



East Midlands Regional Assembly

**Revised Retail
Capacity Assessment**

Technical Paper

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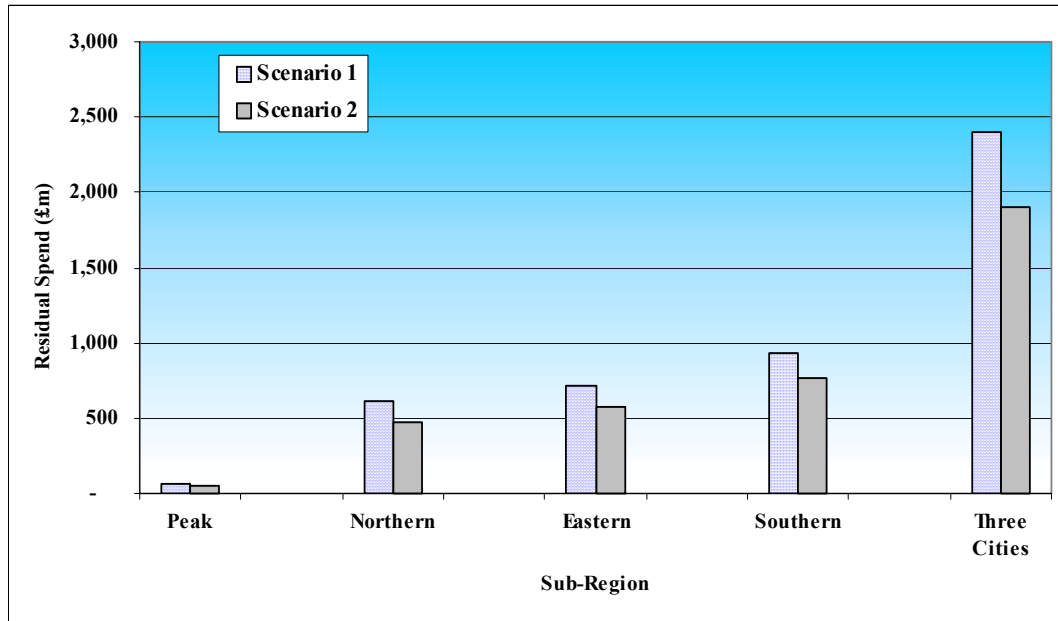
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Executive Summary

1. The East Midlands Regional Assembly (the Regional Assembly) commissioned DTZ in October 2004 to carry out a revised retail capacity study to forecast future retail growth in the main region/sub-regional catchment areas in the East Midlands.
2. DTZ's assessment is focused on quantifying the potential growth in retailing and specifically the growth potential of the major town centres and the comparison goods sector. This builds on an earlier study undertaken in 2002 by DTZ.
3. The following provides a summary of the key findings of DTZ's more detailed capacity analysis for each catchment area.
4. In undertaking the capacity analysis there are a number of important caveats that underpin the broad floorspace capacity forecasts identified, namely:
 - our forecasts are based on the adjusted market shares derived from the National Survey of Local Shopping Patterns (NSLSP) survey. The data indicates that the potential turnover figures for some of the centres and stores (specifically the smaller centres) are low, compared with national company averages. This is explained by the fact that dominant centres can skew people's perceptions of where they shop often at the expense of smaller and medium sized centres.
 - in accordance with PPS6, we recommend that any forecast residual expenditure for new non-town centre floorspace (sometimes referred to as 'bulky goods' or 'retail warehouses') should be directed towards city centre, edge-of-centre and district centre locations in the first instance, following the sequential approach and the appropriate scale of development that is needed. This assumes that suitable and viable sites are available in town centre and/or edge-of-centre locations.
5. We have provided forecasts for each sub-region for five year periods from 2001 to 2026, a 25 year period. As with all forecasts, the further ahead one looks, the greater the margins of error that occur. Inevitably extrapolating trends will produce very large potential requirements for new retail floorspace in all areas. However one only has to look back 25 years, to 1980, to see that significant growth has occurred in the Region, particularly in the out of town market.
6. Whether the Regional Assembly can, or should plan in detail now for requirements in 2026, is open to judgement. Rather, in our opinion, it should use the longer term projections only as indicators of what would happen because such assessments are subject to considerable margins of error which are compounded over time.
7. From our summary of key findings, we focus on the medium term results, to 2016, as being more helpful for the requirements of the review of the Regional Spatial Strategy, though we do not ignore the longer term possibilities.
8. **Figure 1** shows the forecast residual spend at 2016 using the baseline (Scenario 1) and Scenario 2 for each catchment area. The difference in the scenarios is that the baseline Scenario 1 adopts a higher forecast of personal spending than Scenario 2. The headline findings are reviewed below, and for this summary they are all based on projections that have deducted current commitments and allow for average sales densities of £6,000 per sq m net (in 2001 and projected forward using a floorspace efficiency factor of 1.5%pa). Note that they are also net sales areas and exclude storage areas as well as other types of food retailing and service businesses found in town and city centres.

