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1. INTRODUCTION

BACKGROUND TO THE UPDATE

1.1 Cardiff is the capital of Wales, and the country’s principal administrative, economic and retail hub. The city’s retail hierarchy comprises of a number of tiers. The city centre is the primary retail focus and attracts shoppers from over a wide area including significant numbers from beyond the county boundary. It accounts for around one-third of the retail floorspace stock in the County. Beneath the central area are 27 district and local centres that are located throughout the urban area. These centres serve much more localised catchments. In addition, there are many out of centre retail parks and free-standing food stores, including a major concentration at Culverhouse Cross located immediately outside the County boundary within the Vale of Glamorgan District.

1.2 Colliers International was originally instructed by Cardiff County Council in June, 2008 to carry out a Retail Capacity Study of the County to inform the emerging Local Development Plan (LDP). The main purpose of the study was to undertake an assessment of the potential need (or capacity) for additional shopping floorspace over the period to 2021 within Cardiff County.

1.3 Subsequent to this appointment, Colliers International was further instructed by the County Council in July 2008 to prepare retail floorspace estimates for all 27 defined district and local centres within the County. This new retail floorspace stock data formed an important input to the original retail capacity study, which was completed in March 2009.

1.4 Since the completion of these two reports, the Examination in Public of the LDP has taken place. The Inspectors concluded that the LDP was unsound, due largely to issues relating to housing. As a result, the LDP was subsequently withdrawn by the County Council. The Council has now begun work on a new LDP and taken the opportunity to extend the end date of the Plan from 2021 to 2026.

1.5 As part of this process, the County Council has instructed Colliers to update the Cardiff Retail Capacity Study, which informs the retail elements of the LDP, whilst retaining the overall structure of the original report.
TERMS OF REFERENCE

1.6 A Brief prepared by the County Council outlined the purpose of the original Retail Capacity Study, which was to assess the future shopping needs and retail capacity of the County to 2021. In broad terms it was requested that the study should provide robust information upon which retail policies are based in order to:-

- deliver sustainable development;
- provide a basis for rational and consistent development control decisions;
- guide growth and change, while protecting local diversity, character and sensitive environment; and
- show how and where change will occur over the plan period.

1.7 The Brief stated that the primary aim of the study was to provide the Council with information to support its strategic planning, to assist in the preparation of the LDP, and the review and implementation of planning policies in relation to retailing. The key requirements were as follows:-

- to assess in broad terms the current and future quantitative and qualitative need for additional comparison and convenience goods retail floorspace in the:-
  - city centre;
  - the district centres;

  and as an integral part of this assessment to:-

  - allocate any need in line with the sequential approach;
  - establish whether there is any need for additional retail floorspace that cannot be accommodated within or on the edge of existing designated centres;
  - to disaggregate retail floorspace need into three categories: convenience goods, non-bulky comparison goods and bulky comparison goods;
  - to identify any ‘geographical’ gaps in retail provision (i.e. where a need has been identified and this is not matched by supply).
to provide a descriptive overview of national trends in retailing and how they are expected to develop through to 2021; focusing on:-

- the implications of such trends for Cardiff;
- the nature and reason for retail pressure in Cardiff;
- retailer demand.

- to provide robust information and retail data such as consumer spending, shopping catchment areas and retail floorspace.

1.8 The Update Retail Capacity Study has been prepared in accordance with the same Brief, except for the following two key changes:

- the forecast period has been extended by five years to 2026; and
- revised current populations and population projections are to be adopted.

1.9 In addition, following discussion with the County Council, it was agreed that Colliers would carry out a range of further updates, focusing largely on the quantitative assessment of retail floorspace need. These updates include taking into account:

- actual increases in consumer retail expenditure per head from 2006 to 2009, and the latest available expenditure forecasts from 2009 through to 2026;
- the latest forecasts of growth in special forms of trading, which includes shopping over the internet;
- the latest forecasts of real growth in retail floorspace productivities (sales densities); and
- details of retail floorspace completions since the (unchanged) base year of 2008 and current retail commitments through the county.

1.10 We have also taken the opportunity to update the background sections on planning policy and national retail trends. However, following discussions with the Council it was agreed to re-use the results of the household survey that was carried out to inform the March 2009 Cardiff Retail Capacity Study. This survey consisted of 2,050 completed telephone interviews across 18 zones covering Cardiff County and a substantial
shopping hinterland. As a result, we have retained in this Update a base year of 2008, since this remains the year at which shopping trip patterns and retail expenditure flows have been determined.

1.11 It should be borne in mind that this Update (like the March 2009 study) primarily provides a strategic assessment of retailing throughout Cardiff County and does not directly address individual sites and/or development proposals.

STRUCTURE OF THE REPORT

1.12 In preparing this Update, we have drawn on our wider expertise of retail planning and experience gained in undertaking many other retail need / capacity studies throughout the UK and Ireland. Specifically, we have sought to combine experience in terms of:-

- Research
- Retail Agency
- Planning
- Consumer / Market Research

and as such the study seeks to blend detailed research with relevant commercial and planning expertise.

1.13 This Update consists of two volumes. Volume 1 (the main report) consists of seven sections, whilst Volume 2 contains the Appendices, which include the detailed spreadsheets setting out the quantitative retail floorspace need assessment.

1.14 Following this Introduction, Section 2 describes the planning context to the study at the national and local levels, whilst in Section 3 we review the main national trends characterising the retail sector.

1.15 In Section 4, we introduce our methodology to assessing the quantitative need for additional convenience goods and non-bulky and bulky comparison goods floorspace within Cardiff County. The sources of data are identified, the methodology of the ‘model’ is described and our key assumptions are explained.

1 We describe the household survey in further detail in Section 4.
1.16 In Section 5, we consider the shopping hierarchy of Cardiff County and, drawing on the results of the household telephone survey, examine the pattern of shopper behaviour for convenience goods and non-bulky and bulky comparison goods shopping. Using this information, we quantify the retail trading performance of the County as a whole and the city centre at the base year of 2008.

1.17 In Section 6, we describe our approach to quantifying the need for additional convenience goods and non-bulky and bulky comparison goods floorspace within Cardiff County. This quantitative need assessment is carried out for the forecast years of 2016, 2021 and 2026.

1.18 Section 7 sets out the results of our (updated) retail floorspace needs assessment within Cardiff County for convenience and non-bulky and bulky comparison goods shopping. We also present our conclusions and recommendations to the Council on the most appropriate retail policy approach for inclusion in the LDP.
2. PLANNING POLICY CONTEXT

INTRODUCTION

2.1 In this section we assess the main planning policies applying to retail development in Cardiff at national and local levels. The purpose of the review is to identify the main policy requirements relating to both the technical capacity assessment and retail policy recommendations.

RELEVANT POLICY DOCUMENTATION

2.2 Our review looks at relevant planning policy documents at the national and local levels. These comprise:

- The Wales Spatial Plan

Adopted Development Plan Documents:

- Planning Policy Wales 2010
- TAN4 Retail and Town Centres
- The City of Cardiff Local Plan (Adopted 1996)
- The Cardiff Unitary Development Plan (to 2026)

The following emerging development plan document:

- The Cardiff Local Development Plan 2006 – 2026

THE WALES SPATIAL PLAN

2.3 The Planning Compulsory Purchase Act 2004 placed a duty on the National Assembly for Wales to prepare a Spatial Plan. The first Spatial Plan was adopted in 2004 and subsequently revised in 2008. When preparing Local Development Plans, local planning authorities in Wales must have regard to the Spatial Plan. However, it is not
part of the Statutory Development Plan Framework, and consequently local development plans do not have to “conform” in the same way as they do in England.

2.4 The Wales Spatial Plan has a 20 year agenda and it’s defined role, purpose and principles are to:

- make sure that decisions are taken with regard to their impact beyond the immediate sector or administrative boundaries and that the core values of sustainable development govern everything that it does;

- set context for local and community planning;

- influence where money is spent by the Welsh Assembly Government;

- to provide a clear evidence base for public, private and third sectors to develop policy and action.

2.5 It is a principle of the Spatial Plan that development should be sustainable, which is about improving wellbeing and the quality of life by integrating social, economic and environmental objectives within the context of a more efficient use of natural resources. By drawing together actions in the public, private and third sectors the Plan aims to coordinate actions across Wales so as to move forwards towards a shared vision for the country as a whole, and for the different defined sectors. The Plan defines six sectors, with Cardiff falling within “South East Wales”.

2.6 The Plan has five purposes:

i) to use a broad range of evidence to understand the different needs of different people and places, in order to inform policy;

ii) influencing policy – ensure Government policies are sensitive to place, and responsive to the needs of citizens, communities and businesses in different parts of Wales;

iii) to provide a framework within which public, private and third sector service providers can work together to prioritise actions and design optimum solutions;

iv) to ensure that the plans through which solutions are delivered have regard to both regional and national spatial priorities;

v) aligning investment – to ensure public investment is made in places and services where it is most needed.
2.7 The Plan defines a single Vision for Wales:

“We will sustain our communities by tackling the challenges presented by population and economic change. We will grow in ways which will increase Wales’ competitiveness while assisting less well-off areas to catch up on general prosperity levels and reducing negative environmental impacts. We will enhance the natural and built environment and we will sustain our distinctive identities”.

2.8 Five key issues and challenges are identified facing Wales as a whole, although it is acknowledged that there is considerable overlap between them.

i) Building Sustainable Communities

2.9 The key challenges are identified as being to tackle deprivation; to bring about improvements in public health and the eradication of child poverty.

ii) Promoting a Sustainable Economy

2.10 Economic performance varies in different areas across the country. Whilst some areas adjoining the English border have characteristics similar to the UK average, the more western and the former coal mining areas lag behind.

iii) Valuing our Environment

2.11 The land, marine and historical environments are identified as being fundamental to the country’s cultural heritage, values and quality of life. Protecting, regenerating and enhancing these assets is identified as being essential, not only for its own sake, but for the health and wellbeing of citizens and for economic opportunities.

2.12 Climate change is identified as an impact requiring immediate action. Each of the sectors will seek to develop practical plans to move towards becoming a low-carbon region as well as reducing their wider “eco footprint”. These objectives go beyond the impact of carbon emissions alone.
iv) Achieving Sustainable Accessibility

2.13 It is accepted that citizens must be able to access job opportunities and public services (health, social and education) if equality of opportunity is to be successfully promoted. This is particularly so for those who face barriers to accessibility such as those on low incomes, the young and the old, the disabled and those living in rural areas. Likewise, businesses need improved access to markets to create new job opportunities and to secure those opportunities in the longer term. Consequently the Plan seeks to develop access in ways which achieve these objectives whilst protecting the environment.

v) Respecting Distinctiveness

2.14 The Plan seeks to achieve a cohesive identity which sustains and celebrates what is distinctive about Wales, both nationally as a whole and in respect of specific communities, in order to promote Wales to the world and achieve economic, social and environmental benefits.

