

Isle of Wight Council

Island-Wide Retail Capacity Study Update

March 2008

The logo for Drivers Jonas, featuring the company name in a serif font within a square frame. The frame has a double-line border, with the inner line being white and the outer line being dark red. The text is white, and the background of the frame is dark red.

DRIVERS
JONAS

Isle of Wight Council

Island-Wide Retail Capacity Study Update

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1. Introduction

- 1.1 Drivers Jonas was instructed by the Isle of Wight Council (hereafter referred to as the Council) to prepare Island-wide retail studies in 1996, 1998 and 2005. The studies provided an estimation of the level of additional retail floorspace that could be supported on the Island.
- 1.2 The key purpose of the 2005 Study was to inform the review of the Adopted 2001 Isle of Wight Unitary Development Plan (UDP) and to respond to the guidance in the recently issued 2005 Planning Policy Statement 6: Planning for Town Centres.
- 1.3 The purpose of this Study is to provide an updated assessment of quantitative retail capacity on the Island for different types of goods and to support the preparation of the Council's new Core Strategy and related Development Plan Documents.
- 1.4 The quantitative assessments look at the potential for the likely future demand for both new comparison and new convenience retail floorspace on the Island.
- 1.5 The structure of this document is as follows:
 - Section 2 – the key findings of the 2005 Study are briefly reviewed
 - Section 3 – the main changes in retail development on the Island since 2005 are summarised
 - Section 4 – a summary of the current local and national level retail planning policy guidance is provided
 - Section 5 – the methodology of the quantitative capacity assessment is described
 - Section 6 – estimates of supportable new floorspace are provided
 - Section 7 – the conclusions of the quantitative capacity assessment are set out
- 1.6 Appendices to this document are as follows:
 - Appendix 1 – plan of the Study area
 - Appendix 2 – retail capacity tables

2. Review of the 2005 Drivers Jonas Study

- 2.1 The 2005 Study provided assessments of the potential to support new convenience and comparison retail floorspace on the Island, based principally on anticipated growth in residents' expenditure on retail items and the turnover performance of existing retail businesses.
- 2.2 Drivers Jonas provided recommended strategies for delivering new retail development, in line with its quantitative capacity forecasts.
- 2.3 A brief summary of the key outputs of the 2005 Study is provided in this section.

Comparison Capacity Forecasts

- 2.4 Considerable growth in available expenditure was identified. A surplus of £85m of expenditure by 2006 was estimated, growing to £167m by 2011.
- 2.5 Taking into account the need to protect the turnover of existing comparison businesses, allowing for town centre business to increase their floorspace efficiency, comparison commitments on the Island and tourists' expenditure, it was estimated that 33,566 sqm of net additional convenience floorspace could theoretically be supported by 2011.

Comparison Retail Recommended Strategy

- 2.6 It was noted that there had not been a significant level of development on the Island to meet the amount of identified comparison capacity in the Drivers Jonas 1998 retail study. It was noted that new developments that had taken place were located either in edge-of-centre or in out-of-centre locations.
- 2.7 We recommended that, based on the 2005 capacity analysis, there was potential for additional retail development on the Island, particularly at Newport to provide a qualitative improvement in the shopping offer of the Island.
- 2.8 We advised that it would be prudent to monitor the effects of the committed Bus Station and Fire Station developments. Notwithstanding this, we recommended that the Council made specific provision to meet the identified quantitative need.

Convenience Capacity Forecasts

- 2.9 A significant surplus of expenditure at 2011 of some £36m was identified. This included some £8.5m of expenditure by tourists to the Island.
- 2.10 Taking into account the need to protect the turnover of existing convenience businesses, allowing for town centre business to increase their floorspace efficiency and convenience commitments on the Island, it was estimated that 2,428 sqm of net additional convenience floorspace could theoretically be supported by 2011.

Convenience Retail Recommended Strategy

- 2.11 It was noted that the quality and range of convenience retailing on the Island had improved significantly since the Drivers Jonas 1998 retail study, with Newport, Ryde and Wootton town centres all experiencing new development.
- 2.12 Drivers Jonas recommended that the level of identified surplus expenditure was significant and that the Council should make provision for this.

3. Retail changes on the Island since 2005

- 3.1 Since our 2005 Study was completed, there have been a number of changes in retail provision on the Island that we have had to be mindful of in the preparation of this updated study.

