both the 3m and 12m average declines of 0.4% and 0.1% respectively.*
- UK retail sales increased by 1.7% on a Like-for-like basis from December 2018, when they had decreased 0.7% from the preceding year.
- *This is positively distorted by the timing of Black Friday, included in December 2019 but not 2018, and therefore higher than both the 3m and 12m averages of -0.9% and 0.5% respectively.*
- Over the three months to December, in-store sales of non-food items declined 3.5% on a total and 3.8% on a like-for-like basis. This is worse than the 12-month total average decline of 3.1%.

- Over the three months to December, food sales were a flat 0.0% on a like-for-like basis and increased 0.7% on a total basis. This is below the 12-month total average growth of 1.4%.
- Over the three-months to December, non-food retail sales in the UK decreased by 1.6% on a like-for-like and 1.4% on a total basis. This is below the 12-month total average decrease of 1.3%. For the month of December, non-food was in growth year-on-year but positively distorted by the timing of Black Friday.
- Online non-food sales increased by 12.8% in December, against a growth of 5.8% in December 2018.
- *Looking at November and December together to iron out the Black Friday distortions, sales increased 2.6%, which is lower than the 12m average of 3.3%.*
- Non-food online penetration rate increased from 31.2% in December 2018 to 34.5% this December.
- *Over the two months of November and December, the online penetration rate was 34.2% for 2019, against 32.4% for 2018, a 1.8 percentage points increase. Applying this to November, it points to a peak online penetration rate of 35.8% in November 2019.*

Tourism: Visitor numbers

Canterbury is a popular tourist destination; consistently one of the most visited cities in the United Kingdom. The city's economy is heavily reliant upon tourism. Consequently, it is important to monitor visitor numbers. The following graphs look at the number of visitors visiting attractions and where they have come from.

Graph 5.1 – Percentage change in visitor numbers to Canterbury attractions YOY

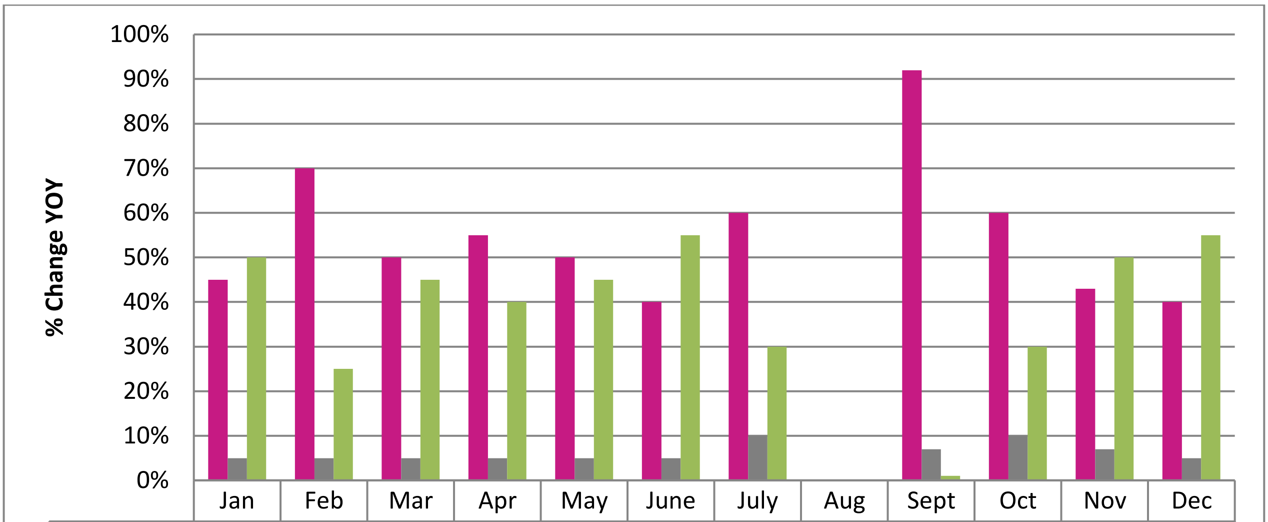
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Canterbury	-3.2%	1.7%	-3.6%	2.3%	1.0%	-1.2%	5.7%	3.9%	-3.1%	-11.9%	-5.4%	25.0%
Kent	5.0%	12.8%	10.6%	9.4%	1.4%	-4.1%	6.4%	32.1%	16.2%	-9.5%	6.9%	3.5%

Source: Canterbury City Council attraction figures and Visit Kent Business Barometer

Key findings:

- In December there was a +25% YOY change in visitor numbers to visitor attractions in Canterbury and 30.4% increase comparing to November 2019.
- For Kent, there was a +3.5% YOY change in visitor numbers to visitor attractions which is -3.4% decrease comparing to November 2019.

Graph 5.2 – Visitor Information Centre Visitors to Canterbury



	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Domestic	45%	70%	50%	55%	50%	40%	60%		92%	60%	43%	40%
Long Haul	5%	5%	5%	5%	5%	5%	10%		7%	10%	7%	5%
European	50%	25%	45%	40%	45%	55%	30%		1%	30%	50%	55%

Source: Visit Kent Business Barometer. Please note data was not available in August 2019.

Events

Below is a list of events which took place in Canterbury in December. These events both maintain and increase footfall to the city and in turn have an economic impact.

1st December 2019	Vegan Market
7th December 2019	The King's Mile Festive Fling & Small Business Saturday
15th Nov – 15th Dec 2019	Mother Goose Trail
14th – 15th December 2019	The Canterbury Tales Magical Medieval Christmas Event
15th December 2019	Paul Hollywood's Festive Baking Session
16th December 2019	Neil's Yard Remedies Session
18th December 2019	BID Networking – The Malthouse
18th – 28th December 2019	Christmas Window Competition
19th December 2019	Whitefriars Late Night Shopping Event