South East Wales – Capital Region

2.15 Cardiff lies within the South East Sector which extends from Chepstow in the east to Bridgend in the West, from the south coast as far north as the Heads of the Valleys (eg. Ebbw Vale) and beyond Abergavenny. It describes this area as:

"An innovative skilled area offering a high quality of life – international yet distinctively Welsh. It will compete internationally by increasing its global visibility through stronger links between The Valleys and the coast and with the UK and the rest of Europe, helping to spread prosperity within the Area and benefiting other parts of Wales."

2.16 Cardiff itself is identified as a “key settlement of national importance”.

2.17 Three priorities are identified for the region comprising:

- the area will function as a network city region on a scale to realise its international potential, national role and to reduce inequalities;
- to link all of the areas to the key settlements of Cardiff or Newport by suitable high capacity transport by the end of the Plan period.
• the success of the area is reliant upon Cardiff developing its functions together with strong and distinctive roles being developed for the other towns and cities. The challenge for the region is to operate as a network city region in order to take advantage of the critical mass of population in the area as a whole, and provide the quality of life appropriate for the 21st Century and to be able to compete with comparable areas in both the UK and the EU.

2.18 Development in the area represents a “hand and fingers pattern of urban development” reflecting industrial expansion since the industrial revolution. The legacy of this growth is the stark contrast between prosperity and deprivation. The intention is for the region to spread prosperity and develop in a coherent and sustainable way in order to accommodate population growth, pressures on transport and on the environment.

2.19 It is intended that Cardiff will combine an international business offer with superb quality of life and a growing tourism sector underpinned by large scale development projects, such as the Cardiff Bay waterfront development, the Millennium Stadium and the Wales Millennium Centre. The Plan acknowledges that Cardiff’s profile has been raised as a major destination for domestic and international sporting and cultural events.

2.20 The success of the region in making a transition to a 21st City Region offering a high quality of life, which has transformed both internal and external perceptions, should strengthen its distinctive character as an area with a specifically Welsh culture but a cosmopolitan population.

THE DEVELOPMENT PLAN

PLANNING POLICY WALES

2.21 Planning Policy Wales (PPW) edition 3 was published in July 2010. It is a consolidation of the additions to the original PPW, issued in 2002, which have been published over the intervening period in the form of Ministerial Interim Planning Policy Statements. The third PPW does not include any substantive policy changes although it does include a general update reflecting changes to facts, law, policies and other documents referred to in the original document.

2.22 The purpose of PPW is to set out the land use policies of the Welsh Assembly Government. It states that the purpose of the planning system it is to regulate the development and use of land in the public interest. It goes on to state that the planning system must provide an adequate and continuous supply of land available and suitable
to meet the needs of society in a way that pays regard to the principles of sustainability, particularly climate change, the Wales Spatial Plan, and detailed policies on the different topic areas contained within PPW.

2.23 Chapter 10 addresses “Retail and Town Centres”. It identifies four objectives:

- secure, accessible, efficient, competitive and innovative retail provision for all the communities of Wales, in both urban and rural areas;
- promote established town, district, local and village centres as the most appropriate locations for retailing, leisure and other complementary functions;
- enhance the vitality, attractiveness and viability of town, district, local and village centres; and to
- promote access to these centres by public transport, walking and cycling.

2.24 The policy approach is to locate retail provision in proximity to other commercial businesses, facilities for leisure, community facilities and employment. Town, district, local and village centres are identified as the best locations for retail provision at an appropriate scale. The greatest benefit to communities will be achieved through co-locating retail and other services in existing centres in conjunction with the enhancement of access by means of transport other than the private motor vehicle. This approach should also sustain and enhance the vitality, attractiveness and viability of existing centres, as well as contributing to a reduction in travel demand.

TECHNICAL ADVICE NOTE 4

2.25 Technical Advice Note (TAN) 4 deals with “Retailing and Town Centres”. It was published in November 1996. It should be read in conjunction with “Planning Policy Wales” 2010 which sets out the land use policies of the Welsh Assembly Government, and forms part of national planning policy for Wales. Local planning authorities are required to have regard to national policy in preparing development plans and, where material, in the determination of individual planning applications. TAN4 provides technical guidance to supplement the policies set out in PPW, identifying those technical issues which will need to be taken into account in planning for the retail industry.

2.26 It identifies a range of different types of information which might be useful in assisting the preparation of development plans and determining applications. These include:
- Population change;
- Distribution of existing retail provision;
- Looking at individual town centres, further useful information is identified for the measurement of vitality, attractiveness and viability;
- Turnover in relation to floorspace;
- Commercial yield on non-domestic property;
- Shopping rents;
- Retailer representation and recent / proposed change in representation;
- The diversity of uses in a centre and how that has changed;
- Accessibility by a choice of means of travel;
- Pedestrian flows;
- The proportion of vacant street level property;
- Customer views;
- Environmental quality;
- Perception of safety / occurrence of crime.

2.27 It requires that all applications for retail developments over 2,500 sq m gross should be supported by an impact assessment. These studies should demonstrate whether the applicant has adopted a sequential approach; assessed the likely economic and other impact of proposals on retail locations (i.e. town centres, local centres and villages); the accessibility of the site by a choice of means of transport; likely changes in travel patterns that will arise; and any significant environmental impacts.

2.28 It also states that such assessments may be necessary for smaller developments such as those which would be likely to have a large impact on a smaller town or district centre. These assessments should adopt a broad approach not necessarily limited by the local authority’s administrative boundaries.

2.29 The advice note also confirms that parking standards should seek to achieve an adequate level of town centre parking to reflect both the range of uses found and the level of public transport alternatives. Where possible, parking in town centres should serve the centre as a whole rather than being provided for the exclusive use of a particular occupier. Car parks for edge of centre stores should similarly be encouraged to perform a dual role, serving the town centre as part of an overall parking strategy.

2.30 The glossary identifies specific types of development as follows:
2.31 The glossary also identifies a hierarchy of locations including:

- **Edge of centre** – a location within 200 – 300 m easy walking distance from existing town centre shops, providing parking facilities that serve the centre as well as the store thus enabling one trip to serve several purposes.

- **Out of centre** – a location separate from a town centre but still within the urban area.

- **Out of town** – a development on land outside the urban boundary.

2.32 In terms of complying with the sequential approach, a “suitable” town centre site is one which is acceptable for a proposed form of town centre development in terms of its location, size, access and relationship to adjoining uses, together with any other factors pertaining to that particular site.

2.33 The City of Cardiff Local Plan, together with the South Glamorgan (Cardiff Area) Replacement Structure Plan (see paragraph 2.42 to 2.45 below), form the statutory development plan for Cardiff. One of the main objectives of the Local Plan is to sustain and enhance the vitality, viability and environment of the city centre, and district and local centres.
The plan sets out to achieve this through the protection and enhancement of the shopping hierarchy, embracing the city centre and smaller district and local centres. Retail policy seeks to guide retail investment and development to existing and planned new centres whilst presuming against inappropriate out-of-centre development.

In relation to the city centre, the plan acknowledges that it was not invulnerable to trends in retail location and shifts in consumer movement and expenditure. Accordingly, the plan indicates that the city centre must continually improve its facilities and offer a choice and full range of shopping opportunities in order to retain its attraction and viability and fulfil its role as a major regional shopping centre. The quality and range of shopping provision is also important for the city centre realising its full potential as a tourist destination.

The plan seeks to concentrate new retail development within a relatively compact ‘core area’ of the city centre to facilitate consolidation of the shopping area to the mutual benefit and convenience of the shopping public and commercial activity.

A further primary objective of the plan is to maintain and enhance the vitality and viability of the district and local centres throughout the city and the environment within them.

The plan states that although the main function of these centres is convenience goods retailing, they also act as a focus for local services and other facilities.

The plan encourages the provision of new and improved shopping facilities within the district and local centres, where they will be accessible to all sections of the community and help to renew and enhance the physical fabric.

The plan also acknowledges that retail development is likely to play an important role in the urban regeneration of Cardiff Bay.

Lastly, the plan permits specific types of retailing out of centre (eg. bulky comparison goods retail warehouses and large food stores) subject to satisfying a range of criteria and where they may facilitate urban regeneration.


2.43 This plan reinforces the City of Cardiff Local Plan and strategic policy. For example, the plan states that new and improved shopping facilities will be favoured within the designated principal shopping area of Cardiff City Centre to maintain and enhance its role as a regional shopping centre. Similarly, subject to conformity with other development plan policies, the maintenance and enhancement of shopping facilities within established district and local centres is also favoured.

2.44 The plan also states that new retail development will be favoured within Cardiff Bay where the proposal:-

- does not undermine the viability, vitality and attractiveness of existing and planned centres;
- assists in the realisation of urban renewal objectives;
- is well served by public transport;
- conforms with other plan policies.

2.45 Out of centre retail development will only be permitted where the proposal:-

- cannot be accommodated on suitable sites within or adjoining existing or planned centres;
- does not undermine the viability, vitality and attractiveness of existing centres;
- does not undermine the viability of proposed urban regeneration schemes;
- is well served by public transport; and
- conforms with other development plan policies.
THE CARDIFF UNITARY DEVELOPMENT PLAN (TO 2016)

2.46 This plan was approved for deposit in September 2003. It sets out the Council’s policies and proposals for the development and conservation of land in Cardiff County. In May 2005, the Council formally resolved to cease work on the Cardiff UDP and began work on the Local Development plan (LDP).

2.47 Draft Welsh Assembly guidance on local development plans states that where a UDP has been put on deposit it may remain a material consideration in development control decisions until the LDP has been placed on deposit. However, as the UDP did not reach adoption it does not have the weight of an adopted plan, in terms of development control decisions.

2.48 The UDP continues to protect and enhance the city centre and designated district and local centres, and states that the economy and employment base of Cardiff will, in part, be underpinned by promoting the provision of new and improved retail facilities of an appropriate scale in these locations.

2.49 The UDP states that proposed retail developments outside of the city centre (central shopping area), district and local centres will be assessed in line with Planning Policy Wales (2002), which has now been superseded by Planning Policy Wales 2010 (see paragraphs 2.21 to 2.32 above). The policy embodies the three tests of out of centre retailing: need, the sequential approach and impact.

