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Volume 1 – Main Report and Appendices

4.   RETAILING – LOCAL CONTEXT AND QUALITATIVE NEED

Introduction

4.1   As described in Section 1 (paragraphs 1.4 to 1.9), Portsmouth City Council is in the process of considering a number of retail development proposals and applications across the city and, for this reason, requires an objective assessment of retail need to be undertaken in order to assist them in determining the best strategy. In this study, we consider need from two broad perspectives; the **qualitative need** for additional retailing is addressed later in this section, while in Section 5 we undertake a **quantitative need** assessment, which determines the scope (or capacity) for more retail floorspace to be provided through to 2016 for each of the main categories of goods.

4.2   We begin, however, by describing the role and performance of Portsmouth City Centre and the other main retail centres in the District. Many of the issues raised in this section are illustrated by photographs. These are contained in **Appendix 2**. Our assessment draws together data from a range of sources.

Retailing Provision within Portsmouth District

4.3   Portsmouth City Centre is the principal focus for shopping, services and employment and the City Council define it as a sub-regional centre. Southsea is defined as a town centre and is supported by a number of suburban centres, namely Cosham, Fratton and North End/London Road. A further major retail destination is the Gunwharf Quays Designer Outlet, although this location is not given a definition. Each of the smaller suburban centres strives to serve the convenience and, to a lesser extent, the comparison goods shopping needs of their own tightly drawn catchments. In general, however, they tend to function in the retail shadow of nearby Portsmouth City Centre, particularly for comparison goods shopping.

4.4   Below the tiers of sub-regional, town and suburban centre, there are a number of small local centres and 'corner' shops located throughout the district. These primarily serve top-up food shopping needs. There is virtually no comparison goods shopping available in any of these centres/shops.

4.5   Portsmouth District also contains a range of out of centre retail parks and food superstores and these are listed in **Appendices 3A, 3B and 3C**. The retail warehouses (e.g. at Ocean

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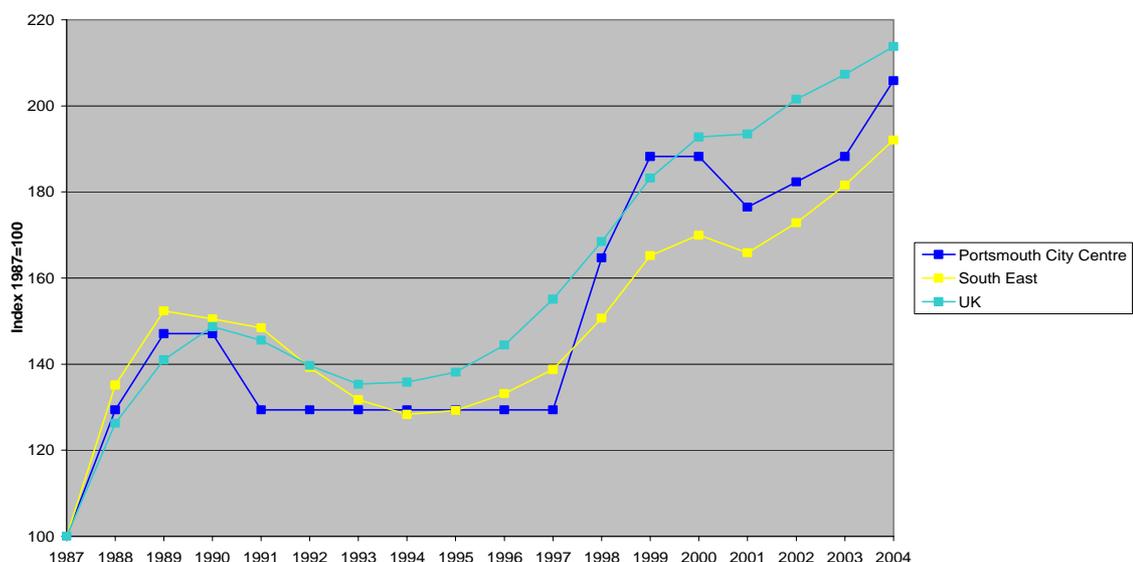**Volume 1 – Main Report and Appendices**

Park) attract trade from much of the district and from even further afield, whilst the large food superstores tend to serve more localised catchments.

4.6   We now briefly describe the retail economies of Portsmouth City Centre, Southsea, Gunwharf Quays, Cosham, Fratton and North End/London Road and then focus on out of centre retailing provision. The section ends with a brief assessment of the qualitative need that exists (if any) for new retailing provision in each centre.

Portsmouth City Centre

4.7   A comparison of prime retail rental performance between 1987 and 2004 for Portsmouth City Centre the South East Region and the UK is shown in **Figure 4.1**. Over the full period Portsmouth has marginally under-performed the UK benchmark, but slightly out-performed the South East average. The national average illustrates the boom/bust cycle over the past 17 years with rents increasing steeply in the boom years of the late 1980s, falling during the recessionary period of the early 1990s and then picking up again during the recovery of the mid 1990s. By comparison, rents in Portsmouth City Centre rose more speedily than the national average in the late 1980s, but then fell more quickly and remained static from 1991 through to 1997. Rents then rapidly increased during 1998 and 1999, before falling back again around the turn of the century. Since 2001 prime rents in Portsmouth City Centre have risen once again, reaching their highest ever level at £175 Zone A in May 2004.
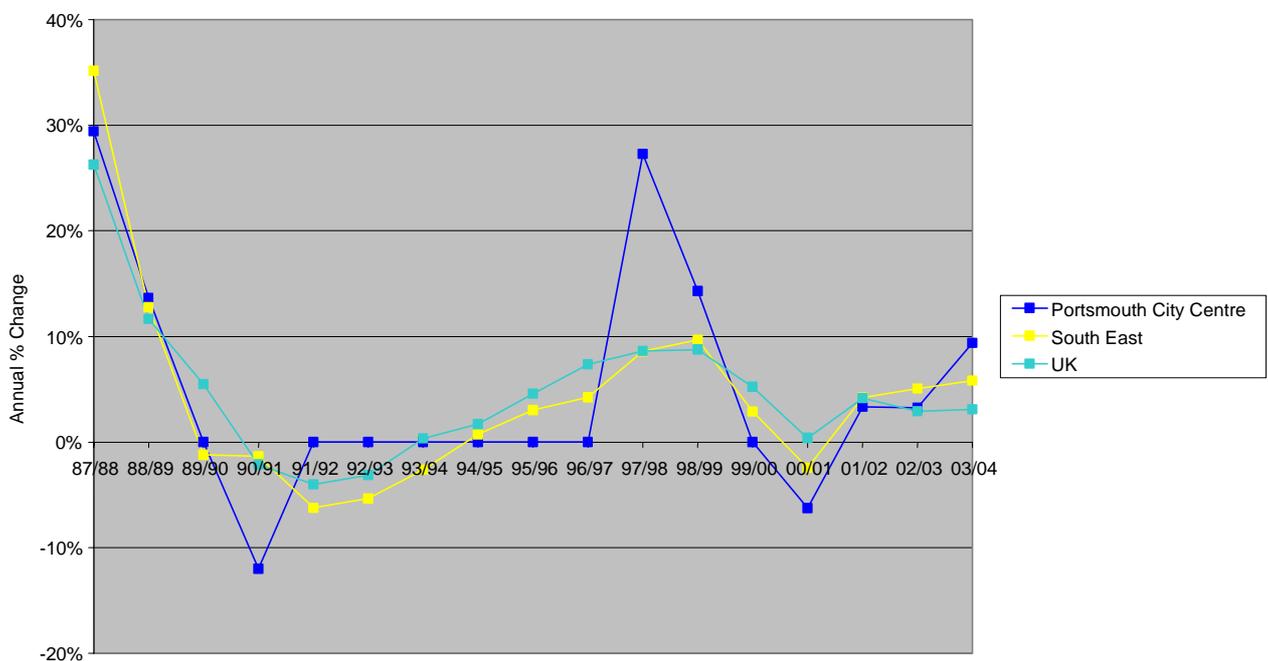
Figure 4.1: Prime Retail Rental Performance: Portsmouth City Centre vs South East Region and UK, 1987-2004

Source: Colliers CRE In-Town Retail Rents Database

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4.8   The comparative rental performance of Portsmouth City Centre, the South East and the UK is also shown in **Figure 4.2**, which plots the annual percentage change in rent from 1987 through to 2004. This graph confirms the higher volatility of rental change in Portsmouth; rents fall more than the regional and national average during times of slow down and rise faster when the retail market picks up. During the past 12 months, prime rental growth in Portsmouth City Centre has significantly out-performed that in the South East and UK.

Figure 4.2: Annual Percentage Change in Prime Rent: Portsmouth City Centre vs South East Region vs UK, 1987 - 2004

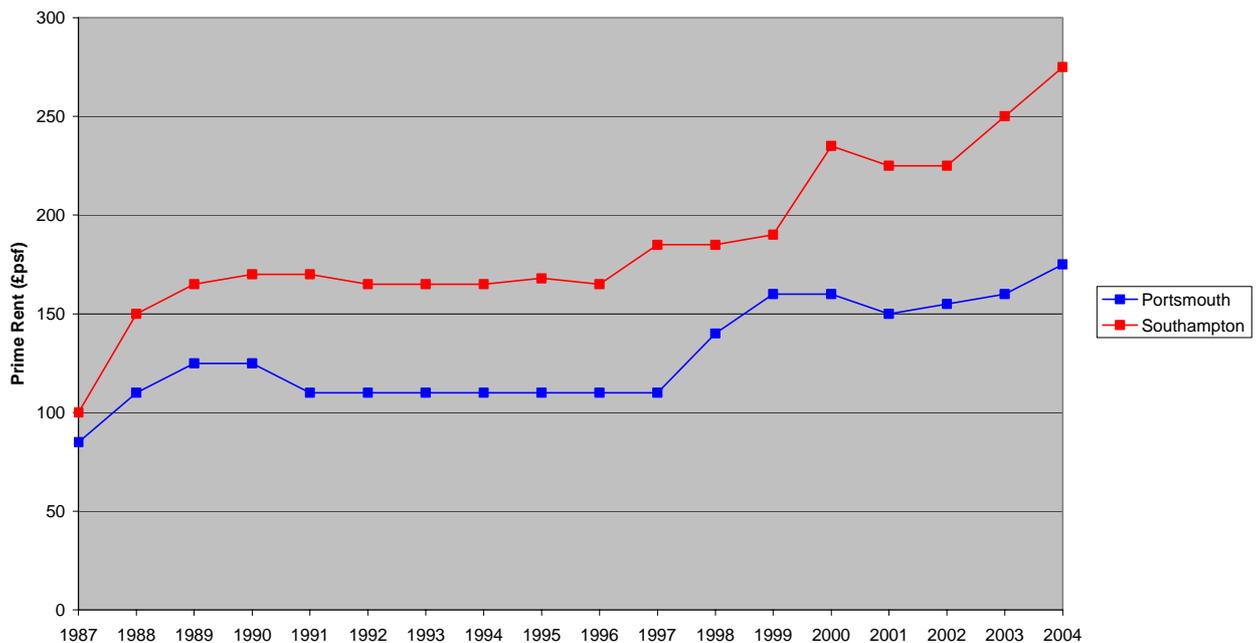Source: Colliers CRE In-Town Retail Rents Database

4.9   A comparison of prime rental performance since 1987 in Portsmouth and Southampton City Centres is shown in **Figure 4.3** overleaf. Over the full period Southampton has easily out-performed Portsmouth, although as recently as 1999 the performance of the two cities (since 1987) had matched one another. Since 1999, however, prime rental growth in Southampton has far out-stripped that in Portsmouth due largely to the new West Quay Shopping Centre, which opened in 2000. **Figure 4.4** overleaf shows the absolute levels of Zone A rents in Portsmouth and Southampton between 1987 and 2004. This confirms that Southampton has always been a higher rented centre, and that the "rental gap" has widened since the late 1990s. At the present time prime retail rents at Southampton are £275 psf, compared to only £175 psf in Portsmouth.

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Figure 4.3: Prime Retail Rental Performance: Portsmouth City Centre vs Southampton City Centre, 1987-2004
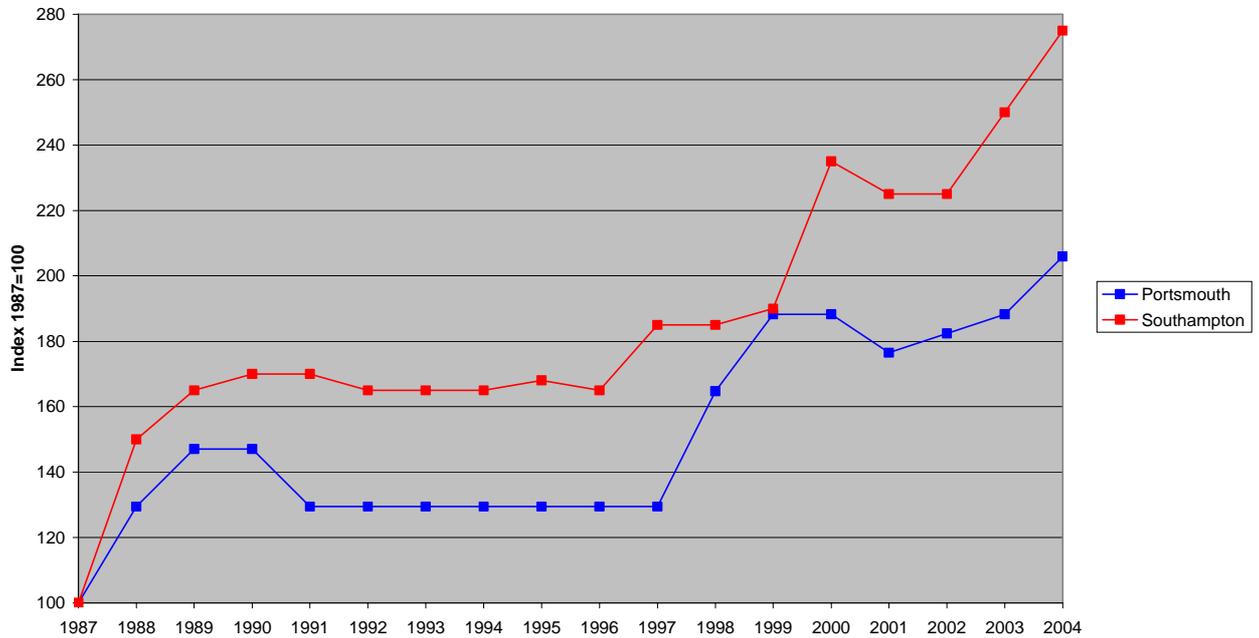
Source: Colliers CRE In-Town Retail Rents Database

Figure 4.4: Comparison of Prime Retail Rents in Portsmouth City Centre and Southampton City Centre (£psf), 1987-2004

Source: Colliers CRE In-Town Retail Rents Database

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4.10   Portsmouth City Centre is maintaining its retail attractiveness relative to other centres within Great Britain. The annual Centre Rankings published by MHE (**Table 4.1**) confirm that the centre's position has fluctuated only marginally between 72nd and 74th over the past five years, and has gained one position over the past 12 months.