Retail developments

- 3.2 An application for a replacement Tesco store in Ryde was the subject of a call-in Inquiry and was granted planning permission by the Secretary of State in 2007. This proposal increased the convenience retail floorspace of the store by 813 sqm net (from 3,330 sqm to 4,143 sqm) and the comparison floorspace by 1,458 sqm net (from 574 sqm to 2,032 sqm).
- 3.3 The Island's convenience retail provision was examined at the Inquiry. Drivers Jonas reviewed Tesco's retail assessments, prepared by DPP, and provided supporting information to the Council. The floorspace figures that were accepted for the purposes of the Inquiry have been used in this study, updated where relevant.
- 3.4 The replacement Tesco store has had the effect of increasing the total convenience floorspace on the Island to 29,743 sqm net, representing an increase of 3,533 sqm from the figure used in the Drivers Jonas 2005 Study.
- 3.5 The former Curry's store in Newport is now occupied by Lidl, bringing the total amount of convenience retail floorspace in Newport to 10,827 sqm net.

Retail commitments

- 3.6 Development proposals for East Cowes will introduce 3,140 sqm net of new comparison retail floorspace. In addition, a new foodstore of 1,500 sqm net will also be developed.
- 3.7 Planning permission exists for the replacement of the existing Tesco store at Ventnor. The development will result in a net increase in sales floorspace of 195 sqm.
- 3.8 There is a commitment for an extension to the Sainsbury's store in Newport. The effect of this will be an increase in convenience sales floorspace of approximately 1,100 sqm.
- 3.9 As in our 2005 Study, we have continued to treat the Wakes and Fire Station redevelopments in Newport as commitments. The redevelopment of the Bus Station in Newport that was treated as a commitment in the 2005 Study has now been fully implemented.

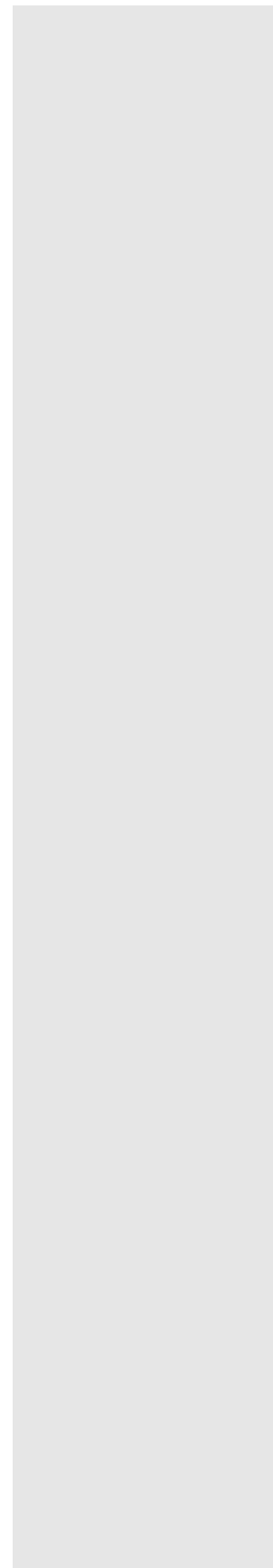
Healthchecks

- 3.10 We have not conducted updated healthchecks of the Island's designated centres. We understand this area of work is being undertaken by the Council as part of its preparation of its emerging Development Plan Documents.

Competing centres

- 3.11 Southampton and Portsmouth are both major shopping destinations that are relatively accessible to for the Island's residents. The Island experiences competition from these centres for core comparison shopping trips in particular.

- 3.12 Both West Quay in Southampton and Gunwharf Quays in Portsmouth have experienced relatively recent investment, strengthening the position of both of these centres.
- 3.13 West Quay has over 100 stores and is anchored by large John Lewis and Marks and Spencer department stores.
- 3.14 Gunwharf Quays contains 95 stores, the majority of which are occupied by high-end fashion retailers. The retail facilities are supplemented by leisure facilities including a cinema, bowling alley, comedy club, approximately 20 bars and restaurants, an events marina and the Spinnaker Tower. With the inclusion of a hotel also, Gunwharf Quays seeks to attract both day trip shoppers and those wishing to use it as a focus to a short break.



4. Current retail planning policy

4.1 This section provides a summary of the current national, regional and local level policy of relevance to future retail development on the Island.