2.50 Need may be either quantitative or qualitative, whilst the order of preference under the sequential test is:-

   i. within the Central Shopping Area (Cardiff City Centre);
   ii. on the edge of the Central Shopping Area;
   iii. within a district or local centre;
   iv. on the edge of a district or local centre;
   v. at out-of-centre locations accessible by a choice of means of transport.

2.51 Moreover, the UDP states that the sequential test applies to the level of the need agreed between the applicant and the Council, not to the development format proposed by the applicant.

2.52 The UDP acknowledges that bulky comparison goods retail warehouses may not find appropriate sites in town centres. If such development passes the need and sequential
tests, then it should be directed towards existing concentrations of bulky goods retailers at accessible out of centre locations, with re-use of vacant units preferable to new units.

2.53 Impact should be assessed in terms of whether a proposed retail development undermines the viability and vitality of an existing designated centre and of the impact on the retail strategy itself.

THE CARDIFF LOCAL DEVELOPMENT PLAN

2.54 The Planning and Compulsory Purchase Act, 2004 requires the County Council to prepare a Local Development Plan (LDP), which must set out the aims and objectives for the development and use of land in Cardiff County. Policies in the LDP must be based on a thorough understanding of the area’s needs, opportunities and constraints.

2.55 The County Council submitted its LDP for examination on 30 November, 2009 and the examination commenced on 16 March, 2010. However, shortly afterwards the Council requested withdrawal of the LDP from the examination process because of significant reservations raised by the inspectors. The Council is now working on a new LDP that extends the period to 2026.

2.56 This Retail Capacity Study Update will form an important part of the Council’s retail evidence base for the new LDP. It should also assist the Council in assessing retail development proposals and in deciding whether there is a requirement to identify and allocate additional development sites for retailing.

2.57 The proposals and policies in the LDP will eventually replace those in the current adopted plans.
3. RETAILING - TRENDS AND UK CONTEXT

INTRODUCTION

3.1 Although the main emphasis of this study is on preparing a retail capacity study of Cardiff County, it is useful to set local shopper behaviour, retailer intentions and city and town centre performance within the context of long term UK retail and consumer trends. Retailing is a dynamic industry and the way it evolves will have important implications for all parts of the UK, including for Cardiff County.

RETAILING - PERIODS OF RAPID CHANGE

3.2 During the 1980s and 1990s the UK retailing industry underwent a radical transformation. Fired by a growing volume of consumer spending, a considerable economic boom occurred. Between 1998 and 2008, for example, retail spend rose by £85 billion (Figure 3.1). This rapid increase was due to the easy availability of credit, a booming housing market and increasing consumer confidence, which translated into consumer expenditure.

Fig 3.1 Annual Retail Sales, 1998-2009 at Current Prices

Source: Verdict, UK Out of Town Retailing, October, 2010.
3.3 This general buoyancy and healthy consumer demand was underpinned by important changes on the supply side, notably:

- the advance of superstores and multiple retailers;
- achievement of larger economies of scale;
- introduction of attractive new store designs and systems of product presentation; and
- superior systems of stock control and replacement.

3.4 A new generation of consumers was courted by new retailers focusing heavily on design and market segmentation (e.g. Next, Tie Rack and The Body Shop). The aggressive expansion of new retailers added further pressures to a widespread demand for a limited resource, i.e. prime sites on the high street and in shopping centres. However, this was confined almost entirely to large towns and cities, rather than smaller centres.

3.5 The 1980s and 1990’s also saw a period of financial deregulation. High Street sites were in competition and eagerly acquired by such service providers as banks, building societies and estate agencies.

3.6 All these market changes put upward pressures on the level of shop rents as a consequence of the “race for space”. Between 1984 and 1988 rents nationally increased by over 60%. This large increase was vastly in excess of the underlying growth in retail sales and consumer expenditure (25% and 23% respectively). As retailer demand continued to fuel rental growth, new shopping developments in town centres and out of centre became viable. This took the form of both major centre schemes, retail parks and smaller “courtyard” developments, sometimes in secondary locations in the larger centres.

3.7 Between 1987 and 1996 the quantity of out of centre floorspace in the UK grew by over 87% (an increase of almost five million sq m), whereas the equivalent figure for in-town retail floorspace showed a growth of only 0.7% (less than 0.2 million sq m). Thus in floorspace terms virtually the whole of the net additional growth in the UK retail sector between 1987 and 1996 was out of centre. During this time migration of the main out of centre sectors from the high street created space into which the more traditional high street retail uses expanded. By the end of 2000 out of centre shopping accounted for
27% of total retail space and 28% of retail sales, with these figures rising to 34% and 31% respectively by 2009. Figures 3.2 to 3.4 summarise changes in the quantum of retail sales and retail floorspace by physical location over the past decade and the relationship between the two indicators (sales densities).

Figure 3.2 Retail Floorspace by Location, 1998-2009

![Retail Floorspace by Location, 1998-2009](chart)

Source: Verdict, UK Out of Town Retailing, October 2010.

Figure 3.3 Retail Sales by Location at Current Prices, 1998-2009

![Retail Sales by Location, 1998-2009](chart)

Source: Verdict, UK Out of Town Retailing, October 2010.
3.8 In relation to high street retail, the 1980s and 1990s saw an increasing concentration of shopping provision within the UK's largest city and town centres. By 2000, for example, the top 100 locations accounted for an estimated 36% of (town centre) floorspace and 58% of sales.

**EARLY 1990s RECESSION**

3.9 The results of the onset of the recession at the end of the 1980s / early 1990s are well documented - a virtual standstill in retail sales and a sharp decline in the fortunes of high street stores. From 1989 to the end of 1992, the general trend in retail sales at constant prices (ie. discounting for inflation) was static (see Figure 3.5 overleaf) in marked contrast to the expectations on which some retailers’ business plans at the time were based.
3.10 High rents and low sales resulted in many retailers (multiples and independents) having a particularly difficult time. Some retailers closed down or down-sized their holdings considerably. This period also saw the growth of the “discounters” (food and non-food) as consumers became very cost conscious. In addition, charity shops proliferated as landlords tried to recoup lost income from voids arising from the downturn. This period was characterised as being very much a tenants market as occupiers had substantial negotiating clout resulting from the downturn.

3.11 Early 2009 saw the UK slide into economic recession once more. A number of these trends are therefore being repeated. Woolworths and MFI were among the early retail casualties of the present downturn (see later).

RETAIL EVOLUTION SINCE THE MID 1990s

3.12 From 1996, until relatively recently, growing consumer confidence had led to increasing retail spend, which in turn encouraged retailers to expand with strong competition for prime sites and a resultant increase in prime rents (see Figure 3.6 overleaf). Although prime rents rose each year from 1993-94 to 2007/08, in real terms (i.e. after taking inflation into account) values remained lower than those achieved more than a decade ago.
earlier. In absolute terms, the average GB prime rent rose from £592 per sq. m in 1987 to £883 per sq. m in 1990 before falling back to £797 per sq. m in 1993. Since then, the average rent increased annually to reach £1,400 per sq m in May 2008 before declining once more to £1,227 per sq m in May 2010.

Figure 3.6 Great Britain Prime Rental Performance, Nominal & Real Values (June 1987 to June 2010)

3.13 The general confidence in retail markets since 1996, until quite recently, has been the result of a buoyant national economy, resulting in increasing consumer affluence and confidence. Positive economic indicators included a growth in Gross Domestic Product (GDP), relatively low inflation and falling unemployment. This confidence in the economy saw improvement in rents across all property sectors. Property also witnessed a significant increase in investment from institutional investors.

3.14 Retailers responded to these emerging consumer needs by focusing more on the establishment of larger shops that were able to provide the full range of their products at a competitive price. According to Verdict, high street stores are now 25% larger than a decade ago as retailers such as Marks & Spencer and Next strive to expand floorspace to accommodate broader ranges and services. Typically, these new “mega” shops are located in the larger “quality” regional centres where catchment populations are
considerable and affluent, and where retailers can maximise market share through a more focused branch network.

3.15 Retailing is also becoming more and more about branding and specialisation. The retail generalists, such as W H Smith and Boots, are finding it difficult to maintain market share, especially as the supermarkets move increasingly into non-foods. The buying power of these operators now enables them to undercut most high street retailers on price.

3.16 There is also a growing element of convergence between retailing and leisure. Both sectors have a developing synergy so that the shopping trip is now increasingly seen as a “day out” rather than a regular routine or chore. An example of this trend is the shopping trip which in itself is undertaken as a leisure activity. This is particularly well illustrated by the new breed of factory outlet centres which have opened throughout the UK, where research which we have undertaken shows that up to 75% of visits are essentially leisure based trips and are “net additional” to regular visits made to the high street.

3.17 There has been growing pressure and competition from café, snack bar, restaurant and licensed retail operators (e.g. JD Wetherspoon), responding to the trend of people choosing to eat out more regularly and contributing to the concept of the evening economy.

3.18 In key centres, international retailers have also very active. The best example of this is central London, where locations such Oxford Street, Bond Street and Regent Street have attracted an influx of major names including Armani, Donna Karan, Louis Vuitton and Gianni Versace. However, demand from overseas retailers has also been healthy in a number of the other major regional centres such as Manchester, Glasgow, Leeds and Cardiff.

OUT OF CENTRE RETAILING

FOOD

3.19 Food retailers continued to expand through the recession of the early 1990s, particularly in out of centre locations. The slow growth in convenience goods expenditure (illustrated in Figure 3.7 overleaf) contributed to the expansion plans of food retailers by forcing them to fight for market share and to benefit further from economies of scale.
The logic appears to be that to increase market share and profits, there is a need to increase floorspace.

**Figure 3.7: Consumer Retail Expenditure by Goods Type for the UK (Constant 2006 Prices), 1990 to 2027**

3.20 In the past, increasing floorspace was achieved mainly through new superstore development, especially out of centre. However, with government planning policy curtailing opportunities out of centre, the major operators are increasingly looking to extend their existing stores. Extensions are used to accommodate non-food ranges which have lower sales densities (than food) but generate better margins. Larger stores also enable food store operators to diversify into services or to accommodate in-store service use concessions (e.g. coffee shops, dry cleaners, shoe repairers and photographic processing).

3.21 Smaller store formats have been devised by a number of major food store operators and this has also spearheaded the movement back to town centres. An example of one of the new formats is Tesco with its “Metro” and “Express” concepts. The promotion of
town centre living, along with the growth in one person households as well as an increasingly ageing population, has created a market for in-town supermarkets.

3.22 The growth in the number of larger superstores (Table 3.1) has been at the expense of smaller supermarkets and other food specialists. The net effect of the expansion of the superstores has been a loss of more than 36,000 food shops over the past 13 years.

