

## **7.0 THE POTENTIAL FOR NEW RETAIL DEVELOPMENT IN WINCHESTER**

### **Introduction**

- 7.1 This section assesses the quantitative and qualitative scope for new retail floorspace in Winchester in the period from 2002 to 2011. This section sets out the methodology adopted for this analysis and provides a capacity analysis in terms of levels of spending for convenience and comparison shopping in Winchester.
- 7.2 All monetary values expressed in this analysis are at 2000 prices unless stated otherwise.

### **Methodology and Data**

- 7.3 The quantitative analysis is based on a study area defined for Winchester. This area shown in Appendix A represents the primary catchment area of shops within Winchester. The study area has been divided into seven sub-sectors based on postcode areas for more detailed analysis, as shown in Appendix A. The extent of the study area is based on postcode area boundaries and the proximity of the major competing shopping destinations, i.e. Southampton to the south, Basingstoke to the north east and Andover to the north west. The study area extends approximately 15-minutes drive time to the north, east and west, but only about 10 minutes drive time to the south, due to the proximity of Southampton and Eastleigh. Previous retail studies prepared by Chesterton and Llewelyn Davies used a 15-minute drive time area in all directions. This area included a large area of Southampton (approximately 40,000 people). In our view this area is not part of Winchester's primary catchment area.
- 7.4 Shops within Winchester are expected to attract a significant majority of their trade from this study area. However, some trade will also be drawn from beyond the study area, for example expenditure from tourists as well as residents leaving outside the study area.
- 7.5 Population estimates for the study area at 2001 and 2007 are based on Hampshire County Council's small area forecasts. However, the County Council's forecast total population for Winchester District at 2001 (based on these small area forecasts) is slightly below the 2001 Census of Population estimate (1,669 lower). This variation is primarily due to the inclusion of the resident students within the Census figure, which is excluded from the County Council figure. Therefore, the population in Winchester

urban area (zones A and B) has been increased by 1,669 to allow for students.

- 7.6 Two population scenarios have been assumed for the period 2007-2011. The low growth scenario assumes that most of the new dwelling completions in Winchester District and neighbouring districts, which are partly within the study area, will occur outside the defined study area. Therefore, population is expected to remain constant between 2007-2011 in the study area. The high growth scenario assumes a major development area (MDA) is implemented just to the north of Winchester (within Zone A). This development is expected to provide 2,000 dwellings by 2011, and could accommodate a population of 5,200 (based on 2.6 people per dwelling - source Hampshire County Council). The additional population has been added to the population of study area Zone A at 2011.
- 7.7 The level of available expenditure to support retailers is based on first establishing per capita levels of spending for the study area population. Using in-house MapInfo software, NLP has calculated local consumer expenditure estimates for comparison and convenience businesses for each of the seven study zones for the year 2000.
- 7.8 Growth in per capita spending is based on the Data Consultancy's national forecast growth rates set out in Information Brief 99/1. These trend projections can be used to forecast expenditure per capita from 1997. While more recent expenditure data after 1997 is available, no more recent trend based projections are available. Therefore, trend based projections do not incorporate information on spending growth in the last 5 years. Actual growth in expenditure per capita between 1997 and 2000 for comparison businesses has exceeded the Data Consultancy's long term projection (3.6% per annum). The latest 2000 expenditure figures are above the trend line in 2000. Recognising that growth in expenditure follows normal economic growth cycles it is reasonable to assume that expenditure growth will not continue at the same rate experienced since 1997, and we may return to the trend line in the future. We have trend line adjusted the growth rates used to project expenditure in the study area from 2000 to 2011.
- 7.9 The Data Consultancy's long term growth rates for comparison and convenience businesses (from a 1997 base) are 3.6% and 1.8% per annum respectively, which are appropriate for projections for the period 1997 to 2011. These growth rates have been trend line adjusted to 3.22 % and 1.57% respectively, and have been used to project expenditure from 2000 to 2002, 2007 and 2011. It should be noted that actual growth in expenditure between 2000 and 2002 in the Winchester study area has

probably been higher than the trend line adjusted growth rate. Therefore, available expenditure at 2002 may have been under-estimated. However, this under-estimation will not affect the longer term expenditure projections to 2007 and 2011.

