

DTZ *Re:MAP* RETAIL CAPACITY ASSESSMENT

BASE YEAR ASSUMPTIONS

DTZ *Re:MAP* – BACKGROUND & SCENARIO TESTING

1. DTZ *Re:Map* is able to model the market potential of any centre or store, as measured by its potential catchment population and the available retail spending, and benchmark this against its current retail floorspace stock. The model is then able to provide forecasts of changes in population, retail spending and new floorspace developments over a 10-15 year period. Based on assumptions about how much trade will be required to support this existing and future floorspace, the model provides an assessment of the quantum of surplus spending that will be available to support new developments over the forecast period.
2. The key findings of the DTZ *Re:Map* capacity assessments for comparison and convenience goods retailing are detailed in the Excel spreadsheet tables set out in Appendices.
3. For the purpose of the **comparison and convenience goods** retail capacity assessment we have modelled three different scenarios to test the sensitivity of the outputs of DTZ *Re:Map* to changes in a number of the key inputs: -
 - **Scenario 1: 'Baseline - Steady Growth' (unadjusted market shares)** – This scenario tests the capacity for new comparison and convenience floorspace based on the 'raw' market share figures derived from the household survey. The 'baseline' case assumes that the derived market shares will remain constant over the forecast period 2001 to 2016.
 - **Scenario 2: 'Decline' (adjusted market shares)** – This scenario tests the capacity for new comparison floorspace only based on a declining market share. For this scenario we adjust downwards Woking town centre's market share by 10%. This downward adjustment is based on leakage and competition arising from a 'do nothing' scenario where Woking is negatively impacted by development and investment in competing centres.
 - **Scenario 3: 'Clawback' (adjusted market shares)**: This scenario tests the capacity for new comparison floorspace based on an increasing market share. For the purpose of this scenario we assume an uplift in Woking town centre's market share by 10%. This uplift is based on the town centre 'clawing back' shoppers and spend from competing centres due to new investment and development.

Table 1 Capacity Assessment - Comparison & Convenience Goods:		
Scenarios	Growth in 'efficiency' (% per annum)	Growth in average spend (% per annum)
CONVENIENCE GOODS:		
Scenario 1 (unadjusted market shares)	0.0%	0.3%
COMPARISON GOODS:		
Scenario 1 (unadjusted market shares)	1.5 % & 2.5%	4.4 %
Scenario 2 (adjusted market shares)	1.5% & 2.5%	4.4%
Scenario 3 (adjusted market shares)	1.5% & 2.5%	4.4%

4. The following commentary briefly describes the seven key stages in the DTZ *Re:Map* capacity assessment and sets out the baseline assumptions underpinning the analysis.

Stage 1: Study Area, Population and Spending Forecasts

5. The starting point for the capacity assessment is to define the study area and to understand current shopping patterns. For the purpose of this capacity assessment we have defined the study area using six zones. Zone 1 covers Woking and its immediate surrounds. The study area, as defined, covers a wider area than the city area to reflect the fact that the Woking draws trade from a wider catchment. The study area provides a robust baseline position for determining the market potential of existing retail facilities. Using the zones also facilitates a more detailed analysis of the potential 'leakage' of retail spending to other competing centres and stores in neighbouring local authorities at the base year.
6. The base year population and average spend estimates have been derived in-house by DTZ using our MapInfo Geographic Information System (GIS). This system runs the *TargetPro* demographic (formerly know as URPI *Illumine*) and *ACORN* lifestyle datasets. This is a standard source widely used by planning consultants and tested at Public Inquiry. The key assumptions underpinning DTZ *Re:Map* Stage 1 and the main outputs of the model are briefly described below: -
 - **Base Year Spend** – The average spend per capita estimates derived from *TargetPro* are for 2001 (in 2001 prices).
 - **Spend Projections** - For comparison goods we have used DTZ's recommended long term growth rate for spending of +4.4% per annum. The DTZ view has been based on historical trends derived from MapInfo Brief 04/02 "*Goods based retail expenditure estimates and price indices*" (April 2004) and Experian's "*Retail Planner Briefing Note 1.2*" (November 2003).
 - **Total Available Spend** – Combining the average spend (of all zones) and

population forecasts, we calculate the potential total available spend on comparison goods (based on 'Baseline' Scenario 1) will increase by 97.9% from £798.4million to £1,579.7 million between 2001 and 2016. In contrast, spend on convenience goods is forecast to increase by 8.5% from £465.0 million to £504.4 million over the same period.