Table 3.1 Total Grocery Store Numbers by Retail Type, 1997-2010

<table>
<thead>
<tr>
<th>Year</th>
<th>Superstores</th>
<th>Supermarkets and Smaller Grocers</th>
<th>Food Specialists</th>
<th>Off-Licenses &amp; Tobacconists</th>
<th>All Stores</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>1,084</td>
<td>34,438</td>
<td>41,493</td>
<td>27,667</td>
<td>104,682</td>
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<tr>
<td>1998</td>
<td>1,117</td>
<td>33,766</td>
<td>39,407</td>
<td>25,691</td>
<td>99,981</td>
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<tr>
<td>1999</td>
<td>1,150</td>
<td>33,586</td>
<td>37,996</td>
<td>22,480</td>
<td>95,212</td>
</tr>
<tr>
<td>2000</td>
<td>1,180</td>
<td>33,228</td>
<td>36,157</td>
<td>20,756</td>
<td>91,321</td>
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<tr>
<td>2001</td>
<td>1,235</td>
<td>33,040</td>
<td>34,240</td>
<td>19,208</td>
<td>87,723</td>
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<tr>
<td>2002</td>
<td>1,292</td>
<td>32,785</td>
<td>33,155</td>
<td>17,644</td>
<td>84,876</td>
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<tr>
<td>2003</td>
<td>1,319</td>
<td>32,523</td>
<td>30,856</td>
<td>16,349</td>
<td>81,047</td>
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<tr>
<td>2004</td>
<td>1,351</td>
<td>32,423</td>
<td>28,963</td>
<td>14,194</td>
<td>76,931</td>
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<td>2005</td>
<td>1,385</td>
<td>32,288</td>
<td>28,244</td>
<td>13,373</td>
<td>75,290</td>
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<td>2006</td>
<td>1,434</td>
<td>32,138</td>
<td>27,750</td>
<td>12,540</td>
<td>73,862</td>
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<td>2007</td>
<td>1,463</td>
<td>31,953</td>
<td>27,123</td>
<td>11,760</td>
<td>72,298</td>
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<td>2008</td>
<td>1,490</td>
<td>31,857</td>
<td>26,309</td>
<td>11,125</td>
<td>70,781</td>
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<tr>
<td>2009</td>
<td>1,513</td>
<td>31,729</td>
<td>25,467</td>
<td>10,546</td>
<td>69,255</td>
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<tr>
<td>2010</td>
<td>1,539</td>
<td>31,666</td>
<td>24,856</td>
<td>10,019</td>
<td>68,080</td>
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<tr>
<td>% Change 1997-2010</td>
<td>+42</td>
<td>-8</td>
<td>-40</td>
<td>-64</td>
<td>-35</td>
</tr>
</tbody>
</table>

Source: Verdict, UK Out of Town Retailing, October 2010.

**NON-FOOD**

3.23 Following many years of rapid growth, the out of town retail warehouse sector suffered a down-turn at the end of the 1980s. By the mid 1990s it had recovered and the market remained strong through to around 2005. This 10 year renaissance derived from a series of innovations which, when combined, created the modern purpose-built retail park. Schemes built in the early 1980s began to be examined critically and some were redeveloped or extended. Free-standing (“solus”) units started to become outmoded.
Some units were reduced in size from that typically required by DIY operators to meet the new range of retail warehouse or “showroom” occupiers.

3.24 The retail warehouse market continues to segment as it matures. Prime rents are generally paid for space on purpose built retail parks which are accessible by a large catchment population and which benefit from an “open” (non food) retail planning consent (the first tier - “superprime”). In other locations, premiums can be paid by a wider range of retailers (typically for smaller retail warehouses) – on parks having such a planning consent (the second tier). With the increased use of planning conditions to restrict the use of out of town retail warehouses to “bulky goods”, a third tier has developed in investment terms.

3.25 During recent years there has been a polarisation in the retail warehouse market between bulky goods (weak demand) and open A1 (relatively healthy demand). There is currently a huge total of second hand space on the market and most of this is bulky goods restricted and often large and difficult to sub-divide. The weak bulky goods market is typified by major events such as the collapse of Courts at the end of 2004, which resulted in 70,000 sq m gross of vacant space coming onto the market, and the down-sizing of B & Q. Added to this are the residual units from the more recent collapse of Allders, Furnitureland, Durham Pine, Textile World, MFI etc. and on-going disposals from a number of other retailers. Running in parallel there has been the development of new retail warehouse floorspace that has never been occupied.

E-TAILING

3.26 In 2002, the value of online retail spending was just £3.8 billion, representing 1.6% of all UK retail sales. By 2008, however, it had grown to £18.4 billion (6.4%). Online sales have therefore risen rapidly to become an integral part of the UK retail market, and in many cases it is now the strength of retailers online sales that is helping to counter the weaker in-store performance.

3.27 Consumer confidence in online retailers has risen as shoppers have tested out the Internet and found websites increasingly easy to navigate, credit card use to be secure and delivery to be convenient and reliable. The ease of comparing the price of goods and services has also led sales to soar, as has the increasing availability and falling price of broadband.
3.28 It is important to note that not all of the growth in online sales impacts directly on spend available to the high street. Nevertheless, online sales are now well beyond the point where growth is simply cannibalisation of more traditional home shopping formats. E-tailing is therefore now capturing more of the consumer spend that previously flowed to bricks and mortar retailing.

3.29 This implies that internet sales are drawing trade away from the UK’s high streets. In practice, however, some retail operators run both traditional and online operations; for example, Argos and Tesco. Therefore, internet shopping does not necessarily mean high street retailers are losing out. In the case of some retailers, electronic orders are fulfilled out of existing stores, so growing online sales may even increase the need for retail property in certain cases.

3.30 The forecasts for e-tailing suggest that online sales will continue to increase rapidly over the next five years, after which the rate of growth is expected to slow. Perhaps of more importance to retailers is the expectation that special forms of trading (mainly internet shopping) is expected to capture an increasing share of all retail goods sales, rising to around 12.6% by 2016 according to Experian. Experian expects e-tailing to follow the s-curve profile of a slow start, rapid take-off (the present position) and an eventual plateau. They expect the market share of e-tailing as a proportion of total retail to stabilise from 2016 onwards.

THE CREDIT CRUNCH AND ITS EFFECTS ON THE RETAIL ECONOMY

3.31 The year, 2008, was one of the most turbulent years for the global economy in history, primarily caused by the US sub-prime mortgage market, whereby banks around the world were exposed to bad debts.

3.32 The actual start of the “credit crunch”, however, can be pinpointed to 9th August 2007 when investment bank BNP Paribas closed two of its funds because it could not value the assets in them. This was followed in September 2007 by the collapse of Northern Rock and the biggest run on a British bank in more than a century.

3.33 Throughout 2008 a number of major events rocked the UK and global economy. On 15th September, Lehman Brothers became the first major bank to collapse with the warning that more would follow. This was followed by one of Britain’s biggest mortgage lenders Bradford and Bingley being nationalised and the government taking control of
£50bn worth of mortgages and loans. In an unprecedented move six central banks around the world including the Bank of England, US Federal Reserve and European Central Bank all cut interest rates by half a percentage point on October 8th. This came hours after the UK government announced details of its rescue package for the banking system including a cash injection of £50bn and the offering of up to £200bn in short-term lending support. Days later the government announced further plans to save the British banking system by effectively nationalising three UK banks, RBS, Lloyds TSB and HBOS injecting a total of £37bn of taxpayers’ money into them. 2008 saw the FTSE 100 fall 31.3%, the biggest decline in its history.

3.34 As a result of the economic downturn, the retail sector also took a severe battering. A string of high profile retailers went into or filed for administration including MFI, Land of Leather, Zavvi, and most significantly Woolworths, resulting in a number of changes on the high street.

3.35 Consumer confidence fell sharply over 2008 (see Figure 3.8) despite efforts by the government to get consumers spending. VAT was cut from 17.5% to 15% at the end of November 2008 in an attempt to instil some confidence, whilst in March 2009 the latest in a line of interest rate cuts saw the Bank of England base rate set at 0.5%, the lowest in its history.

Figure 3.8  Retail Sales -v- Nationwide Consumer Confidence

Source: British Retail Consortium / Nationwide Buildings Society
3.36 Confidence in the retail sector remained weak throughout 2009 and into 2010, although sales held up better than many forecasters predicted. The food store operators and value retailers in particular bucked the trend and continued to perform well.

3.37 Due to the economic downturn, vacant retail floorspace across the country has risen steadily for the past four years and is around double what it was in 2006 (see Figure 3.9). There are recent signs that the rate of growth in voids may be slowing, but future trends will depend largely on economic conditions and consumer retail expenditure growth. Our in-house research (based on a sample of 15 town centres) has shown that rising vacancy rates are now being driven entirely by the obsolescence of secondary space, with void floorspace in prime shopping areas already falling, albeit slowly.

**Figure 3.9 Increase in UK Retail Vacancy Rates, October 2006-April 2010**

Source: Colliers International
CURRENT MARKET CONDITIONS AND OUTLOOK

3.38 The UK has experienced the worst economic recession since the 1930s. Although GDP figures indicate that the country has recently moved out of recession the recovery is expected to be long and fragile. The Coalition Government’s measures to drastically reduce the deficit, which include a hike in VAT to 20% in January 2011, and huge public spending cuts, are expected to further dampen consumer retail expenditure over the coming months.

3.39 The recession took a heavy toll on the high street with capital values for some retail properties falling by up to half, eradicating many investor’s equity and making banks the owners of many shopping centres and high streets. However, the large number of retail failures during late 2007/early 2008 has largely been stemmed and although there may be further casualties, occupier demand has been surprisingly buoyant. The key issue is the terms upon which retailers are prepared to take a unit.

3.40 Landlords these days are often prepared to keep units occupied almost on any terms, encouraged to do so by the Government’s implementation of full vacant rate payments. Rent free periods and/or incentives equal to two or three years are commonplace with there being extreme examples of five or even six years free being accepted. Short term leases on a turnover basis are often being entered into but at least the occupancy of a unit helps maintain vibrancy and a feeling of wellbeing in the nation’s high streets and shopping centres.

3.41 In the out of town retail market, vacancy has increased significantly in recent years as a result of a series of administrations, particularly during 2008/09 (eg. MFI, Land of Leathers and Allied Carpets). This caused rents to fall (up to 40% in some instances), the first significant reverse in the out of town market since its emerged 30 years ago. Many of these voids remain unlet, especially on the more difficult bulky goods retail parks. Accordingly, rental levels can no longer be held up by incentives and landlords are having to adopt a more pragmatic (flexible) approach to keep parks occupied. However, this does mean that there are attractive opportunities for existing retailers and new retailers to expand.