National Planning Policy

Planning Policy Statement 6: Planning for Town Centres

4.2 PPS6 had been published at the time of the Drivers Jonas 2005 Study and its guidance informed the 2005 recommended strategies for new retail development on the Island.

4.3 More recent central government guidance on retail and town centre development has not been published since the time of the last Drivers Jonas Study. A consultation draft of an updated PPS6 is however expected to be published imminently.

4.4 PPS6 provides guidance to local planning authorities for their preparation of Local Development Documents. It confirms that the planning system has a key role in facilitating and promoting sustainable and inclusive patterns of development, including the creation of vital and viable town centres.

4.5 The Government's key objective for town centres is to promote their vitality and viability by:

- n planning for the growth and development of existing centres; and
- n promoting and enhancing existing centres, by focusing development in such centres and
- n encouraging a wide range of services in a good environment, accessible to all.

4.6 Other Government objectives which need to be taken account of in the context of the key objective are:

- n enhancing consumer choice by making provision for a range of shopping, leisure and local services, which allow genuine choice to meet the needs of the entire community, and particularly socially-excluded groups;
- n supporting efficient, competitive and innovative retail, leisure, tourism and other sectors, with improving productivity; and
- n improving accessibility, ensuring that existing or new development is, or will be, accessible and well-served by a choice of means of transport.

4.7 An assessment of the likely future need for retail facilities is a key element of a local planning authority's evidence base, on which its town centre strategy should be based. This should comprise a spatial vision for the network and hierarchy of centres within its administrative area and should set out how the role of different centres will contribute to the overall strategy.

4.8 PPS6 states that local planning authorities should assess the need for new floorspace for retail facilities and other main town centre uses. It advises that both quantitative and qualitative considerations should be taken into account in the assessment. This Study provides an assessment of the quantitative need for additional retail floorspace on the Island. As advised in Section 3, we have not conducted updated healthchecks of the Island's designated centres. This area of work is being undertaken by the Council as part of its preparation of its emerging Development Plan Documents.

4.9 Need assessments should be carried out as part of the preparation of emerging policy and updated regularly. This Study updates the advice set

out in the Drivers Jonas 2005 Study. An understanding of the extent of total quantitative need for new retail floorspace on the Island will support the local planning authority's decisions on how and where growth should be accommodated. It also helps inform the appropriate scale of new development in each centre, consistent with their intended role and function.

- 4.10 PPS6 advises that quantitative need assessments should be based on realistic considerations of:
- n Existing and forecast population levels;
 - n Forecast expenditure for specific classes of goods within the broad categories of comparison and convenience goods;
 - n Forecast improvements in productivity in the use of existing and potential new retail floorspace.
- 4.11 This Study is consistent with this recommended approach. We have estimated the quantitative need for both additional convenience retail floorspace and comparison retail floorspace. Within the comparison need assessment, we have examined potential capacity for floorspace selling goods falling within the category of bulky and core DIY goods. This is discussed further in Section 6.
- 4.12 Taking into account other relevant planning policy considerations, local planning authorities are encouraged to identify an appropriate range of sites to accommodate identified quantitative need for at least the first five years from the adoption of the Development Plan Documents. This can, where appropriate, include the designation of new centres.
- 4.13 PPS6 advises that the need for further retail development should be kept under regular review.

The Planning White Paper

- 4.14 The Planning White Paper – Planning for a Sustainable Future – was published in May 2007 by the Department of Communities and Local Government.
- 4.15 The Paper's focus was not one of town centre retail development. It set out detailed proposals for the reform of the planning system, building on Kate Barker's recommendations for improving the speed, responsiveness and efficiency in land use planning. It also took forward Barker's and Rod Eddington's proposals for the reform of major infrastructure planning.
- 4.16 Some commentary on non-town centre retail development was provided however, with the statement that this area would be looked into further at a later date, once the work of the Competition Commission's into the grocery market had been completed.
- 4.17 Key points that the Paper raised can be summarised as follows:
- The 'need test', as required for retail development proposals outside of designated Primary Shopping Areas has proved in some respects to be a blunt instrument.
 - The application of the need test can have the unintended effect of restricting competition and limiting customer choice.
 - Edge of centre retail developments can bring wider benefits and support its neighbouring town centre.

It is a government objective to support current and prospective town centre investment, which contributes to economic prosperity and to social and environmental goals.

It is a government objective to ensure that planning promotes competition and customer choice and does not unduly or disproportionately constrain the market.