Table 4.1: Portsmouth City Centre: MHE Retail Centre Rankings, 1998-2003

Year	1998/99	2000/01	2003/04
Rank	72	74	73

Source: MHE Shopping Centre Index

4.11   Similarly, shopping centre yields within Portsmouth City Centre have remained at or close to 6.50% over the past decade. This level of yield indicates that the city centre is not only attractive to investors, but the level of attractiveness is greater than that at many nearby town centres within Hampshire (**Table 4.2**).The yield for Portsmouth City Centre is, however, 1.5% higher than for Southampton (5.0% as at January, 2004), and 1.25% higher than at Chichester (5.25%).

Table 4.2: Shopping Centre Yields: Selected Centres as at January, 2004

Centre	% Yield
Portsmouth City Centre	6.50
Fareham	8.00
Havant-Leigh Park	10.00
Eastleigh	7.50
Bognor Regis	7.25

Source: VOA, Property Market Report, 2004

4.12   According to our best estimate, Portsmouth City Centre contains an estimated 53,850 sq m net of (occupied) retail floorspace (see **Table 4.3** overleaf). Of this total 47,000 sq m net, or 87%, is devoted to comparison goods and the balance, 6,850 sq m, or 13%, is taken up by convenience goods. This bias in favour of non-food shopping is a common characteristic of a higher order centre. As **Table 4.3** confirms, the comparison goods retail offer may be further

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disaggregated into non-bulky and bulky goods. On our estimates around 91% of the comparison retail offer of Portsmouth City Centre trades in non-bulky goods.

Table 4.3: Retail Floorspace in Portsmouth City Centre

Type of Shopping	Sq M Net	Col. %
Convenience Goods	6,850	13
Comparison Goods		
- Non Bulky	43,000	80
- Bulky	4,000	7
Total	**53,850**	**100**

Source: Colliers CRE

4.13 For data on vacancy we turn to Experian Goad which relates to a slightly different definition of Portsmouth City Centre. **Table 4.4** confirms that as at March 2003 (the date of the most recent Goad Plan), the number of vacant retail units was 61, covering an estimated 11,241 sq m gross of floorspace. Relative to all Goad centres in the UK, vacancy in Portsmouth City Centre, in terms of both the number of units and floorspace is currently well above average. However, most of this vacant floorspace total is accounted for by the redundant Tricorn Shopping Centre which is awaiting comprehensive re-development.

Table 4.4: Vacant Retail Floorspace in Portsmouth City Centre

March 2003 Index (UK = 100)	
61 units	186
11,241 sq m gross	152

Source: Experian Goad

4.14 Goad data on the general retail provision within Portsmouth City Centre is shown in **Table 4.5** overleaf. The data reaffirms that comparison goods floorspace is over-represented in the city centre; a characteristic often associated with higher order retail locations.

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Table 4.5: Diversity of Uses: Portsmouth City Centre

Type of Goods	No. of Outlets (Index: UK Average=100)	Floorspace (Index: UK Average=100)
Convenience	54	85
Comparison	105	114
Service	83	73

Source: Experian Goad

4.15   Much of the data in **Table 4.5** is presented on the map in **Figure 4.5** overleaf. This map illustrates a number of important points about the retail offer and layout of Portsmouth City Centre. These are as follows:-
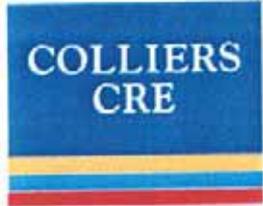
- Commercial Road and the Cascades Shopping Centre are the main locations for comparison good shopping;

- The same locations form the primary retail core of the city centre and are where the highest pedestrian flows and Zone A rents occur;

- The two principal convenience goods stores are easily identified – Sainsburys to the top of the map and Tesco on the right hand side; the remaining convenience goods shops are small and scattered throughout the city centre;

- Service uses are in the main confirmed to secondary frontages, especially at the extremities of Commercial Road and along Guildhall Walk, where a range of bars are located;

- Although the city centre currently has an above average number of voids, the map confirms that this is due to the redundant Tricorn Centre; there are in fact very few vacant units elsewhere.

4.16   In Section 3 we defined the shopping catchment areas for Portsmouth City Centre for convenience and non-bulky and bulky comparison goods. The extent of the catchment for non-bulky comparison goods, although constrained by major competitor centres, is, nevertheless, substantially larger than those for the other two sectors. Large food stores at Fratton and Southsea (Asda and Waitrose respectively) and the Ocean Retail Park are especially dominant, and severely restrict the retail influence of the city centre for food and bulky goods shopping.
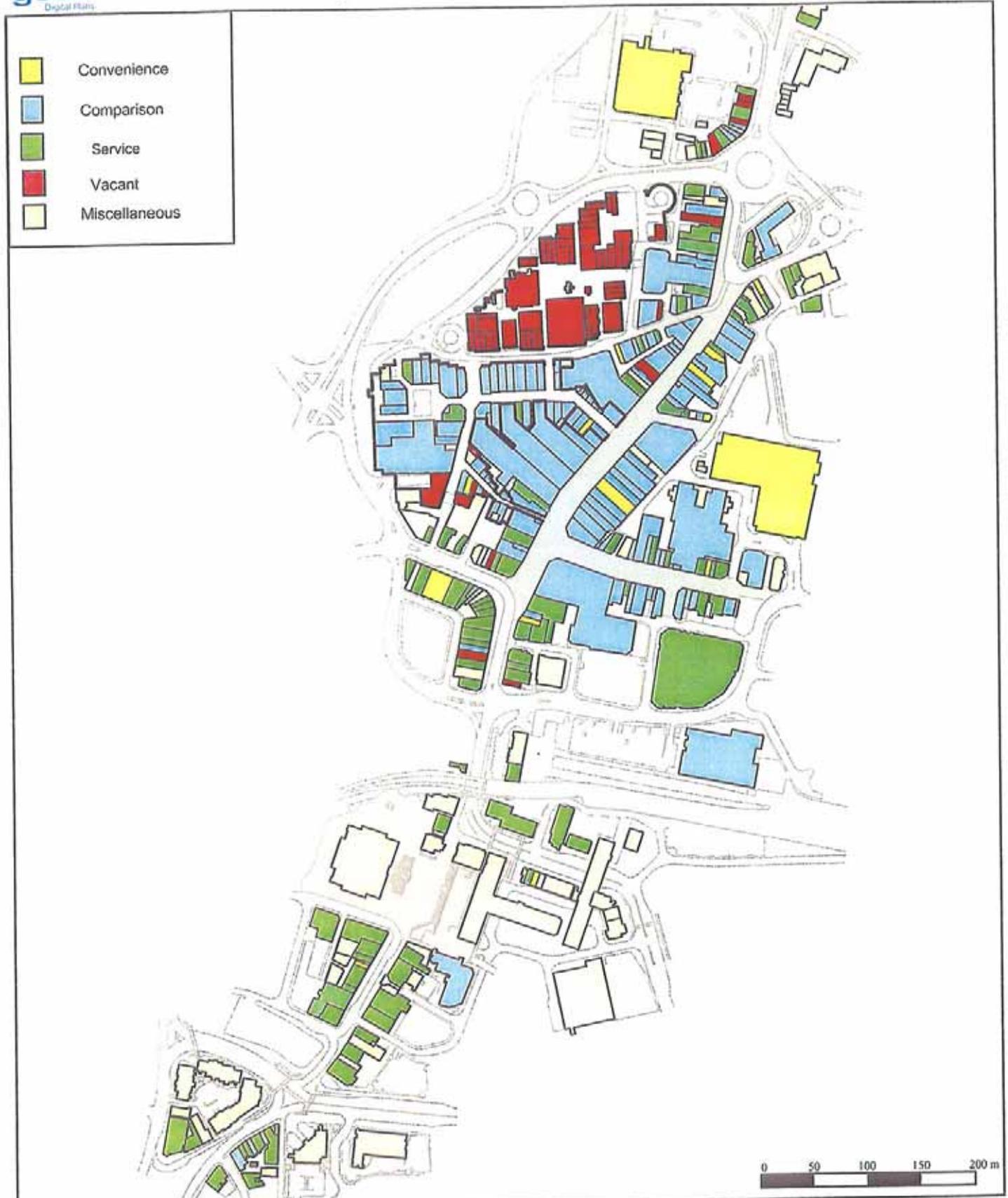
Fig 4.5 Portsmouth City Centre

goad
Digital Plans

experian

Legend
- Convenience
- Comparison
- Service
- Vacant
- Miscellaneous

0   50   100   150   200 m

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4.17   In summary, we conclude that Portsmouth City Centre has managed to maintain its retail ranking during the past five years and even improved its Zone A rent from £150 psf to £175 psf since 2001; strong demand and limited supply has been instrumental here. This is despite the considerable length of time that has passed awaiting the redevelopment of the redundant Tricorn Shopping Centre and the improvement in Southampton's retail attraction bought about by the new West Quay Shopping Centre. The city centre benefits from an Alders department store, the Cascades Shopping Centre, which contains a wide range of fashion multiples and two food superstores (Sainsburys and Tesco), although these are not well connected to the retail core. The City Council is also improving the landscape of the main shopping area, with Arundel Street having already benefited from new paving, seating and planting.

Southsea

4.18   Southsea shopping area, centred on Palmerston Road, lies around two kilometres to the south of Portsmouth City Centre. The City Council classify Southsea as a town centre, largely on the back of its two department stores – Debenhams and Knight and Lee (John Lewis) – which attract trips from over a wide area, a fact substantiated by the results of our household telephone survey. The current prime Zone A rent in Southsea is £50 psf, compared to the £175 psf in Portsmouth City Centre. It is, however, well above the levels of Cosham, Fratton and North End/London Road.

4.19   Relative to other centres in Great Britain, Southsea is losing its attractiveness and retail status. Over the past five years the centre's retail rank has fallen by more than 100 places (**Table 4.6**) and with no major retail development in the pipeline, its decline in the rankings may be expected to continue.

Table 4.6: Southsea: MHE Retail Centre Rankings, 1998 – 2003

Year	1998/99	2000/01	2003/04
Rank	300	321	404

Source: MHE Shopping Centre Index

4.20   Southsea's fall in rank is reflected in the centre's shopping yield. Yields remained at 9.0% from 1994 through to 2002, but since then have moved out to 10% or more. This indicates that Southsea is not an attractive location for investors.

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4.21   According to our best estimate, Southsea contains some 24,153 sq m net of retail floorspace (**Table 4.7**). Of this total 21,488 sq m net, or 89%, is occupied by comparison goods and the balance, 2,665 sq m net, or 11%, is taken up by convenience goods. The bias in favour of non-food shopping is consistent with its status as a town centre. As Table 4.7 shows, the comparison goods offer may be further broken down into non-bulky and bulky goods. Our figures indicate that around 80% of the comparison retail offer of Southsea trades in non-bulky goods.

Table 4.7: Retail Floorspace in Southsea

Type of Shopping	Sq M Net	Col. %
Convenience Goods	2,665	11
Comparison Goods		
- Non-Bulky	17,190	71
- Bulky	4,298	18
Total	**24,153**	**100**

Source: Colliers CRE

4.22   Experian Goad data (**Table 4.8**) confirms that as at March 2003 (the date of the most recent Goad Plan), there were 12 vacant outlets in Southsea, comprising 1,812 sq m gross of retail floorspace. Thus relative to the UK, vacancy is well below average, both in terms of the number of outlets and floorspace.

Table 4.8: Vacant Retail Floorspace in Southsea

March 2003 Index (UK = 100)	
12 units	74
1,812 sq m gross	83

Source: Experian Goad

4.23   Goad data on the composition of retail facilities in Southsea is set out in **Table 4.9** overleaf. The data confirms that service uses are considerably over-represented, which is a characteristic usually found in lower order centres.

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Table 4.9: Diversity of Uses: Southsea

Type of Goods	Number of Outlets (Index UK Average = 100)	Floorspace (Index UK Average = 100)
Convenience	123	99
Comparison	83	115
Service	139	140

Source: Experian Goad

4.24   The data in Table 4.9 is presented in map form in **Figure 4.6** overleaf. This map illustrates a number of important points about the retail offer and layout of Southsea. These are as follows:

- The main location for comparison goods shopping is Palmerston Road, with the Debenhams and Knight and Lee department stores easily recognisable by their large footprints; these two stores dominate retailing in the centre;

- Convenience goods shopping is more scattered around the centre, although the large Waitrose supermarket stands out fronting Marmion Road;

- The map confirms the over-representation of service uses throughout the centre, with services dominating the frontages in Osbourne Road, Palmerston Road (south of the junction with Osbourne Road) and Marmion Road.

- Voids are very limited with none located along the primary shopping frontage of Palmerston Road; they are mainly focused on small units in fringe locations.
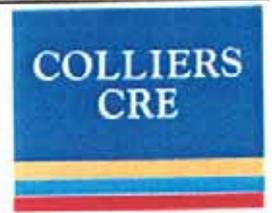
4.25   Despite having two leading department stores, Southsea is overshadowed in retail terms by the nearby and much larger Portsmouth City Centre. The centre is not big enough to dominate its own locality, although the centre, due to its department stores, does attract some trips from over long distances. With little in the way of new retail development the centre has slipped way down the rankings in recent years.

