

English Partnerships

Ashford Retail Study 2003

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CB Richard Ellis
Kingsley House
Wimpole Street
London W1G 0RE

Tel: 020 7182 2000
Fax: 020 7182 2001

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1. INTRODUCTION

- 1.1 Following earlier instruction from English Partnerships to advise on the Framework Plan for Ashford town centre, CB Richard Ellis was instructed by English Partnerships in August 2003 to undertake a quantitative retail capacity study of Ashford. The purpose of the study was to guide English Partnerships and their consultants preparing the Greater Ashford Development Framework, and Ashford Borough Council, on the scale of new retail development which will be needed in Ashford as a result of the major urban expansion proposed in 'Ashford's Future – The Overarching Report' (the Halcrow report). The results of the study are also intended to guide decisions by the Borough Council on planning applications for new retail development, including the proposed extension of County Square Shopping Centre in Ashford town centre.
- 1.2 The Greater Ashford Development Framework has not yet been prepared. The most up to date proposals for growth of the town are therefore those set out in the Halcrow report of December 2002. The retail capacity forecasts set out in this retail study report are based on the housing growth envisaged by 'Scenario B – Mixed Urban Consolidation/Growth Strategy' set out in the Halcrow report. As work on the Greater Ashford Development Framework proceeds, those housing growth and population forecasts will probably be refined in the light of site planning and infrastructure constraints, and opportunities and expectations of housing demand. The retail capacity forecasts set out in this report are therefore intended as interim forecasts to inform the work on the Framework Plan for Ashford town centre and initial work on the Greater Ashford Development Framework. However, they have been prepared in a form which readily permits updating in response to evolving housing and population growth forecasts. Over the coming months therefore, we envisage that there will be some interaction between the work on the Greater Ashford Development Framework and our retail forecasts set out in this report; in which the latter are updated and refined, additional retail growth scenarios are tested, and our retail capacity forecasts are brought into line with the final version of the Greater Ashford Development Framework. At that time, this report will be finalised, as one of the documents supporting the latter.
- 1.3 In summary, our terms of reference were as follows:-
- To design and undertake a detailed household interview survey of shopping patterns in Ashford and its catchment area, as the basis for retail capacity modelling;
 - To take account of the expected housing growth in Ashford set out in the Halcrow report;

- To establish a flexible retail forecasting model for Ashford, which can be updated to take account of evolving housing and population growth assumptions;
- To prepare up to date retail capacity forecasts for Ashford, distinguishing between the capacity for additional convenience and comparison goods retail floorspace; and the capacity for each in Ashford town centre, and out of centre locations.
- To prepare an interim report on the findings and conclusions, to be updated and finalised as work on the Greater Ashford Development Framework proceeds to completion.

1.4 Following this introduction, in Section 2 of this report, we set out the technical basis of our retail capacity forecasts, and describe the principal data inputs to and the structure of our REASN forecasting Model. In Section 3, we describe the resulting retail capacity forecasts. The report ends with Section 4 in which we summarise our principal conclusions in relation to the capacity for new retail development in the town. The appendices include maps of Ashford’s retail catchment area, the results of the household interview survey, and the detailed REASN Model forecasts.

2. BASIS OF THE RETAIL CAPACITY FORECASTS

- 2.1 The study comprises preparation of up to date forecasts of capacity for additional retail floorspace in Ashford, which will be supportable by increases in population and expenditure of catchment area residents and visitors. In this section, we describe our REASN forecasting Model, and set out our forecasts of the additional retail floorspace which will be supportable by growth in available expenditure in the period up to 2031.

THE CB RICHARD ELLIS REASN MODEL

- 2.2 There are a number of alternative approaches to forecasting the level of additional shop floorspace supportable in any location, and the retail impact of proposed retail developments. Some rely on the use of driving time isochrones to define catchment areas, whilst others employ some form of gravity model of retail attraction; or a crude assessment of overall market share of available expenditure, which is considered appropriate for the proposed retail development. All require an assessment of existing facilities in the area, and the level of expenditure available. Using this data, most then apply hypothetical assumptions and judgements to identify the existing trading pattern and the consequences of additional retail developments.
- 2.3 The effectiveness of the various forecasting methods available varies considerably. Conventional gravity models base the attractiveness of different centres, and therefore the extent of their trade draw, purely on their size and accessibility. In reality, other important factors, including the type and quality of retailers, level of parking provision, and the retail environment, can be equally important determinants of the trading pattern. Forecasting methods based on driving time isochrones to determine catchment areas also rely heavily on assumptions and judgement rather than measurements of the actual pattern of shopping visits from residential areas to shopping centres, foodstores and retail warehouses. Global market share based methods are inherently subjective and unreliable because they rely on estimates derived from one location being applied to another with different catchment area characteristics; and because the result depends entirely on the assumptions about the extent of the catchment area in each location.
- 2.4 In response to these and other problems of such approaches, CB Richard Ellis has developed its Retail Expenditure Allocation and Shop floorspace Need (REASN) forecasting Model. The main difference between our approach and conventional gravity models is that the REASN Model employs the results of a special household interview survey to identify the actual shopping patterns in the area and the extent of the existing catchment area. By this means, it is possible to model realistically existing flows of available expenditure to established town centres, foodstores and retail