3.42 The out of town sector is currently experiencing the lowest level of retail warehouse development ever seen. From a high of 440,000 sq m developed in 1997, 2010 saw only 46,000 sq m built. New construction has been hit in recent years by rising yields, and increasing build costs, but the major factor has been that active retailers have been able to source better terms taking existing vacant properties.
3.43 However, as the lack of a development pipeline combines with the take up of existing units, the super deals are beginning to dry up and retailers are turning to developers to deliver the space they need. Mothballed schemes are being dusted down in readiness for a new wave of construction. We expect 90,000 sq m of new retail warehouse space to come on stream in 2011, double the level of 2010.

3.44 The food store sector remains healthy despite the economic downturn with like for like sales growth being achieved. The big four operators – Tesco, Sainsburys, Asda and Morrisons – continue to do well, whilst the likes of Waitrose and the Co-op also seek to expand market share through the acquisition of existing stores or new store openings. Convenience stores, in particular, are generating a lot of activity as retailers seek new formats and new ways of securing extra trading space without having to wait the typical three to five year timescale required to open a main store. The discounters are also expanding on the back of changing consumer food shopping preferences with more emphasis being placed on value.

3.45 In terms of the UK shopping hierarchy, Central London and the large dominant in and out-of-town regional centres, together with the much smaller market towns are faring the best as they did back in the economic downturn of the early 1990’s. Discount retailers and those with very strong brands are also trading much better than those occupying the middle market who cannot appeal on price and/or quality in an evermore discerning market. Retailers with an effective website also continue to trade well despite the adverse economic conditions.

3.46 Whilst 2007 and 2008 were the years of yield weaknesses and falling capital values, 2009 was characterised by a decline in retail rents. Our data indicates that the Great Britain average prime retail rent fell by 12.2% during the year to May 2009, the biggest annual fall since we began our rental series in 1987. This average figure masks a big variation in performance with many centres experiencing much larger rental falls of up to 55%. Rents fell by a further 1.5% over the year to May 2010 and are expected to slip back even more over the next 12 months.

3.47 New retail development has slowed right down – only 230,000 sq m of new shopping centre floorspace opened in 2010 - whilst the longer term pipeline has slipped back from five million sq m in 2008 to 3.2 million sq m today (a fall of one-third) (see Figure 3.10 overleaf). However, only 11% of this pipeline is under construction, so the majority may be subject to delay or cancellation, reducing the pipeline even more. This will place a significant break on new retail accommodation over the next few years which, combined
with an expected recovery in occupier demand, could lead to a relatively quick contraction of concessions and a steep rise in rents in around two to three years time in prime areas and/or key centres.

Figure 3.10 Total Amount of Floorspace in the UK Shopping Centre Development Pipeline October, 2006-October 2010

For many secondary shopping locations, however, the return to buoyancy may be more difficult to achieve. The larger regional centres are capturing that once a month 'big shop', with the convenience stores and the supermarkets catering for the majority of consumers local needs. Whilst market towns serving rural catchments will continue to prosper, those middle market locations which offer neither convenience, inexpensive parking and/or the full consumer experience will face a struggle to maintain their current levels of vitality and viability.

MEDIUM TO LONG TERM TRENDS

In the medium to longer term the UK retail property market is likely to be impacted by a number of important national trends, the most important of which are:-

- the potential effect of internet shopping – e-tailing in the UK has grown rapidly in recent years. Economic forecasters expect its rate of growth to level-off in around five years time. However, should these forecasts
prove wrong and spending on-line continues to gather pace in the medium to longer term, this will clearly divert even more spending away from ‘bricks and mortar’ shops to the detriment of all city and town centres;

- a rapidly ageing population – by 2016 it is estimated that there will be 2.1 million fewer people aged under 40, but 3.5 million more people over 40 years of age;

- a declining share of consumer expenditure – although disposable incomes have risen every year for more than a decade, the proportion of expenditure which is spent on retailing goods has fallen from 38.3% in 1997 to 34.4% in 2007 and is expected to fall to 31.3% by 2012;

- an increasing proportion of retail activity is becoming concentrated in the largest towns and cities – in the 1960’s it took 200 retail locations to account for 50% of all UK non-food sales but today this same proportion of turnover is channelled through less than 80 retail centres and the number is forecast to decrease even more.

**SUMMARY**

3.50 The retail sector has been subject to significant changes when looked at over the medium term. The recent economic downturn has added to the dynamic. These shifts and trends should not be ignored. Operators are constantly monitoring changing trends in fashion and demographics in order that consumer demand is satisfied. Retail is an evolving process with operators constantly adapting to demand and increasingly analysing and targeting their customers. These continual changes have important implications for property and business location, which in turn are related to policy. Local authorities should therefore regularly monitor the retail sector in order to ensure that their policies are up to date and appropriate.
4. RETAIL NEED: DATA SOURCES AND ASSUMPTIONS

OBJECTIVES

4.1 The principal objective of this study is to estimate the need for additional retail floorspace within Cardiff County through to 2026. The assessment has been undertaken for the following categories of retailing – convenience goods, non-bulky comparison goods and bulky comparison goods.

4.2 Although the assessment of retail floorspace need is necessarily detailed and relatively complex, we have at all stages sought to achieve transparency in our calculations. We have followed a traditional approach to estimating retail floorspace need and have incorporated the latest published data and the results of a specially commissioned household survey. This should ensure that our assessment is up to date, comprehensive and robust.

4.3 Section 6 of this report describes our approach to quantifying retail floorspace need, whilst we present the results of the assessment, together with our retail planning policy recommendations, in Section 7. In this section, we introduce the methodology, summarise the role of the household telephone survey and (for convenience) set out in one place the main assumptions and definitions which we have used and our principal sources of data.

RETAIL NEED METHODOLOGY

4.4 The need for additional retail floorspace within a centre (or area) is dependent on the future relationship between the demand for and supply of space, ideally after taking into account the extent (if any) of any over/under trading that is occurring at the base year. The demand for floorspace is then determined by assessing the likely growth in the volume of consumer retail expenditure, while an assessment of floorspace supply involves quantifying the extent to which proposed changes in the location, quality and quantity of retail floorspace will meet the forecast increases in expenditure. Any monetary shortfall of supply relative to demand in the future indicates there is the need for more retail floorspace in quantitative terms. The scale of additional retail provision is then determined by converting any excess of consumer expenditure (or headroom...
expenditure) into a retail floorspace need by applying appropriate sales densities. In practice, because shopping patterns are complex and vary for different types of goods, the methodology utilises survey data to determine base year shopping patterns.

4.5 Our methodology for estimating retail floorspace need is presented diagrammatically in Figure 4.1 (overleaf). The key steps are set out below.

**STEP 1 CATCHMENT AREA DEFINITION**

4.6 The catchment area should be defined with regard to the study objective. For this study it covers all of Cardiff County and its wider shopping hinterland.

**STEP 2 ANALYSE CONSUMER DEMAND**

4.7 This involves multiplying population by consumer retail expenditure per head for the base and forecast years. This should include resident population, but also, where it is likely to occur, any in-flow retail expenditure from residents and tourists living outside the survey area.

**STEP 3 ANALYSE RETAIL SUPPLY**

4.8 This step comprises an assessment of the turnover of the retail floorspace stock at the base year. This will involve a household survey to estimate the actual retail turnover of centres and stores, and a comparison with estimated benchmark turnover.

**STEP 4 RETAIL DEMAND VS RETAIL SUPPLY AT THE BASE YEAR**

4.9 At this stage, the adequacy of the existing retail provision is assessed. For example, if actual turnovers assessed in Step 3 exceed the benchmark turnovers, it could be argued that the floorspace is over-trading and, therefore, there may be an existing need for additional retail floorspace. Alternatively, if actual turnovers are less than benchmark levels then the floorspace may be assumed to be under-trading, signalling a potential over-supply of existing retail floorspace.
Fig. 4.1 Quantitative Retail Need Methodology

**DEMAND**

<table>
<thead>
<tr>
<th>BASE YEAR</th>
<th>Estimate Total Available Retail Expenditure within Catchment (and sub areas) (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Estimate Existing Actual Retail Turnover within Catchment (and sub areas) (£m)</td>
</tr>
</tbody>
</table>

(a) Resident population x Average spend per head
(b) Take account of inflow expenditure (e.g. tourists, commuters, longer distance trips)
(c) Take account of expenditure from (any) armed forces and students living in the county – if excluded at (a) then deduct
(d) Special forms of trading (i.e. spend not undertaken in shops)

**SUPPLY**

Check if the Catchment retail economy is trading at Equilibrium (i.e. is there any evidence of over or under trading)

Ideally assessed through survey work. Should take into account affluence of local population, retailers costs for the area and the potential (if any) for retailers to achieve higher turnovers in their stores without negatively affecting shopper usage and attitudes or operational efficiency

Convert any surplus expenditure into an existing floorspace need or convert any deficit expenditure into an existing floorspace stock over-supply or surplus

**FORECAST YEAR**

| Estimate Growth in Total Available Retail Expenditure within Catchment (and sub areas) through to Forecast Year (£m) |
| Estimate Growth in Actual Retail Turnover within Catchment (and sub areas) through to Forecast Year (£m) |

(a) Increase in resident population x Increase in real average spend per head
(b) Take account of (any) changes in inflow expenditure
(c) Take account of (any) changes in expenditure from armed forces and students living in the area – if excluded at (a) then deduct
(d) Special forms of trading (i.e. spend not undertaken in shops)

Apply Market Share(s) (%)

Estimate of Total Potential Retail Expenditure within Catchment in Forecast Year (£m)

Estimate of Actual Retail Turnover within Catchment in Forecast Year (£m)

**QUANTIFY FLOORSPACE NEED IN FORECAST YEAR**

Subtract forecast of actual retail turnover in forecast year from total potential retail expenditure.

If surplus expenditure, convert to a floorspace requirement (or need) by dividing by an appropriate average sales density or if expenditure deficit, convert to an over-supply in the same way.

Take into account floorspace over or under supply at the base year (if any)
STEP 5 CHANGES IN RETAIL DEMAND AND RETAIL SUPPLY THROUGH TO THE FORECAST YEAR

4.10 This step projects forward total available expenditure in the catchment area and the turnover of existing and committed retail floorspace. In simple terms, the difference between the forecast totals of available expenditure and retail turnover gives a measure of the need for additional retail floorspace. If there is an expenditure surplus, this is converted into potential floorspace by dividing by an appropriate sales density. Similarly, if there is an expenditure deficit, a floorspace over supply may exist.