Whilst continuing a town centres first approach, the government will review the current approach in PPS6 to assessing the impact of non-town centre retail proposals.

- 4.18 At the time of the Paper's publication, it was anticipated that consultation on revised proposals would take place in Summer 2007 and that the work of the Competition Commission would be complete by the end of 2007. Although the timetable has slipped, we understand that the commitment to removing the need test remains in place.
- 4.19 Whilst both quantitative and qualitative needs assessments should continue to be requested by the Council from applicants of retail developments for sites not within the Primary Shopping Areas of designed centres or in accordance with an up to date development plan strategy until such time as PPS6 is revised, it is likely that the focus on supporting customer choice and local competition will increase in weight, alongside other relevant policy tests.
- 4.20 It is likely that emerging Development Plan Documents will be encouraged to consider these objectives and their significance and consequences for the character of the administrative area that they are planning for.

Regional Planning Policy

- 4.21 The South East Plan sets out a vision for the future of the South East region up to 2026. The publication of the 2005 Drivers Jonas Study was commensurate with the start of the consultation period for the initial draft of the South East Plan.
- 4.22 The current position is that the Examination in Public of the Plan has finished and the Panel's Report was received from the Government Office for the South East in August 2007. The publication of proposed changes to the Plan for consultation is expected to be in the first quarter of 2008.
- 4.23 The Isle of Wight is a special policy area in the South East Plan. Compared with other parts of the Region, the Island experiences comparative deprivation and lower skills levels. As such, the Panel Report recommends measures to support its continual economic regeneration and provision of employment opportunities.
- 4.24 Within the network of strategic town centre, Newport is designated in the Draft Plan as a Secondary Regional Centre. The strategic town centres are to be the foci for major retail developments. The Plan acknowledges that there are regeneration needs in the Island's coastal towns, particularly in Ryde.
- 4.25 Draft Policy TC3 (iii) states that where it would assist the regeneration of vulnerable centres, new investment of the appropriate level and scale should be promoted.

Local Planning Policy

- 4.26 The 2001 Isle of Wight UDP is being replaced by the Council's Local Development Framework. We understand that four of the UDP's retail policies have been saved beyond September 2007. These are:
- R1 – Existing Town Centres
 - R2 – New Retail Development
 - R5 – Retail-Only Frontages
 - R6 – Areas Outside of Retail-Only Frontages
- 4.27 Combined, these policies seek to protect and enhance the retail function of the Island's defined town centres, existing village settlements and tourism, farming and existing service station operations.
- 4.28 Work has been underway on the preparation of a Core Strategy for the Island. The Submission version of this document was however withdrawn in May 2007 and a replacement document is currently being prepared. Consultation on the Core Strategy Issues and Options began in late January 2008.

5. Quantitative assessment methodology

- 5.1 This section describes the steps that were taken to prepare estimates of supportable floorspace on the Island up to 2014.

Catchment Area

- 5.2 The catchment area is the Island. Whilst a household shopping survey was not commissioned for the purposes of this Study, it has been assumed that the Island retains the majority of its residents' expenditure.
- 5.3 A plan of the catchment area is provided in Appendix 1.

Population estimates and forecasts

- 5.4 Population estimates and forecasts for the period 2006-2020 have been provided by Experian and are set out in Tables 1a-3a of Appendix 2. The Experian Summary Demographics report was based on the Isle of Wight as a whole. The use of Experian population estimates was agreed with the Council.

Expenditure per head estimates and forecasts

- 5.5 2006 average expenditure per head estimates for the catchment area have been provided by Experian. Estimates for spending on both comparison and convenience goods have been sourced. For the former, this figure has been broken down to allow the capacity model to provide estimates for 'core' comparison goods and 'DIY/Bulky' comparison goods separately.
- 5.6 Experian defines 'DIY/Bulky' goods as items falling within the following categories:

Materials for repair and maintenance of the dwelling
Small tools and miscellaneous accessories
Major tools and equipment
Gardens, plants and flowers
Furniture and floor coverings
10% of non-durable household goods
Major household appliances whether electrical or not
Audio-visual equipment

- 5.7 The average expenditure per head estimates are set out in Tables 1b-3b of Appendix 2.
- 5.8 To provide average expenditure per head estimates for the period 2008-2020, the 2006 figures have been grown by different rates, as recommended by Experian. These are as follows:

Convenience goods
 +1.0%pa for the period 2006-2008
 +0.8%pa for the period 2008-2014

Comparison goods (all goods)
 +6.0%pa for the period 2006-2008
 +5.3%pa for the period 2008-2014

Comparison goods (DIY/Bulky goods)

+3.0%pa for the period 2006-2008

+3.5%pa for the period 2008-2014

- 5.9 These growth rates are based on the advice set out in the latest Experian Retail Planning Briefing Note (Note 5.1, November 2007).
- 5.10 All monetary figures in the model are shown in 2006 prices.
- 5.11 Expenditure absorbed by Retail Sales Not in Stores (RSNS) has been deducted by goods category according to Experian estimates. Deductions of 1.7% have been made in the convenience assessments and of 6.0% in the comparison assessments (all categories). The percentage reductions have been held constant throughout the assessment.
- 5.12 Experian defines RSNS as purchases via mail order (including purchases from wholly internet-based companies such as Amazon), purchases from market stalls and purchases from door-to-door salesman. It does not include internet sales of companies that operate shop floorspace, such as department stores. An allowance for this type of shopping activity has been made later on in the assessment, based on Experian advice.

Total potential expenditure estimates and forecasts

- 5.13 Total potential convenience and comparison expenditure estimates for residents of the catchment area are set out in Tables 1c-3c of Appendix 2.
- 5.14 Total potential expenditure has been estimated by applying the average expenditure per head figures (Tables 1b-3b) to the population estimates (Tables 1a-3a) for each of the test years.

Estimations of inflows and outflows of expenditure

- 5.15 As the Isle of Wight is an important holiday and daytrip destination, 'inflow' expenditure in the form of retail spending by tourists is important in calculating the overall available expenditure on the Island.
- 5.16 As noted in Section 3, the Island experiences competition from mainland centres, for core comparison shopping trips in particular, and we have therefore made an allowance for some outflow of expenditure to shopping destinations off the Island, such as Portsmouth and Southampton.
- 5.17 The inflow and outflow estimates are set out in Tables 1d-3d.

Inflows

- 5.18 It has been assumed that at 2006, there would be an annual inflow of approximately £9m of convenience goods expenditure. This figure was generated by applying an average annual spend per visitor estimate (£11) to the average number of staying visitors on the Island each year (821,000). These figures have been based on information sourced from the Southern Tourist Board, PA Cambridge Economic Consultants and the Council for the purposes of the Drivers Jonas 2005 Study. To provide estimates of the level of convenience inflow at each of the test years, the 2006 figures have been grown at a rate of +0.8%pa.
- 5.19 For both the total comparison and core comparison assessments, it has been assumed that at 2006 there would be an annual inflow of approximately £30m of expenditure. This figure was generated by applying an average annual spend per visitor estimate (£11.21) to the average number of visitors to the Island each year (2,700,000). These figures have

been based on information sourced from the Southern Tourist Board, PA Cambridge Economic Consultants and the Council for the purposes of the Drivers Jonas 2005 Study. To provide estimates of the level of comparison inflow at each of the test years, the 2006 figures have been grown at a rate of +5.3%pa.

- 5.20 It has been assumed that there would be no leakage of DIY/Bulky comparison goods expenditure from the catchment area. This assumption has been held constant over the test period. It was considered that the Island has a reasonable provision of retail outlets selling these types of goods and that Island residents were unlikely to travel to purchase items in this category on the mainland. It is possible also that high value electrical items which have been included in this category will be purchased over the internet. A deduction for internet shopping has been made later in the assessment.

Outflows

- 5.21 It has been assumed that there would be no leakage of convenience expenditure from the catchment area. People typically do not travel far to undertake a shopping trip for convenience items and it is unrealistic to assume that Island residents spend a significant proportion of their annual expenditure in foodstores on the mainland. This assumption has been held constant over the test period.
- 5.22 For both the total comparison and core comparison assessments, it has been assumed that at 2006 there would be an outflow of expenditure, equating to 5% of the total catchment area residents' expenditure on each of the categories.
- 5.23 It has been assumed that at 2006 there would be an outflow of expenditure equating to 3% of the total catchment area residents' expenditure on DIY/Bulky comparison goods.

Total potential expenditure estimates

- 5.24 Total potential expenditure figures for each category have been generated by applying the estimations of inflows and outflows to the estimated catchment area residents' total available expenditure. The figures are set out in Tables 1e-3e.