Fig 4.6 Southsea

experían

Convenience
Comparison
Service
Vacant
Miscellaneous

0   50   100   150   200 m

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Gunwharf Quays

4.26   Gunwharf Quays is an area of redeveloped land fronting Portsmouth Harbour around two kilometres to the west of Portsmouth City Centre. The centrepiece of the overall scheme, which also includes offices, leisure, catering and residential, is the Gunwharf Quays Designer Outlet. The retail scheme opened in 2001 and is especially popular with visitors and tourists. However, it is also visited regularly by Portsmouth residents and our household survey indicates it achieves a market share of 12% within its own Zone 9 (Portsmouth and Southsea) for non-bulky comparison goods shopping and around 5% for the rest of Portsea Island. In terms of its draw on locally generated consumer spend, it is therefore a good match for Southsea.

4.27   The MHE Retail Ranking gives Gunwharf Quays a rank of 565 in the UK, 492 and 161 places below Portsmouth City Centre and Southsea respectively. In the MHE ranking it is therefore placed mid-way between Cosham and North End/London Road. In practice, however, the retail turnovers (and sales densities) of the stores at Gunwharf Quays are significantly in excess of those in comparable sized centres, which means the centre's trading performance easily outstrips its MHE ranking. This anomaly is borne out by the results of our household telephone survey.

4.28   According to our figures, Gunwharf Quays contains 10,437 sq m net of retail floorspace (**Table 4.10** overleaf). Of this total, 10,175 sq m net, or 97%, is devoted to comparison goods and the remainder, just 262 sq m net, is taken up by convenience goods. The emphasis on non-food shopping is considerable and is consistent with the retail mix found in all other designer outlet/factory outlet centres throughout the UK. The comparison goods offer may be disaggregated into non-bulky and bulky goods. Our figures indicate that some 96% of the comparison retailing at Gunwharf Quays is in non-bulky goods.

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Table 4.10: Retail Floorspace at Gunwharf Quays

Type of Shopping	Sq M Net	Col. %
Convenience Goods	262	2
Comparison Goods		
- Non-Bulky	9,771	94
- Bulky	404	4
Total	**10,437**	**100**

Source: Colliers CRE

4.29   Data from Experian Goad confirms that as at November 2002 (the date of the most recent Goad Plan), there were eight vacant shop units at Gunwharf Quays, comprising some 4,394 sq m gross of floorspace (**Table 4.11**). This equates to an under-representation relative to the UK average in terms of the number of units, and an over-representation in terms of floorspace. It is likely that these figures, in practice, identified units that were awaiting occupation, since vacancy at Gunwharf Quays currently appears to be very low.

Table 4.11: Vacant Retail Floorspace at Gunwharf Quays

November 2002 Index (UK = 100)	
8 units	89
4,394 sq m gross	206

Source: Experian Goad

4.30   Goad data on the retail composition of Gunwharf Quays is shown in **Table 4.12** overleaf. This data highlights the huge emphasis on comparison goods retailing, with convenience shops being significantly under-represented compared to the UK average. There is also a big over-representation of service uses, although this is entirely due to the wide range of leisure facilities on offer (mainly cafes, bars and restaurants). Financial, professional and household service uses are very limited.

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Table 4.12: Diversity of Uses: Gunwharf Quays

Type of Goods	Number of Outlets (Index UK Average = 100)	Floorspace (Index UK Average = 100)
Convenience	49	10
Comparison	184	117
Service	66	158

Source: Experian Goad

4.31   The data in Table 4.12 is presented in map form in **Figure 4.7** overleaf. This map (which shows the ground floor only) illustrates a number of key points concerning the retail offer and layout of Gunwharf Quays. These are as follows:

- Virtually all of Gunwharf Quays is devoted to comparison goods shopping, particularly non-bulky goods;

- There are only a handful of small convenience goods shops present;

- Vacant units (at the time of the plan) are at the edge of the scheme;

- Leisure uses dominate the harbour frontages of the scheme and also the first floor (not shown).

4.32   Gunwharf Quays punches above its weight in shopping terms; the geographical extent of its catchment and its market share of locally generated non-bulky comparison goods expenditure belies its modest size. Although the scheme undoubtedly captures local spend that would otherwise flow to Portsmouth City Centre and Southsea, the development as a whole attracts into the city shoppers who would otherwise not visit Portsmouth. The spin-off (indirect) benefits of linked trips – visits to Gunwharf Quays and the city centre or Southsea – help to mitigate the (direct) impacts of the scheme on nearby existing retail centres.
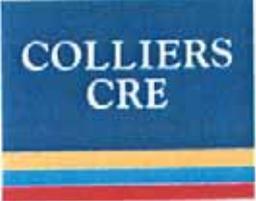
Cosham

4.33   Cosham is classified by the Council as a suburban centre. It is the only large retail centre within Portsmouth District that is not located on Portsea Island. The centre has a limited

Fig 4.7 Gunwharf Quays

Legend:
- Convenience
- Comparison
- Service
- Vacant
- Miscellaneous

Streets labelled: PHILIP AVENUE, TOGO AVENUE, MARLBOROUGH AVENUE, MERCATOR AVENUE, SIRIUS AVENUE, VERNON AVENUE, CENTRAL SQUARE, THE WATERFRONT, NEW HAMPSHIRE BOULEVARD

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catchment area geographically being located in close proximity to Havant and Waterlooville, although these are not especially strong towns in retailing terms.

4.34   MHE give Cosham a current rank of 421, a big improvement on its position in 1998/99 and 2000/01 (**Table 4.13**). Although it doesn't take much of an improvement in the retail offer for a centre to climb a significant number of positions when in the lower order of the ranking, a gain of 151 places since 2000 is, nevertheless, positive. However, this rise in rank has not been reflected in improvement in yield. VOA figures confirm that the shopping centre yield has remained at 9.0% for the past decade. Significantly, it is lower then the 10% plus at Southsea, indicating that the suburban centre of Cosham is currently more attractive to investors than the town centre.

Table 4.13: Cosham: MHE Retail Centre Rankings, 1998-2003

Year	1998/99	2000/01	2003/04
Rank	516	572	421

Source: MHE

4.35   Cosham contains an estimated 8,795 sq m net of retail floorspace (**Table 4.14**). Around 64% of this total, or 5,585 sq m net, is devoted to comparison goods with the balance, some 3,210 sq m net, or 36%, occupied by convenience goods. The share taken up by convenience goods is higher than for the sub-regional centres, but this is consistent with a lower order centre serving a more localised catchment area.

Table 4.14: Retail Floorspace in Cosham

Type of Shopping	Sq M Net	Col. %
Convenience Goods	3,210	36
Comparison Goods		
- Non-Bulky	4,636	53
- Bulky	949	11
Total	**8,795**	**100**

Source: Colliers CRE

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4.36   As at February 2002 (the date of the most recent Goad Plan), Experian Goad data indicates there were six vacant units in Cosham, comprising 1,802 sq m gross of floorspace (**Table 4.15**). This level of voids is considerably below the UK average and suggests a reasonably healthy level of retailer demand for representation in the centre.

Table 4.15: Vacant Retail Floorspace in Cosham

February 2002 Index (UK = 100)	
6 units	38
1,802 sq m gross	78

Source: Experian

4.37   Experian Goad data on the retail composition of Cosham is set out in **Table 4.16**. This serves to highlight the over-representation of convenience goods floorspace and the under-representation of comparison goods shopping relative to the UK average. This is consistent with suburban centres where there is usually more emphasis on food shopping. At Cosham, for example, Tesco, Kwik Save and Iceland are all represented. Similarly, the greater concentration of service uses is a feature of smaller centres.

Table 4.16: Diversity of Uses: Cosham

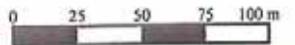| Type of Goods	Number of Outlets (Index UK Average = 100)	Floorspace (Index UK Average = 100)
Convenience	85	117
Comparison	99	71
Service	113	125

Source: Experian Goad

4.38   **Figure 4.8** overleaf portrays in map form the data in Table 4.16. A number of key points emerge in relation to Cosham's retail offer and layout. These are as follows:

- Comparison goods shopping is concentrated along the northern and middle sections of the High Street, with the pedestrianised section (shown in grey) representing the prime pitch;
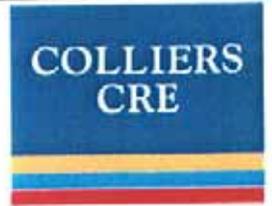
Fig 4.8 Cosham

goad
Digital Plans

experian

Legend:
- Convenience (yellow)
- Comparison (blue)
- Service (green)
- Vacant (red)
- Miscellaneous (cream)

0   25   50   75   100 m

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- Virtually all convenience goods shopping is clustered at the north end of the High Street with Tesco (on the left) almost directly opposite the slightly smaller stores belonging to Iceland and Kwik Save;

- Voids are minimal and are located at the very fringe of the centre – there are no vacant units at all along the main shopping frontages;

- Service uses are plentiful and found in large numbers throughout the centre, even along the main retail frontages of the High Street.

4.39   Although Cosham ranks as only a suburban centre, the key indicators suggest it is performing reasonably well. It probably benefits from being located on the mainland beyond the main retail shadow of Portsmouth City Centre. It also has more of a "centre" feel to it than Fratton and North End/London Road, which both straddle busy main roads/commuter routes, and better demographics within its immediate catchment area.

   Fratton

4.40   Fratton is located around one kilometre to the east of Portsmouth City Centre. The centre consists of The Bridge Shopping Centre, anchored by an Asda, and retail frontages along the busy Fratton Road. The centre is classified by the City Council as a suburban centre. The household telephone survey indicates that the centre has a relatively low attraction to consumers for bulky comparison goods shopping but the Asda is very popular for food shopping and exerts a major influence on shopper behaviour throughout the southern half of Portsea Island.

4.41   Fratton is not large enough to justify a position in the MHE retail ranking, which confirms that it is not within the top 1,500 centres in the UK. The centre is also too small to feature in the VOA shopping centre yields database.

4.42   According to our figures, Fratton comprises of around 8,702 sq m net of retail floorspace (**Table 4.17** overleaf) Of this total, 4,575 sq m net, or 53% is devoted to convenience goods shopping (mainly the Asda), whilst the balance 4,128 sq m net is occupied by comparison goods shopping. This emphasis on convenience goods is, as stated previously, a typical characteristic of a lower order centre. The comparison goods offer may be further disaggregated into non-bulky and bulky goods, with the former accounting for 80% of the

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comparison total. Fratton is located relatively close to the huge (12,292 sq m gross) B & Q Warehouse, which has opened recently at the Pompey Centre.

Table 4.17: Retail Floorspace in Fratton

Type of Shopping	Sq M Net	Col. %
Convenience Goods	4,574	53
Comparison Goods		
- Non-Bulky	3,302	38
- Bulky	826	9
Total	**8,702**	**100**

Source: Colliers CRE

4.43   Experian Goad data indicates that at May 2003 (the date of the most recent Goad Plan), there were 26 voids in Fratton, containing almost 4,000 sq m gross of floorspace (**Table 4.18**). Vacancy is therefore almost double the UK average in terms of both the number of units and floorspace. This suggests there is weak demand from retailers for representation in the centre.

Table 4.18: Vacant Retail Floorspace in Fratton

	May 2003 Index (UK = 100)
26 units	190
3,958 sq m gross	192

Source: Experian Goad

4.44   Experian Goad data on the retail composition of Fratton is set out in **Table 4.19** overleaf. The data serves to highlight the dominance of the Asda superstore; convenience goods floorspace is double the UK benchmark, whereas comparison goods is under-represented. This bias in favour of food shopping is typical of a suburban centre. Representation from service uses is close to the national average.

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Table 4.19: Diversity of Uses: Fratton

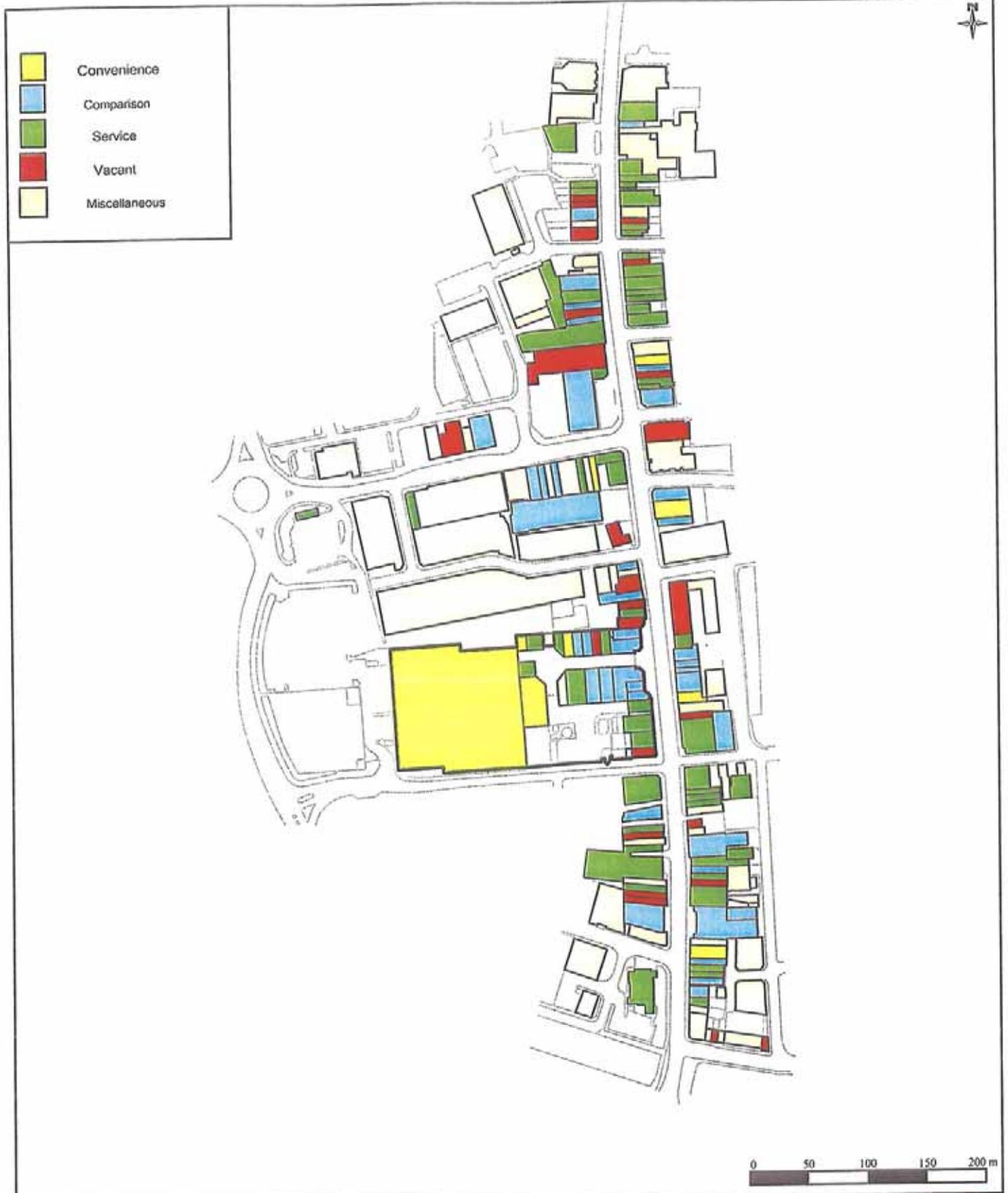| Type of Goods	Number of Outlets (Index UK Average = 100)	Floorspace (Index UK Average = 100)
Convenience	81	206
Comparison	79	76
Service	102	95

Source: Experian Goad

4.45 The data in Table 4.19 is presented in map form in **Figure 4.9** overleaf. A number of important points emerge:

- Virtually all of the convenience goods offer is concentrated on the large Asda superstore in the centre of the map;

- In contrast, comparison goods retailing is generally spread throughout the centre; this tends to dilute the retail offer and hinders the development of a prime pitch;

- Voids are very common and are located along the full length of Fratton Road, once again indicating a weakness in demand throughout most of the centre; The Bridge Shopping Centre, however, is fully let;

- Service uses are very dominant and are especially clustered along frontages to the north and south of the entrance to The Bridge Shopping Centre.