- 7.10 The Information Brief (99/1) provides a range of growth projections based on different past trend information. The Brief advises that the medium term growth rates are *statistically unreliable*. For comparison expenditure, the Brief suggested that a lower rate than the long-term growth rate (3.6%) *now appears more realistic*. However, recent high growth between 1997 and 2000 suggest that this view was pessimistic. Therefore, we have chosen to use the long-term growth rate (3.6% trend line adjusted to 3.22%). For convenience expenditure, the Brief suggests that a rate between the long-term rate (1.8%) and the short-term rate (2.2%) *may be possible*. For consistency with the use of the long-term comparison growth rate, we have also used the long-term growth rate for convenience businesses (1.8% trend line adjusted to 1.57%). The figures for per capita expenditure growth and population growth are used to calculate the total spending in the study area zones in 2002, 2007 and 2011.
- 7.11 To assess the capacity for new retail floorspace within Winchester, penetration rates are estimated for shops in the city centre, other out-of-centre retailing and local shops. The assessment of penetration rates will be based on a range of factors including:
- information from NEMS's household survey October 2002;
  - the level and quality of retail facilities within Winchester; and
  - the relative distance between shopping centres and study area zones.
- 7.12 Expenditure inflow from beyond the study area to Winchester has been based on the results of NEMS's survey of visitors in Winchester City Centre October 2002.
- 7.13 The total turnover of shops within Winchester is estimated based on the penetration rates and the expected level of expenditure inflow. These turnover estimates are converted into average turnover to sales floorspace densities. Turnover densities are compared with company average turnover to sales floorspace densities in order to identify potential surplus capacity.

### **Population and Spending**

- 7.14 The study area population for 2002 to 2011 is set out in Table 1B in Appendix B.

Population within the study area is expected to decrease slightly between 2002 and 2007. Based on the low population growth scenario population is expected to remain constant between 2007 and 2011. However, population is forecast to increase by 5,200 if the MDA is implemented (within Zone A), as shown in Table 2B.

- 7.15 Table 3B in the Appendix B sets out the forecast growth in spending per head for convenience businesses within each zone in the study area. Comparison forecasts of per capita spending are shown in Table 1C.
- 7.16 The levels of available spending are derived by combining the population in Tables 1B and 2B and per capita spending figures in Tables 2B and 1C. For both comparison and convenience spending, a reduction has been made for non-store activity, such as mail order and vending machines, on the assumption that this will continue at the current proportional rate (4% for convenience businesses and 9.5% for comparison businesses).
- 7.17 As a consequence of growth in per capita spending, convenience spending within the study area is forecast to increase from £196.87 million in 2002 to £225.10 million in 2011, as shown in Table 4B (assuming no MDA). Comparison business spending is forecast to increase from £272.32 million in 2002 to £360.07 million in 2011, as shown in Table 2C. These figures relate to real growth and exclude inflation.

#### *Expenditure Inflow and Outflow*

- 7.18 Expenditure flows in and out of the study area has also been estimated. Expenditure inflow will include occasional shoppers who live outside the study area, including tourist visitors and commuters.
- 7.19 The household survey covers the study area only. However, the City Centre visitor survey has been used to estimate expenditure inflow from beyond the study area. We have estimated the proportion of trade likely to be attracted from beyond the study area. Estimates of expenditure outflow (or leakage from the study area) are based primarily on the household survey results.
- 7.20 The visitor survey results suggest that 28% of visitors in the City Centre do not live within the study area, of which 29% indicated that they work in Winchester (although 17% refused to confirm whether they work in Winchester). Based on the average spend per visitor on food, for both local study area residents and visitors, we estimate that approximately 20% of Winchester City Centre's convenience business turnover is

generated from visitors from outside the study area (expenditure inflow - approximately £4.7 million in 2002). For comparison businesses we estimate that approximately 35% of the City Centre's turnover is generated by visitors from outside the study area (£44 million in 2002).

