BACKGROUND PAPER 8
PAPUR CEFNDIR 8

RETAILING

DEPOSIT LOCAL DEVELOPMENT PLAN
UP TO 2021

SUPPLEMENTARY PAPER 1:

UPDATED RETAIL DEMAND /SUPPLY CALCULATIONS

September 2009

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CAERPHILLY COUNTY BOROUGH COUNCIL
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Introduction

This Supplementary Paper to the LDP Background Paper 8 - Retailing deals with two calculations. The first identifies changes in provision that impact on the foodstore floorspace demand/supply calculation since that paper was written. The second calculation takes account of the loss of a bulky goods store at the Gallagher retail Warehouse Park because it has been converted into a Tesco food superstore.

Convenience Goods Demand and Provision

Since the allocation was published in the Deposit LDP a number of other unexpected and largely uncontrollable convenience retail proposals have emerged on the edges of the catchment area of the proposed store that may need to be taken into account in terms of overall provision:

- Asda are proposing to install a mezzanine floor of unknown size in both their Blackwood town centre store and their out of centre store on Pontygwyndy Road in Caerphilly (no need for planning consent for this form of development in Wales)
- Tesco have submitted an application for a 3,679m^2 extension to their Ystrad Mynach town centre store
- Sainsbury have purchased the 6,000m^2 Co-op supermarket at Pontllanfraith, which is an out of centre site, but they are refurbishing only, which does not require planning consent. The latest information is that they will be occupying only the top floor of this two storey building and about 2,300 sq. m net floorspace

In addition, an appeal decision is imminent on the Council's refusal to permit a large foodstore proposal of approximately 4,300 sq.m gross floorspace at the Blackwood Gate retail warehouse park.

Updated LDP Food Retail Calculation

The following tables on Demand and Supply are based on those in LDP Background Paper 8 – Retailing, but they have been updated to take account of these new foodstore proposals and better information. The first table is the same as that in the LDP Background Paper 8 – Retailing because no assumptions have been changed:

Table 11 Updated - Convenience Goods Demand in 2021

A1	Population of County Borough in 2021 at target figure		177,500
A2	UK Exp. / £ capita in 2006 at 2005 prices, adj from 2003	2003 x 1.017	£1,589
A3	UK Exp. / £ capita in 2021 est. from 2020, at 2005 prices, adj from 2003	x1.017x1562/1554	£1,715
A4	Estimated % of food shopping in store versus online in 2021		90%
A5	Target percentage of population to do food shop inside CB		90%
B	**Residential Convenience Exp. in shops, millions, 2021, target pop**	A1 x A3 x A4 x A5	**£246.62 m**
C1	Shoppers visiting the CB area as % of target pop local spend	9.05% x 90% x A1	14,457
C2	Est. Visitor Convenience Expenditure, 2021, target pop local spend x half	C1 x A3 x 50%	**£12.40 m**
D	**Total Convenience Exp. in shops, millions, 2021, target pop**	B + C2	**£259.02 m**

A1 The population forecast range, LDP Background Paper 6, Population and Housing
A2 From Map Info information brief 6/02, the 2003 prices adjusted to 2005
A3 Based on projection of 2005 - 2020 figs, medium term trends, Table 3, MapInfo information brief 6/02, the 2003 prices adjusted to 2005
A4 See Paragraph D.21 & Table 9, LDP Background Paper 8 – Retailing
A5 See Table 8, LDP Background Paper 8 – Retailing
C1 See Table 10, LDP Background Paper 8 – Retailing
C2 See Paragraph D.26, LDP Background Paper 8 – Retailing

The figures for E1, E2, E3 and the totals in the next table have changed because of the disappearance of Pioneer at Newbridge Road, Pontllanfraith. The Sainsbury figures for this building are added at Table 13b.

Table 12 Updated - Existing Convenience Goods Floorspace Turnover

E1	Total Floorspace of Major Food Superstores (> 3000 sq. m)		10,013 sq. m
E2	Average Estimated Turnover £ / sq. m at 2006 for large stores		£13,370
E3	**Sub Total Estimated Turnover, millions**	E1 x E2	**£133.87 m**
F1	Total Floorspace of Medium Food Stores (300 – 2000 sq. m)		10,625 sq. m
F2	Average Estimated Turnover £ / sq. m at 2006 for medium stores		£3,680
F3	**Sub Total Estimated Turnover, millions**	F1 x F2	**£39.10 m**
G1	Total Floorspace of Small Convenience Stores (< 300 sq. m)		5,460 sq. m
G2	Average Estimated Turnover £ / sq. m at 2006 for small stores		£3,000
G3	**Sub Total Estimated Turnover, millions**	G1 x G2	**£16.38 m**
H	**Total Estimated Existing Turnover, millions**	E3 + F3 + G3	**£189.35 m**
D	**Total Convenience Exp. in shops, millions, 2021, target pop**	from Table 11	**£259.02 m**
J	**Unsatisfied Target Demand in 2021 at 2005 prices, millions**	D - H	**£69.67 m**