4.46 To summarise, Fratton is a suburban centre containing a very successful Asda food-store which attracts shoppers from all over the southern half of Portsea Island. However, the remainder of the centre provides a weak comparison goods offer and trades fairly poorly overall. Vacancy rates are high indicating a lack of retailer demand for representation in the centre. Although no hard data is readily available, it is likely that Fratton has contracted as a centre over recent decades and is likely to experience further consolidation in the future. The location of the centre in close proximity to Portsmouth City Centre and the relatively poor demographics of the local population do not help.
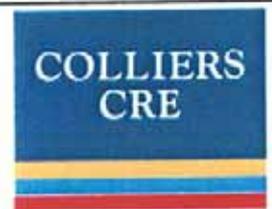
Fig 4.9 Fratton

experian

Convenience

Comparison

Service

Vacant

Miscellaneous

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0   50   100   150   200 m

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North End/London Road

4.47   North End/London Road is also classified as a suburban centre by Portsmouth City Council. It is a very linear centre, which straddles the busy A2047 which runs northwards out of central Portsmouth/Fratton. The household survey indicates that the centre serves only its immediate neighbourhood for comparison shopping, and even then its trade penetration is low. It does, however, perform better in relation to convenience goods shopping, with the Safeway store doing particularly well.

4.48   The MHE Retail Rankings confirm that North End/London Road is steadily slipping down the table. It was placed 486 in 1998/99, but is currently ranked at only 685 (see **Table 4.20**), a fall of almost 200 places in just five years. Significantly, North End/London Road was ranked 30 positions higher than Cosham in 1998/99 but is now 264 places further down the table. It is the lowest ranked (study) centre in Portsmouth District, except for Fratton, which is unranked.

Table 4.20: North End/London Road: MHE Retail Centre Rankings, 1998-2003

Year	1998/99	2000/01	2003/04
Rank	486	550	685

Source: MHE Shopping Centre Index

4.49   The decline of North End/London Road over the past decade or so is reflected in the change in shopping centre yields. Back in 1994, according to VOA data, the centre had a yield of 8.0%, which was the lowest in Portsmouth District outside the city centre. However, the centre's yield slipped to 9.50% by 1997 and has remained at this level through to the present day. It is now higher than Cosham (9.00%), but still marginally below Southsea (10.00% plus).

4.50   According to our best estimate, North End/London Road contains 16,973 sq m net of retail floorspace (**Table 4.21** overleaf). Of this total, 12,667 sq m net, or 74%, is devoted to comparison goods and the balance, 4,366 sq m net, or 26%, is taken up by convenience goods shopping. North End/London Road is, therefore, by a considerable margin, the third largest retail centre in Portsmouth District in terms of floorspace (after the city centre and Southsea). As Table 4.21 shows, the comparison retail offer may be broken down into non-

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bulky and bulky goods. Unusually for a district centre, almost 40% of the comparison goods floorspace is set aside for bulky goods shopping.

Table 4.21: Retail Floorspace in North End/London Road

Type of Shopping	Sq M Net	Col. %
Convenience Goods	4,366	26
Comparison Goods		
- Non-Bulky	8,068	48
- Bulky	4,539	26
Total	**16,973**	**100**

Source: Colliers CRE

4.51   Experian Goad data (**Table 4.22**) confirms that at May 2003 (the date of the most recent Goad Plan), there were 18 vacant units in North End/London Road, comprising some 2,536 sq m gross of retail floorspace. Therefore, relative to the UK, vacancy is below average, both in terms of the number of outlets and floorspace.

Table 4.22: Vacant Retail Floorspace in North End/London Road

	May 2003 Index (UK = 100)
18 units	69
2,536 sq m gross	71

Source: Experian Goad

4.52   Goad data on the composition of retail facilities in North End/London Road is set out in **Table 4.23** overleaf. The data confirms that both convenience and comparison goods retail floorspace is over-represented compared to the UK average, as are service uses. The centre has below average representation from miscellaneous uses, including car parks, medical services and public/civic buildings.

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Table 4.23: Diversity of Uses: North End/London Road

Type of Goods	Number of Outlets (Index UK Average = 100)	Floorspace (Index UK Average = 100)
Convenience	102	134
Comparison	93	107
Service	118	124

Source: Experian Goad

4.53   The data in **Table 4.23** is presented in map form in **Figure 4.10** overleaf. This map highlights a number of important points about the retail offer and layout of North/End London Road. These are as follows:

- The centre is extremely linear and consists almost solely of shopping frontages to London and Kingston Roads – the A2047;

- The comparison goods retail offer is spread throughout the centre with no clustering of units to provide a critical mass;

- Convenience goods shopping is concentrated on a number of key supermarkets; Kwik Save at the top of the map, Safeway (the largest store) towards the middle and Aldi on the western edge (on Kingston Cresent). Kwik Save and Aldi, however, do not fall within the Council's definition of the suburban centre;

- Voids are surprisingly few and are scattered throughout the length of the centre;

- Service uses dominate many frontages and are the major use even in central areas of North End/London Road close to Safeway.

4.54   In summary, North End/London Road was once a much more important and attractive centre than it is today. This is shown in its big fall down the rankings and its high shopping centre yield. Our household survey confirms that the centre's reach and trade penetration is low for comparison shopping, although the Safeway appears to be well used for food shopping. The evidence points to a large number of low turnover comparison goods stores in the centre, although voids are surprisingly low. The busy road, the narrow pavements and the strung out

Fig 4.10 North End - London Road

experian

Legend:
- Convenience
- Comparison
- Service
- Vacant
- Miscellaneous

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0   50   100   150   200 m

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configuration of the centre do not make it a particularly attractive retail destination to consumers

Out of Centre Retailing

4.55   Bulky comparison goods retailing within Portsmouth District is dominated by the Ocean Retail Park and the huge B & Q Warehouse at the Pompey Centre, Fratton. The former contains nine tenants (trading in electrical goods, DIY, toys, pets, office furniture, car accessories etc.) and contains more than 18,000 sq m gross of retail floorspace, whilst the B & Q covers an enormous 12,292 sq m gross on its own. Full details are given in **Appendix 3C**.

4.56   Elsewhere in the district there are six retail operators trading on the Victory Retail Park, located close to Portsmouth City Centre. This scheme contains just 4,600 sq m gross of floorspace. There are also several stand alone retail warehouse units including a Homebase at Farlington and a MFI at Hilsea.

4.57   The trade draw of these retail parks is generally much more limited than Portsmouth City Centre, but tends to be greater than many of the suburban centres. Ocean Retail Park in particular appears to attract many trips from shoppers living on the mainland. The location of this park towards the north end of Portsea Island and its easy access from the Eastern Road, as well as its extensive retail offer, explain its attraction to consumers living over a wider area.

4.58   In relation to convenience goods shopping, there are three major out of centre food stores within Portsmouth District. These are the Tesco Extra at North Harbour, the Sainsburys at Farlington (both on the mainland) and the Safeway at Anchorage Road – located right in the north east corner of Portsea Island. Most convenience goods shopping by residents living in the middle and southern areas of Portsea Island is carried out at food stores located within centres.

The Need for Additional Retail Development

4.59   As described in Section 1, Portsmouth City Council is having to address the need for further retail development within the District, particularly in Portsmouth City Centre. In this study, we consider need from two broad perspectives; the qualitative need for additional retailing is

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addressed later in this section, while in **Section 6** we undertake a quantitative need assessment, which determines the scope (or capacity) for more retail floorspace to be provided through to 2016 for each of the main categories of goods.

4.60   The issue of need is relatively new to planning policy and is different to the more long standing concept of retail capacity.

Background to Need

4.61   PPG 6 (June 1996) remains the government's policy for retail development and town centres. Within this guidance paragraph 1.7 identifies need within the plan led approach to development. The paragraph states:

- *"Development plans should plan positively for such uses, working with the private sector to assess need or market demand, and identify locations and sites for development."*

4.62   In respect of need, paragraph 1.10 states:

- *"In drawing up their development plans, local planning authorities should, after considering the need for new development, adopt a sequential approach to selecting sites for new retail development."*

4.63   Paragraph 1.10 concludes that if:

- *"there is no need or capacity for further developments, there will be no need to identify additional sites in the town."*

4.64   Paragraph 3.2 confirms that the guidance set out in PPG 6 applies to both convenience and comparison shopping.

Caborn's Statement

4.65   The issue of need was considered by the (then) Planning Minister, Richard Caborn, in a statement issued in February 1999. This statement sought to clarify in what circumstances it would be necessary to demonstrate a need for retail development and what constitutes need.

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4.66   Mr Caborn's statement relates to the preparation of planning strategies and policies and the determination of planning applications and appeals. It advises that when local authorities are preparing development plans, the local planning authority should consider the 'need' for new retail development in the plan area over the lifetime of the plan. Having established that such need exists, the local planning authority should then adopt a sequential approach to identify suitable sites. If there is no need for further developments, then there will be no requirement to identify additional sites.

4.67   The Caborn statement in February 1999 sought to clarify what constitutes need. It read as follows:-

- *"Need should not be regarded as being fulfilled simply by showing that there is capacity (in physical terms) or demand (in terms of available expenditure within the proposal's catchment area) for the proposed development."*

4.68   The statement does not provide any guidance on what other factors may constitute elements of need. The statement concludes that:

- *"the significance in any particular case of the factors which may show need will be a matter for the decision maker."*

ODPM News Release

4.69   Since the Caborn statement, however, despite the intention to clarify the need test, the interpretation of need has, in practice, become increasingly complex and unclear. For this reason, the Office of the Deputy Prime Minister (ODPM) issued a News Release on 11 April 2003, which sought to further clarify the policy.

4.70   The clarification in policy sets out how the Secretary of State intends to operate it when determining planning applications and appeals. It is also made clear that local planning authorities are expected to apply the same policy. The key points in respect of **need** are as follows:-

- *Proposals which would be located at an edge of centre or out of centre location and which:*

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> - *are not in accordance with an up to date development plan strategy; or*

> - *are in accordance with the development plan but that plan is out of date, inconsistent with national planning policy guidance, or otherwise fails to establish adequately the need for new retail and leisure development and other developments to which PPG 6 applies;*

> *should be required to demonstrate both a retail need for additional facilities and that a sequential approach has been applied in selecting the location for the site.*

4.71   The First Secretary of State accepts that need can be expressed in quantitative and qualitative forms, but places greater weight on **quantitative** need for new retail provision, to be defined in terms of additional floorspace for the types of retail development distinguished in PPG 6, which are comparison and convenience shopping. Furthermore, where both comparison and convenience goods are proposed to be sold within the same development, evidence on the need for each type of goods is required. The First Secretary of State also makes it clear that regeneration and employment creation are explicitly excluded as aspects of retail need, but may be included as material considerations. All of these principles apply equally to proposals for extensions as well as to new developments.

4.72   Quantitative need (or retail capacity) is therefore the principal indicator that it is necessary to have regard to in deciding whether or not to make provision for additional retail development.

4.73   The First Secretary of State favours policy that seeks to use retail development to maintain the vibrancy of town centres; indeed the News Release notes that the purpose of policy is to:

- *"sustain <u>and enhance</u> the vitality and viability of town and other existing centres"* (my underlining).

Draft Planning Policy Statement 6: Planning for Town Centres

4.74   The Government released a **draft** of the replacement for PPG 6 on 15 December 2003. It was circulated for consultation and responses were sought by 15 March 2004. We are currently waiting for the final PPS 6 to be published.

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4.75   The draft PPS 6 confirms that the core planning framework provided by PPG 6 should be maintained, and that the Government's key objective is to promote vital and viable city, town and other centres.

4.76   In draft PPS 6 the plan led approach is restated and policies should plan for growth or decline as appropriate. Regional plans will identify which towns are to grow the most and assess the need for new floorspace across a region. Local plans should then translate the regional strategy to the local level following the sequential approach, bringing forward a range of sites to meet the needs of a variety of retailers. Draft PPS 6 indicates that local authorities should define a network of centres with a more even distribution of functions, ensuring that the network is not overly dominated by the largest centres. Indeed, local authorities should seek to:-

- *"avoid over-concentration of growth in the highest level centres"* (paragraph 2.7).

4.77   The draft PPS 6 states that the need for additional retail floorspace should be assessed over the plan period and for five year periods within it. However, at any point in time, local authorities should only have to allocate sufficient sites to meet need for the next five years. Separate assessments for non-bulky and bulky comparison goods are no longer necessary since it is assumed that **all** comparison goods can be sold from a town centre. The document also reaffirms that in assessing need, local authorities should:-

- *"place greater weight on quantitative considerations, based on data and other objective evidence"* (paragraph 2.27).

