Report

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Harlow Retail Study Update

Addendum

Harlow District Council

October 2011

gva.co.uk

Background Context

1.1 In April 2010, GVA was instructed by Harlow District Council to update the previous Retail Study and Town Centre Health Check (July 2007) to inform retail planning in the District during the period up to 2031. The Harlow Retail Study Update (November 2010) provides a robust and sound evidence base to inform the Council's Local Development Framework (LDF) and to assist in reaching conclusions on shorter term proposals for the development of town centre uses.

1.2 In accordance with best practice, the Study's quantitative retail capacity forecasts for convenience and comparison goods were underpinned by an up-to-date household survey undertaken in June 2010. However, it became evident during the course of the Study that the survey may have underestimated the performance of convenience stores in the town centre. Furthermore, the survey was not intended or designed to establish the level of in-flow of expenditure; particularly that associated with commuters living beyond the survey area. This likely additional spend has not therefore been factored into the capacity forecasts.

1.3 In August 2011, the Council instructed GVA to commission an in-centre survey to identify the proportion of shoppers in Harlow who travel to the centre from beyond the household survey area in order to establish a percentage in-flow. The in-centre survey of 200 shoppers was undertaken by Nems Market Research in September 2011. The survey was carried out across three days of the week including a weekend and market day. The results of the survey are attached in Appendix 1.

1.4 This addendum report presents a set of revised capacity forecasts for convenience and comparison goods taking into account in-flow from beyond the survey area. In order for the Council to compare like for like with the Retail Study Update, we have provided one set of revised forecasts which do not take into account any changes to our original input assumptions which were valid at the point in time when the original analysis was undertaken. This is referred to as the 'baseline'.

1.5 However, in order to highlight any implications on capacity associated with changes in the economic circumstanced, we have also provided a second set of capacity forecasts, which reflect the most up-to-date economic advice published by Experian and Pitney

Bowes. The input assumptions we have used are included in the Tables in Appendices 1 and 2.

1.6 We have not, for the purposes of this exercise updated other factors such as retail commitments and the Council should acknowledge this when reviewing the forecasts.

Revised Capacity Forecasts

1.7 We have used the results of the in-centre survey to investigate the proportion of people visiting Harlow from beyond the original telephone survey area. This identified that 14% of visitors to the centre live outside of the telephone survey area. In order to estimate the total convenience and comparison goods turnover of Harlow we have therefore used the market shares from the household telephone interview survey to calculate expenditure drawn from within the survey area and then allowed for a further 14% to account for inflow of expenditure to those stores located within the town centre, from beyond the survey area.

Convenience Goods

1.8 Taking into account the survey-derived performance of all existing foodstores across the District, including in-centre and out-of-centre stores, inflow to Harlow town centre from beyond the survey area and the commitment for a new Aldi at the Stow; we project short-term global capacity to support between 172 and 429 sqm net, depending on the type of retail operator and achievable sales density.

1.9 Reflecting population and baseline expenditure growth our forecasts show increasing capacity to support between 912 and 2,280 sqm net by 2020; up to 2,701-6,752 sqm net up to 2031, based on a constant market share. This is demonstrated in Table 1.2 which sets out estimated residual expenditure forecasts over the period to 2031 and translates it into floorspace capacity based on a large store format (£10,000 per sqm) or a discount/value store operator (£4,000 per sqm).

1.2: Projected Residual Expenditure and Capacity in Harlow District (Baseline)

Convenience Goods	2015	2020	2025	2026	2031
Residual Expenditure (£000)	**1,751**	**9,537**	**25,104**	**27,032**	**29,839**
Capacity assuming Major Store Operator (sqm net)	172	912	2,341	2,508	2,701
Capacity assuming Discount/Value Store Operator (sqm net)	429	2,280	5,853	6,271	6,752

Source: Tables 1 & 2, Appendix 2

1.10 Taking into account our revised economic input assumptions, we identify less short-term capacity to support additional convenience goods floorspace. However, over the longer-term we identify a marginally greater level of capacity overall, which reflects a combination of marginally higher anticipated growth in expenditure and less optimistic improvements in sales efficiency of existing retail premises. The Council should however, take a cautious view of the longer-term projections as there are growing margins of error when forecasting over such lengthy time periods.