E1, F1, G1 Floorspace figures of particular stores reduced by extent of non-convenience goods areas
E2, F2, G2 National retailer turnovers from Verdict Report on Grocery Retailers 2007, 2006 prices
The Tesco Metro in Caerphilly TC is assumed to stay open despite Tesco also trading at Gallaghers RWP

Table 13 covering the supply side in the LDP Background Paper 8 – Retailing has now been split into two. The following Table 13a lists the commitments with planning consent and those without need for planning consent.

Table 13a Updated - Demand / Supply for Convenience Goods

	DEMAND SIDE		
J	Unsatisfied Target Demand in 2021 at 2005 prices, target pop	from Table 12	**£69.67 m**
	SUPPLY SIDE: COMMITMENTS		
K1	Tesco at Gallaghers RWP, Caerphilly, gross area		4,587 sq. m
K2	Store Net Floorspace Figure x 60%		2,752 sq. m
K3	Net Convenience Floorspace Figure assuming 70%		2,202 sq. m
K4	Estimated Turnover £ / sq. m at 2006 prices		£12,750
K5	**Estimated Store Turnover**		**£28.07 m**
L1	Pioneer changes to Sainsbury, Blackwood, gross area		3,080 sq. m
L2	Store Net Floorspace Figure - actual		2,300 sq. m
L3	Net Convenience Floorspace Figure assuming 70%		1,610 sq. m
L4	Estimated Turnover £ / sq. m at 2006 prices		£10,500
L5	**Estimated Store Turnover**		**£16.91 m**
M1	Asda Caerphilly Mezzanine, gross area estimated		1,200 sq. m
M2	Net Convenience Floorspace Figure actual		200 sq. m
M3	Estimated Turnover £ / sq. m at 2006 prices		£14,000
M4	**Estimated Store Turnover**		**£2.80 m**
N1	Asda Blackwood Mezzanine, gross area estimated		2,000 sq. m
N2	Net Convenience Floorspace Figure assumed		200 sq. m
N3	Estimated Turnover £ / sq. m at 2006 prices		£14,000
N4	**Estimated Store Turnover**		**£2.80 m**

National Tesco average turnover is actually £12,750 per sq. m, not £13,000 as assumed in LDP Background Paper 8
Assumed that Sainsbury will use the top floor of Pioneer only
Assumed that the Develica appeal at Blackwood Gate will be dismissed

Cont. overleaf

	SUPPLY SIDE: PLAN ALLOCATIONS THAT ARE COMMITMENTS		
O1	Tesco Express at Former Cinema, Risca, gross area		535 sq. m
O2	Store Net Floorspace Figure x 70%		375 sq. m
O3	Net Convenience Floorspace Figure assuming 90%		337 sq. m
O4	Estimated Turnover £ / sq. m at 2006 prices		£5,000
O5	**Estimated Store Turnover**		**£1.69 m**
P1	Waitrose at Cardiff Road, Caerphilly, gross area		2,000 sq. m
P2	Store Net Floorspace Figure x 70%		1,400 sq. m
P3	Net Convenience Floorspace Figure assuming 90%		1,260 sq. m
P4	Estimated Turnover £ / sq. m at 2006 prices		£10,500
P5	**Estimated Store Turnover**		**£13.23 m**
Q1	**Total Estimated Turnover of Committed Food Retail Sites**	K5 to P5	**£65.49 m**
R1	**Remaining Unsatisfied Demand 2021 so far**	J - Q1	**£4.18 m**
S1	**Supply so far in relation to Total Expenditure**	R1 / D	**98.4%**

Table 13b follows on with the remaining foodstore proposals which are plan allocations but do not yet have planning consents.