4.78   The key consideration in respect of qualitative need is to provide for consumer choice, whilst regeneration and employment do not constitute indicators of need for additional floorspace.

Assessment of Qualitative Need

4.79   We have considered qualitative need by carrying out visits to each centre and by assessing the range of data described earlier in this section.

Portsmouth City Centre

4.80   Although the city centre has maintained its position in the national retail ranking over the past five years, history suggests the city is deserving of a higher position. For example, its retail floorspace provision is much less than in Southampton, even before West Quay opened

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in 2000. Furthermore, Southampton has much higher Zone A rents and the "rental gap" over Portsmouth is widening.

4.81   For a city centre serving a large urban area there is a shortage of retail floorspace. This is confirmed by our household survey results which indicate a large flow of trade into the centre from over a wide area. This flow of expenditure (demand) is fairly high relative to the supply of comparison goods retail floorspace which produces modest levels of over-trading. Moreover, we feel there is also a lack of quality non-bulky comparison retailing, particularly in fashion. For a city centre the presence of only one department store (Alders) is also limiting.

4.82   We conclude that there is a strong qualitative need for additional comparison goods shopping in Portsmouth City Centre, especially in non-bulky goods. There is a need to improve both the breadth and depth of the retail offer which should make the centre more attractive to the shoppers living within its natural catchment area. Qualitative improvements are now being made to the shopping environment of the city centre and it is important that enhancements are also made to the retailing facilities themselves. Bolstering the retail offer in the city centre will also be important in helping to fend off the attractiveness of a successful and growing retail centre at Gunwharf Quays.

Southsea

4.83   Southsea currently punches above its weight as a retail centre because of the John Lewis and Debenhams department stores, which act as important anchors and are responsible for attracting shoppers to the centre from a wide area.

4.84   There appears to be limited retail demand or investor confidence in Southsea. Moreover, the current range of shops is already in line with the aspirations of the immediate catchment population. Therefore, we do believe there is a material qualitative need for additional retail provision in the centre.

Gunwharf Quays

4.85   Gunwharf Quays is a specialist retail facility taking the role and form of a designer outlet or factory outlet centre. Our household survey indicates this is trading well and is attracting both local people and shoppers/visitors from over a wide area. The retail offer is heavily concentrated on non-bulky comparison goods and in this goods category there is a heavy

emphasis on fashion, which is normal for such a scheme. Although there is no real qualitative need for further retail provision in this scheme, there is in fact a pipeline of further extensions with planning consent. When built these will add to the critical mass, attractiveness and retail turnover of Gunwharf Quays.

Cosham

4.86　Cosham is the only retail centre within Portsmouth District located on the mainland. It is therefore more removed from the retail dominance of the city centre. It also has more of a natural, albeit local, catchment from which to draw its trade. The retail offer is a little down market relative to the likely aspirations of local shoppers, and accordingly, there is, we believe, a qualitative need for more mid market non-bulky comparison goods shopping.

Fratton and North End/London Road

4.87　Like Southsea, both these centres are located in close proximity to Portsmouth City Centre, although they do not share either the department stores or quality of retail offer of the town centre. Their immediate catchment populations are also less affluent and aspirational. The geographical extent and amount of available retail floorspace within both centres is also a legacy of shopping patterns of times past. The centres are now too big and strung out relative to the levels of comparison goods trade which they attract.

4.88　We estimate that average sales densities are very low implying many shops must be simply ticking over. Not surprisingly, therefore, retailer demand for representation is very limited and shopping centre yields are low. Moreover, voids are high in Fratton and North End/London Road's retail ranking is plummeting.

4.89　Although there is a qualitative need for improved comparison goods retail facilities at both Fratton and North End/London Road, in practice, it is unlikely that multiple traders will be attracted to either centre, especially given the major plans to greatly improve the retail offer at nearby Portsmouth City Centre. Both centres already have a good convenience goods offer and so there is no material qualitative need for improved retail provision in this sector.

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5. QUANTITATIVE RETAIL NEED: METHODOLOGY, DATA SOURCES AND ASSUMPTIONS

Objectives

5.1   A major objective of this study is to estimate the quantitative need for additional retail floorspace within Portsmouth District through to 2016, the end date of the Local Plan. The quantitative assessment has been undertaken for each of the three main categories of retailing – convenience goods, and non-bulky and bulky comparison goods, although the latter two categories may be amalgamated in order to meet the requirement of Government Guidance to consider comparison goods shopping as a whole.

5.2   Although the assessment 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 need and have incorporated the very latest data on consumer expenditure, retail floorspace and population as well as carrying out a new household telephone survey. This should ensure that our assessment is up to date, comprehensive and robust.

5.3   Section 6 of this report describes the quantitative need analysis that we have carried out and presents the results. In this section we introduce the need 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.

Quantitative Need Methodology

5.4   The need for additional retail floorspace within an area (or town) 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 present time. 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 a need for more floorspace in quantitative terms. The scale of additional retail provision is then determined by converting the excess consumer expenditure (or headroom expenditure) into a retail floorspace need total. In practice, because shopping patterns are complex and vary for different types of goods, the

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methodology utilises survey data to predict existing shopping patterns and examines the extent to which this should change in the future. This is a judgemental decision based upon planning consideration.

5.5   In practice, commercial considerations are also important in estimating the need for more floorspace; if a quantitative assessment identifies that there is scope for more space, but the market is too weak to let it, then clearly any proposed expansion may need to be reconsidered. Alternatively, there may be instances when market demand for providing additional retail floorspace exceeds the retail need indicated by the quantitative need assessment.

5.6   Our methodology for estimating quantitative need is presented diagrammatically in **Figure 5.1** overleaf. An important 'working' assumption is that we assume that the existing (base year) market shares of available consumer retail expenditure for Portsmouth District as a whole, and individual centres included in our assessment, are held constant throughout the forecast period to 2016. This assumption relates to each of the three broad categories of goods: convenience goods and non-bulky and bulky comparison goods. We adopt this assumption in order to facilitate the operation of what is already a very complex 'model' (sequence of interconnecting spreadsheets). Our quantitative floorspace need estimates for Portsmouth District as a whole and individual centres therefore reflect this constant market shares approach. In practice, these top-line results may in certain instances require careful interpretation in the light of planning guidance and the conclusions of our assessment of qualitative need. In some cases this will involve introducing elements of flexibility into interpreting the quantum and location of quantitative floorspace need. The key steps are described below.

Step 1 Survey Area Definition

5.7   The survey area should be defined with regard to the study objective. For the present study it includes all of Portsmouth District and its shopping hinterland.

Step 2 Analyse Consumer Demand

5.8   This will comprise population estimates of retail expenditure per head for the present and projected forecast year(s). This should include resident population, but also any in-flow of

retail expenditure from people living outside the survey area. The main types of in-flow expenditure come from long distance shoppers, commuters and tourists.

Step 3 Analyse Retail Supply

5.9   This step comprises an assessment of the retail turnover of the existing retail floorspace stock. This will involve a household survey to estimate the actual retail turnover of centres and stores and a comparison with benchmark turnover.

Step 4 Retail Demand Vs Retail Supply in the Base Year

5.10   At this stage, the adequacy of the existing retail provision within Portsmouth District in quantitative terms 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.

Step 5 Changes in Retail Demand and Retail Supply through to Forecast Year(s)

5.11   This step projects forward total available expenditure in the survey area and the turnover of existing and committed retail floorspace and the forecast retail turnover gives a measure of the quantitative 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

5.12   The household telephone survey forms an important component of the present study, since it provides robust, up-to-date information on the current patterns of shopping activity throughout Portsmouth District and surrounding areas. As such, it forms the base upon which the retail need estimates are built.

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5.13   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
- Bulky comparison goods

Definition of the Survey Area

5.14   We reached agreement with Portsmouth City Council on the outer boundary of the household survey area at the beginning of the study. The survey area is shown in **Figure 3.1** (following page 22). It is relatively extensive, since it has been drawn to include the main shopping catchments of Portsmouth City Centre.

5.15   For the purpose of sampling and analysis the wider survey area has been divided into 22 zones. These zones are defined on the basis of postcode sectors and each zone comprises of a number of contiguous sectors. All of the zones were agreed with the Council. In broad terms they relate to natural shopping activity areas on the ground and to the size and distribution of retail centres.

5.16   **Figure 3.1** shows the locations and general configuration of the zones throughout the survey area, while **Appendix 1B** defines the zones in terms of their constituent postcode sectors.

Sampling

5.17   In consultation with the Council and overall target sample of 1,500 complete interviews was agreed, sufficient to provide a coverage of 88 interviews per zone.

5.18   Within each of the 17 zones, the interview sample was drawn randomly and in proportion to the distribution of population. This ensures the results of the survey reflect for each zone the density of population on the ground. **Appendix 2A** provides a much more detailed statistical synopsis of the sampling methodology and the degree of confidence which can be attributed to the results for different geographical levels of analysis.

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The Survey Questionnaire

5.19   The survey questionnaire was drafted in consultation with the Council and their agreement was obtained prior to the commencement of interviewing. A copy of the questionnaire used for the household telephone survey is reproduced in **Appendix 1E**.

Implementation, Analysis and Results

5.20   Fieldwork for the household survey was carried out during September, 2004. In so far as we use the survey results to inform our assessment of retail need within Portsmouth District, the key data which the survey generates is the percentage market share (in terms of expenditure) of the town and other centres within each of the 17 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 picture of existing shopper behaviour within the district and the survey area as a whole. In particular, the data allows the existing catchment areas and retail turnovers for individual centres to be determined. This information has already been analysed and mapped in Section 3, while it also forms the foundation for the retail floorspace need estimates, which are presented in full in Section 6.

Principal Data Sources

5.21   The quantitative retail need assessment which we present in Section 6 utilises five major sources of data. Each is now described.

- **Data on shopping trips patterns and consumer retail expenditure flows**

    Source: A bespoke household telephone survey was undertaken, which has been described at paragraphs 5.12 to 5.20 inclusive, with full details presented in **Appendix 1.**

- **Data on population and population projections**

    Source: Existing and projected populations have been derived for each zone using data produced by EBS.

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- **Data on consumer retail expenditure per head**

  Source: Bespoke data on convenience goods and comparison goods expenditure per head for 2003 has been obtained from EBS for each zone. Full information is set out in **Appendix 5A**.

- **Data on existing retail floorspace**

  Source: Retail floorspace has been estimated by Colliers CRE from a number of established sources, including the ODPM, Experian Goad, the Institute of Grocery Distribution (IGD) and our own in-house database on retail warehouses. In addition, in relation to Portsmouth City Centre (only), we have also taken into account the results of a city centre floorspace survey carried out by DPP. In general, it was necessary to produce our own floorspace figures because no data was available from the City Council. The base year estimates relate to occupied retail floorspace; this is particularly important in relation to Portsmouth City Centre where the redundant (and vacant) Tricorn Centre was in position at the time of our household survey.

  Details of existing retail floorspace by centre and main goods category are set out in **Appendix 3**.

- **Data on retail commitments / proposals**

  Source: Portsmouth City Council has prepared a detailed schedule of retail commitments within the district for use in the study. These are set out in **Appendix 4**.

  Interpretation and Definition

5.22   In addition to the principal sources of data, there are a number of definitions which we have adopted throughout the quantitative need assessment. These ensure consistency and although many are referred to again in Section 6, we hope that by grouping them together below this will assist the reader in understanding the technical analysis which follows.

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Study Centres

The City Council has requested that we include the following centres within the study:

- Portsmouth City Centre
- Southsea Town Centre
- Cosham Suburban Centre
- Fratton Suburban Centre
- North End / London Road Suburban Centre
- Gunwharf Quays

Composition of Main Retail Goods Categories

5.23   We adopt the definitions used by EBS, which related to the retail expenditure data. These are set out in full in **Appendix 5B**.

Base Year

5.24   We adopt a base year of 2004. This is when the household telephone survey was undertaken, and therefore the year in which we have retail centre turnover estimates.

Forecast Year(s)

5.25   The City Council has agreed to 2008, 2011 and 2016.

Price Base

5.26   All monetary figures in this report are given in constant **2003 prices**, which is the price base of the consumer retail expenditure per head data obtained from EBS.

Future Growth in Consumer Retail Expenditure Per Head

5.27   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 quantitative need assessment and it is vital that the most up to date, realistic and robust sources are used.

5.28   In this study, we adopt the latest 2003-based expenditure forecasts published by EBS in August 2004. These are set out in full at **Appendix 5C** and incorporate the move by the ONS in 2003 to an annual chain linking approach to producing constant price economic aggregates.

5.29   EBS's expenditure <u>forecasts</u> are estimates of <u>future</u> spending based on an economic model of disaggregated consumer spending. They differ from expenditure <u>projections</u> published by EBS (and also MapInfo) that are estimates of future spending based on the extrapolation of <u>past</u> trends. EBS advise that when carrying out longer term retail need assessments, the use of forecasts is preferred to projections. EBS state that:

- *"Projections of comparison spend per head based on past-trends are currently considerably higher than forecasts based on econometric models. This is because most economic forecasters and commentators believe that, after a number of years of very strong growth, we are near the top of the cycle for consumer and retail spending. This is reflected in very low household savings rates and high levels of household sector debt. Measuring trend growth rates from a point at the top of the cycle pushes up the projections. On the other hand, economists and forecasters believe this means that spending growth in the future is likely to be weaker as the economy and households' finances are rebalanced. A parallel correction in the housing market will re-enforce this tendency. We consider that the economic forecasts incorporate this important information in a way that projections cannot and therefore the economic forecasts are to be preferred over the projections for planning for future demand growth."*

  Source: Dr Neil Blake, Director – Economics and Forecasting, EBS, 10 November, 2004.

5.30   Following the advice of EBS, we therefore adopt their expenditure forecasts which are set out in **Table 5.1** overleaf.

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Table 5.1: Expenditure Per Head Growth Forecasts

Goods Category	Time Period	
	2003-2008[1]	**2003-2013[2]**
Convenience Goods	0.6% pa	0.9% pa
Non-bulky Comparison Goods	2.6% pa	2.4% pa
Bulky Comparison Goods	4.7% pa	3.9% pa

[1] We use these forecasts for estimating need at the design year of 2008.
[2] We use these forecasts for estimating need at the design years of 2011 and 2016.