Turnover of existing retail floorspace

- 5.25 Tables 4 and 6 provide estimates of the turnover of existing convenience and comparison floorspace within the catchment area at 2006.

Convenience stores

- 5.26 The analysis of existing convenience businesses has involved the use of Council and recent Inquiry data to establish the range of stores currently on the Island and their respective total net floorspace figures.
- 5.27 Using data from Retail Rankings 2007 and Verdict 2007, we have made assumptions as to the proportion of each business that is used for the sale of convenience items and the proportion used for the sale of comparison items.
- 5.28 Retail Rankings 2007 and Verdict 2007 have been used to source average annual turnover per sq m ratios. Where data was not available for some businesses, Drivers Jonas has estimated a typical turnover per sq m ratio.
- 5.29 The turnover of existing convenience stores at 2006 has been calculated by applying the turnover per sq m ratios to the relevant floorspace figures.

5.30 An allowance for the over-trading of any of the Island stores has not been made in the model.

Comparison stores

5.31 Floorspace figures for comparison stores from the Drivers Jonas 2005 Study have been used and updated as relevant.

5.32 Turnover per sq m ratios for each town centre and each out-of-centre comparison retailing business have been guided principally by the 2005 Drivers Jonas Study estimates, and converted to 2006 prices.

5.33 The turnover of existing comparison stores at 2006 has been calculated by applying the turnover per sq m ratios to the relevant floorspace figures.

5.34 An allowance for the over-trading of any of the Island stores or centres has not been made in the model.

Future turnover requirements of existing retail floorspace

5.35 Tables 5 and 7 provide estimates of the turnover requirements of existing convenience and comparison floorspace within the catchment area over the period 2008-2020.

5.36 In order to generate future turnover figures, the 2006 figures were grown by rates of +0.6% pa and +2.2%pa for convenience and comparison respectively. These are Experian recommended rates for projecting increasing sales densities and are set out in the latest Experian Retail Planning Briefing Note (Note 5.1, November 2007).

Turnover of committed floorspace

5.37 We have sourced floorspace information on commitments for both new convenience and new comparison retail developments at 2006 from the Council (please see Section 3).

5.38 Company average turnover figures for the convenience commitments have been sourced from Retail Rankings 2007 and Verdict 2007. Turnover figures for the comparison commitments have been estimated by Drivers Jonas.

5.39 In order to generate future turnover figures, the 2006 figures were grown by rates of +0.6% pa and +2.2%pa for convenience and comparison respectively. These are Experian recommended rates for projecting increasing sales densities and are set out in the latest Experian Retail Planning Briefing Note (Note 5.1, November 2007).

5.40 We have assumed that all of the commitments set out in Table 8 will be fully trading by 2011.

Internet allowance

5.41 An allowance for a proportion of the total available expenditure from the catchment area's residents has been made for each test good category.

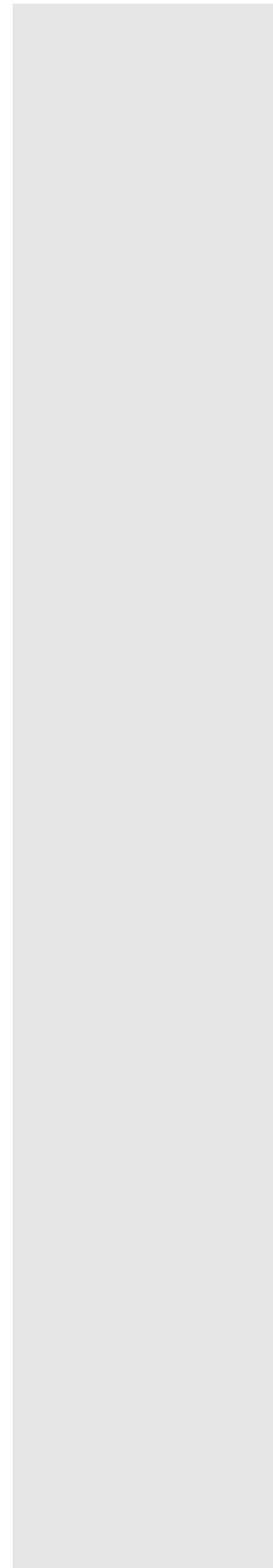
5.42 There is a high degree of uncertainty in projecting the uptake of new technology. There are differing views about e-commerce in general and the proportion of people's expenditure that is likely to be spent in this way. There are also practical difficulties in forecasting the floorspace requirements to service internet shopping. For example, an internet sale does not necessarily imply that items have not passed through a retail outlet. Some supermarkets source internet goods from store space. This

has the result of economists over-estimating the per cent share of e-tailing in convenience sales.

