

Bromsgrove Town Centre

Retail Capacity Analysis Update

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FINAL DRAFT FOR COMMENTS

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1. INTRODUCTION

- 1.1 CB Richard Ellis have been appointed by Bromsgrove District Council to update the Retail Capacity element of the wider detailed Town Centre Study of April 2004.
- 1.2 This update includes an assessment of both comparison and convenience goods and follows a standard step by step methodology. This is consistent with the approach advocated in PPS6, for example, in terms of the time horizons and the goods based data used.
- 1.3 CB Richard Ellis have not carried out any further assessment of the town centres or individual sites identified though we have highlighted key areas of the 2004 study that are of relevance to the updated capacity analysis.

2. METHODOLOGY

- 2.1 As set out in the 2004 study, the catchment area has been divided into 5 separate zones. This is illustrated at Appendix 1. These include:
- Zone 1 – Bromsgrove
- Zone 2 – Northfield
- Zone 3 – Redditch
- Zone 4 – Droitwich
- Zone 5 – Kidderminster
- 2.2 The population figures for 2007 and 2012 have been calculated using a MapInfo Area Profile Report based on the catchment area postcodes used in the 2004 Town Centre Study. The data provided by MapInfo provides population forecasts up to 2016 and CB Richard Ellis have therefore forecast the 2017 and 2022 figures based on percentage increase over the preceding years.
- 2.3 The update relies on the household survey which was commissioned as part of the 2004 study. No additional retail floorspace has been granted consent since the original household survey was undertaken which would alter shopping patterns. For this reason we consider it appropriate to rely on the original survey results. Consistent with the approach adopted in our 2004 study a constant market share is maintained over the test dates to 2022.

2.4 The market shares therefore remain unchanged:

- Convenience goods at 75% and;
- Comparison goods at 45%.

2.5 Since the 2004 study, MapInfo have published their latest Information Brief (06/02) 'Goods Based Retail Expenditure Estimates and Price Indices' (Sept 2006). This Brief sets out the latest trends in consumer retail expenditure per head on convenience and comparison goods in the United Kingdom. In applying updated expenditure growth rates, regard has been had to the Brief's explanatory text which with regards to convenience states:

"convenience goods retail expenditure has been erratic over the past 40 years, with low trend growth over the period as a whole. The most statistically robust estimate of trend growth calculated is for the period 1998-2005, when the annual growth rate averaged 0.9%."

2.6 Accordingly, the updated study uses the UK annual average consumer retail expenditure figure of 0.1% for years 2004-2005 (Table 1 06/02) and the annual growth rate of 0.9% for 2005 – 2022 (Table 3 06/02). The 2004 study applied a lower growth rate of 0.1%.

2.7 For Comparison goods a long term trend of 4.8% has been applied (Table 3 06/02). Information Brief (06/02) states:

"Trend growth rates of comparison goods expenditure per capita are statistically robust for all periods, with the strongest relationship noticeable in the short term data. However, growth in this period is significantly stronger than in the long run and appears unsustainable.... The projected sales per capita based on medium and long term trends (which give similar trend results) look more believable. "

2.8 Expenditure on Special Forms of Trading (SFT) is excluded from our capacity forecasts. SFT are mail order, vending machines and other non-store activity such as internet shopping. In considering SFT into account we have made a deduction of 1.7% for convenience goods and 5.8% for comparison goods (as advised by MapInfo Expenditure Explanatory Volume: 2004 Expenditure).

2.9 To ensure consistency with the 2004 study, two scenarios have been prepared to provide an indicative range of capacity figures:

- **Scenario 1** has been based on constant market shares; whilst
- **Scenario 2** makes an allowance for a modest increase in market share.

3. FINDINGS

3.1 The key results of the update are summarised below, and a copy of the updated assessment is set out in Appendix 2.

Population – Table 1

3.2 Overall population has increased over the study period to 2022 as a result of housing allocations in this area. The most notable increase occurring in Zone 2 (14,516 additional residents between 2007 and 2022). This compares with a previous increase of just 563 in Zone 2 over the period 2001 to 2011.

Expenditure – Table 2a

3.3 Due to increased population, higher expenditure per head and changes in expenditure growth rates, total expenditure has increased for both convenience and comparison goods over the study period.

Table 1.0. Available expenditure 2007 - 2022

	Convenience (£m)	Comparison (£m)
2007	737.6	1,461.5
2012	785.9	1,882.3
2017	838.9	2,428.7
2022	881.2	3,130.7

Source: Table 2a. Appendix 2

3.4 As you would expect, Zone 2 with its high population increase experiences the largest increase in expenditure over the study period

Expenditure by Goods Category – Table 2b

3.5 This table seeks to identify the study area's comparison goods expenditure by category. Whilst the level of expenditure per category has increased the percentage remains approximately the same as the 2004 study. Clothing demonstrates the greatest draw over all zones at around 24% followed by 'Other Uses' at around 19%. The lowest is for domestic appliances at 2.0%.