**Figure 1:
 Residual Expenditure 2016: Scenario(s) 1 & 2**



Source: Appendix 1 & 2 – Stage 7

- Peak Sub-Region:** The analysis has forecast a residual spend of between £53m and £67m depending on the average spend growth tested. This is broadly equivalent to 7,000 sq.m to 9,000 sq.m net in floorspace terms. The main centres in this catchment area are Buxton, Ashbourne, Matlock and Glossop. The area is constrained geographically and spatially in relation to its rural hinterland and scenic nature. Within this catchment there is potentially very little scope to promote retail floorspace growth because of environmental constraints within the towns. Outflow to the larger cities will therefore continue but due to the relatively small size of the catchment and associated spend, the flows will not be large.
- Northern Sub-Region:** In this catchment there is a residual forecast spend of between £475m and £609m depending on the average spend growth tested. This is broadly equivalent to 53,600 sq.m to 71,400 sq.m net in floorspace terms. The main centres include, inter alia, Mansfield, Chesterfield, Sutton in Ashfield and Newark on Trent. These centres are likely to dominate their position and where potentially any planned growth may occur. Indeed, there is some 9,742 sq.m net of commitments in the sub-region which have been taken into consideration. The composing authorities therefore need to consider which centres now need to have priority for future investment.
- Eastern Sub-Region:** Our analysis has indicated a forecast residual spend of between £571m and £715m depending on the average spend growth tested. This is broadly equivalent to 34,200 sq.m to 53,400 sq.m net in floorspace terms. The key

centres in this catchment area include inter alia, Lincoln, Boston and Grantham. Within this catchment there is already a substantial development in the pipeline of some 41,886 sq m net. Again the question arises as to where potential growth should be allocated i.e. the larger centres or the smaller centres bearing in mind the historical and other characteristics of these towns.

- **Southern Sub-Region:** This sub-region has the highest population growth projections as a result of the Governments's expansion plans for the area. It therefore faces the largest challenges amongst the sub-region's. Within this catchment our analysis has indicated a residual forecast spend of between £763m and £927m depending on the average spend growth tested. This is broadly equivalent to 64,700 sq.m to 86,500 sq.m net in floorspace terms. Looking to 2026, the comparison floorspace could double to 215,400 sq.m net (under the baseline assessment). The main centres in this catchment area include Northampton, Kettering, Wellingborough, Corby, Rushden and Daventry. These centres represent key retail destinations especially in terms of the quantum of comparison goods floorspace in the Region. The Regional Assembly will need to determine where within the sub-region growth should be allocated taking account of the inflows and outflows from Milton Keynes and other areas and the constraints on major expansion imposed by the infrastructure in the sub-region.
 - **Three Cities Sub Region:** DTZ's analysis has indicated a forecast residual spend of between £1,898m and £2,401m to 2016, depending on the average spend growth tested. This is broadly equivalent to 94,200 sq.m to 161,400 sq.m net in floorspace terms. In addition, there is also substantial development in the pipeline of some 158,708 sq m net, which we have deducted from our residual capacity forecast above. This sub-region represents the 'retail powerhouse' in terms of the quantum of comparison goods retail floorspace. The main centres in this catchment area include, inter alia, Nottingham, Leicester and Derby. The questions arise as to whether growth should continue to be directed to larger centres (such as Nottingham, Leicester and Derby), or to smaller centres with a view to attaining a more balanced network of larger and smaller centres as per PPS6. The Regional Assembly will therefore need to identify alternative strategic locations where this growth can be accommodated.
9. In addition to the above sub-regions there is also a residual forecast spend of between £1,012m and £1,268m attributable to non-town centre uses in 2016. Current planning legislation would require much of this growth to be directed back towards town centres.
10. As shown above our analysis has provided an indication of potential floorspace capacity at the broad sub-regional level. We have not provided forecasts for individual centres as it is for the Regional Assembly and member authorities to decide on where to allocate this growth in line with the spatial strategy and local development frameworks.
11. However at a broad level, an estimate of potential capacity by centre could be made by apportioning the 'global' sub-regional figure by the size of the floorspace of the existing centres. For example, in the Peak sub-region we forecast a residual spend of £53m - £67m, which is equivalent to 7,000 sq.m - 9,000 sq.m net. The main centres are Ashbourne, Buxton, Glossop and Matlock. In proportionate terms the forecast floorspace of the sub-region could therefore be distributed as follows:
- Ashbourne - 2,070 sq m net,

- Buxton - 2,880 sq m net,
 - Glossop - 1,980 sq m net,
 - Matlock - 2,070 sq m net.
12. We advise that this approach can only provide a broad indication for forecasting retail floorspace capacity up to 2016, based on the presumption that each centre should develop in accordance with its current size. Other factors, such as the physical capacity of a town centre to absorb new development and the relative attractions of each centre are also highly important in allocating new development. Additionally, the approach outlined above will serve to reinforce existing hierarchies, particularly where larger centres dominate. This would go against the advice set out in PPS 6, which specifically states that ‘...*regional planning bodies and local planning authorities should consider whether there is a need to rebalance the network of centres to ensure that its not overly dominated by the largest centres, that there is a more even distribution of town centre uses...*’ (para. 2.9). We therefore strongly recommend that the Regional Assembly and Local authorities also take account of local issues, particularly the qualitative aspects of need at the sub-regional level.
13. To conclude, we have provided a detailed analysis of the individual sub-region’s potential requirement for future comparison goods floorspace. In broad terms and at the regional level, the forecast residual spend of £13.5bn in 2026 (under the baseline assessment), translates to between 1.2m sq.m and 2.0m sq.m net of floorspace (after taking into account commitments) and depending on the sales density applied. This could double the existing floorspace stock in the main town centres.