1.3: Projected Residual Expenditure and Capacity in Harlow District (Updated)

Convenience Goods	2015	2020	2025	2026	2031
Residual Expenditure (£000)	**-8,604**	**2,590**	**21,661**	**24,379**	**31,542**
Capacity assuming Major Store Operator (sqm net)	-856	254	2,092	2,347	2,992
Capacity assuming Discount/Value Store Operator (sqm net)	-2	635	5,229	5,868	7,479

Source: Tables 1 & 2, Appendix 3

1.11 Whilst the updated capacity forecasts suggest a very small notional over supply of floorspace in the District up to 2015, this still takes into account the survey-derived performance of the Asda at the Water Gardens which, according to the household survey is not performing as well as would be expected. In practice, if the survey has understated the performance of Asda, it is likely to have overstated the performance of other stores in the survey area. In which case the overall capacity identified across the District will not materially be affected. However, subject to redistribution, there could be greater scope to support additional convenience goods floorspace in the town centre.

1.12 As highlighted in the Retail Study Update, there is considered scope to claw back spend from out-of-centre stores, notably the Sainsbury's, Allende Avenue, back into the town centre. Given the likelihood that the Asda is trading better than suggested by the survey results, we do not consider that the provision of a further, well integrated new foodstore within the town centre would be likely to materially affect the Asda store. We consider that a new foodstore in the centre could provide an important anchor to the TCN area.

Comparison Goods

1.13 Taking into account the performance of existing provision and identified commitments[1], and factoring in an inflow of 14% to Harlow town centre, our revised baseline forecasts identify global capacity to support approximately 5,099 sqm net additional comparison floorspace; increasing to 84,971 sqm net by 2031, based on a constant market share. Evidently, if the extension to the Harvey Centre proceeds this will absorb all capacity in the short-term, as demonstrated by Table 1.4.

1.4: Global Capacity for additional comparison goods floorspace in Harlow (Baseline)

Comparison Goods	2015	2020	2025	2026	2031
WITHOUT Harvey Centre Extension and no demolition of existing floorspace	5,099	23,683	45,678	50,354	84,971
WITH Harvey Centre Extension and demolition of existing floorspace	-3,005	16,270	38,896	43,691	78,373

Source: Tables 3 & 4, Appendix 2

1.5: Global Capacity for additional comparison goods floorspace in Harlow (Updated)

Comparison Goods	2015	2020	2025	2026	2031
WITHOUT Harvey Centre Extension and no demolition of existing floorspace	8,535	22,127	37,428	40,540	65,019
WITH Harvey Centre Extension and demolition of existing floorspace	228	14,527	30,476	33,711	58,257

Source: Tables 3 & 4, Appendix 3

[1] As identified by the previous study (2010).

1.14 Taking into account our revised economic input assumptions, we identify greater capacity arising in the short-term but less overall capacity arising over the plan period up to 2031. This reflects lower forecasts of growth in spending over the longer term. Given the growing margins of error with forecasting over such lengthy time periods we would advise the Council to take a cautious view of the longer-term forecasts.

Summary

1.15 Clearly, taking into account an estimated inflow of 14% to Harlow town centre, based on the findings of the in-centre survey, our revised baseline forecasts identify capacity to support marginally greater level of convenience goods capacity over the short-medium term (i.e. up to 2020), based on a constant market share.

1.16 Notwithstanding the marginal oversupply of floorspace identified in our updated forecasts at 2015, this is to a reasonable degree attributed to the performance of the Asda at the Water Gardens which, according to the household survey is not performing as well as would be expected.

1.17 In practice, if the survey has understated the performance of Asda, it is likely to have overstated the performance of other stores in the survey area. In which case the overall capacity identified in the District will not materially be affected. However, subject to redistribution, there could be greater scope to support additional convenience goods floorspace within the town centre.

1.18 To reiterate our previous conclusions, there is a strong justification and the support of PPS4 for the redistribution of expenditure currently drawn to the out-of-centre foodstores, notably the Sainsbury's, Allende Avenue, back into the town centre. Given the likelihood that the Asda is trading better than suggested by the survey results, we do not consider that the provision of a further, well integrated new foodstore within the town centre would be likely to materially affect the Asda store. We consider that a new foodstore in the centre could provide an important anchor to the TCN area.

1.19 In respect of comparison goods, taking into account estimated inflow to Harlow Town Centre, our revised baseline forecasts identify greater global capacity to support additional comparison goods floorspace across the district over the plan period. Our updated forecasts identify greater capacity still but only over the short-term. Taking into account less optimistic growth in expenditure, our updated forecasts identify lower capacity over the plan period (up to 2031), but still significant capacity nonetheless.