In-Flow Expenditure

5.31   We have estimated the volume of consumer retail expenditure flowing into our survey area using expertise gained from similar studies that we have carried out elsewhere and our work on the factory outlet sector. In addition, we have considered the role and retail offer available at centres and their locations within the District, as well as tourism data produced by the Council. In-flow expenditure has been estimated separately for convenience goods, non-bulky comparison goods and bulky comparison goods. Full details are given in the spreadsheets in **Volume 2**.

Special Forms of Trading and E-Commerce

5.32   It is normal practice in the preparation of quantitative 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 (including purchases from wholly internet-based companies), door to door salesmen and stalls and markets. EBS estimate that expenditure by SFT nationally accounts for 3.5% of total consumer retail expenditure on convenience goods, 6.2% on non-bulky comparison goods and 6.9% on bulky comparison goods. Full details of EBS's SFT percentages are set out in **Appendix 5D**.

5.33   According to EBS, and contrary to popular perceptions, there is little evidence to date that SFT is increasing as a proportion of consumer retail expenditure. EBS state that:

•   *"the available ABI data for 1997 to 2001 shows no obvious trend in the market share of non-store retailing. This may be because the ABI fails to include the internet sales*

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of companies that have store outlets as well as internet sales. It may also be because the demise of traditional mail order shopping is largely off-setting the internet boom".

5.34   Accordingly we have assumed that the proportion of consumer spending on SFT will remain constant through to 2016 for each of the main goods categories. However, if the actual growth in SFT as a proportion of total retail expenditure increases between 2004 and 2016 then our estimate of additional retail floorspace need within Portsmouth District will be too high.

Disaggregation of Consumer Retail Expenditure Between Non-Bulky and Bulky Comparison Goods Spending

5.35   We undertake separate quantitative retail need assessments for non-bulky and bulky comparison goods, and therefore consumer retail expenditure on comparison goods must be disaggregated between the two categories. In this study, we have adopted the EBS definition (set out in **Appendix 5B**) and used this to generate bespoke 2003 non-bulky and bulky comparison goods spend per head figures for each of the 17 zones within the survey area.

Turnover Allocation for Existing Retail Floorspace

5.36   It would, in our view, be wrong to assume that all of the increase in retail expenditure within Portsmouth District 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 fact, achieve real, and necessary, gains in sales productivities year on year. Consequently, to avoid making such an allowance would lead to a "double counting" of available retail expenditure and thus an over-estimation of the need for additional retail floorspace (ie. the consumer spend soaked-up by existing retail floorspace would be used to justify more retail floorspace).

5.37   EBS have recently published a Retail Planner Briefing Note on estimating and projecting sales densities (reproduced in full in **Appendix 5E**), which sets out the new research undertaken on the subject and its relevance to need (retail capacity) assessments. EBS conclude as follows:

- *"The long-term (1975-2003) trend for comparison goods space is 2.5 per cent, although...... there may have been a recent increase in the trend. Given the*

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uncertainties,…… an assumption that sales densities are likely to increase at somewhere in the range of 2.0 per cent (the 'moderate' assumption) to 2.5 per cent (the 'historical' trend) appears appropriate.

- *"Similarly we would expect a slowdown in the observed 1.1 per cent per annum increase in convenience sales densities between 1986 and 1999. This is especially true if we consider only pure convenience floorspace rather than the mix of convenience and comparison found in many supermarkets and superstores. Nonetheless, we still expect future increases to be well above the old URPI figure of 0.15 per cent – we suggest that 0.75 per cent might be more suitable."*

(Retail Planner Briefing Note 2.2 page 7)

5.38   EBS further advise that for centres (or areas) 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 national average as set out in paragraph 5.37. Similarly, in centres (areas) where there is currently significant under-trading, there is likely to be potential for gains in sales productivity in excess of the national average.

5.39   Taking into account all of this evidence, we adopt the following estimates for real increases in floorspace efficiency from 2003 (our base year) through to 2016.

- Convenience goods   0.75% pa
- Non-bulky and bulky comparison goods   1.5% pa

Net to Gross Ratios

5.40   In converting net (or sales) retail floorspace to gross retail floorspace (or vice versa), we have used a series of net to gross ratios. These are as follows:

- Convenience goods   60:100
- Non-bulky comparison goods   65:100 Town Centres
                                                    85:100 Retail Warehouses
- Bulky comparison goods   65:100 Town Centres
                                                    85:100 Retail Warehouses

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Metric Conversion

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

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

VAT

5.42   Expenditure data used throughout the quantitative assessment includes VAT.

General Points

5.43   It must be stressed that any quantitative need assessment undertaken over a long time-period (eg. 2016 is 12 years away) is subject to a margin of error, since it is necessarily based on a number of assumptions which are difficult to forecast accurately. We therefore recommend that the retail floorspace need estimates, particularly those relating to years towards the back end of the forecast period, should be treated with some caution.

6.   QUANTITATIVE RETAIL NEED: ASSESSMENT AND RESULTS

Objectives

6.1   This section describes our approach to estimating the quantitative need (or capacity) for additional retail floorspace within Portsmouth District and its main retail centres, and presents the results of the assessment. All monetary figures are given in **constant 2003 prices**.

6.2   The assessment provides the following information:

- Estimates of total available retail expenditure within the shopping catchment areas of the centres at the base year of 2004 and the forecast years of 2008, 2011 and 2016 (these years having been agreed with the City Council);

- Estimates of the retail turnover likely to be 'retained' by the centres at each of the forecast years;

- Estimates of "headroom" expenditure and therefore retail floorspace need within the centres at the forecast years; and

- Quantitative retail floorspace need disaggregated into convenience goods and comparison goods retail floorspace**,** with the latter category further divided into non-bulky goods and bulky goods shopping.

6.3   Our understanding is that the results of the need assessment will be used by Portsmouth City Council to inform the future retail policies and strategies for the District. The results should also assist the City Council in responding to any emerging retail proposals.

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Approach

6.4   Our broad approach to estimating retail need comprises of seven main steps, which in aggregate cover the three main stages of analysis:

(i)   Forecasting consumer demand;

(ii)   Forecasting retail supply and;

(iii)   The conversion of (any) surplus expenditure into a retail floorspace requirement.

6.5   We have sought to provide an analysis that is transparent and which, at the same time, seeks to be robust. The assessment is also presented in a way that enables it to be updated in the future as more up-to-date statistics become available and the emerging pattern of shopping activity becomes more established.

6.6   We carry out separate quantitative retail need assessments for comparison goods – further disaggregated into non-bulky and bulky comparison goods - and convenience goods. Each is supported by a number of tables (spreadsheets) which are reproduced in **Volume 2**. In addition, the assessment refers to a number of key assumptions and technical adjustments which have already been discussed in Section 5, and are reproduced in this Volume 1 as **Appendices 5A** to **5E**.

6.7   In carrying out this (new) quantitative retail need assessment for Portsmouth District, we have taken into consideration, wherever possible, the assumptions, methodology and data sources adopted in our 1998 Portsmouth Shopping Study. However, a number of important changes have been necessary. First, we incorporate the results of a new household telephone survey undertaken in March/April 2004, whereas in the previous study we used survey information dating from 1996 and 1998. In addition, we utilise 2003 consumer expenditure per head estimates produced by Experian Business Strategies (EBS), whereas the previous (1998) study used 1994 data. Because actual expenditure per head between 1994 and 2003 increased at a much more rapid rate than that assumed in our 1998 study, this leads to important differences between the monetary figures in this report and that of the earlier study, even for the same towns or areas (zones).

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6.8   In this study, although we estimate quantitative need for each of the main centres within Portsmouth District, we recommend that the Council places most emphasis on the quantitative need for additional retail floorspace of different goods categories within the District as a whole.

6.9   We begin with an assessment of the retail floorspace need for comparison goods.

Analysis: Comparison Goods

Step 1: Calculate Total Available Expenditure in the Survey Area

6.10   The extent of the Portsmouth catchment area for comparison goods shopping has been defined on the basis of the results of the household telephone survey, which provides current information on shopper behaviour and retail consumer expenditure flows. The household survey area is shown in **Figure 3.1** (following page 22). Within this area the quantum of comparison goods retail expenditure generated is derived by multiplying population by average annual expenditure per head. This calculation is carried out for each of the 17 zones which comprise the survey area.

6.11   Population estimates by zone and for the survey area as a whole are set out in relation to each of the four scenarios in **Volume 2**, at **Table 1**. In addition to estimates for 2004 (the base year), population forecasts for 2008, 2011 and 2016 are also included. These population estimates have been produced by EBS.

6.12   **Tables 2A** and **2B** give the average annual expenditure per person on non-bulky and bulky comparison goods respectively for residents living in each of the 17 zones comprising our survey area. These figures have been obtained from EBS. We have projected the per person expenditure estimates forward to the forecast years of 2008, 2011 and 2016 by adopting EBS's 2003-based expenditure growth forecasts for the most appropriate time-scales.

6.13   At **Tables 3A** and **3B** for non-bulky and bulky comparison goods respectively, we make deductions to the per person expenditure estimates to account for retail expenditure which does not take place in shops, such as that on mail order shopping (including e-commerce companies), door to door salesmen and market and road-side stalls. This form of expenditure is generally known as "special forms of trading".

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6.14   In presenting expenditure forecasts through to 2016, we are aware that there are currently a number of electronic shopping formats which, should they become widely established, could increase significantly the proportion of retail expenditure that is not spent in conventional shops. We have reviewed the likely impact of these new forms of shopping and concluded that it is premature at the present time to make material changes. Therefore, we have maintained "special forms of trading" at the existing percentages through to 2016, although we would stress that this assumption should be reviewed from time to time, since, were it to change significantly, it could have a major impact on future levels of retail floorspace by reducing the need for additional shopping provision.

6.15   Our estimates of total available consumer retail expenditure on non-bulky and bulky comparison goods at the base year (2004) are set out in **Tables 4A** and **4B** respectively. Forecasts are also given for the forecast years of 2008, 2011 and 2016. The increases in available expenditure are due to:

- The forecast growth in catchment population;
- Real increases in consumer comparison goods expenditure per head.

Step 2: Application of "Market Shares" to Determine Amount of Retained Expenditure

6.16   As a consequence of increases in the volume of consumer expenditure per head running in tandem with population growth, we estimate that the pool of available expenditure on non-bulky comparison goods within the Portsmouth survey area will increase by some £558 million between the base year (2004) and the latest forecast year of 2016. For bulky comparison goods, we forecast that the "pool" of available expenditure within the Portsmouth survey area will increase by £463 million by 2016.

6.17   However, not all of this growth in consumer expenditure will be spent within the Portsmouth survey area and is available to support new retail floorspace in the District. This is because competitor centres to those within Portsmouth District also lay claim to the same growing "pool" of expenditure. This requires us to quantify the "market shares" of the retail provision already established in Portsmouth District.

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6.18   Existing "market shares" for non-bulky and bulky comparison goods shopping have been determined largely on the basis of the results of the household telephone survey carried out by ourselves for Portsmouth City Council as part of this study. The survey provides useful information on the geographical extent of catchment areas and trade penetration around existing centres by quantifying the pattern and volume of retail expenditure flows from each of our defined zones (where people live and money is generated) to a range of centres and out of centre stores (where people spend their money).

6.19   In addition, and of **critical** importance, our assessment also takes into account the distribution and volume of locally available consumer expenditure (or spending power) so as to ensure that **our retail turnover estimates are balanced against available retail consumer expenditure**.

6.20   The base year (2004) pattern of "market shares" are set out at **Tables 5A** and **5B** for non-bulky and bulky comparison goods shopping respectively. These market shares have been taken directly from our household telephone survey. These "market shares" are then applied to the 2004 "pools" of available non-bulky and bulky comparison goods expenditure (**Tables 6A** and **6B** respectively). These tables give the monetary amounts of non-bulky and bulky comparison goods expenditure flowing to each retail centre by zone. The addition of these expenditure totals for each of the 17 zones give the total amount of non-bulky and bulky goods spending flowing to a centre from the survey area.

Step 3: Determine Whether Existing Retail Economy is Trading at Equilibrium

6.21   At this stage of the assessment we consider whether the existing non-bulky and bulky comparison goods retail economies of the centres in Portsmouth District are broadly trading at equilibrium or not. This is important because if the amount of consumer expenditure flowing to a centre is high in relation to the stock of available retail floorspace and this appears to be causing problems to retailers and/or shoppers, then the centre's retail offer may be described as over-trading. Conversely, if the expenditure flows are low relative to available retail floorspace, then this can result in under-trading of the present retail offer.

6.22   If over-trading is occurring in a centre then it is commonly assumed that the turnover in excess of the equilibrium position is potentially available to support new shopping provision. If this occurs, then this element of expenditure should be added to the headroom expenditure which we later estimate from the future growth in the retail economy and any adjustment to

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market shares. Conversely, if a centre is under-trading at present, then it is also logical to deduct the amount of turnover shortfall relative to the equilibrium position from the defined headroom expenditures associated with the future growth in the retail economy and any adjustment to market shares.

6.23   The problem with this kind of analysis is determining whether a centre is trading in equilibrium or not. There are two principal difficulties. First, retailers need to achieve a certain trading level to be viable. However, this trading level varies substantially for individual retailers and for the same retailers for different centres across the country, reflecting differences in type of business, profit margins, site, costs (eg. rents), size, financial structure and other factors. Without detailed surveys of all individual traders in a centre it is virtually impossible to determine what the average equilibrium trading level is. The second major difficulty is that even if it can be proven that a centre is trading above its retail equilibrium, this does not automatically mean that problems associated with over-trading occur; these may include retailer operating difficulties, in-store congestion, over-busy streets leading to pedestrian safety and security problems, and congested car parks.

6.24   In estimating whether centres in Portsmouth District are in retail equilibrium at present in relation to non-bulky and bulky comparison goods shopping, we have been handicapped by the unavailability of data on retailers' actual trading performance and aspirations, and accurate retail salespace figures. Nevertheless, we have attempted to be as robust as possible, since material conditions of over or under-trading in the base year do suggest there is an under or over-supply of retail floorspace already. Our benchmark (or retail equilibrium) turnover estimates for the existing retailing provision within the Portsmouth District's retail economy are set out at **Tables 6A** and **6B** respectively for non-bulky and bulky comparison goods.