THE HOUSEHOLD TELEPHONE SURVEY

OBJECTIVES OF THE SURVEY

4.11 The household survey performs an important role in the assessment of retail floorspace need since it provides important information on the pattern of shopping activity throughout Cardiff County and the surrounding areas. As such, it forms the foundation upon which the retail need estimates are built.

4.12 A major aim of the survey is to generate quantitative data on consumer retail expenditure flows between areas or zones (where people live) and retail centres (where they spend their money). This has been carried out for the following three types of shopping:

- convenience goods;
- non-bulky comparison goods; and
- bulky comparison goods.

DEFINITION OF SURVEY AREA

4.13 We reached agreement with Cardiff County Council on the outer boundary of the household survey area. The survey area is shown in Figures 4.2A and 4.2B overleaf. It is much more extensive than the County boundary, since it has been drawn to encompass the shopping catchment area of Cardiff City Centre, which exerts a major influence on shopper behaviour over a wide area. The household survey was carried out during August/September, 2008 to inform the original (March 2009) Colliers Retail Capacity Study of Cardiff County.
4.14 **DEFINITION OF EXPENDITURE ZONES**

For the purpose of sampling and analysis, the survey area has been divided into 18 zones. These zones are defined on the basis of ward boundaries and each zone comprises one or more wards. In broad terms they relate to natural shopping activity areas on the ground and to the size and location of retail centres.

4.15 **Figures 4.2A and 4.2B** also show the locations and general configuration of the 18 zones throughout the survey area. These were agreed with the Council prior to the survey being carried out. Zones 1 to 5 inclusive cover Cardiff County, whilst zones 6 to 18 constitute the shopping hinterland. The zones for the Cardiff hinterland are geographically larger, because the focus is on estimating the inflow of spend into Cardiff County rather than to generate a detailed understanding of shopper behaviour within the county.

### SAMPLING

4.16 In consultation with the Council an overall target sample of 2,050 completed interviews was agreed. Since the primary focus of the study is on Cardiff County it was agreed with the Council that 150 interviews would be carried out within each of the five zones within the County (zones 1 to 5) and 100 interviews within each of the remaining 13 zones (zones 6 to 18).

4.17 Within each of the 18 zones the interview sample was drawn randomly and in proportion to the distribution of population. This ensures the results of the survey for each zone reflect the density of population on the ground. At the analysis stage of the survey, individual zone samples are then weighted to their appropriate representation within the survey population to produce an overall result which is representative of the survey area as a whole. Without this weighting, the less densely populated zones would have a disproportionately large effect on the overall survey results, contrary to their population size. The whole principle of weighting therefore allows the characteristics of less densely populated zones to be represented without the unnecessary cost of a grossly inflated sample. **Appendix 1A** provides a more detailed statistical synopsis of the sampling methodology and the degree of confidence which can be attributed to the survey results.
THE SURVEY QUESTIONNAIRE

4.18 The survey questionnaire was drafted in consultation with the Council and its agreement was obtained prior to the commencement of interviewing. A copy of the survey questionnaire is reproduced in Appendix 1B.

SURVEY ANALYSIS AND RESULTS

4.19 In so far as we use the survey results to inform our assessment of retail floorspace need within Cardiff County, the key data which the survey generates is the percentage market share (in terms of expenditure) of towns and other centres/stores within each of the 18 zones. This is analysed separately for convenience goods and non-bulky and bulky comparison goods shopping. Using this quantitative information, it is possible to build-up a detailed picture of existing shopper behaviour within Cardiff County and the survey area as a whole. In particular, the data allows the existing catchment areas and retail turnovers of main centres to be determined for each broad category of goods. Appendix 1C sets out the key results of the household survey, whilst Appendix 1D provides full details of the expenditure market shares produced by the survey for each zone and category of goods.

PRINCIPAL DATA SOURCES

4.20 The retail need assessment which we present in Sections 6 and 7 utilises five major sources of data. The data sources are as follows:-

Data on shopping trips patterns and consumer retail expenditure flows

Source: We have incorporated the results from a specially commissioned household telephone survey of Cardiff County and its shopping hinterland carried out during August/September, 2008. This has been described at paragraphs 4.11 to 4.19 above.

Data on population and population projections

Source: For Cardiff County (zones 1 to 5 inclusive), the Council has provided us with three different population projections: an official WAG projection; a lower variant projection that assumes
a net migration for Cardiff of 1,500 per annum and lastly, a low variant projection that assumes a net migration of 600 per annum. The growth rates assumed for each projection are applied across each of the five zones. For zones 6 to 18 outside of the County, it was agreed with the Council that we would use the population projections sourced from Experian. Full details of our approach to population are set out in Appendix 2A.

Data on consumer retail expenditure per head

Source: Data on average convenience goods and non-bulky and bulky comparison goods expenditure per head for 2007 has been derived from Experian for the resident population living within each of the 18 zones. The expenditure per head data is set out in Appendix 2C.

Data on retail floorspace at the base year (2008)

Source: Retail floorspace figures for the base year of 2008 are identical to those adopted in the March 2009 Retail Capacity Study. These were estimated as follows:

The Council has undertaken two retail floorspace surveys which we use as sources of information. These are:

- Cardiff City Centre: Land Use and Floorspace Survey 2007; and
- Cardiff Out of Centre Retail Stores, July 2008.

In addition, we use the floorspace data set out in our report to the Council:

- District and Local Centre Floorspace Survey, September 2008.

This data has been supplemented, where appropriate, by Colliers International using a combination of in-house databases and published sources such as the Institute of Grocery Distribution (IGD) food store information.
Recent retail completions/current retail commitments

**Source:** Given that the study adopts a base year of 2008, the retail pipeline that must be built into the needs assessment comprises of two distinct components:

- Net additional retail floorspace completions since September 2008 and
- Existing retail commitments – these are retail schemes under construction and/or with planning consent as at December 2010 throughout Cardiff County.

Schedules of recent retail floorspace completions and current commitments are reproduced in Appendix 3.

**INTERPRETATION AND DEFINITIONS**

4.21 In addition to the principal sources of data, there are a number of further definitions, assumptions and forecasts which we have adopted throughout this study. Although many are referred to again in Sections 6 and 7, we hope that grouping them together below will assist the reader in understanding the technical analysis which follows.

**STUDY CENTRES**

4.22 In this study, at the request of Cardiff County Council, we assess the need for additional retail floorspace for:

- Cardiff County as a whole
- Sub-areas of the County (five in total\(^1\))

**COMPOSITION OF MAIN RETAIL GOODS CATEGORIES**

4.23 In this study, in order to address the requirements of Cardiff County Council, we undertake separate retail need assessments for convenience goods, non-bulky comparison goods and bulky comparison goods floorspace. Appendix 2B defines the detailed types of goods which comprise each goods category.

\(^1\) These five areas are consistent with the five household survey zones within Cardiff County.
BASE YEAR

4.24 We adopt a base year of 2008 (the same as that used in March 2009 Colliers Cardiff Retail Capacity Study). It is the year at which we determine the base line pattern of shopper behaviour and consumer retail expenditure flows, as derived from the household telephone survey.

FORECAST YEARS

4.25 The Council has requested that we forecast retail floorspace need to 2026. We also provide 'interim' need totals at 2016 and 2021 (five year periods).

PRICE BASE

4.26 All monetary figures in this report are given in constant 2007 prices. This is the price base for the consumer expenditure per head data obtained for each survey zone from Experian.

FUTURE GROWTH IN CONSUMER RETAIL EXPENDITURE PER HEAD

4.27 Future spending levels have an important bearing on the need for additional retail floorspace. The assumptions used are therefore critical to the validity, of the overall assessment and it is vital that up to date, realistic and robust sources are used.

4.28 In this study, we adopt the latest available (August 2010) UK expenditure forecasts published by Experian. These are set out in full at Appendix 2D and incorporate the move by the Office of National Statistics (ONS) in 2003 to an annual chain linking approach to producing constant price economic aggregates. These forecasts take into account the major downturn in the UK economy.

4.29 Experian’s expenditure forecasts are estimates of future spending based on an economic model of disaggregated consumer spending. They differ from expenditure projections published by Experian (and also Pitney Bowes1) that are estimates of future spending based on the extrapolation of past trends. Experian advise that when carrying out longer term retail need assessments, the use of forecasts is preferred to projections, particularly given the UK’s present position in the economic cycle. This is because all of the projections extrapolate past time periods, characterised (in the main) by buoyant economic growth, whereas the UK has recently experienced economic recession and

1 Previously known as MapInfo.
any recovery is still fragile and uncertain. Thus the use of projections is likely to materially over-state the growth in consumer retail expenditure over the coming years, whereas forecasts will better reflect the weaker economy and the current fall in spending levels. Experian recommend, therefore, that:

- “economic forecasts are to be preferred over the projections for planning for future demand growth”.

4.30 Following the advice of Experian, we therefore adopt their latest UK wide expenditure per head forecasts through to 2026. These forecasts, which are at constant prices, are set out in Table 4.1.

Table 4.1: Expenditure Per Head Growth Forecasts (% Per Annum)

<table>
<thead>
<tr>
<th>Goods Category</th>
<th>Time Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenience Goods</td>
<td>-1.6</td>
</tr>
<tr>
<td>Non-Bulky Comparison Goods</td>
<td>1.9</td>
</tr>
<tr>
<td>Bulky Comparison Goods</td>
<td>6.9</td>
</tr>
<tr>
<td>All Comparison Goods</td>
<td>3.7</td>
</tr>
</tbody>
</table>

Source: Experian Forecasts, August 2010. Retail Planner Briefing Note 8.1. See Appendix 2D for full details.

(A) Figures for 2008 and 2009 are ‘actual’ rates of change.

IN-FLOW EXPENDITURE

4.31 By extending the household telephone survey area to well beyond the Cardiff County boundary (see Figure 4.2A), the objective was to capture virtually all day trips made into the County for shopping purposes. This approach is largely borne out by the pattern of market shares generated by centres within Cardiff County across the 18 survey zones.

4.32 Nevertheless, it is likely that a small number of day trips are made into the County by residents living immediately outside our survey area for comparison goods shopping;
the survey results indicate there is unlikely to be any in-flow for convenience goods shopping, which tends to be undertaken more locally. We have therefore assumed the following levels of resident in-flow expenditure from areas immediately outside the survey area:-

- Convenience goods: nil.
- Non-bulky comparison goods – inflow to Cardiff City Centre only (inflow estimated at 5% of the city centre’s expenditure draw from within the survey area).
- Bulky comparison goods –inflow to Cardiff City Centre only (inflow estimated at 2.5% of the city centre’s expenditure draw from within the survey area).