Scenario 1: Constant Market Share – Tables 3a – 5a(i)

- 3.6 As explained at paragraph 2.3, a constant market share has been applied across the study period based upon the original household survey. This is illustrated in Table 3a.
- 3.7 By applying the percentage market share for each zone (Table 3a) to the total available expenditure in that Zone (Table 2a) we have estimated the quantity of residents spending within the study area (Table 5a). For example, at 2007 resident spending on convenience goods totals £122.4m, rising to £147.8m by 2022. Similarly, spending on comparison goods equals £141m in 2007 rising to £301.9m by 2022.
- 3.8 After allowing for sales from existing convenience floorspace at £86.9m (Table 5c(i)) the residual spending to support new convenience floorspace equals £35.5m in 2007 rising to £59.6m by 2022. If an indicative company average turnover of £12,700 per sqm is applied (based upon the average of the 5 main foodstores) capacity exits for about 2,790 sqm net of additional convenience floorspace at 2007, rising to just under 4,700 sqm net at 2022.
- 3.9 A similar approach is taken when considering comparison capacity. Total available spending in the study area rises from £141m in 2007 to £301.9m in 2022. By dividing the total spend by the quantity of floorspace identified in the study area (21,571 sqm) we estimate that the floorspace as a whole is turning over at about £6,535 per sqm net. This compares with £4,827 per sqm in 2004. This is then grown by 2% per annum to allow for the realistic prospect that the efficiency of the floorspace will improve over time. Such an increase in productivity can result from longer opening hours, more efficient use of floorspace and change in the type of goods retailed.
- 3.10 The headline results for convenience and comparison goods are summarised in Table 1.1 below, and the full analysis is presented in Appendix 2 (Scenario 1). The most relevant values are the residual spending figures to support new shops in monetary terms, as the exact volume of supportable floorspace will always be subject to assumptions made in terms of the sales density used for conversion.

Table 1.1 Indicative Capacity for New Shop Floorspace (Scenario 1)

	2007	2012	2017	2022
Comparison Goods				
Residual spending to support new shops	Equilibrium	£23.0m	£62.2m	£121.3m

Indicative Capacity for new floorspace (net)	--	4,160 sq m	10,200sq m	18,030sqm
Convenience Goods				
Residual spending to support new shops	£35.5m	£43.0m	£51.4m	£59.6m
Indicative Capacity for new floorspace (net)	2,790 sq m	3,390 sq m	4,050 sq m	4,690sq m

Source: Table 5a & 5b. Appendix 2,

Scenario 2: Increase in Market Share – Tables 3b – 5b(i)

- 3.11 As explained at paragraph 2.9, a modest market share has been applied across the study period. This is illustrated in Table 3b.
- 3.12 The market share has been increased in 2012 by 5% for convenience and 5% for comparison goods. This equals:
- Convenience goods at 80% and;
 - Comparison goods at 50%
- 3.13 By employing the same approach as set out for Scenario 1 the increase in capacity is illustrated at Table 1.2
- 3.14 Again, the most relevant values are the residual spending figures to support new shops in monetary terms, as the exact volume of supportable floorspace will always be subject to assumptions made in terms of the sales density used for conversion.

Table 1.2 Indicative Capacity for New Shop Floorspace (Scenario 2)

	2007	2012	2017	2022
Comparison Goods				
Residual spending to support new shops	Equilibrium	£38.0m	£81.5m	£146.3m
Indicative Capacity for new floorspace	--	6,880 sq m	13,370sq m	21,730sqm

(net)				
Convenience Goods				
Residual spending to support new shops	£35.5m	£48.9m	£57.7m	£66.3m
Indicative Capacity for new floorspace (net)	2,790 sq m	3,850 sq m	4,540 sq m	5,220sq m

Source: Table 5a & 5b . Appendix 2

- 3.15 The capacity figures calculated for both scenarios should be regarded as indicative of the order of supportable floorspace within the Bromsgrove Market, and not as exact or prescriptive value. In particular, whilst any proposed retail development that may come forward in the Bromsgrove area should initially be assessed in the context of our analysis, it will always be important to take into account the characteristic of the individual scheme in determining any planning application.

4. KEY CONCLUSIONS FROM RETAIL CAPACITY ANALYSIS

- 4.1 We have identified a quantitative need for additional comparison and convenience goods floorspace over the study period to 2022.
- 4.2 In the base year of 2007, we have identified a quantitative need for convenience goods floorspace of 2,790sqm net. This supports the forecast floorspace for convenience goods in the 2004 study for 2008 of 2,950sqm net.
- 4.3 In 2007, the capacity for new floorspace is in equilibrium with a forecast quantitative need for comparison floorspace of 4,160 sqm net by 2012.
- 4.4 It should be emphasised that the figures generated by our capacity analysis represent just one consideration. Other qualitative factors are also important within an overall strategy of improving the quality of provision in the centre to create a point of difference between the town and its competitors.