- 7.21 An economic impact assessment of tourism in Winchester District estimated that visitors (people living at least 10 miles from Winchester District) spent around £37 million on retail goods during their visit, which represents an average spend of approximately £7 per visitor per day. This average spend is much lower than the average spend suggested by the NEMS visitor survey (approximately £35 per visitor). However, the Tourist Board's average spend includes all visitors to Winchester District, and only 59% of these visitors go to Winchester City Centre. It is reasonable to assume that most of the Tourist Boards' estimated £37 million would have been spent in the City Centre. Therefore, we believe that our expenditure inflow estimate for the City Centre (£49 million including commuter expenditure) is realistic.
- 7.22 The 1991 Census Special Workplace Statistics indicate that there was a net inflow (6,320) of commuters to Winchester District, i.e. 15,580 residents of Winchester worked outside the district (out commuters), compared with 21,900 people who lived outside of Winchester District but worked inside (i.e. in commuters). The visitor survey results confirm the importance of in-commuters, and the retail expenditure they generate. Nevertheless, out-commuting also suggests that there will be some expenditure leakage from the study area.

### **Existing Retail Floorspace**

- 7.23 Existing convenience retail sales floorspace within Winchester (excluding local shops) is 9,384 sq m net set out in Table 1A, Appendix A. Most of this sales floorspace is attributed to the two out-of-centre food superstores, Tesco and Sainsbury (with a combined net sales floorspace of 7,147 sq m net). Convenience businesses in the City Centre have a total sales floorspace of 2,237 sq m net, of which over two thirds is contained within the Sainsbury, Somerfield and Iceland supermarkets.
- 7.24 Comparison retail floorspace within Winchester is set out in Table 2A, Appendix A. Total comparison sales floorspace in the City Centre is estimated to be 32,500 sq m net. Retail warehouses in Winchester have a total sales floorspace of approximately 7,200 sq m net, as shown in Table 2A.

## **Expected Retail Turnover**

- 7.25 The first step in assessing the quantitative need for additional retail floorspace is to estimate the expected comparison and convenience turnover of the existing shopping facilities based on company average turnover information. This estimate can then be compared with actual levels of available expenditure in order to quantify the level of '*headroom*' or '*surplus*' expenditure available to support new retail development.

### *Convenience Shops*

- 7.26 Company average turnover to sales floorspace densities are available for some multiple retailers. If the company average sales densities (adjusted to exclude petrol sales and include VAT) were applied to the large food stores within the study area then the total turnover of the stores/shops listed in Table 1A, Appendix A would be £93.2 million. This figure is not necessarily the actual turnover of food store in Winchester, but it does provide a helpful benchmark for assessing existing shopping patterns and the adequacy of current floorspace in quantitative terms.
- 7.27 Average sales densities are not widely available for small convenience shops. Based on experience from across the country we have assumed an average of £4,000 per sq m to reflect the mix and scale of small shops within the City Centre.

### *Comparison Shops*

- 7.28 Based on our experience across the country average sales densities for high street comparison shops can vary significantly, and can range from between £2,153 and £5,382 per sq m net (£200 to £500 per sq ft). The higher end of this range is usually only achieved by large successful regional shopping centres, which reflects the higher proportion of quality multiple retailers. We have assumed an average just above the mid-point of this range £4,000 per sq m (£372 per sq ft) for comparison shops in Winchester City Centre to reflect the mix of multiple retailers and level of retail space in secondary shopping areas. The total *benchmark* turnover for comparison shops and retail warehouses in Winchester is £144.29 million, as shown in Table 2A. Again, this figure is not necessarily the actual turnover of comparison businesses in Winchester, but can be used as a benchmark.

## Existing Spending Patterns 2002

### *Convenience Shopping*

- 7.29 The results of the household survey suggest that approximately 95% of households in Winchester urban area do most of their food shopping within Winchester. Some households in Winchester will occasionally shop outside Winchester. Therefore, we estimate that the outflow of convenience expenditure from Winchester urban area will be approximately 10%. In the remaining study area zones (C to G) we estimate based on the household survey results that between 35% and 90% of convenience expenditure will be attracted to competing facilities outside Winchester. The level of convenience expenditure attracted to Winchester from zones F and G, is estimated to be only 10% and is due to the proximity of competing food stores in Eastleigh, Southampton, Romsey and Andover. In total Winchester's market share of convenience business expenditure in the study area as a whole is estimated to be 49.9%. We estimate that expenditure inflow to Winchester from beyond the study area is approximately £8.85 million (as shown in Table 7B).
- 7.30 Based on these expenditure flows the level of available expenditure for convenience businesses in Winchester (including local shops) at 2002 is £111.34 million, as shown in Table 7B, Appendix B. The market penetration rates and levels of expenditure inflow assumed are shown in Table 6B, Appendix B. The results are summarised in Table 7.1 below.