4.33 In addition to in-flow expenditure from residents living just beyond our survey area boundary, the County will also benefit from spending by staying visitors/tourists who live further away. Using statistics produced by the Tourism Development and Visitor Services Unit of Cardiff County Council, we estimate that in 2008 (our base year) the County will have benefited by around £28 million of visitor retail spending (at 2007 prices). Given that no visitor expenditure breakdown is available by category of goods or by location (retail destination) we have had to make a number of assumptions. First, we assume that all the visitor expenditure occurs either in Cardiff City Centre or Cardiff Bay, and that the percentage split is 90:10. Second, we assume that the visitor spend is split by category of goods at each location as set out in Table 4.2.

### Table 4.2 Allocation of Visitor Spend by Category of Goods

<table>
<thead>
<tr>
<th>Goods Category</th>
<th>City Centre</th>
<th>Cardiff Bay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenience</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Non-Bulky Comparison</td>
<td>90%</td>
<td>90%</td>
</tr>
<tr>
<td>Bulky Comparison</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

4.34 The Tourism Unit’s statistics also show staying visitor retail spending increasing over recent years in real terms at c.6.5% per annum. Given current economic conditions, however, we assume that the real growth in visitor spend will remain flat for 2009, 2010 and 2011. Thereafter, we assume 5% per annum real growth in spend for the period 2011 to 2026 as a whole.
Appendix 2G sets out in full our analysis of visitor in-flow retail expenditure to Cardiff County.

SPECIAL FORMS OF TRADING AND E-TAILING

It is normal practice in the preparation of retail need studies to make deductions from the consumer retail expenditure per person figures adopted to allow for expenditure by ‘special forms of trading’ (SFT). This is retail expenditure that does not take place in shops, such as that via mail order houses, door to door salesmen and stalls and markets. It also includes spending using digital TV and over the internet.

Recent evidence suggests that e-tailing sales are increasing as a proportion of total retail expenditure, although perhaps not at the rate many commentators forecast at the height of the dot.com boom. Much of the initial growth in e-tailing was achieved through the cannibalisation of retail expenditure on traditional catalogue-based mail order. However, with this source almost ‘exhausted’, further gains in e-tailing have fed directly through into an increase in retail sales through SFT. Accordingly, we feel it is prudent to take this into account in our retail need assessment.

In preparing this study, we have examined a range of published material on the subject of e-tailing. However, in our view, the most appropriate and up to date research on the topic has been prepared by Experian¹ and this is reproduced in full in Appendix 2E. This research takes into account the new methodology for calculating the value of internet sales announced by the Office for National Statistics (ONS) in February 2010, which resulted in a large increase in estimated internet retail sales and their share of the total retail market. The upward revision reflects the inclusion in the new methodology of all sales made over the internet by individual businesses using information derived from the monthly ONS Retail Sales Inquiry (RSI²).

Experian note that after a slow start, the UK now appears to be in the rapid growth phase of the spread of e-tailing, although growth is expected to begin to plateau from around 2016. The company publish separate projections of the future market share for SFT (including e-tailing) through to 2026 for convenience goods and comparison goods shopping.

¹ Source: Experian Retail Planner Note Briefing Note 8.1, August 2010.

² The RSI covers 5,000 businesses in Great Britain accounting for 95% of the retail sector in terms of turnover.
It must be stressed that the Experian forecasts are only estimates, since it is very difficult to predict precisely what will happen, particularly over a long time frame. Moreover, Experian themselves note that:-

"the non-store retailing figures include supermarkets and other retailers that source internet goods sales from store space".

For this reason, the ‘headline’ rate for share of non-store retailing is likely to be overstated if the focus, as in this report, is purely on physical shop units. This is particularly the case for convenience goods, where a number of major operators, including Tesco, supply a proportion of the goods purchased online direct from their stores. To reflect these operational factors, Experian have published a parallel series of SFT forecasts that are adjusted for internet sales from stores. Experian SFT forecasts are set out in Table 4.2. In this report, we adopt these ‘adjusted’ forecasts.

Table 4.2 Estimated Share of Consumer Retail Expenditure Accounted for by Special Forms of Trading

<table>
<thead>
<tr>
<th>Year</th>
<th>Convenience Goods</th>
<th>Comparison Goods</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SFT (%)</td>
<td>SFT (Adjusted for sales from stores)</td>
</tr>
<tr>
<td>2008</td>
<td>5.0 (A)</td>
<td>2.5</td>
</tr>
<tr>
<td>2016</td>
<td>9.6</td>
<td>4.8</td>
</tr>
<tr>
<td>2021</td>
<td>10.1</td>
<td>5.0</td>
</tr>
<tr>
<td>2026</td>
<td>10.7</td>
<td>5.3</td>
</tr>
</tbody>
</table>

Source: Experian (A = actual. All other figures are Experian estimates and forecasts).

TURNOVER ALLOCATION FOR EXISTING RETAIL FLOORSPACE

It would, in our view, be wrong to assume that all of the increase in available retail expenditure within the survey area is available to support additional retail floorspace. This is because it is appropriate that some of the forecast growth in expenditure should be allocated to existing retailers because the evidence confirms that existing retail shops, in general, achieve real and necessary gains in sales productivities year on year. Rising sales densities are driven by a number of factors including growth in floorspace...
efficiency and changes in trading hours, net to gross ratios and the mix of goods. Rapidly rising costs also mean existing retailers must grow their sales densities in real terms to remain viable.

4.43 Consequently, to avoid making a turnover allowance for existing retailers would, in our view, lead to a “double-counting” of future available retail expenditure and thus an over-estimation of the need for additional retail floorspace (ie. the consumer spend required by existing retail floorspace would be used to justify the need for new retail floorspace).

4.44 Experian has recently published a Retail Planner Briefing Note which provides their latest forecasts for changes in retail sales densities. This is set out in Appendix 2F. The forecasts take into account likely changes to the stock of retail floorspace, which is Experian’s “recommended” method. The forecasts are summarised in Table 4.3, and show declines from 2009 to 2011, prior to a return to positive average growth from 2012 through to 2026.

<table>
<thead>
<tr>
<th>Table 4.3</th>
<th>Retail Sales Densities: Forecasts (% Per Annum)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenience</td>
<td>-3.4</td>
</tr>
<tr>
<td>Comparison</td>
<td>-0.5</td>
</tr>
</tbody>
</table>

Source: Experian, Retail Planning Briefing Note 8.1, August 2010.

4.45 Experian further advise that for centres where there is a material over-trading at the present time, it is likely that the potential for real gains in sales productivity in the future will be less than the UK averages set out in paragraph 4.43. Similarly, in centres where there is currently significant under-trading, there is likely to be potential for gains in sales productivity in excess of the national average. However, if the monetary effects of (any) over-trading and under-trading in the base year are fully taken into account in the retail assessment – as is the case in this study – then it brings the centre retail economies into a retail equilibrium position akin to the UK average and consistent with Experian’s forecasts on the growth in store productivities. This link is important and has been established in discussions we have had with Experian. Consequently, it is perfectly reasonable to apply the Experian store productivity forecasts set out in Table 4.3 to the benchmark turnovers of existing convenience goods and non-bulky and bulky comparison goods floorspace within the centres in Cardiff County.
BENCHMARK TURNOVERS

4.46 In order to assess the scale of any over or under trading of the existing retail floorspace stock in centres at the base year (2008), we compare estimated actual retail turnovers, which are derived from the results of the household telephone survey, against estimated benchmark turnovers. Benchmark turnover has been estimated for each broad category of goods. The turnover estimates are built-up using published statistics on company average sales densities\(^1\) as applied to major stores, and on the basis of our professional judgement. The benchmark turnovers feed through into our assessment of retail floorspace need (Appendix 4).

FORECAST SALES DENSITIES

4.47 Sales density measures the relative efficiency with which floorspace is used by retailers to convert sales floorspace into retail turnover. We use forecast sales densities at two stages in our retail floorspace need assessment:-

- to estimate the turnover of (any) retail commitments; and

- to convert the available residual headroom expenditure at each of the forecast years into a need for additional retail floorspace.

4.48 In considering what are the most important sales densities to use it is necessary to bear in mind the following:-

- that sales densities relating to new food-based stores (which will open in the future) are likely to be higher than those which apply to all of the existing convenience goods floorspace stock in a centre at the base year (2008);

- that sales densities vary widely between different goods categories - being generally higher for convenience goods floorspace; and

- that sales densities for both convenience goods and comparison goods will increase over time due to the real increases in store productivity which we apply to all retail floorspace (see paragraph 4.43).

\(^1\) For example, as published in UK Retail Rankings, Mintel.
4.49 In selecting what we consider to be the most realistic sales densities to adopt, we have had regard to the characteristics of the Cardiff County retail economy and its principal centres, as well as published sources which give the average sales densities for leading retail operators.

4.50 Our assumed sales densities for estimating the turnover of retail floorspace in the development pipeline and for converting available headroom expenditure into a need for additional floorspace are set out in Table 4.4. The sales densities for bulky comparison goods and convenience goods represent ‘averages’ for all stores/locations within each goods category. However, the average sales density for non-bulky comparison goods assumes prime, retail development such as that found in the city centre, which will remain the major location for my additional provision of this kind within Cardiff County.

Table 4.4 Assumed Base Year and Forecast Sales Densities (£ psm net)

<table>
<thead>
<tr>
<th>Goods Category</th>
<th>Base Year</th>
<th>Forecast Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2008</td>
<td>2016</td>
</tr>
<tr>
<td>Non-Bulky Comparison goods</td>
<td>6,500</td>
<td>7,358</td>
</tr>
<tr>
<td>Bulky Comparison Goods</td>
<td>3,000</td>
<td>3,396</td>
</tr>
<tr>
<td>Convenience Goods</td>
<td>7,500</td>
<td>7,230</td>
</tr>
</tbody>
</table>

Note: The sales densities are higher in 2016, 2021 and 2026 because they include appropriate real increases in store productivities as set out in Table 4.3.

NET TO GROSS RATIOS

4.51 Where actual gross and net floorspace figures have been sourced we have used them. However, where it has been necessary to convert from gross to net (or vice versa) we have used the following net to gross ratios for retail floorspace:-

- Convenience goods 65:100 All locations and formats
- Non-bulky comparison goods 65:100 City, Town, District and Local Centres
  90:100 Retail Warehouses (Out of Centre)
• Bulky comparison goods 65:100 City, Town, District and Local Centres
• 90:100 Retail Warehouses (Out of Centre)

METRIC CONVERSION

4.52 Where necessary, we have converted square feet into metres (and vice versa) using the following formulae:

1 sq m = 10.764 sq ft
1 sq ft = 0.093 sq m

VAT

4.53 All expenditure and sales/turnover figures throughout the report include VAT.
5. SUB-REGIONAL SHOPPING PATTERNS

INTRODUCTION

5.1 The main purpose of this section is to quantify shopper behaviour and to determine the retail trading performance of:-

- Cardiff County as a whole; and
- its principal retail area – Cardiff City Centre;

in relation to non-bulky and bulky comparison goods, and convenience goods shopping.