8. The outputs of Stage 1 clearly demonstrate that the growth in Woking's comparison goods market will significantly outstrip spending on convenience goods. This has important implications for the capacity for new retail development in these two retail sectors over the forecast period.

Table 2					
Estimated Population and Available Spend at Base Year (2001)					
	Population	Average Spend per Capita		Total Available Spend (£million)	
		Non-Food	Food	Non-Food	Food
Zone 1	75,601	£2,990	£1,745	£226.0m	£131.9m
Zone 2	20,940	£2,949	£1,742	£61.8m	£36.5m
Zone 3	55,678	£3,016	£1,761	£167.9m	£98.0m
Zone 4	57,555	£3,132	1,807	£180.3m	£104.0m
Zone 5	23,992	£3,265	£1,861	£78.3m	£44.6m
Zone 6	28,160	£2,985	£1,773	£84.1m	£49.9m
TOTAL:	261,926	~	~	£798.4m	£465.0m
Source: DTZ <i>ReMap</i> , (Appendix 8 & 9, Stage 1)					

Stage 2: Floorspace Stock

9. This stage sets out DTZ estimates of net comparison and convenience goods floorspace within the catchment. These floorspace estimates are derived from a number of sources including Local Authority figures and Goad datasets. Stage 2 in the *Re:Map* models provides a more detailed breakdown of the floorspace figures underpinning Stage 2 of our analysis.
10. For the capacity analysis **Table 3** lists the following in-town comparison commitments for Woking and West Byfleet. We have also separately listed all out-of-centre comparison goods commitments in **Table 4**.

Table 3: Comparison Goods Commitments : Town Centre (sq.m)				
Centre	Application No:	Location	Additional Floorspace (Gross - sq.m.)	Additional Floorspace (Net - sq.m.) ⁽¹⁾
Woking	2000/0268	Land adjacent to Mercia Walk / Commercial Way	100	60
West Byfleet	2004/0307	49 – 50 Station approach	175	105
Comparison In-town Total			275	165
Note: Based on a gross to net ratio of 60%				

Table 4: Comparison Goods Commitment: Out-of-Centre (sq.m)				
Centre	Application No:	Location	Additional Floorspace (Gross - sq.m.)	Additional Floorspace (Net - sq.m.) ⁽¹⁾
Brookwood	2002/1127	Sainsbury's Homebase, Redding Way	2,483	1,986.4
Sheerwater	2000/0605	Unit A, Forsyth Road	100	80
Out-of-Centre Total			2,583	2066.4
Note: Based on a gross to net ratio of 80%				

11. **Table 5** lists the in-town convenience commitments for Woking and the other District and Local Centres. There were no out-of-centre convenience commitments.

Table 5: Convenience Goods Commitments: In-town (sq.m)				
Centre	Application No:	Location	Additional Floorspace (Gross - sq.m.)	Additional Floorspace (Net - sq.m.) ⁽¹⁾
Woking	2003/1370	Peacocks Centre, Victoria Way	1,232	739.2
	1999/1403	Land adjacent to 5 The Broadway	103	61.8
	2002/1417	Former Railway yard Depot, Victoria Road	140	84.0
	2002/1171	8 Guildford Road	99	59.4
Woking Total			1,574	944.4
Goldsworth Park	2004/0054	Waitrose Supermarket	214	128.4
Kingfield	2000/0569	Sherpa House, Kingfield Rd.	67	40.2
	1999/1403	1 The Shops, Kingfield Rd.	180	108.0
Convenience In-town Total			2,035	1,221
Note: Based on a gross to net ratio of 60%				