**Table 7.1 Convenience Trading Levels in 2002**

<b>Facilities</b>	<b>Available Expenditure</b>	<b>Benchmark Turnover</b>	<b>Difference</b>
Winchester City Centre	£23.32 m	£15.15 m	+£8.17 m
Sainsbury, Badgers Farm	£37.19 m	£36.98 m	+£0.21 m
Tesco, Winnall	£46.52 m	£41.07 m	+£5.45 m
<b>Total</b>	<b>£107.03 m</b>	<b>£93.20 m</b>	<b>+£13.83 m</b>
Other local shops in Winchester	£4.31 m	-	-
<b>Study Total</b>	<b>£111.34 m</b>	-	-

- 7.31 The total level of expenditure available to identified convenience shops within Winchester is estimated to be £107.03 million, compared with their benchmark turnover of £93.2 million. These figures suggest that convenience businesses in Winchester are trading above average in 2002. In particular the Sainsbury's store in the City Centre is trading heavily. The Sainsbury store at Badgers Farm is estimated

to be trading just above the company average and the Tesco store at Winnall is trading 13% above the company average.

- 7.32 The outflow of expenditure from Winchester urban area (10%) to food stores/shops outside Winchester is estimated to be only £7.14 million, which suggests that there is limited potential for food stores in Winchester to clawback expenditure leakage. However, it is necessary to examine shopping patterns within the study and the qualitative need for improvements in shopping facilities.

#### *Comparison Shopping*

- 7.33 The estimated available expenditure for identified comparison shops/retail warehouses in Winchester at 2002 is £141.05 million, as shown in Table 4C, Appendix C. The benchmark turnover of these comparison shops is £144.29 million, as shown in Table 2A. These figures suggest that comparison shops within Winchester are, on average, trading just below the assumed benchmark turnover. A breakdown of these figures is shown in Table 7.2 below.

**Table 7.2 Comparison Trading Levels in 2002**

<b>Facilities</b>	<b>Available Expenditure</b>	<b>Benchmark Turnover</b>	<b>Difference</b>
Winchester City Centre	£125.28 m	£130.00 m	-£4.72 m
Retail warehouses	£15.56 m	£14.29m	+£1.27 m
<b>Total</b>	<b>£141.05 m</b>	<b>£144.29 m</b>	<b>-£3.24 m</b>

- 7.34 As indicated earlier, the level of available expenditure at 2002 (£141.05 million) may have been under-estimated because actual growth between 2000-2002 may have been greater than the trend line rate of growth. Therefore, the actual turnover of shops in Winchester may be higher. Therefore, the deficit in expenditure shown in Table 7.2 may lower, or may even be a small surplus.
- 7.35 The outflow of expenditure from Winchester urban area to competing centres (e.g. Southampton, Eastleigh and Hedge End) is estimated to be £46.9 million, approximately 48% of total comparison expenditure within Winchester urban area (zones A and B). There may be potential to clawback comparison expenditure leakage, particularly from Winchester urban area. In total Winchester's market share of comparison business expenditure in the study area as a whole is estimated to be only 35%, much lower than its share of convenience expenditure (50%).



## **Recent Major Developments**

- 7.36 The West Quay shopping centre in Southampton was opened in September 2000 and has approximately 75,000 sq m gross of new retail floorspace, including a new John Lewis department store (25,000 sq m), a Marks & Spencer store and 4,000 new car parking spaces. This major regional shopping development has had time to build up relatively settled trading patterns, and may help to explain the high levels of comparison expenditure leakage from Winchester urban area and the study area as a whole. We do not envisage that this development will significantly further reduce Winchester's market share of comparison expenditure in the future. However, the development's scale, quality and accessibility to the study area may reduce the potential for new development in Winchester to clawback significant levels of expenditure leakage.
- 7.37 Whiteley Village Outlet shopping centre was completed in 1999. It is located at Junction 9 of the M27 and includes 56 shops with a total floor area of 15,000 sq m gross. This development and retail units at Hedge End are relatively accessible to residents in the south and east of the Winchester study area.
- 7.38 Festival Place shopping centre in Basingstoke was recently opened in October 2002 and the impact of the development on shopping patterns will not have affected the results of the household and visitor surveys. The development is over 90,000 sq m gross and has 165 retail units including Debenhams department store, Bhs, Marks & Spencer and 3,000 car parking spaces. The household survey results suggest that Basingstoke attracts a limited amount of comparison trade from the study area. Only 1% of households in the study area do most of their non-food shopping in Basingstoke, most of whom live in Zone E, to the north of Winchester. In our view this development is likely to draw an increased share of comparison trade from the Winchester study area, specifically from Zone E.