5.43 Experian recommend that a plausible conservative estimate of the broad market share of internet shopping will grow to around 6% and 13% for convenience and comparison spending respectively by 2016. We have adopted conservative assumptions for internet shopping for this Study. This is partially due to the uncertainty of projecting this type of shopping behaviour but is also reflective of the extent to which residents can purchase convenience items via the internet on the Island.

5.44 We have applied the following market shares:

	Convenience	Comparison
2008	3%	10%
2011	3%	11%
2014	3%	12%



6. Estimates of supportable floorspace

6.1 Estimates of supportable floorspace for each of the four test goods categories are set out in Tables 9-11.

Convenience

6.2 Surplus available convenience expenditure has been calculated by subtracting the increase in turnover of town centre stores, commitments and internet trading from the increase in turnover of other stores/leakage to mainland and tourism expenditure combined at each of the test years.

6.3 The convenience model indicates that there is a surplus of convenience expenditure at 2008 of £24m, falling to £6m by 2011 and growing to £17m by 2014. The 2008 shows a theoretical surplus of convenience expenditure and associated supportable floorspace estimate. These figures do not take account of the three convenience commitments that are set out in Table 8.

6.4 The 2011 estimate falls because it is assumed the all of the convenience commitments will be trading at full company average turnover levels by 2011 and will therefore absorb the majority of theoretically surplus expenditure.

6.5 Projected growth in per capita spending on convenience goods generates a surplus expenditure of approximately £17m by 2014. This is in addition to the new convenience developments set out in Table 8 as by this year, it is assumed that they will have been operational for three years and their trading patterns will have settled in line with company average levels.

6.6 There are wide differences in the average annual turnover requirement of convenience businesses. To provide indications of convenience capacity, we have tested two scenarios: firstly, applying a typical turnover per sq m ratio for a 'quality' retailer. Secondly, applying a typical turnover per sqm m for a shopping facility more focussed towards the price-conscious shopper.

6.7 It has been estimated that the following levels of net convenience floorspace could theoretically be accommodated at 2011 and 2014.

	'Quality' retailer	'Discount' retailer
2011	640 sqm	1,571 sqm
2014	1,791 sqm	4,394 sqm

All comparison goods

6.8 Surplus available comparison (all goods) expenditure has been calculated by subtracting the CA existing town centre comparison turnover, the comparison turnover of convenience stores, commitments and internet trading allowance from the expenditure retained on the Island figures, plus tourism expenditure at each of the test years.

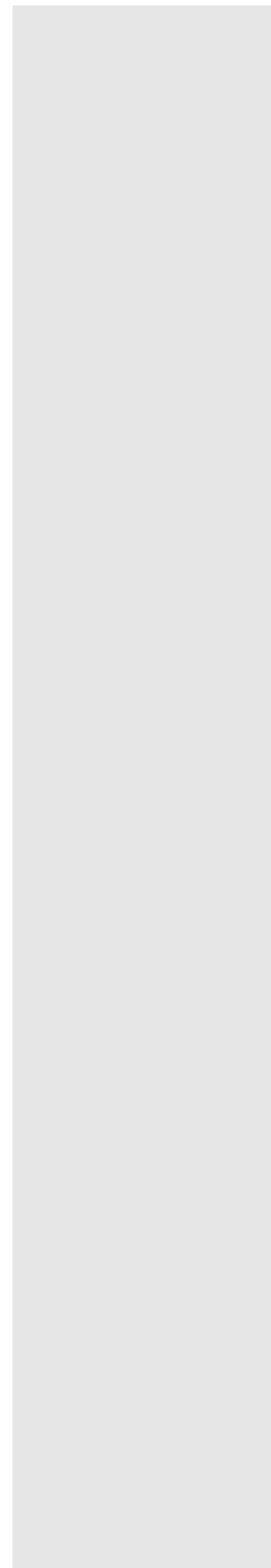
6.9 The all comparison goods model indicates that there is a surplus of expenditure at 2008 of £12.5, growing to £21.6 by 2011 and £79 by 2014. Even deducting the inflow allowance for tourists' expenditure, significant capacity levels exist.

