



Llywodraeth Cymru
Welsh Government

RESEARCH, DOCUMENT

Filling the gaps: understanding how small businesses source property in Wales' town centres (summary)

The research explores the factors affecting the ability of small business to source suitable premises in Welsh town centres.

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Research aims and methodology

The Welsh Government has recognised the importance of town centres in economic, social, and cultural life, committing to policies that address high vacancy rates and support small businesses in accessing town centre properties.

This research, conducted by the Centre for Local Economic Strategies (CLES), explores the processes, barriers and support mechanisms for small businesses sourcing premises in Wales' town centres.

The research utilised a multi-method approach, including:

- a literature review to understand broader trends and policy implications
- interviews with stakeholders, including government representatives, business associations and small business owners
- a survey of 196 small businesses across Wales to capture direct experiences in sourcing premises
- focus groups (initially planned but with limited participation)

Main findings

Property preferences

Of those surveyed, 98% of recently relocated businesses and 71% of those still searching for new premises preferred high street locations. Offices and workshops were in higher demand than retail spaces. Important considerations for location choice included accessibility, cost and tenancy conditions.

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Property sourcing challenges

Of those surveyed who had recently relocated, 93% of businesses found premises within six months. Of those businesses surveyed who were still searching for a premises, 40% had been looking for more than six months. Many properties appeared vacant but were tied up in long-term leases or lacked clear landlord contact information. High rental prices, conveyancing costs and business rates acted as deterrents for small businesses in taking on new premises. Businesses often struggled to identify suitable premises due to a lack of information about available premises.

Support services (non-financial)

Of those surveyed, 74% of recently relocated businesses were aware of Business Wales but did not access support. Local authority and Business Improvement District (BID) support provided the most effective assistance, though awareness varied. Development Bank of Wales and Cwmpas had higher rates of unsuccessful applications, indicating a potential mismatch in service offerings.

Support services (financial)

Some businesses searching for premises were unaware of important funding programs. Despite availability, many small businesses did not apply for financial assistance due to complex processes or eligibility concerns.

Place leadership and collaboration

Areas with strong collaboration between local authorities, BIDs and business

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networks saw better outcomes in reducing vacancies. Effective place leadership requires dedicated funding and staff support. Short-term tenancy models (like pop-ups) were effective in demonstrating business viability and building landlord confidence.

Recommendations

- Policy adjustments for non-retail spaces: review planning and cost structures to facilitate non-retail businesses in high streets.
- Enhanced local authority and BID engagement: provide additional resources to strengthen business support networks.
- Focus on cost-effective policies: address important concerns like lease conditions and rental affordability.
- Regulatory adjustments for transparency: improve access to property ownership information through local authority and Land Registry collaboration.
- Improved communication of support services: tailor outreach to businesses actively searching for premises.
- Review non-financial support offerings: ensure advisory services align with the needs of relocating businesses.
- Raise awareness of financial support: increase visibility of available grants and loans to small businesses.
- Strengthen place leadership: encourage cross-sector collaboration and knowledge sharing to drive better town centre outcomes.

Conclusions

The research highlights the structural and policy challenges small businesses face when sourcing town centre premises in Wales. While various support

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mechanisms exist, gaps remain in accessibility, awareness and effectiveness. A targeted approach focusing on cost reduction, regulatory clarity, local leadership and tailored support services is necessary to revitalise town centres and improve small business access to vacant properties.

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Views expressed in this report are those of the researchers and not necessarily those of the Welsh Government.

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