Appendix I Baseline Capacity Forecasts

HARLOW RETAIL STUDY ADDENDUM 2011

BASELINE

Table 1: Harlow District Global Convenience Goods Capacity Projections (based on large store format)

Growth in sales per sqm (Sales Efficiency)	2010 - 2015 - 0.4% per annum 2015 - 2031 - 0.5% per annum					
	2010	2015	2020	2025	2026	2031
Total Available Convenience Goods Expenditure (£000) from within the Survey Area	700,243	757,164	805,370	856,316	865,455	893,265
Harlow District Stores Market Share	26	26	26	27	27	27
Total Convenience Goods Turnover in Harlow District (£000)	180,226	198,155	210,633	230,988	233,900	241,878
Estimated In-flow ***to Harlow Town Centre*** from beyond the Survey Area	4,936	5,398	5,803	6,239	6,316	6,528
Total Available Convenience Goods Expenditure (£000)	**185,162**	**203,554**	**216,436**	**237,227**	**240,215**	**248,406**
Total Existing Convenience Goods Floorspace (sqm net)	16,424	16,424	16,424	16,424	16,424	16,424
Sales per sqm net (£)	11,274	12,053	12,357	12,669	12,733	13,054
Sales from Existing Floorspace (£000)	185,162	197,954	202,953	208,078	209,118	214,399
Sales from Commitments (£000)	-	3,848	3,946	4,045	4,065	4,168
Residual Spending to Support New Shops (£000)	-	1,751	9,537	25,104	27,032	29,839
Sales per sqm net in new shops (£) Based on Large Store Format	10,000	10,202	10,459	10,723	10,777	11,049
Capacity for new Convenience Floorspace (sqm net)	**0**	**172**	**912**	**2,341**	**2,508**	**2,701**

Source: Tables 5, 7, 9, 11, 13, 15, 17, 18 & 19

HARLOW RETAIL STUDY ADDENDUM 2011

BASELINE

Table 2: Harlow District Global Convenience Goods Capacity Projections (based on discount/value store operator)

Growth in sales per sqm (Sales Efficiency)	2010 - 2015 - 0.4% per annum 2015 - 2031 - 0.5% per annum					
	2010	2015	2020	2025	2026	2031
Total Available Convenience Goods Expenditure (£000)	700,243	757,164	805,370	856,316	865,455	893,265
Harlow District Stores Market Share	26	26	26	26	26	26
Total Convenience Goods Turnover in Harlow District (£000)	180,226	198,155	210,633	230,988	233,900	241,878
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Total Available Convenience Goods Expenditure (£000)	**185,162**	**203,554**	**216,436**	**237,227**	**240,215**	**248,406**
Total Existing Convenience Goods Floorspace (sqm net)	16,424	16,424	16,424	16,424	16,424	16,424
Sales per sqm net (£)	11,274	12,053	12,357	12,669	12,733	13,054
Sales from Existing Floorspace (£000)	185,162	197,954	202,953	208,078	209,118	214,399
Sales from Commitments (£000)	-	3,848	3,946	4,045	4,065	4,168
Residual Spending to Support New Shops (£000)	-	1,751	9,537	25,104	27,032	29,839
Sales per sqm net in new shops (£) Based on Large Store Format	4,000	4,081	4,184	4,289	4,311	4,420
Capacity for new Convenience Floorspace (sqm net)	**0**	**429**	**2,280**	**5,853**	**6,271**	**6,752**

Source: Tables 5, 7, 9, 11, 13, 15, 17, 18 & 19

HARLOW RETAIL STUDY ADDENDUM 2011

BASELINE

Table 3: Harlow District Global Comparison Goods Capacity Projections without Harvey Centre Extention and no demolition of existing floorspace

Growth in sales per sqm (Sales Efficiency)	2010 - 2015 - 1.5% per annum 2015 - 2031 - 2% per annum					
	2010	2015	2020	2025	2026	2031
Total Available Expenditure (£000)	1,075,054	1,220,016	1,596,797	2,086,974	2,199,582	2,785,813
Market Share from Survey Area	44	44	44	44	44	44
Survey Area Residents Spending (£000)	471,581	537,646	706,489	927,547	978,093	1,239,407
Estimated In-flow ***to Harlow Town Centre*** from beyond the Survey Area	35,915	40,910	53,706	70,473	74,305	94,148
Total Available Comprison Goods Expenditure (£000)	**507,496**	**578,557**	**760,195**	**998,020**	**1,052,399**	**1,333,555**
Existing Retail Floorspace (sqm net)	83,567	83,567	83,567	83,567	83,567	83,567
Sales (£ per sqm net)	6,073	6,542	7,223	7,975	8,134	8,297
Sales from Existing Floorspace (£000)	507,496	546,717	603,620	666,445	679,774	693,370
Sales from Commitments (£000)	0	1,628	1,644	1,661	1,664	1,681
Residual Expenditure to support new floorspace (£000)	0	30,211	154,931	329,913	370,960	638,504
Sales per sqm net in new shops (£)	5,500	5,925	6,542	7,223	7,367	7,514
Capacity for new floorspace (sqm net)	**0**	**5,099**	**23,683**	**45,678**	**50,354**	**84,971**