warehouses; as the basis for predicting the existing and future capacity for further retail development. An explanation of the REASN forecasting Model is set out in Appendix 1.

2.5 In summary, the REASN Model employs the results of the household interview survey as its objective measured 'baseline', using a conventional and widely accepted step by step approach, to complete the following tasks:-

- Calculate the total amount of convenience and comparison expenditure which is available within the postcode areas comprising Ashford's catchment area;
- Allocate the available expenditure to Ashford town centre, to the Designer Outlet Centre, and to food superstores and retail warehouses, based on the results of the household interview survey of shopping patterns; so as to obtain estimates of current sales and forecast future sales in each.
- Compare the estimated sales (for the town centre, the Designer Outlet Centre, and food superstores and retail warehouses) with existing floorspace (and in the case of main food stores and retail warehouses, with sales based on estimated company average performance); so as to assess the current trading performance of each shopping destination, and the capacity to support further growth in floorspace;
- Assess the likely changes to the existing pattern of market shares to take account of new retail development in Ashford town centre, and recalculate the sales and capacity forecasts.

2.6 Because the REASN Model is computer based and calculates all expenditure flows together, it is possible to explore the effects of major new development. Thus we have explored the implications of the proposed new County Square extension in Ashford town centre.

2.7 The REASN Model is a very useful tool for retail planning, which avoids the potential inaccuracies arising from assumptions about existing trade draw patterns and market shares which are often inherent in other forecasting methods. It has been used and refined in a large number of retail studies on behalf of local authority clients. In particular, forecasts made using the REASN Model have been accepted by Planning Inspectors and the Secretary of State at many Public Inquiries. The Model is subject to continuous refinement, and has been used to prepare the expenditure and retail capacity forecasts set out in this report.

2.8 It is important to remember that the REASN Model is an exploratory tool, rather than a prescriptive mechanism. Thus for example, in preparing forecasts of future shop floorspace capacity, the

model is usually run iteratively to explore the changes in the forecasting variables, such as in the pattern of attraction of expenditure or in sales densities, which would be necessary to support different levels of new development. Use of the Model in this way illuminates sensitivities in variables, and assists the making of judgements about the realism of any given growth or impact scenario.

- 2.9 When using the REASN Model capacity forecasts as a guide to future planning policy, it is also important to remember that the further ahead the forecasting date the less reliable the forecast. Thus the forecasts for 2011 are more robust than those for 2016 and 2031. In the case of 2031, being a date 28 years ahead, we suggest that at this early date, these should be treated with great caution, since they only indicate the broad order of magnitude of retail capacity at that date, if all of the forecast trends occur. For this reason, we recommend that the forecasts should be reviewed and revised well before 2016 in the light of events, taking account of the effects of any development which has occurred in the meantime; for example the committed retail warehouse developments in Ashford, the proposed County Square extension in Ashford town centre, and any developments in competing towns eg. Canterbury. Furthermore, the likely growth in the use of internet shopping is as yet unknown (although has to some degree been taken into account in this report), and reinforces the need to revise the forecasts of retail floorspace capacity well in advance of 2016.

PRINCIPAL DATA INPUTS

Catchment Area

- 2.10 CB Richard Ellis' National Survey of Local Shopping Patterns (NSLSP) 2002 was a very large sample survey of shopping habits for comparison goods which covered the whole country, and provided detailed information for each postcode sector on where the residents shop most often for such goods. The results indicate the extent of the catchment area of all significant retail centres, and the market shares of catchment area comparison goods expenditure which are attracted to each centre from each postcode sector. The first map in Appendix 2 shows the extent of the comparison goods catchment area of Ashford town centre. It shows that Ashford has a wide catchment area covering much of East Kent. However, the core catchment area from which the town centre attracts 70% of its comparison goods trade is much more compact; and the outer parts of the secondary catchment area are very fragmented. Detailed market share data by postcode sector from the NSLSP shows that very small market shares of catchment area comparison goods expenditure are attracted from the outer parts of the secondary catchment area shown on the map.