5.2 The assessment draws primarily on the results of the household telephone survey which was carried out during August/September 2008 within Cardiff County and its shopping hinterland to inform the March 2009 Cardiff Retail Capacity Study. This survey has not been updated. Therefore, the assessment of shopping patterns and retail expenditure flows relates to the position in 2008, which remains the base year for this update. The retail floorspace, population and consumer expenditure data used in the analysis has already been described in Section 4.

5.3 Using the survey results, we also identify the main characteristics of consumer behaviour for non-bulky and bulky comparison goods and convenience goods shopping within County.

CATCHMENT AREA DEFINITION

5.4 The main objective of the household telephone survey was to obtain comprehensive information on consumer shopping trip patterns and expenditure flows for non-bulky and bulky comparison goods and convenience goods shopping within the sub-region. Our approach permits the following important assessments to be carried out:-

- for any given local area (or zone) or major centre we are able to not only estimate its retail turnover, but also identify where these sales originate from across the sub-region;
• for any given local area (or zone) we are able to not only estimate the amount of available expenditure, but also identify the volume and source of in-flow expenditure and the volume and destination of out-flow expenditure.

5.5 Within the survey area as a whole, we have determined the catchment area of Cardiff City Centre for non-bulky and bulky comparison goods and convenience goods shopping using survey data on consumer retail expenditure patterns. Our analysis permits the primary, secondary and tertiary catchments (where they exist) to be determined. For the purpose of this study we have adopted the following definitions:-

- **primary catchment**: comprises those zones from which the city centre attracts the majority of generated expenditure (i.e. more than 50%);

- **secondary catchment**: comprises those remaining zones from which the city centre attracts 25% or more of generated expenditure;

- **tertiary catchment**: comprises all remaining zones from which the city centre attracts 10% or more of generated expenditure.

5.6 Beyond the tertiary catchment, the detailed survey results show that the city centre attracts even smaller amounts of consumer retail expenditure from additional zones. Such expenditure flows will account for a very low proportion of Cardiff City Centre’s turnover and can, for most analytical purposes, be ignored. We have therefore excluded these zones from our definition of the city centre catchment area in this section, although such flows (as well as expenditure from visitors and tourists) are taken into account in the quantitative retail need assessment (Sections 6 and 7).

**ASSESSMENT OF THE CARDIFF COUNTY RETAIL ECONOMY AS A WHOLE**

5.7 Using the results of the household survey, we first consider the retail trading characteristics of Cardiff County as a whole in relation to non-bulky and bulky comparison goods and convenience goods shopping at the base year of 2008. In particular, we are able to determine the volume of expenditure in-flows and out-flows to and from the County for each category of goods.

5.8 By relating the scale of these expenditure in-flows and out-flows to the known ‘pool’ of available expenditure generated within County, we are able to estimate the 2008 retail
turnover of the County by category of goods. In addition, by expressing turnover as a proportion of available expenditure, the level of expenditure ‘retention’ can be estimated.

**Non-Bulky Comparison Goods**

5.9 The household survey indicated that of the £680 million of non-bulky comparison goods expenditure generated by the residents of Cardiff County in 2008 some £80 million leaked out to centres in adjoining areas (Figure 5.1). Thus the County retained £600 million of its non-bulky comparison goods spend, which equated to a retention rate of 88%. To this total, the County attracted an estimated in-flow of £585 million\(^1\), which resulted in an annual non-bulky comparison goods turnover of £1,185 million.

![Fig 5.1: Cardiff County: Retail Trading Characteristics: Non-Bulky Comparison Goods, 2008](image)

5.10 The total non-bulky comparison goods turnover of Cardiff County may be broken down by location as set out in Figure 5.2 overleaf. The figures indicate that Cardiff City Centre accounted for 86% of the County’s non-bulky comparison goods sales in 2008, whilst all 27 district and local centres combined attracted only 7% of trade. Out of

\(^1\) This total comprises of (a) £513 million of inflow spend from the survey area; (b) £47 million of estimated in-flow spend from day trippers living outside the survey area and (c) £25 million of in-flow spend from staying visitors.
centre retailers accounted for 5% of turnover, whilst the balance of 2% flowed to other small parades and corner shops.

**Figure 5.2: Cardiff County: Non-Bulky Comparison Goods Turnover Disaggregated by Location, 2008**

<table>
<thead>
<tr>
<th>Location</th>
<th>Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Centre</td>
<td>86%</td>
</tr>
<tr>
<td>All District and Local Centres</td>
<td>7%</td>
</tr>
<tr>
<td>Out of Centre</td>
<td>5%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
</tr>
</tbody>
</table>

*Bulky Comparison Goods*

5.11 For bulky comparison goods, the household survey indicated that £50 million of the available spend of £236 million in 2008 leaked out of the County to competing centres. (Figure 5.3). Thus £186 million of the locally generated bulky comparison goods expenditure in that year was retained within the County, equating to a retention rate of 79%. Adding to this an in-flow spend of £86 million produced an estimated annual bulky comparison goods turnover for Cardiff County in 2008 of £272 million.

**Fig 5.3: Cardiff County: Retail Trading Characteristics: Bulky Comparison Goods, 2008**

<table>
<thead>
<tr>
<th>CARDIFF COUNTY</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Available Expenditure</td>
<td>£236m</td>
</tr>
<tr>
<td>- Out-flow Expenditure</td>
<td>£50m</td>
</tr>
<tr>
<td>= Retained Expenditure</td>
<td>£186m</td>
</tr>
<tr>
<td>+ In-flow Expenditure</td>
<td>£86m</td>
</tr>
<tr>
<td>= Retail Turnover</td>
<td>£272m</td>
</tr>
</tbody>
</table>
5.12 Figure 5.4 disaggregates the total bulky comparison goods turnover of Cardiff County in 2008 by location. Unlike for non-bulky comparison goods, out of centre retailers accounted for a significant 61% of overall turnover, whilst the city centre captured just 28% of trade. The designated district and local centres had a combined market share of 8% with other shops accounting for the balance of 3%.

Figure 5.4 Cardiff County: Bulky Comparison Goods Turnover Disaggregated by Location, 2008

5.13 Combining the non-bulky and bulky comparison goods turnovers indicates that Cardiff County had a total comparison goods turnover of £1,457 million in 2008, of which 75% was generated by the city centre with 15% being captured by out of centre retailers. (Figure 5.5). Overall, 86% of all comparison goods expenditure generated by households within Cardiff County in 2008 was spent within the area, whilst 14% leaked out to competitor centres.

Figure 5.5 Cardiff County: Total Comparison Goods Turnover Disaggregated by Non-Bulky and Bulky Goods, 2008
5.14 Figure 5.6 summarises the consumer retail expenditure patterns for Cardiff County in 2008 in relation to all comparison goods.

Fig 5.6: Cardiff County: Retail Trading Characteristics: All Comparison Goods, 2008

Convenience Goods

5.15 In relation to convenience goods (Figure 5.7 overleaf), we estimate that Cardiff County attracted an estimated in-flow of £65 million in 2008, but that some £50 million leaked out to competitor centres/stores in other areas. Therefore, Cardiff County was a net importer of £15 million of convenience goods spend. Moreover, the figures indicate that the retail floorspace stock in Cardiff County in 2008 retained around 90% of the convenience goods expenditure generated within the area and had an estimated convenience goods turnover of some £532 million.
5.16 In Figure 5.8 the total convenience goods turnover of Cardiff County in 2008 is disaggregated by location. This confirms that out of centre stores accounted for 70% of the County’s convenience goods trade, with the city centre and all district and local centres together capturing just 18%.

Figure 5.8: Cardiff County: Convenience Goods Turnover Disaggregated by Location, 2008

5.17 Combining the convenience and comparison goods categories indicates that Cardiff County had an estimated total retail turnover of £1,433 million in 2008, of which 73% related to comparison goods shopping and 27% to convenience goods (see Figure 5.9 overleaf). Overall, 88% or £1,253 million of the total retail expenditure generated by households within Cardiff County in 2008 was spent within the area, whilst 12% or £180 million leaked out to competitor centres. (see Figure 5.10 overleaf).
5.18 We now turn to defining the comparison goods and convenience goods shopping catchment areas for Cardiff City Centre using the results of the 2008 household survey (and the catchment methodology set out at paragraph 5.5)\(^1\). It should be borne in mind in the following analysis that zones are dealt with in their entirety, although in practice parts of a zone may actually fall within the retail influence of a different centre to that being described.

\(^1\) This survey pre-dates the opening of St Davids 2 in Cardiff City Centre in October 2009.
**Non-Bulky Comparison Goods**

5.19 Cardiff City Centre’s catchment area for non-bulky comparison goods shopping is defined in Figure 5.11 overleaf. The map shows that the city centre generates a primary catchment area extending across zones 1 to 5 inclusive which cover Cardiff County, whilst its secondary catchment encompass a further six zones located to the west and north of the city. Newport restricts Cardiff’s trade pull to the east. Zones 10, 12, 13, 14, 16, 17 and 18 define the city centre’s tertiary catchment, which stretches from Port Talbot in the west, to Merthyr Tydfil and Ebbw Vale in the north, and Caldicot to the east.

**Bulky Comparison Goods**

5.20 The catchment area of the city centre for bulky comparison goods shopping is shown in Figure 5.12 overleaf. Unlike for non-bulky comparison goods its catchment is weak both geographically and in terms of trade penetration. This reflects the limited bulky comparison goods retail offer of the city centre; most of the County’s bulky goods offer is now located in out of centre retail warehouses.

**Convenience Goods**

5.21 Convenience goods representation is too limited in Cardiff City Centre for it to exert any kind of catchment area under our definition. There are only a limited number of food stores within the city centre and even these stores cater mainly for top-up food shopping. However, this is typical of a large regional shopping destination, which has a focus targeted primarily at non-bulky comparison goods.

**CENTRE DOMINANCE**

5.22 Centres or retail locations which capture the largest single share of available comparison goods or convenience goods expenditure within a zone (as derived from the 2008 household telephone survey) we describe as being dominant within that area. Figures 5.13, 5.14, and 5.15 overleaf show town dominance across our survey area for non-bulky and bulky comparison goods and convenience goods shopping respectively. The maps provide a good visual indication of the relative strengths of centres across the entire survey area for each category of goods.