## **Future Spending Growth**

### *Convenience Shopping*

- 7.39 The level of convenience business expenditure available to shops in Winchester is expected to increase by £8.02 million between 2002 and 2007. Expenditure growth between 2002 and 2011 is estimated to be £15.68 million (assuming no MDA), or £24.02 million with the MDA. The level of available convenience expenditure to

shops in Winchester in 2007 and 2011 is shown at Tables 8B, 9B and 10B in Appendix B, and summarised in Table 11B. These tables assume that the market penetration and trade draw rates estimated for 2002 will remain constant.

#### *Comparison Shopping*

- 7.40 The level of available turnover for comparison shops in Winchester is expected to increase by £18.01 million between 2002 and 2007, and by £39.51 million between 2002 and 2011 (with no MDA) or £46.75 million with the MDA. The level of available comparison expenditure to shops in Winchester is shown at Tables 5C and 7C in Appendix C, summarised in Table 8C. These tables assume that Winchester's market share of expenditure within Zone E will decrease in the future due to the development of the Festival Centre in Basingstoke. Expenditure leakage has been increased from 60% to 70% in Zone E. However, major comparison retail development in Winchester could help to clawback expenditure leakage, particularly to Southampton, from Zones A, B and C. Therefore, there may be potential for Winchester to increase its market share in these zones.

#### **Quantitative Capacity for Additional Convenience Floorspace**

- 7.41 The total level of convenience business expenditure available for shops in Winchester between 2002 and 2011 is summarised in Table 7.3 below. The benchmark turnover of existing convenience shops in Winchester has been subtracted from the estimates of available expenditure, which provides surplus expenditure estimates.
- 7.42 At 2011 estimated expenditure is projected to exceed the benchmark turnover by £29.50 million, assuming no MDA, or £37.84 million with the MDA.

**Table 7.3      Surplus Convenience Expenditure in Winchester**

Period	Additional Convenience Expenditure £M			
	2002	2007	2011 No MDA	2011 With MDA
Total Available Expenditure	£111.34	£119.36	£127.02	£135.36
Benchmark Turnover of Existing Shops	£93.20	£93.20	£93.20	£93.20
Turnover of Local shops	£4.32	£4.32	£4.32	£4.32
<b>Surplus Expenditure</b>	<b>£14.02</b>	<b>£21.84</b>	<b>£29.50</b>	<b>£37.84</b>

Source: Table 11B, Appendix B.

7.43 This surplus expenditure estimate could, in theory be available to support new convenience shopping facilities and could imply that further convenience shopping will be required in the future to meet the needs of the community. However, there are a number of issues that may influence the need for new floorspace, as follows:

- the acceptability of higher than average trading levels in some stores;
- the opportunities for clawing back expenditure leakage;
- the long term impact of Internet/home shopping;
- the desirability of accommodating growth in non-food expenditure products within large food stores; and
- the potential impact new out-of-centre food store development may have on shops within the City Centre.

7.44 The surplus expenditure figures shown in Table 7.3 above assume that food stores within the study will achieve company average sales densities, rather than the above average sales densities currently achieved in 2002. Furthermore, the expenditure growth projections for convenience businesses assumed in this report, are to a large extent fuelled by the growth in non-food products sold within large food stores. It may be more desirable, from a sustainability prospective, to focus a higher proportion of non-food expenditure growth in comparison businesses in the City Centre, rather than out-of-centre food stores.

7.45 Bearing these considerations in mind, we believe that the surplus convenience business expenditure estimates shown in Table 7.3 should be viewed as a maximum

level of surplus expenditure.