Thus, over 90% of comparison goods expenditure is attracted from a more limited area, which is smaller than that bounded by Hastings, Tunbridge Wells, Maidstone, Canterbury and Folkestone.

- 2.11 The NSLSP also shows the comparison goods catchment area for the Ashford Designer Outlet Centre. The extent of this is shown on Map 2 in Appendix 2. Its catchment area is somewhat smaller than that of Ashford town centre. However, it has a larger core catchment area from which 70% of its trade is attracted. The remainder is attracted from discreet outlying areas (and probably also from continental Europe, although this is not indicated by the NSLSP).
- 2.12 The NSLSP is a unique data source which is extremely useful for identifying the catchment area of a town centre for fashion based comparison goods, eg. clothing and footwear, jewellery, etc. It does not provide any information on shopping patterns for 'bulky' comparison goods shopping such as furniture and floor coverings, domestic appliances, hardware and DIY goods. It is therefore necessary to undertake a 'bespoke' household interview survey of the major part of the catchment area indicated by the NSLSP, in order to obtain more detailed and disaggregated information on shopping patterns for each of the various convenience and comparison goods sub-categories. Based on the NSLSP data therefore, we defined a new survey area covering the great majority of Ashford's catchment area, as indicated on Map 3 in Appendix 2. This new survey area was divided into seven zones, each of which is a group of postcode districts/sectors. These zones were defined as areas in each of which the NSLSP showed broadly similar levels of market share of comparison goods expenditure attracted by Ashford town centre.
- 2.13 Within this new household interview survey area (described for modelling as the catchment area), we designed and commissioned a new and detailed household interview survey of shopping patterns. The questionnaire and relevant results of this survey are included in Appendix 3. Interviewing and data processing was undertaken for us by Research and Marketing Ltd, which has undertaken many such surveys for us in the past. Interviewing took place in October 2003. A total of 1,001 households was interviewed by telephone, of which 250 were in Zone 1 covering the town of Ashford itself, and 151 in Zone 2, the immediately surrounding area. The remainder of the interviews were spread between the other five zones, with a particular weighting towards Folkestone/Hythe, which has a large concentration of population.
- 2.14 The results of the survey provide a highly detailed picture of where the residents of Ashford's catchment area shop for main food and top up convenience goods shopping, and for eight different categories of comparison goods shopping. They also provide some information on linked

trips shopping where the primary trip generator is main food shopping; on travel mode; and on respondents' likes and dislikes about Ashford town centre for shopping and services.

Catchment Population

- 2.15 As our starting point, we have obtained an 'Ashford Area Profile Report' from MapInfo, setting out the 2001 population of each of the seven catchment zones, together with trend based forecast populations for 2006, 2011 and 2016. To obtain estimated zone populations for our base year for forecasting of 2003, we have interpolated between the MapInfo figures for 2001 and 2006. To obtain trend based population forecasts for 2031, we have extrapolated the MapInfo figures using the least mean squares method. The resulting population estimates and forecasts have been adopted without alteration for catchment Zones 2 to 7 outside Ashford itself.
- 2.16 In the case of Zone 1, Ashford, we have added to the trend based population forecasts, our assessment of the likely growth in population which will result from expected housing growth. This is based on 'Scenario B: Mixed Urban Consolidation/Growth Strategy' set out in the Halcrow report. Scenario B envisages cumulative housing growth of 30,780 dwellings over the period 2001 to 2031. We have been advised by Ashford Borough Council that the average household size in 2001 in the Borough was 2.44 persons per household. At this stage, when our forecasts are still provisional pending work on the Greater Ashford Development Framework, we have assumed that this average household size will remain unchanged until 2031. We have therefore added the resulting growth in population to the MapInfo trend based population growth, to arrive at a set of population forecasts for Zone 1 over the period 2006 to 2031. These show the population of Zone 1 growing from an estimated 56,289 in 2003 to 86,409 by 2016, and further to 131,362 by 2031. These forecasts will no doubt need to be revised as a result of work on the Greater Ashford Development Framework. We consider it more likely that the forecasts would fall than rise. However, we believe that they are realistic for the purposes of these provisional retail capacity forecasts; particularly for our shorter term forecasts to 2006 and 2011, when housing and population growth will be less than in later years.
- 2.17 The resulting catchment area population forecasts by zone are set out in REASN Model Tables 1a and 1b in Appendix 4.