HARLOW RETAIL STUDY ADDENDUM 2011

BASELINE

Table 4: Harlow District Global Comparison Goods Capacity Projections with Harvey Centre Extention and Demolition of Existing Floorspace

Growth in sales per sqm (Sales Efficiency)	2010 - 2015 - 1.5% per annum 2015 - 2031 - 2% per annum					
	2010	2015	2020	2025	2026	2031
Total Available Expenditure (£000)	1,075,054	1,220,016	1,596,797	2,086,974	2,199,582	2,785,813
Market Share from Survey Area	44	44	44	44	44	44
Survey Area Residents Spending (£000)	471,581	537,646	706,489	927,547	978,093	1,239,407
Estimated In-flow ***to Harlow Town Centre*** from beyond the Survey Area	35,915	40,910	53,706	70,473	74,305	94,148
Total Available Comprison Goods Expenditure (£000)	**507,496**	**578,557**	**760,195**	**998,020**	**1,052,399**	**1,333,555**
Existing Retail Floorspace (sqm net) with Harvey Centre Demolition	83,567	83,567	83,567	83,567	83,567	83,567
Sales (£ per sqm net)	6,073	6,542	7,223	7,975	8,134	8,297
Sales from Existing Floorspace (£000)	507,496	546,717	603,620	666,445	679,774	693,370
Sales from Commitments (£000)	0	49,645	50,144	50,647	50,748	51,258
Residual Expenditure to support new floorspace (£000)	0	-17,806	106,432	280,927	321,876	588,927
Sales per sqm net in new shops (£)	5,500	5,925	6,542	7,223	7,367	7,514
Capacity for new floorspace (sqm net)	**0**	**-3,005**	**16,270**	**38,896**	**43,691**	**78,373**

Appendix II Updated Capacity Forecasts

HARLOW RETAIL STUDY ADDENDUM 2011

UPDATED

Table 1: Harlow District Global Convenience Goods Capacity Projections (based on large store format)

Growth in sales per sqm (Sales Efficiency)	2010 - 2015 - 0.1% per annum 2015 - 2031 - 0.3% per annum					
	2010	2015	2020	2025	2026	2031
Total Available Convenience Goods Expenditure (£000) from within the Survey Area	684,718	718,645	772,036	829,074	839,545	875,180
Harlow District Stores Market Share	26	26	26	27	27	27
Total Convenience Goods Turnover in Harlow District (£000)	176,230	188,075	201,915	223,639	226,903	236,987
Estimated In-flow ***to Harlow Town Centre*** from beyond the Survey Area	4,827	5,123	5,562	6,041	6,127	6,396
Total Available Convenience Goods Expenditure (£000)	**181,057**	**193,198**	**207,478**	**229,680**	**233,030**	**243,383**
Total Existing Convenience Goods Floorspace (sqm net)	16,424	16,424	16,424	16,424	16,424	16,424
Sales per sqm net (£)	11,024	12,053	12,235	12,420	12,457	12,645
Sales from Existing Floorspace (£000)	181,057	197,954	200,942	203,974	204,586	207,673
Sales from Commitments (£000)	-	3,848	3,946	4,045	4,065	4,168
Residual Spending to Support New Shops (£000)	-	-8,604	2,590	21,661	24,379	31,542
Sales per sqm net in new shops (£) Based on Large Store Format	10,000	10,050	10,202	10,356	10,387	10,544
Capacity for new Convenience Floorspace (sqm net)	**0**	**-856**	**254**	**2,092**	**2,347**	**2,992**

Source: Tables 5, 7, 9, 11, 13, 15, 17, 18 & 19

HARLOW RETAIL STUDY ADDENDUM 2011

UPDATED

Table 2: Harlow District Global Convenience Goods Capacity Projections (based on discount/value store operator)