Table 13b Updated - Demand / Supply for Convenience Goods

	DEMAND SIDE		
R1	Remaining Unsatisfied Target Demand in 2021 so far	from Table 13a	**£4.18 m**
	SUPPLY SIDE: PLAN ALLOCATIONS NOT COMMITTED		
T1	The Lawn, Rhymney, gross area		1,500 sq. m
T2	Store Net Floorspace Figure x 70%		1,050 sq. m
T3	Net Convenience Floorspace Figure assuming 80%		840 sq. m
T4	Estimated Turnover £ / sq. m at 2006 prices		£3,000
T5	**Estimated Store Turnover**		**£2.52 m**
U1	Morrisons at Bargoed Retail Plateau, gross area 54100		5,025 sq. m
U2	Store Net Floorspace Figure actual quoted - 30000 sq ft		2,790 sq. m
U3	Net Convenience Floorspace Figure assuming 70%		1,953 sq. m
U4	Estimated Turnover £ / sq. m at 2006 prices		£9,500
U5	**Estimated Store Turnover**		**£18.55 m**
V1	Penallta, Ystrad Mynach, gross area		500 sq. m
V2	Store Net Floorspace Figure x 70%		350 sq. m
V3	Net Convenience Floorspace Figure assuming 90%		315 sq. m
V4	Estimated Turnover £ / sq. m at 2006 prices		£3,000
V5	**Estimated Store Turnover**		**£0.95 m**
W1	Tesco at Pontymister Foundry Site, gross area		10,238 sq. m
W2	Net Convenience Floorspace Figure actual		3,344 sq. m
W3	Estimated Turnover £ / sq. m at 2006 prices		£12,750
W4	**Estimated Store Turnover**		£42.6
W5	**Assumed reduction in turnover - external residents #**		**£22.4 m**
X1	**Total Estimated Turnover of Allocated Food Retail Sites**		**£44.40 m**
Y1	**Unsatisfied Demand 2021**	R1 - X1	**-£40.23 m**
Z1	**Total Supply in relation to Total Expenditure**	Y1 / D	**115.5%**

NOTE: The new Bargoed Plateau calculation here corrects the error in the turnover
NOTE: The Risca Tesco calc corrects the similar error in the turnover as in Bargoed. It also changes the assumption of how many customers live in other boroughs from 20% to 47.5% in line with the Tesco RIA
See overleaf for the calculation of residents external to the county borough at row W5

The following table is the Council's best interpretation of the outcome of Tesco RIA assertions about their proposed Risca store having an extensive catchment; larger than is usual for a food superstore. While the Council does not accept Tesco's assertions over substantially reduced trading levels at this store compared with their national trading average, the Council accepts that this large store with its significant comparison sales area could have a draw throughout the valley, both northwards and to some extent, into the Newport suburbs. For the Council's global calculation of supply and demand in terms of convenience floorspace, it is necessary to know how many of Tesco's forecasted customers will be from outside the County Borough area.

 # Assumed reduction in Risca Tesco turnover - external residents

From Tesco's RIA supporting their Planning Application

From Tesco's Risca RIA Table 1	Total Population	%	Numbers inside CCB	Numbers outside CCB
zone 1	9194	90.0%	8275	
zone 2	20589	80.0%	4471	
zone 3	4728	50.0%	2364	
zone 4	1424	92.5%	1317	
zone 5	5523	50.0%	2762	
A) Sub Total - Customers from inside the County Borough	**41458**		**19189**	
B) Estimated Newport residents in zone 2 to visit Tesco	**15000**	80.0%		12000
C) Customers who will be external to PCA	**10365**			
Of those 20%, assume 50% will come from south of the borough	51825			5182
Assume another 25% will come from the north beyond the borough	2591			2591
Assume the final 25% will come from the north inside the borough	2591		2591	
Total Customers internal to the CBC area			**21780**	
Total Customers external to the CBC area				**19773**
Total Customers		**41553**		
Percentage reduction in turnover = 19773 / 41553		**47.69%**		

Within the above table, the council's estimate of customer origins falls into three sections. Section A is straight out of Tesco's RIA accompanying their proposal for their store. Section B is a council estimate of the total population in the northwest Newport wards, within the Primary Catchment Area, who would visit the Risca store instead of the Tesco Maesglas store in Newport, factored by Tesco's estimate of the percentage customer attraction. Section C is a council apportionment to actual locations of the Tesco assumption that 20% of customers will be external to the Primary Catchment Area. One of these zones is inside the county borough and two are outside.

Convenience Goods Demand and Supply Conclusion

The up-dated overall calculation now shows potential supply to be slightly greater than demand allowing for 10% of food purchases to be made outside the County Borough and 10% to be purchased on-line. It may well be that these latter sales may be supplied by the existing and proposed stores within the County Borough. Although the overall figure of need is in negative territory, the Council considers that the calculation's conclusion is insufficient argument to delete the town centre food superstore allocations in Bargoed and

Risca / Pontymister especially as the sites chosen accord with the aims of the retail strategy for each town.

In any event, as described in the Background Paper 8, the Demand / Supply calculation is hardly an accurate tool because just small changes in the underlying assumptions can make massive differences to the outcome. The Council considers its calculation to be a reasonable guide to the need to match demand and supply but does not place full faith in its accuracy, but it is considered to be more balanced and reasonable that those of the industry.