Forecasting Dates

- 2.18 We have prepared base year estimates of retail sales as at 2003. Our forecasts have been prepared for the years 2006, 2011, 2016 and 2031. This latter date has been chosen because it is the 'target' end date for the expansion of Ashford envisaged in the Halcrow report. As indicated above, the longer ahead of these forecasts should be treated as a broad guide only, and reviewed and updated well before those dates.

Price Basis

- 2.19 All monetary values in this report are in 2000 prices, unless otherwise indicated.

Per Capita Expenditure

- 2.20 The MapInfo Ashford Area Profile Report indicated the average per capita expenditure on convenience and comparison goods in the catchment area in 2000. After deducting expenditure on special forms of trading, these amount to £1,450 for convenience goods and £2,173 for comparison goods. These base figures are set out in REASN Model Table 2a in Appendix 4. Table 2b indicates the breakdown of the comparison goods figure into the eight different categories of comparison goods expenditure covered by questions in the household interview survey 2003. The base figures for the year 2000 in Table 2a have been increased to allow for estimated actual growth over the period 2000 to 2002, followed by expected growth thereafter to 2031. For convenience goods, we have applied the ultra long term trend rate of growth of 0.1% per annum for the period 2000 to 2031. For comparison goods, we have applied the estimated actual growth of 13.7% over the two year period 2000 to 2002; followed by the ultra long term trend rate of 3.6% per annum for the period 2002 to 2031.
- 2.21 Whilst growth in per capita expenditure on comparison goods is currently running at a higher rate than 3.6% per annum, it would be unrealistic to assume that the current high level of growth will continue annually throughout the 29 year forecasting period. The ultra long term trend spans the period 1963 to 1997, thus covering several economic cycles. Of course, it does not take account of potential growth in on-line shopping via the Internet or interactive digital TV. Whilst this is currently growing rapidly, it still accounts for only a very small proportion of total retail spending; and is focused mainly on particular retail categories eg. books, music, computer products. To assume an annualised average of 3.6% per annum over the entire forecasting period when growth for the last few years has been significantly above this level, therefore makes an implicit allowance for further growth in such non traditional forms of shopping. In any event, periodic review of the

forecasts as development proceeds will enable the assumed growth rates to be adjusted as necessary in the light of actual growth, and the forecasts revised accordingly.

2.22 The combined effect of the forecast growth in population and in per capita expenditure is that we expect total catchment area expenditure on convenience goods to increase by just over £137m (41%) over the period 2003 to 2031; and total catchment area expenditure on comparison goods to increase by £1,586m (269%) over the same period. This compares with growth in total catchment area population of 40% over the period. Thus almost all the growth in catchment area expenditure on convenience goods is due to expected growth in population; but only a small proportion (approximately 15%) of the growth in catchment area expenditure on comparison goods is accounted for by forecast growth in population. This means that the comparison goods floorspace capacity forecasts are fairly insensitive to the population growth assumptions, and much more sensitive to the assumptions about growth in per capita expenditure, particularly in the later part of the forecasting period.

Shopping Patterns in the Catchment Area

2.23 As indicated above, in October 2003 we designed and commissioned a new household interview survey of shopping patterns in Ashford and its catchment area. We have included the unweighted tables of results in Appendix 3. We have used these results as a key input to our REASN Forecasting Model in Appendix 4. Thus for Ashford town centre for example, in Table 3a (i) we have combined the results of the question about main food shopping with those of the question about top up food and convenience goods shopping, to provide a weighted average market share of total convenience goods expenditure in each zone which is attracted to main food stores in Ashford town centre. These weighted averages are then rounded to the nearest integer, and used in Table 3a to indicate the pattern of attraction of convenience goods expenditure by the main food stores in Ashford town centre. A similar approach has been used for the out of centre main food stores in Tables 3c (i) and 3c in Appendix 4.

2.24 In the case of comparison goods, for Ashford town centre, we have applied the results of the household interview survey for each of the eight categories of comparison goods, weighting the market shares for each according to per capita expenditure on each category; to provide a weighted average market share of all comparison goods expenditure which is attracted from each zone by Ashford town centre. The market shares for each individual goods category and the weighted average is set out in Table 3a (ii); the final (weighed average) column of which is rounded to the nearest integer, and applied in Table 3a to indicate the market shares of all comparison goods expenditure attracted from each zone by Ashford town centre. Similar tables

(with the suffix 'b') apply to the Designer Outlet Centre, and (with the suffix 'c') to the out of centre retail warehouses and the comparison goods floorspace in food superstores in Ashford.