Stage 3: Market Share Estimates

12. Stage 3 sets out our estimates of the share of available comparison and convenience goods spend which is currently being attracted to existing centres and stores in the Borough. This stage of DTZ *Re:Map* drives our assessment of the turnover potential of existing retail provision in the Borough (Stages 5 and 6) and the potential capacity for (and impact of) new floorspace over the forecast period (Stage 7).
13. The robustness of this market share approach is necessarily dependent on judgments as to the relative scale, quality and location of existing retail facilities within Woking and beyond. To help inform these judgments we have drawn on the results of the household interview survey which specifically asked where people shop for their main food, fashion and “bulky goods” purchases and how much they spent on these different items on their last shopping trip.
14. Nevertheless, it is important to state at the outset that the household survey can only provide a broad indication of shopping patterns within the Borough. The derived market shares provide a guide as to how much total potential spend is being attracted to the Borough’s key centres and stores.
15. Our market share estimates for both the comparison and convenience goods sectors in the Core and Outer Catchment Areas are briefly described below.
16. The unadjusted market shares for Comparison Goods Scenario 1 (‘baseline’) are as follows:

Table 6: Comparison Goods Retailing: Unadjusted Market Shares (%)						
	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6
Woking TC: <i>Unadjusted:</i>	34.6%	19.6%	6.4%	2.3%	28.4%	7.7%
West Byfleet TC: <i>Unadjusted:</i>	0.9	8.7%	0.0%	0.0%	0.0%	0.0%
Retail Warehouses: <i>Unadjusted:</i>	11.4%	4.3%	1.1%	0.4%	7.2%	1.0%
Source: DTZ <i>ReMap</i> , (Appendix 8, Stage 3)						

17. The unadjusted convenience goods market shares are detailed below:

Table 7: Convenience Goods Retailing: Unadjusted Market Shares (%)						
	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6
Woking TC: <i>Unadjusted:</i>	17.7%	1.0%	3.6%	1.3%	27.9%	0.9%
District & Local Centres: <i>Unadjusted:</i>	25.5%	15.8%	1.5%	0.0%	7.3%	1.2%
Out of centre stores: <i>Unadjusted:</i>	39.4%	13.3%	7.4%	0.7%	28.2%	0.7%
Source: DTZ ReMap, (Appendix 9, Stage 3)						

Stage 4: Trade Draw Estimates

18. At this stage in our analysis we calculate the proportion of each centre's (or store's) total turnover that is drawn from outside the defined study area (i.e. outside The Core and Outer Catchment). This trade draw estimate, in combination with the market share assumptions (Stage 3), are the two main inputs to the DTZ *ReMap* model and drive the assessments of retail capacity and impact.
19. The trade draw of a centre or store from within its defined catchment areas (i.e. the 'core' and 'outer' areas) is an output of the market share estimates (at Stage 3) and can be used to test whether the assumed market shares are reasonable or not. Dependent on their size, location, accessibility and quality of shopping provision, we normally assume that a certain proportion of the total estimated turnover of a centre or store will also be derived from beyond the study area (in this case from beyond the 'outer' study area).
 - Comparison Goods – Research and survey evidence clearly demonstrates that town and city centres with a significant 'critical mass' of retail floorspace, as well as a diverse mix and quality of retail, leisure, service, tourist and cultural attractions draw shoppers and visitors from wide catchment areas. Based on the scale and quality of their retail offer, and the findings of the household survey, we therefore assume that Woking town centre draws approximately 10% of its total sales from outside the study area. In contrast, we estimate that the smaller centre of West Byfleet will draw 5% as will retail warehouses.
 - Convenience Goods – The growth in foodstore provision since the 1980s generally means that people do not travel more than ten minutes drive time to fulfil their main food shopping requirements. Nevertheless, there are some exceptions where people do make choices based on price, ease of access, quality of offer and brands. In our judgement, based on the scale and quality of their retail offer (and the findings of the household survey), we assume that Woking will draw 5% of its total sales from outside the study area. The District and Local Centres due to their relative local function will draw 1%, and the large out-of-centre foodstores will achieve an average trade draw of 5%.

Stage 5: 'Potential' Turnover Forecasts

23. The main outputs of DTZ *Re:Map* are total turnover (Stage 5) and the average turnover to floorspace ratios (Stage 6). The sensitivity of these 'potential' turnover estimates to changes in the main inputs to the model (Stages 1 – 4) has been tested at all stages of the analysis to ensure that the final turnover assumptions are reasonable and robust.