Bulky Comparison Goods Demand and Provision

The Council's calculation of the continued need for Bulky Goods Retailing in the County Borough which appears in the LDP Retail Background Paper has been rendered out of date because of the loss of the Focus store to a Tesco Extra on the Gallagher Retail Park in Caerphilly.

Table 17 Updated - Bulky Comparison Goods Target Demand

A	Population of County Borough in 2021 at target figure		177,500
B	UK Comparison Expenditure / £ capita in 2006 at 2005	2003 x 0.949	£2,768
C	UK Exp. / £ capita in 2021, est. from 2020, at 2005 prices		£6,202
D	Bulky expenditure as % of total comparison expenditure		40%
E	Estimated % of bulky shopping in store v. online in 2021		50%
F	Target percentage of population to shop inside CB		40%
G	**Resident Bulky Comparison Exp. 2021, target pop**	A x C x D x E x F	**£88.07 m**
H	Shoppers visiting the CB area as % of target pop local spend	9.05%x45%x40%xA	2,891
J	Est. Visitor Bulky Exp., 2021, target pop local spend, x 1/3	C x D x H x 1/3	**£2.39 m**
K	**Total Bulky Expenditure in shops, 2021, target pop**	G + J	**£90.46 m**

A The population forecast range, LDP background paper, Population and Housing
B From Map Info information brief 6/02, the 2003 prices adjusted to 2005
C Based on projection of 2005 - 2020 figs, medium term trends, Table 3, MapInfo information brief 6/02, the 2003 prices adjusted to 2005
D See Paragraph D.30, LDP Background Paper 8 – Retailing
E See Paragraph D.23 & Table 9, LDP Background Paper 8 – Retailing
F See Table 8, LDP Background Paper 8 – Retailing
H See Table 10, LDP Background Paper 8 – Retailing
J See Paragraph D.26, LDP Background Paper 8 – Retailing

Table 18 Updated - Existing Bulky Comparison Goods Turnover

K	**Total Bulky Expenditure in shops, 2021, target pop**	from Table 17	**£90.46 m**

L1	Principal Centre bulky comparison net floorspace		7,810 sq.m
L2	Local Centre bulky comparison net floorspace		3,710 sq.m
L3	Retail Warehouse Parks bulky comparison net floorspace		17,300 sq.m
M1	Total Bulky Comparison Goods Net Floorspace		28,820 sq.m
M2	Estimated Turnover £ / sq.m at 2006 prices		£2,000
M3	**Total Estimated Turnover**	M1 x M2	**£57.64 m**
N	**Unsatisfied Target Demand in 2021**	K - M3	**£32.82 m**

L1, L2, L3 - Caerphilly CBC Surveys
Retailer turnover is a CCBC estimate based on review of national retail impact studies, 2006 prices

Table 19 Demand / Supply for Bulky Comparison Goods

	DEMAND SIDE		
N	Unsatisfied Demand in 2021 at 2005 prices	from Table 18	**£32.82 m**
	SUPPLY SIDE: COMMITMENTS & PROPOSALS		
1.1	Gallagher RWP - Consented Phase 2 Unit, gross floorspace		930 sq.m
1.2	net floorspace	90%	837 sq.m
1.3	Estimated Turnover £ / sq.m at 2006 prices		£2,000
1.4	**Estimated Turnover**	1.2 x 1.3	**£1.67 m**
2.1	Gallagher RWP - Consented Phase 2 Unit, gross floorspace		930 sq.m
2.2	net floorspace	90%	837 sq.m
2.3	Estimated Turnover £ / sq.m at 2006 prices		£2,000
2.4	**Estimated Turnover**	2.2 x 2.3	**£1.67 m**
3.1	Gallagher RWP - Consented Phase 3, gross floorspace		8,750 sq.m
3.2	net floorspace	90%	7,875 sq.m
3.3	Estimated Turnover £ / sq.m at 2006 prices		£2,000
3.4	**Estimated Turnover**	3.2 x 3.3	**£15.75 m**
4.1	Gallagher RWP - Proposed Focus redevelopment **(now Tesco)**		0 sq.m
4.2	net floorspace		0 sq.m
4.3	Estimated Turnover £ / sq.m at 2006 prices		0
4.4	**Estimated Turnover**		**£0 m**
5	**Total Est. Turnover of Bulky Comparison Goods Sites**	4 sites	**£19.10 m**
6	**Remaining Unsatisfied Demand 2021**	N - 5	**£8.23 m**
7	**Total Supply relative to Unsatisfied Demand 2021**	5 / N	**69.9%**

Floorspace figures from planning consents
Retailer turnovers are CCBC estimates based on review of national retail impact studies, 2006 prices