6.10 It has been estimated that the following levels of net comparison (all goods) floorspace could theoretically be accommodated at each of the test years.

2008	3,330 sqm
2011	5,395 sqm
2014	18,501 sqm

DIY/Bulky comparison goods

- 6.11 Surplus available DIY/bulky comparison goods expenditure has been calculated by subtracting the CA existing DIY/bulky comparison goods turnover, commitments and internet trading allowance from the expenditure retained on the Island figures, plus tourism expenditure at each of the test years.
- 6.12 The DIY/Bulky comparison goods model indicates that there is a surplus of expenditure at 2008 of £22.9, growing to £31.31 by 2011 and £40.6 by 2014. These are significant levels.
- 6.13 It is possible that an element of this identified surplus is being spent in facilities on the Island, for example through small trade counters within builders merchants or hardware warehouses. In the absence of reliable data on the amount of floorspace on the Island that might be being used in this way, we have not made an allowance for it in the retail model. We anticipate however that the amount of expenditure being absorbed by trade counters is low.
- 6.14 It has been estimated that the following levels of net DIY/bulky comparison floorspace could theoretically be accommodated at each of the test years.
- | | |
|------|------------|
| 2008 | 8,729 sqm |
| 2011 | 11,173 sqm |
| 2014 | 13,563 sqm |



7. Conclusions

- 7.1 The capacity estimates in this Study have been prepared to guide the Council's preparation of its new Core Strategy and related Development Plan Documents.
- 7.2 The theoretical expenditure forecasts indicate that, based on current patterns being held constant, there is sufficient available expenditure to support a significant amount of new retail floorspace on the Island over the period 2008-2014.
- 7.3 The floorspace forecasts set out in Section 6 should not be taken to be absolute development requirements. A factor strongly influencing these forecasts is the high expenditure growth rates for comparison goods. There are other factors which could influence these estimates significantly. For example, if residents' expenditure continues to grow at this high rate, what proportion of it will be translated into shop floorspace requirements in accordance with past trends?
- 7.4 Factors that could cause the forecasts to be reduced would be higher company average sales densities of comparison retail floorspace than have been allowed for in our assessments. This could arise if increasing disposable incomes causes shoppers to purchase goods of a better quality and higher value rather than a greater quantity of goods. Similarly, greater use of the internet could play an increasing role for the purchase of certain types of goods for which comparison of goods at the time of purchase is not always necessary. We have employed relatively 'low case' assumptions of the future role of internet shopping.
- 7.5 It is important to remember that the further ahead the forecasting date, the less certain the forecast. We suggest that forecasts for 2014 should be treated with an element of caution, since they only indicate the broad magnitude of retail capacity at those dates, if all current trends forecasts occur.
- 7.6 In order to deliver the indicated amount of new floorspace, it would have to be shown that planning policy tests other than the requirement to demonstrate quantitative need, as set out in PPS6 and relevant local plan/LDF policy documents, are passed as relevant. Further, market conditions would need to be supportive to this scale of development.
- 7.7 Much of the development that has taken place at Newport has been on the edge of the centre and it is evident that the dynamic of the centre has changed. The redevelopment proposals in East Cowes will change how that centre operates. We recommend that the Council review the extent of the defined town centre of all of the main centres to provide a robust evidence base to guide pressures for development at these centres.

Recommended Strategy for Convenience Retail Development

- 7.8 There is no pressing need for new convenience goods floorspace to be provided on the Island in the next five years. As PPS6 advises that projections should be in five year periods and land should be allocated to meet only the first five year projection, we recommend that the Council does not need to plan to meet need for additional convenience floorspace before 2014.

Recommended Strategy for Comparison Retail Development

- 7.9 We consider that the existing town centre comparison retail commitments, which combined will create in the region of 7,300 sqm net of new comparison floorspace, need to be allowed to come forward and for their trading patterns to settle. In the short/medium term therefore, we consider that planning policy should be geared towards securing and bringing forward these planned investments.
- 7.10 The draft expenditure forecasts indicate if that if current growth trends continue, there will be capacity for major comparison retail floorspace on the Island by 2014. Much of this pressure is anticipated to be directed to Newport.
- 7.11 We recommend that the Council plan to meet the identified need on sites in the main centres. We recommend that the Council consider possible sites in, and possibly on the edge, of these centres.

Drivers Jonas

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