- 7.46 The potential level of surplus expenditure at 2011 (£29.50 million to £37.84 million) could in theory support convenience food store floorspace of between 3,000 to 3,800 sq m net (5,000 to 6,300 sq m gross), based on an average sales density of £10,000 per sq m net (based on the approximate company averages for major food store operators). Surplus expenditure at 2007 (£21.84 million), which could support a store of approximately 2,200 sq m net (3,700 sq m gross).
- 7.47 As indicated above, this floorspace projection assumes that convenience businesses within Winchester achieve reasonable trading levels (i.e. the benchmark turnover). Expenditure over and above this benchmark is assumed to be surplus expenditure potentially available for new floorspace. However, in reality it is likely that some stores can trade above the company average, whilst others may trade below average. All the main operators will have significant variation in trading levels around average levels, sometimes influenced by the quality of the store, car parking and accessibility levels etc. Taking this into account trading levels above the average, will not always indicate surplus capacity, conversely trade levels below the benchmark do not necessarily imply that a store is trading at an undesirably low level.
- 7.48 If no further convenience floorspace is provided in Winchester, then the expenditure projections suggest that existing convenience businesses will be trading, on average, between 30% to 40% above their benchmark turnover by 2011, depending on the MDA. Current trading levels are about 15% above the benchmark turnover.
- 7.49 The extent to which high trading levels in some stores can be sustained without adverse effects on customer comfort will depend on a number of factors, such as maximising efficient use of floorspace through on-going refurbishment and modernisation, longer trading hours and home shopping/delivery. In our view, healthy trading levels and expenditure growth do, however, offer some scope for development if suitable opportunities are available.

#### **Quantitative Capacity for Additional Comparison Floorspace**

- 7.50 The total level of comparison business expenditure available for shops in Winchester between 2002 and 2011 is summarised in Table 7.4. The benchmark turnover of existing comparison shops in Winchester has been subtracted from the estimates of available expenditure, which provides *surplus* expenditure estimates.

**Table 7.4 Surplus Comparison Expenditure in Winchester**

	<b>Additional Comparison Expenditure £M</b>			
	<b>2002</b>	<b>2007</b>	<b>2011 no MDA</b>	<b>2011 with MDA</b>
<b>Total Available Expenditure</b>	<b>£141.05</b>	<b>£159.05</b>	<b>£180.57</b>	<b>£187.80</b>
City Centre	£125.49	£140.97	£160.03	£165.82
Retail warehouses	£15.56	£18.08	£20.53	£21.98
<b>Benchmark Turnover of Existing Shops</b>	<b>£144.29</b>	<b>£150.92</b>	<b>£156.47</b>	<b>£156.47</b>
City Centre	£130.00	£136.63	£142.18	£142.18
Retail warehouses	£14.29	£14.29	£14.29	£14.29
<b>Surplus Expenditure</b>	<b>-£3.24</b>	<b>£8.13</b>	<b>£24.09</b>	<b>£31.33</b>
City Centre	-£4.51	£4.34	£17.85	£23.64
Retail warehouses	£1.27	£3.79	£6.24	£7.69

\* benchmark turnovers of city centre businesses are expected to grow at 1% per annum.

Source: Table 8C, Appendix C.

- 7.51 At 2002 there is an estimated to be a small expenditure deficit of £3.24 million. This deficit is projected to become a surplus to £8.13 million by 2007, and between £24.09million to £31.33 million by 2011, depending on the possible implementation of the MDA. This table assumes that the benchmark turnover of existing comparison businesses in the City Centre will increase in real terms in the future. A growth rate of 1% per annum has been assumed. National trends indicate that comparison retailers historically will achieve some growth in trading efficiency. This is a function of spending growing at faster rates than new floorspace provision and retailers' ability to absorb real increases in their costs by increasing their turnover to floorspace ratio. Allowing for this growth to be absorbed by existing retailers represents a cautious approach to forecasting future needs, and this allowance may help the City Centre maintain its vitality and viability in the future. It effectively allows for existing retail outlets to increase their turnover to help them to compete with new provision.
- 7.52 Our estimates suggest that retail warehouses are trading 8% above the benchmark turnover in 2002, £15.56 million compared with £14.29 million, suggesting an expenditure surplus of £1.27 million. This surplus is projected to increase to £3.79 million in 2007 and to between £6.24 and £7.69 million in 2011. These surplus expenditure figures assume that retail warehouses will achieve the benchmark turnover in 2007 and 2011, and will maintain their existing share of comparison expenditure.
- 7.53 The forecast surplus expenditure could be available to support further comparison floorspace within Winchester. The location of new comparison retail floorspace