6.25   For non-bulky comparison goods shopping (see **Table 6A**), the survey suggests that all of the town and suburban centres in the district are currently under-trading although to differing degrees; indicating there is too much non-bulky comparison goods floorspace available relative to the turnover being achieved. However, we estimate that Portsmouth City Centre is significantly over-trading at the present time, whilst Gunwharf Quays is over-trading only marginally. For those centres which are over-trading the estimated "surplus" expenditures are added to the forecast headroom expenditures later on in the assessment, whilst for centres under-trading, the estimated expenditures deficits are deducted.

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6.26   For bulky comparison goods (see **Table 6B**), we estimate there is some under-trading at North End/London Road. However, at all the other centres including Portsmouth City Centre, we estimate there is over-trading. Expenditure surpluses and deficits are added to, or taken-away from, the headroom expenditures forecast later on in the assessment.

6.27   **Tables 6A** and **6B** give the estimated base year (2004) annual non-bulky and bulky comparison goods turnovers of the centres within Portsmouth District. For non-bulky comparison goods these range from just £1.9 million at Fratton to £391 million at Portsmouth City Centre, whilst for bulky comparison goods the range is far smaller; £0.9 million at Gunwharf Quays to £51 million in the City Centre. However, out of centre retail parks/large stores collectively generate an estimated bulky comparison goods turnover of £145 million. For non-bulky and bulky comparison goods, we make allowances for in-flow expenditure from outside the survey area for Portsmouth City Centre, Gunwharf Quays and Southsea. This estimated in-flow expenditure relates to monies spent by tourists and day-trip visitors living beyond the survey area.

Step 4: Calculate Growth in Retained Expenditure through to the Forecast Years

6.28   Having determined the base year (2004) "market shares" and levels of retained non-bulky and bulky comparison goods expenditure within the centres located in Portsmouth District, we use the principle of market shares to calculate how much more spending or trade the centres could expect to attract in the future as a result of the forecast growth in available catchment area expenditure.

6.29   Our main "benchmark" quantitative need (retail capacity) forecasts for comparison goods are based on the principle that the retail economies of the centres within Portsmouth District (and therefore the District as a whole), will maintain their existing status relative to each other and to competitive centres. This approach is frequently adapted by consultants when the main objective is to provide an area-wide assessment of need for additional retail floorspace over a long time-frame. However, in **Section 7**, we take into account the qualitative need issues arising from our assessment set out in **Section 4**. This analysis, in combination with market knowledge and our view of the likely future retail demand for additional floorspace in the centres, has informed our judgement as to whether the base year market shares derived from the household survey should be adjusted when assessing the future need for additional retail provision in Portsmouth District.

6.30   For each of the forecast years we apply as part of our main assessment the **same** market shares to the increased "pools" of available expenditure in each zone. The calculations for the forecast years 2008, 2011 and 2016 are set out in **Tables 8A, 11A** and **14A** (for non-bulky comparison goods) and **8B, 11B** and **14B** (bulky comparison goods). Due to the increase in demand (as a result of population growth and rising consumer expenditure) the assessment produces at 2008 higher retail turnover potentials for centres than in the base year (2004). Similarly, the turnover potentials are even higher for the forecast years of 2011 and 2016.

Step 5: Determine Level of Potential Headroom Expenditure in the Forecast Years

6.31   It would be wrong to assume that all of the increases in turnover potential for centres within Portsmouth District will be available by the forecast year(s) to support additional comparison goods shopping. This is because some of the forecast growth in expenditure must be allocated to existing retailers because the evidence confirms that they increase their sales productivities in real terms over time.

6.32   In **Tables 9A** and **9B** the turnover allocations for existing retailers are deducted from the 2008 turnover potentials of centres for non-bulky and bulky comparison goods respectively. This calculation produces estimates of residual turnover potential. The base year (2004) turnovers are then subtracted from these 2008 residual turnovers to determine the quantums of potential headroom expenditure in 2008 for each centre. Similar analyses are carried out for non-bulky and bulky comparison goods for the forecast years of 2011 and 2016 in **Tables 12A/12B** and **15A/15B** respectively.

Step 6: Determine Level of Residual Headroom Expenditure in the Forecast Years

6.33   To convert potential headroom expenditure into residual headroom expenditure at each of the forecast years we must make further (if applicable) deductions to account for that quantum of retail expenditure which is likely to be soaked up by retail floorspace commitments within Portsmouth District (commitments are retail developments already in the pipeline, which are either under construction or have planning consent).

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6.34   From information supplied to us by Portsmouth City Council, we have produced a schedule of the retail commitments within Portsmouth District disaggregated by centre/location and broad category of goods. This schedule is reproduced as **Appendix 4**. The listing also gives our estimates for the retail turnovers of each commitment – these are given for 2004, although, of course, they are projected forward to the forecast years for inclusion in the analysis using the appropriate sales productivity growth rates.

6.35   **Tables 10A** and **10B** set out our calculations to estimate the residual headroom expenditures for centres in Portsmouth District at the forecast year of 2008 for non-bulky and bulky comparison goods floorspace respectively. The same assessment is carried out for the forecast years of 2011 and 2016 in **Tables 13A/13B** and **Tables 16A/16B** respectively.

6.36   The residual headroom expenditures set out above assume that each centre is in retail equilibrium at the base year (2004). We have already commented upon the fact that this assumption may be viewed as unlikely. However, as already discussed at paragraphs 6.21 to 6.27, it is, in practice, difficult to define and calculate the equilibrium position for any centre.

6.37   Nevertheless, despite the difficulties of determining the extent of any over or under trading at the centres within Portsmouth District, we consider that including such estimates makes our quantitative need assessment more reliable and robust than ignoring them. We use the over and/or under-trading estimates determined at **Tables 6A and 6B,** to **"adjust"** our residual headroom expenditures. In practice, if a centre is estimated to be over-trading at the present time, this will increase the quantum of residual headroom expenditure at the forecast year(s). Alternatively, if a centre is estimated to be under-trading now, the reverse will occur and the residual headroom expenditure totals at the forecast year(s) are decreased. **Tables 10A** and **10B** set out our calculations for making these adjustments to the 2008 residual headroom expenditures for non-bulky and bulky comparison goods respectively. **Tables 13A /13B** and **Tables 16A/16B** reproduce the calculations for the forecast years of 2011 and 2016 respectively.

6.38   The **adjusted** residual headroom expenditure totals for Portsmouth District as a whole at each of the forecast years (2008, 2011 and 2016) are summarised in **Table 6.1** overleaf.

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Table 6.1: Residual Headroom Expenditures Within Portsmouth District at 2008, 2011 and 2016

Non-Bulky Comparison Goods

2008 (£m)	2011 (£m)	2016 (£m)
120	143	198

Bulky Comparison Goods

2008 (£m)	2011 (£m)	2016 (£m)
101	116	169

6.39   In our view these residual headroom expenditure totals are important because they provide an estimate of the amount of potential turnover which will be available within Portsmouth District and at each of the forecast years given our assumptions of constant market shares. In Section 7, we describe the last step of the assessment, which is to convert these residual headroom expenditures into retail floorspace requirements. However, the output of this last stage is dependent on the application of average sales densities and these, in practice, are likely to vary enormously depending on the type of development that is proposed. For example, town centre stores comprising non-bulky comparison goods shopping typically trade at much higher average sales densities than retail warehouse style developments selling mainly bulky comparison goods. We would therefore recommend that the City Council attaches appropriate weight to the residual headroom expenditure totals, since these are not open to the same levels of interpretation as are the retail floorspace requirements set out in Section 7. To estimate the levels of forecast residential expenditure for comparison goods as a whole, simply add together the figures for non-bulky and bulky comparison goods at each of the forecast years.

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Analysis: Convenience Goods

6.40   Our retail need assessment for convenience goods floorspace follows the same approach as that for comparison goods (i.e. that summarised in **Figure 5.1**). The detailed calculations underpinning the analysis are reproduced in full in **Volume 2** (**Tables 1 to 16** inclusive).

Step 1: Calculate Total Available Expenditure in the Catchment Area

6.41   At **Tables 1** to **4** inclusive, the total available convenience goods expenditure by zone is determined for the base year (2004) and the forecast years of 2008, 2011 and 2016. The analysis incorporates EBS's estimates of average annual spending per head on convenience goods within each zone, together with their latest expenditure growth forecasts. We again exclude expenditure by "special forms of trading", although the EBS allowance is much lower than for comparison goods shopping.

Step 2: Application of "Market Shares" to Determine Amount of Retained Expenditure

6.42   Using the results of the household telephone survey we derive the base year (2004) market shares of centres within Portsmouth District within each of the 17 zones[1]. This assessment is set out at **Table 5**. Applying the market shares to the total "pools" of available expenditure within each zone in the base year (2004) (**Table 6**), gives the monetary flows of consumer spending from zones to the main centres. We do not make any allowance for in-flow expenditure into Portsmouth District from people living outside our survey area since it has been defined very widely and we believe all such trips for convenience goods (food) shopping will have been accounted for. The addition of the flows from each zone gives the total estimated convenience goods turnover of centres within Portsmouth District.

6.43   **Table 6** confirms that centres within Portsmouth District have estimated convenience goods turnovers ranging from just £1.1 million at Gunwharf Quays to £64.0 million at Fratton, whilst major out of centre superstores collectively generate annual sales of some £94 million.

Step 3: Determine Whether Existing Retail Economy is Trading at Equilibrium

6.44   For convenience goods shopping, we now replicate the analysis carried out earlier in relation to comparison goods, and calculate the extent of any over or under-trading within the centres

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[1] This involves grouping together the expenditure flows to individual named stores in order to establish the overall market share of a centre.

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at the base year (2004). In estimating the equilibrium convenience goods retail turnover for each centre in the base year we have assumed a range of "company average" sales densities for individual major food stores and other convenience goods shopping. Our calculations are set out in full in **Appendix 3A. Table 6** sets out our estimates of the extent of over/under-trading at the base year (2004) for each of the centres within Portsmouth District. We refer to these estimates again at Stage 6 below.

Step 4: Calculate Growth in Retained Expenditure through to the Forecast Years

6.45   As for comparison goods, our benchmark position is that we adopt a constant market share when estimating the quantitative need for additional convenience goods floorspace. **Table 8** therefore replicates the market shares derived straight from the household telephone survey. We apply the same market shares to the higher pools of available expenditure within the zones at the forecast years of 2008, 2011 and 2016 to derive the turnover potentials of the centres at each year. These calculations are set out in **Table 8** (for 2008) and **Tables 11** and **14** for 2011 and 2016 respectively.

Step 5: Determine Level of Potential Headroom Expenditure in the Forecast Years

6.46   At **Tables 9**, **12 and 15** we determine the levels of potential headroom expenditure within Portsmouth District at the forecast years of 2008, 2011 and 2016 respectively. As for comparison goods, it is necessary to set aside a little of the expenditure growth for existing retailers to account for their real gains in sales productivity over time.

Step 6: Determine Level of Residual Headroom Expenditure in the Forecast Years

6.47   To convert the potential headroom expenditure figures into residual headroom expenditure estimates, we take into account existing convenience goods retail commitments with Portsmouth District. These have been agreed with Portsmouth City Council and full details including turnover estimates, are set out in **Appendix 4A**.

6.48   **Tables 10, 13** and **16** set out our calculations to determine residual headroom expenditures for individual centres within Portsmouth District at the forecast years 2008, 2011 and 2016 respectively.

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6.49   As with comparison goods, we adjust the convenience goods residual headroom expenditures to take into account any over or under-trading that exists in each centre at the base year (2004).

6.50   The adjusted residual headroom expenditure totals for Portsmouth District as a whole at each of the forecast years are set out in **Table 6.2**.

   Table 6.2: Residual Headroom Expenditures within Portsmouth District at 2008, 2011 and 2016

2008 (£m)	2011 (£m)	2016 (£m)
20	33	47

Step 7: Estimate Capacity for Additional Retail Floorspace in the Forecast Years

6.51   In Section 7 we convert these adjusted residual headroom expenditures into retail floorspace requirements (Step 7) but, as with comparison goods, these floorspace estimates are entirely dependent on the average sales density applied to the floorspace. For this reason, we recommend that the Council places appropriate levels of emphasis on the forecast quantums of residual expenditure available at the forecast years in relation to convenience goods.

Summary

6.52   The main purpose of this section has been to assess in quantitative terms the likely retail expenditure capacity within Portsmouth District through to 2016.   It must be stressed, however, that any quantitative analysis over such a long time-period (12 years from the adopted base year of 2004) is likely to be subject to a margin of error, particularly in the later stages, since it is based on a number of assumptions which are difficult to forecast accurately. In addition, there are three further key assumptions which have a material bearing on the forecast levels of residual headroom expenditure, which are as follows:-

   • **Special forms of trading** – we have based our assumption on EBS's 2003 based estimates for "special forms of trading" for convenience and non-bulky and bulky comparison goods shopping through to 2016.   There is currently much speculation that

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electronic shopping is likely to increase significantly in the future. If this was to occur at a rate in excess of the general real increase in consumer retail spending then the proportion of retail sales taking place in conventional retail shops would decline. If this were to happen the projected levels of retail expenditure capacity would be **less** than those forecast in this report.

- **Over/Under Trading at the base year** – our household survey results (Section 3) and the conclusions of our retail overview (Section 4) indicate that a number of centres within Portsmouth District are currently over/under-trading in certain of the good categories and we have taken this into account in our quantitative need assessment. However, without undertaking surveys of the traders themselves it is difficult to establish what is the true retail equilibrium position, particularly when the data on existing retail salespace is a little uncertain. Clearly if we have over-estimated the amount of over-trading, for example, the retail expenditure capacity estimates will be lower than those set out above; conversely, if we have under-estimated the capacity estimates will be greater.

- **Constant Market Shares** – our quantitative assessment (so far) assumes that each centre within Portsmouth District and the District as a whole retains its existing (base year) market share of available expenditure through to 2016 (but see paragraph 6.53 below).