Stage 6: 'Potential Average Sales Density'

24. Stages 5 and 6 also forecast the potential growth in turnover up to 2016 based on our forecasts of population and spending growth and taking account of likely changes to town centre market shares due to new development and/or qualitative improvements (such as improved management, marketing or improved access/parking). For example, in Scenario 1 of the comparison retail capacity assessment (no change in market share), Woking's comparison goods turnover is forecast to increase from £148.7 million in 2001 to £293.6 million by 2016.
25. The DTZ estimates for comparison and convenience goods turnover and sales density, based on the market shares are set out in the **Table(s) 8 and 9** below:

Table 8: Comparison Goods Turnover Potential, 'Baseline' Scenario: 2001 – 2016 (Assuming town centre 'efficiency ratio' of 1.5% per annum)				
@2001 prices	Total 'Potential Turnover (£ million)		Average Sales Density (£ per sq.metre)	
	2001	2016	2001	2016
Woking TC	£148.7m	£293.6m	£3,406	£6,273
West Byfleet	£7.7m	£15.2m	£1,800	£3,538
"Bulky Goods"	£39.2m	£77.5m	£4,671	£9,221
Source: DTZ <i>ReMap</i> , (Appendix 8, Stage 5)				

Table 9: Convenience Goods Turnover Potential, 'Baseline' Scenario: 2001 – 2016 (Assuming town centre 'efficiency ratio' of 1.5% per annum)				
@2001 prices	Total 'Potential Turnover (£ million)		Average Sales Density (£ per sq.metre)	
	2001	2016	2001	2016
Woking TC	£43.7m	£47.5m	£8,259	£8,984
District & Local Centres	£45.2m	£48.8m	£12,342	£13,325
Out-of-Centre stores	£81.8m	£88.7m	£14,710	£15,937
Source: DTZ <i>ReMap</i> , (Appendix 9, Stage 5)				

Stage 7: Retail Capacity Assessment (2003)

26. This final stage in the analysis sets out our assessment of the capacity for new comparison and convenience goods retail floorspace over the forecast period. In

this case up to 2016. It is important to restate that none of our calculations include inflation and are expressed in terms of constant 2000 prices.

27. There are a number of key assumptions underpinning our analysis and these are briefly described below: -

- **“Equilibrium”** - At the Base Year we have necessarily assumed that Woking’s retail market is in equilibrium and that existing centres and stores are trading at average turnover levels. As a result we calculate that there is no residual convenience or comparison goods expenditure available to support new floorspace at the Base Year. This is a conventional assumption in retail capacity assessments, which assumes a zero requirement for new retail floorspace at the Base Year. This is because it is difficult to ascertain whether centres and stores are under or over-trading at the Base Year.
- **“Efficiency”** – For existing comparison goods retailers in the Woking catchment we allocate a proportion of the forecast growth in spend to allow for the increased “efficiency” of existing floorspace. This is a standard approach used in retail studies and it is generally assumed that retail businesses in existing centres need to grow at between 1.0% - 1.5% per annum in real terms to remain commercially viable. It is argued that this growth allows businesses to maintain their current trading performance and customer service through new investment. It therefore helps existing town and shopping centres to maintain their vitality and viability in accordance with policy guidelines. We do not, however, apply this growth rate to out-of-centre shops and stores, as this is not supported by policy guidance. For comparison goods, we have tested in our main ‘Baseline’ scenario an annual ‘efficiency’ growth rate of 1.5% and 2.5% (see Appendix 8). We do not model a growth rate for food retailing as the forecast nominal growth in average convenience goods spend does not support this assumption.
- **“Capacity”** – The final steps in the capacity assessment involve the application of an average sales density for new food and non-food retailing, to the surplus expenditure, to calculate the residual net and gross floorspace that can be supported up to 2016. For the purpose of this analysis we assume that the average sales density of new floorspace tested at Step 5 is the same for existing floorspace. We also assume that this new comparison goods floorspace will also increase its “efficiency” by 1.5% & 2.5% per annum, so that existing businesses and new businesses are treated similarly in terms of their future performance.