Growth in sales per sqm (Sales Efficiency)	2010 - 2015 - 0.4% per annum 2015 - 2031 - 0.5% per annum					
	2010	2015	2020	2025	2026	2031
Total Available Convenience Goods Expenditure (£000)	684,718	718,645	772,036	829,074	839,545	875,180
Harlow District Stores Market Share	26	26	26	26	26	26
Total Convenience Goods Turnover in Harlow District (£000)	176,230	188,075	201,915	223,639	226,903	236,987
Estimated In-flow ***to Harlow Town Centre*** from beyond the Survey Area	4,827	5,123	5,562	6,041	6,127	6,396
Total Available Convenience Goods Expenditure (£000)	**181,057**	**193,198**	**207,478**	**229,680**	**233,030**	**243,383**
Total Existing Convenience Goods Floorspace (sqm net)	16,424	16,424	16,424	16,424	16,424	16,424
Sales per sqm net (£)	11,024	12,053	12,235	12,420	12,457	12,645
Sales from Existing Floorspace (£000)	181,057	197,954	200,942	203,974	204,586	207,673
Sales from Commitments (£000)	-	3,848	3,946	4,045	4,065	4,168
Residual Spending to Support New Shops (£000)	-	-8,604	2,590	21,661	24,379	31,542
Sales per sqm net in new shops (£) Based on Large Store Format	4,000	4,020	4,081	4,142	4,155	4,217
Capacity for new Convenience Floorspace (sqm net)	**0**	**-2**	**635**	**5,229**	**5,868**	**7,479**

Source: Tables 5, 7, 9, 11, 13, 15, 17, 18 & 19

HARLOW RETAIL STUDY ADDENDUM 2011

UPDATED

Table 3: Harlow District Global Comparison Goods Capacity Projections <u>without</u> Harvey Centre Extention <u>and</u> no demolition of existing floorspace

Growth in sales per sqm (Sales Efficiency)	2010 - 2015 - 1.0% per annum 2015 - 2031 - 2.0% per annum					
	2010	2015	2020	2025	2026	2031
Total Available Expenditure (£000)	1,073,954	1,231,075	1,535,799	1,913,208	1,997,181	2,410,957
Market Share from Survey Area	44	44	44	44	44	44
Survey Area Residents Spending (£000)	471,099	542,520	679,501	850,317	888,091	1,072,634
Estimated In-flow ***to Harlow Town Centre*** from beyond the Survey Area	35,878	41,281	51,655	64,605	67,468	81,479
Total Available Comprison Goods Expenditure (£000)	**506,976**	**583,801**	**731,156**	**914,922**	**955,559**	**1,154,113**
Existing Retail Floorspace (sqm net)	83,567	83,567	83,567	83,567	83,567	83,567
Sales (£ per sqm net)	6,067	6,376	7,040	7,772	7,928	8,086
Sales from Existing Floorspace (£000)	506,976	532,837	588,295	649,526	662,516	675,766
Sales from Commitments (£000)	0	1,628	1,644	1,661	1,664	1,681
Residual Expenditure to support new floorspace (£000)	0	49,336	141,216	263,736	291,379	476,666
Sales per sqm net in new shops (£)	5,500	5,781	6,382	7,046	7,187	7,331
Capacity for new floorspace (sqm net)	**0**	**8,535**	**22,127**	**37,428**	**40,540**	**65,019**

HARLOW RETAIL STUDY ADDENDUM 2011

UPDATED

Table 4: Harlow District Global Comparison Goods Capacity Projections with Harvey Centre Extention and Demolition of Existing Floorspace

Growth in sales per sqm (Sales Efficiency)	2010 - 2015 - 1.0% per annum 2015 - 2031 - 2.0% per annum					
	2010	2015	2020	2025	2026	2031
Total Available Expenditure (£000)	1,073,954	1,231,075	1,535,799	1,913,208	1,997,181	2,410,957
Market Share from Survey Area	44	44	44	44	44	44
Survey Area Residents Spending (£000)	471,099	542,520	679,501	850,317	888,091	1,072,634
Estimated In-flow ***to Harlow Town Centre*** from beyond the Survey Area	35,878	41,281	51,655	64,605	67,468	81,479
Total Available Comprison Goods Expenditure (£000)	**506,976**	**583,801**	**731,156**	**914,922**	**955,559**	**1,154,113**
Existing Retail Floorspace (sqm net) with Harvey Centre Demolition	83,567	83,567	83,567	83,567	83,567	83,567
Sales (£ per sqm net)	6,067	6,376	7,040	7,772	7,928	8,086
Sales from Existing Floorspace (£000)	506,976	532,837	588,295	649,526	662,516	675,766
Sales from Commitments (£000)	0	49,645	50,144	50,647	50,748	51,258
Residual Expenditure to support new floorspace (£000)	0	1,319	92,717	214,750	242,295	427,089
Sales per sqm net in new shops (£)	5,500	5,781	6,382	7,046	7,187	7,331
Capacity for new floorspace (sqm net)	**0**	**228**	**14,527**	**30,476**	**33,711**	**58,257**