6.53   At the present time, and on the basis of the information and evidence available to us, we are of the opinion that our key assumptions form a robust basis on which to prepare long-term estimates of retail expenditure capacity. Our "benchmark" forecasts in this section assume that the strategy of the City Council is to maintain the present retail attractiveness of centres going forward. This is normally a sound approach given that adjoining Councils will be planning to improve their own centres and it is important not to "double count" consumer retail spend. However, we understand Portsmouth City Council have long-standing ambitions to materially improve the comparison goods retail offer of the city centre and to enhance Portsmouth's status in the retail hierarchy. In Section 7 we examine the extent to which the city centre's market share would need to increase in order to support the levels of additional retail floorspace being discussed in connection with the proposed redevelopment of the Tricorn Shopping Centre.

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7. KEY PLANNING ISSUES AND STUDY RECOMMENDATIONS

7.1   In the final section, we address two main issues as follows:

- we convert residual headroom expenditure into a retail floorspace requirement for each goods category; and

- in relation to non-bulky comparison goods we consider the extent to which Portsmouth City Centre's market share of available expenditure would need to increase in order to support the proposed re-development of the Tricorn Shopping Centre.

Translating Retail Expenditure Capacity into Retail Floorspace Need

7.2   The last step in any quantitative assessment of retail need is to convert available retail expenditure into a requirement for more retail floorspace.

7.3   Sales density measures the relative efficiency with which floorspace is used by retailers to convert sales floorspace into retail turnover. Retailers selling high value goods from a relatively small unit area generally achieve much higher sales densities than retailers such as DIY or bulky furniture operators selling lower value products from a large store.

7.4   We use forecast sales densities at two stages in our quantitative floorspace need assessment:

- To estimate the turnover of retail commitments;

- To convert the available residual headroom expenditure at each of the forecast years into a need (or requirement) for additional retail floorspace.

7.5   In considering what are the most realistic sales densities to use it is necessary to bear in mind following:

- That, due to increasing real sales productivities, sales densities relating to new retail stores or schemes which will open in the future will generally be higher than those which apply to all of the existing retail floorspace stock in a centre in the base year (2004);

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- That sales densities vary widely between goods categories, retailers, and for different stores operated by the same retailers; in addition, average sales density performance also tends to vary between centres at different levels in the retail hierarchy – higher order centres generally achieve higher sales densities than lower order centres.

7.6   It is therefore necessary to adopt a range of sales densities in order to account for the variability in retail performance between different centres and goods categories. Our assumed sales densities are the "benchmark" sales densities which we assume for each centre / retail location in 2004 for each main goods category[1]. These are set out in **Volume 2, Table 6** for convenience goods and **Volume 2, Tables 6A and 6B** for non-bulky and bulky comparison goods respectively. To estimate the appropriate sales density for each of the forecast years, the 2004 convenience goods sales densities are grown by 0.75% per annum and the 2004 comparison goods sales densities are grown by 1.5% per annum. This is to take into account the real growth in sales productivities that occurs over time.

7.7   On the basis of adopting the above assumptions, the results of our retail need assessment for Portsmouth District as a whole are summarised in **Table 7.1** overleaf. Details for individual centres are set out in **Volume 2, Tables 10, 13** and **16** for convenience goods. **Tables 10A** and **10B, 13A** and **13B** and **16A** and **16B** for non-bulky and bulky comparison goods respectively. For the sake of clarification, the retail floorspace need estimates represent the "net additional" floorspace required within Portsmouth District (over that available in 2004) by goods category and are non-cumulative.

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[1] An exception is for the known Tesco superstore extension at North Harbour / Paulsgrove where we have used a sales density specific to Tesco.

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Table 7.1: Indicative Retail Floorspace Need Estimates (Sq M) for Portsmouth District as a Whole

Goods Category	Forecast Year					
	2008		2011		2016	
	Sq M Net	Sq M Gross[1]	Sq M Net	Sq M Gross[1]	Sq M Net	Sq M Gross[1]
Convenience	1,560	2,590	2,960	4,930	4,460	7,430
Non-Bulky Comparison	13,550	20,850	16,970	26,100	24,990	38,450
Bulky Comparison	33,660	51,840	37,570	57,800	52,340	80,520

7.8   The retail floorspace need estimates set out in **Table 7.1** necessarily incorporate broad average sales density assumptions for future provision across the District. Below we focus on the levels of expenditure capacity that will be required to support a specific major retail proposal within Portsmouth City Centre. The subsequent analysis therefore uses more specific sales density assumptions that reflect the retail composition of the proposed scheme. Accordingly, the results of the analysis will not be entirely consistent with the figures in **Table 7.1**.

Proposed Redevelopment of the Tricorn Shopping Centre

7.9   Portsmouth City Council support, in principle, proposals to redevelop the Tricorn Shopping Centre. This redundant centre is currently being demolished and an application for a new scheme is expected in 2005. The Council is in favour of redevelopment for two main reasons:

- The Tricorn blights the townscape and a comprehensive redevelopment will improve the appearance of the city centre, particularly as the site is on the northern edge and highly visible to approaching motorists;

- There is a strong desire to enhance the role and attractiveness of Portsmouth City Centre and to improve its position in the national and regional shopping hierarchy. There is evidence that the city has fallen behind its rival Southampton, particularly since the West Quay Shopping Centre opened in 2000, and that it needs to catch-up.

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[1] Gross retail floorspace estimated by applying the following net to gross ratios: convenience goods 60:100; comparison goods 65:100 (This assumes all comparison goods shopping is located in-centre; in practice, some comparison shopping may be provided in the format of retail warehouses, in which case the gross floorspace total will be lower).

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7.10   Retail proposals for the Tricorn Shopping Centre site are currently being worked on by the developer. However, it is our understanding that ambitions are high and that the scheme will be large and likely to include two department store anchors.

7.11   Our quantitative need assessment (**Table 6.1**) indicates that by 2016 there will be up to around £198 million of available expenditure to support additional non-bulky comparison goods within Portsmouth District and some £169 million to support further bulky comparison goods provision[1]. This is after allocating spend to retail commitments and to existing retail floorspace and, of course, assumes the District (and the city centre) maintains its existing (base year) market share of available expenditure.

7.12   Therefore, any assessment of the need for, and viability of, retail proposals for the Tricorn Centre site, has to have regard to the likely future pools of available expenditure. This means that the net additional retail turnover of any proposed scheme on the site must be estimated and compared to the levels of residual headroom expenditure likely to be available.

7.13   Although the developer of the new retail scheme for the city centre is continuing to work-up its proposals, we understand that it is likely to comprise two department stores, a significant total of other class A1 shopping and a small amount of class A2 and A3 uses. We understand that a preliminary floorspace breakdown for the scheme is as set out in **Table 7.2.**

Table 7.2: Preliminary Retail Floorspace Composition for New Scheme

Retail Use	Gross Floorspace Sq M	Net Floorspace Sq M
Department Store 1	19,509	13,827
Department Store 2	12,542	9,068
Other Class A1	45,614	29,649
Class A2 and A3 uses	4,088	2,657
Total	81,752	55,201

Source: DPP

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[1] The tables in **Volume 2** give the results for individual centres within Portsmouth District. However, we recommend that in using this report to assist in making strategic planning decisions, the Council consider the top line results first, since these are subject to less margin for error.

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7.14   Assuming average sales densities of £4,000 per sq m for the department stores and £5,500 per sq m for the Class A1 shops in 2004[1] gives the estimated turnovers of the new scheme at each of the forecast years set out in **Table 7.3**. We also assume (to keep things simple) that the new development will trade entirely in comparison goods, a logical assumption for a prime city centre site. In addition we exclude A2 and A3 uses.

Table 7.3 Indicative Scheme Turnover at the Forecast Years

2008 (£m)	2011 (£m)	2016 (£m)
270	283	305

7.15   Of course, the estimated retail turnovers set out in **Table 7.3** relate to the comparison goods floorspace retail offer of the Tricorn Centre redevelopment as a whole. In practice, we would expect a new scheme to contain both non-bulky and bulky comparison goods floorspace. For the purposes of this quantitative need assessment, we therefore assume that 75% of the scheme's estimated comparison turnover will trade in non-bulky comparison goods and the remaining 25% in bulky comparison goods. This split reflects the likely retail floorspace composition of the scheme and in particular the inclusion of two department stores, which normally contain large ranges of bulky comparison goods such as furniture, carpets, and large electrical items.

7.16   On this basis, we estimate that the proposed scheme on the Tricorn site will generate **non-bulky** comparison goods sales of £203 million in 2008, rising to £212 million in 2011 and £229 million by 2016. However, not all of this turnover will be net additional to Portsmouth City Centre, since the completion of the new scheme will include the replacement of 24 existing retailers that continue to trade on part of the application site. We estimate that some £22 million of comparison goods sales will be lost once these retail shops are demolished and virtually all of this is in non-bulky goods; this is equivalent to around £23 million in 2008, £24.5 million in 2011 and £26 million by 2016, assuming annual increases in sales

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[1] To estimate retail turnovers in 2008, 2011 and 2016 these sales densities are grossed up by 1.5% per annum from the 2004 base year figure. This is to take into account the likely increase in real sales productivities in the future.

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productivity of 1.5%. Therefore, the **'net additional'** non-bulky comparison goods turnover of the new scheme is estimated to be as follows:

- 2008   £180 million
- 2011   £188 million
- 2016   £203 million

7.17   The level of turnover by 2016 broadly equates to the £198 million of available expenditure capacity within Portsmouth District by the same year. (**Table 6.1**). Therefore, we are able to conclude that the proposed scheme will be needed by 2016 in order to maintain the existing market share of Portsmouth District within the sub-region for non-bulky comparison goods. This, of course, assumes that the Council do not grant planning consent to any further non-bulky comparison goods developments within the District through to 2016 beyond the existing commitments. It also assumes that a new scheme in Portsmouth City Centre will not have a material impact on existing retail centres within the District.

7.18   In practice, however, the new scheme is likely to be completed well before 2016; possibly as early as 2008. At this date, the estimated net additional non-bulky comparison goods turnover of the scheme of £180 million will exceed the identified expenditure capacity within Portsmouth District of £120 million (**Table 6.1**) by £60 million assuming constant market shares. However, as stated earlier, an objective of the Council is to enhance the role and status of Portsmouth City Centre in the shopping hierarchy because there is a concern that it has slipped back given the major addition of West Quay to the rival Southampton City Centre.

7.19   We estimate that for Portsmouth District as a whole to retain sufficient expenditure to support the proposed scheme, then Portsmouth City Centre's market share for non-bulky comparison goods expenditure across the survey area would need to increase by 3.8% from around 27.5% now[1] to 31.3% in 2008[2]. We believe this scale of uplift is achievable and realistic over the time-period, although it will mean small reductions in market shares for other centres outside of the District, thus reducing slightly their quantitative need for additional retail floorspace.

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[1] Figure calculated at Volume 2, Table 6A. Portsmouth City Centre's sales drawn from the survey area (£355 million) as a proportion of total available expenditure within the same area (£1289 million).
[2] This assumes that the market shares of other centres within Portsmouth District do not fall.

7.20   The proposed scheme will also generate an estimated **bulky** 'net additional' comparison goods turnover of £68 million in 2008 rising to £71 million in 2011 and £76 million by 2016. However, this is well within the identified retail expenditure capacity for bulky comparison goods within Portsmouth District of £169 million by 2016. (**Table 6.1**). Moreover, the estimated bulky comparison goods sales turnover in 2008 of £68 million also falls comfortably inside the District-wide expenditure capacity total of £101 million for that year (**Table 6.1**). Thus there is a need for the Tricorn re-development in relation to bulky comparison goods as early as 2008, without the requirement for Portsmouth District to increase its market share.

Main Conclusions and Recommendations to the Council

7.21   Adopting a constant market share approach, we forecast a growing quantitative need for additional comparison goods retail floorspace within Portsmouth District through to 2016. An important component of this need, however, is derived from the substantial level of over-trading which is characterising the city centre at the present time.

7.22   For comparison goods as a whole, and assuming a constant market share, we forecast a retail expenditure capacity within Portsmouth District of £221 million in 2008, rising to £259 million in 2011 and £367 million by 2016. These figures comprise £120 million and £101 million for non-bulky and bulky comparison goods respectively in 2008, £143 million and £116 million in 2011, and £198 million and £169 million in 2016.

7.23   For convenience goods, we forecast a modest expenditure capacity of around £20 million within Portsmouth District in 2008, assuming a constant market share, rising to £33 million in 2011 and £47 million by 2016.

7.24   In terms of future comparison goods retail investment, we recommend that this is targeted primarily at Portsmouth City Centre. Although there is little hard evidence to indicate that the city centre has fallen significantly down the national retail hierarchy in recent years, there is, nevertheless, a strong case for enhancing its retail offer and attractiveness to consumers, particularly in the wake of the huge West Quay retail development, which gave rival Southampton such a boost in 2001, and the strengthening retail competition at nearby Gunwharf Quays.

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7.25   For these reasons, we recommend that the City Council supports the present proposal to redevelop the site of the redundant Tricorn Shopping Centre for retail. Similarly, any other proposals which may come forward within the city centre to improve the quality of the retail offer and shopping environment for consumers should be encouraged, such as plans to improve the Cascades Shopping Centre. Such investment would, of course, be entirely consistent with government planning guidance. We understand that a new scheme on the Tricorn site is likely to include two department stores and this will give the city centre a better critical mass than it has now. These anchor stores will in turn attract into the city centre many new multiples, particularly those in the fashion sector. This will give Portsmouth a more distinctive retail offer and enable it to extend its reach and trade penetration in the sub-region.

7.26   Based on a number of necessary assumptions, we forecast that, assuming a constant market share, the proposed retail scheme would more or less soak up the available non-bulky comparison goods retail capacity within Portsmouth District by 2016. We therefore believe that such a scheme is necessary for Portsmouth District to retain its existing market share. However, we also believe that the scheme could be supported as early as 2008, although the city centre's market share within the survey area would need to rise by about 3.8%, which we consider is realistic and achievable.

7.27   We would anticipate that there is likely to be retail demand in the future for only very modest comparison goods additions to retail floorspace at Southsea and Cosham, especially if the city centre significantly extends its retail offer, whilst we expect some consolidation of existing retail floorspace to occur at Fratton and North End/London Road in particular.

7.28   Assuming a constant market share, we forecast a quantitative need for up to around 4,460 sq m net (7,430 sq m gross) of additional convenience goods shopping within Portsmouth District by 2016. This should ideally be provided within existing centres in line with the government's sequential approach to new retail development. Our assessment indicates that further provision in the south of the island may be appropriate given the estimated over-trading at Fratton.