therefore needs to be considered. Surplus expenditure estimates for the City Centre has been converted into net sales floorspace projections based on a benchmark turnover density of £4,000 per sq m net at 2002, inflated by 1% per annum to allow for increases in turnover efficiency, as shown in Table 7.5. The figures assume that the *retail warehouse* surplus will be accommodated within retail warehouses. This split between retail warehouses and City Centre comparison shops is based on existing 2002 shopping patterns, to give a general order of magnitude of floorspace requirements.

- 7.54 Table 7.5 assumes that the Festival Centre in Basingstoke will reduce Winchester's market share of expenditure in Zone E. However, if major comparison development is implemented in Winchester we believe that there is potential to clawback expenditure leakage from other zones. Therefore, the figures shown in Table 7.5 should be considered as minimum estimates. In addition, the figures assume that retail warehouses will maintain their current share of expenditure. However, the Council may choose to accommodate an increased share of bulky comparison goods sales within the City Centre, which would increase the floorspace requirement for the City Centre, and would reduce the retail warehouse requirement.

**Table 7.5 Additional Comparison Floorspace Projections**

Type	Surplus Comparison Expenditure £M		
	2007	2011 No MDA	2011 with MDA
City Centre comparison shops	£4.34	£17.85	£23.64
Retail Warehouses	£3.79	£6.24	£7.69
<b>Total</b>	<b>£8.13</b>	<b>£24.09</b>	<b>£31.33</b>
Type	Turnover Density £ Per SQ M Net		
	2007	2011 No MDA	2011 with MDA
City Centre comparison shops (1)	£4,204	£4,375	£4,375
Retail Warehouses	£2,000	£2,000	£2,000
Type	Sales Floorspace Projection SQ M Net		
	2007	2011 No MDA	2011 with MDA
High street comparison shops	1,035	4,080	5,403
Retail Warehouses	1,895	3,120	3,840
Type	Gross Floorspace Projection SQ M		
	2007	2011 No MDA	2011 with MDA
High street comparison shops (2)	1,480	5,830	7,720
Retail Warehouses (3)	2,230	3,670	4,520

- (1) Average turnover density of £4,000 per sq m at 2002 assumed inflated 1% per annum up to 2011.  
(2) 70% net to gross floorspace for high street development.  
(3) 85% net to gross floorspace for retail warehouses.

- 7.55 The floorspace projections in Table 7.5 assume no increase in Winchester's share of expenditure in the study area. However, development in Winchester may help to reduce the significant level of expenditure leakage, particularly from the inner study area. Therefore, the floorspace projections for Winchester City Centre should be viewed as a minimum requirement necessary to maintain Winchester's position in the retail hierarchy.
- 7.56 The retail assessment indicates that there will be £83.82 million of comparison expenditure leakage from the inner study area (zones A, B and C) in 2011 (excluding the MDA). This represents just over half the total available expenditure in this area. The household survey indicated that around 56% of households suggested they would shop more often in Winchester if facilities were improved. If improvements to facilities in Winchester resulted in these households spending only 10% more of their total comparison expenditure in Winchester, then Winchester's market share of expenditure could increase by over 5 percentage points in the inner study area. A 5% increase in Winchester's market share in the inner study area would generate a further £8.3 million of expenditure for shops in Winchester, or 1,897 sq m net of high street comparison floorspace. This would increase the overall floorspace projection for the City Centre at 2011 to 7,300 sq m net, with the MDA.

### **Occupier Demand**

- 7.57 Multiple retail operators' floorspace requirements are often publicly available. This information is collected by Retail Focus. A list of published space requirements for Winchester is shown in Appendix F. At present there are 87 published requirements listed for floorspace in Winchester.
- 7.58 Requirements for comparison shop units that could be accommodated in the City Centre total 39, and the main retailers listed include:
- Alders                      3,250 – 5,570 sq m (35,000 – 60,000 sq ft);
  - TK Maxx                    1,480 – 2,790 sq m (16,000 – 30,000 sq ft);
  - Next                         930 – 1,390 sq m (10,000 – 15,000 sq ft).

- 7.59 Many of these comparison operators require medium to large retail units (at least 185 sq m or 2,000 sq ft). The list of requirements for Winchester is relatively low for a sub-regional shopping centre. Nevertheless, this information suggests there is some latent demand for shop units if suitable retail premises were to become available in Winchester.
- 7.60 Demand appears to be particularly strong (26 requirements) for Class A3 uses including pubs, restaurants and takeaway chains. Demand from major food store operators is limited, with only Aldi and Farmfoods listed. However, food operators do not always publish their requirements.
- 7.61 The demand for bulky goods retail warehouse space is reasonably strong, with B&Q, Dreams, Dunelm, Pets at Home and Staples listed.

### **Previous Retail Studies**

- 7.62 Llewelyn Davies prepared a retail capacity study for Winchester City Council in January 1998. The study was appraised by Drivers Jonas in February 2002 and updated projections were produced. The Llewelyn Davies study was based on the results of a household survey in 1993, which are now dated.
- 7.63 The Llewelyn Davies study suggested that the following additional retail floorspace would be required in Winchester by 2011:
- Comparison goods floorspace = 1,654 to 4,206 sq m net (assuming high street rather than retail warehouse space); and
  - Convenience goods floorspace = 0 to 443 sq m net.
- 7.64 These floorspace ranges were dependent on the level of house building assumed in Winchester. These floorspace projections are significantly lower than the projections in this report. The main reasons for this difference are as follows:

### ***Comparison Shopping***

- Llewelyn Davies projections suggest Winchester's comparison shops would be under-trading by approximately 20% in 2001. Therefore, about half the growth in expenditure between 2001 and 2011 is soaked up by the assumed expenditure deficit in 2001. This 2001 turnover was based on the 1993 household survey results and the assumption that Winchester's market share of expenditure in the catchment area would reduce between 1996 to 2001, due to developments in competing centres. However, the 2002 household survey results and the



analysis of shopping patterns in this report do not indicate any significant level of under-trading in 2002.

- Llewelyn Davies assumed that 20% of Winchester's comparison turnover would come from tourist and commuters from beyond the study area. The City Centre visitor survey in this study and Tourist Board information suggest that the level of expenditure inflow is over 30%. Therefore, Llewelyn Davies has under-estimated total available expenditure.

### *Convenience Shopping*

- Llewelyn Davies projections suggested Winchester's convenience shops would be trading only slightly above their expected benchmark turnover in 2001. However, the 2002 household survey results and the assessment in this report suggest that convenience businesses are trading above expected, and there is approximately £14 million of surplus expenditure at 2002, potentially available for new floorspace.
- Llewelyn Davies's study used *goods* based expenditure figures, rather than *business* based figures used in this report. Expenditure per capita growth rate trends for convenience goods are much lower than for convenience businesses. Convenience business data includes non-food expenditure within food stores, where growth has been higher. In general goods based projections will produce lower floorspace projections for food stores and higher estimates for comparison shops.

7.65 The Drivers Jonas update of the Llewelyn Davies study suggested that the following additional retail floorspace would be required in Winchester by 2011:

- Comparison goods floorspace = 11,568 to 16,546 sq m net (assuming high street rather than retail warehouse space); and
- Convenience goods floorspace = 85 to 1,412 sq m net.

7.66 Drivers Jonas's convenience floorspace projections are lower than the projections in this study for the same reasons relating to the Llewelyn Davies report set out above. However, the Drivers Jonas comparison floorspace projections are higher. The higher comparison floorspace projections are due to the following:

- Drivers Jonas have adopted an annual expenditure growth rate of 3.6% compared with the trend line adjusted growth rate of 3.22%, assumed in this study. Our assessment assumes more growth in expenditure within convenience businesses (i.e. food stores).

- The Drivers Jonas study assumes (as the baseline) a population growth of 3.2% in the catchment area between 2001 and 2011. Our study assumes no population growth as the baseline.
- Drivers Jonas has assumed no reduction in market share to allow for the development of the Festival Shopping centre in Basingstoke.