- 2.25 REASN Model Tables 3a, b and c show that the shopping destinations in Ashford attract much higher market shares of catchment area expenditure from catchment Zones 1 and 2, 4 and 5, than from Zones 3, 6 and 7. This is not surprising, because Zone 3 contains Folkestone which has a substantial town centre; whilst most of Zone 7 is no further from the larger and more attractive city centre of Canterbury than it is from Ashford town centre. Most of Zone 6 is closer to Hastings or Tunbridge Wells than it is from Ashford. The Designer Outlet Centre shows a similar pattern of differences in market shares between the seven zones, although to a substantially lesser degree. This indicates its function as a specialist retail destination for shoppers from much of Ashford's catchment area.

Visitor Expenditure

- 2.26 As discussed above, the NSLSP shows that Ashford town centre and the Designer Outlet Centre both attract some comparison goods expenditure from outside the catchment area covered by the new household interview survey. Based on the results of the NSLSP, we estimate that for the town centre this inflowing visitor expenditure is equivalent to an increase of 7.5% above the expenditure attracted from catchment area residents. We have therefore included such an allowance in REASN Model Table 5a in Appendix 4. In the case of the Designer Outlet Centre, the NSLSP does not provide sufficient information to enable an accurate increase to be calculated. However, we are aware that factory outlet shopping centres often have wide catchment areas, and attract small amounts of expenditure from substantial distances. We have therefore made an allowance for such expenditure by visitors from outside the catchment area covered by a new household interview survey, equivalent to an increase of 20% in the expenditure by catchment area residents. Whilst this is our professional judgement, we believe it is realistic, and sufficient to allow for visitors coming to the Designer Outlet Centre from continental Europe, as well as from more distant parts of Britain. In the case of both the town centre and the Designer Outlet Centre, we have kept the proportionate uplift for visitor expenditure constant throughout the forecasting period.

Existing Shop Floorspace

- 2.27 We have been provided by Ashford Borough Council with details of the existing convenience and comparison goods shop floorspace in Ashford town centre, in the Designer Outlet Centre, and in out of centre food superstores and retail warehouses. Where necessary, we have supplemented the data on food superstores with that published by the Institute of Grocery Distribution. As

necessary, we have made our own assumptions about net to gross ratios; and in the case of food superstores about the division of floorspace between convenience and comparison goods sales. The resulting floorspace figures are set out in Appendix 4 Tables 5a and 5a (i) for the town centre; 5b, 5b (i) and 5b (ii) for the out of centre foodstores and retail warehouses; and Table 5c for the Designer Outlet Centre.

Sales Densities

2.28 For the existing main food stores in Ashford town centre, and the out of centre food stores in Ashford, we have applied estimated company average sales densities based on information published by Verdict Research. These are set out in Appendix 4 Tables 5a (i) for the town centre, and 5b (i) for the out of centre foodstores. In the case of retail warehouses, we have taken account of estimated company average sales densities as at 2000/2001 published in 'The UK Retail Rankings 2001'. These sales densities are set out in Table 5b (ii) in Appendix 4. They indicate the sales capacity of the existing committed and new retail warehouses in the Borough, on the basis of estimated company averages. Table 5c (ii) also includes estimated sales densities for the comparison goods floorspace in the out of centre foodstores, derived from detailed information on each company published by Verdict Research.

Development Scenarios Assessed

2.29 We have assessed two scenarios for retail development as follows:

1. Scenario 1 – the 'base line' scenario, which assumes that there will be no change in the market shares of available expenditure attracted from the catchment area through the period to 2031.
2. Scenario 2 – growth of Ashford town centre; in which we adjust the future patterns of market shares of comparison goods expenditure attracted to each shopping destination in Ashford, to take account of the proposed County Square extension in the town centre. In doing so, we have increased the market shares of expenditure attracted by the town centre in future years, and reduced the market shares attracted by the Designer Outlet Centre, and by the out of centre shopping. However, we have allowed a greater increase in the town centre's market shares than reductions in the market shares for the other two destinations, such that Ashford's overall market shares of catchment area expenditure increase marginally. We consider that no more than a marginal increase in overall market share is realistic; in view of proposals for major new retail developments in Canterbury city centre and Maidstone town centre, which we expect to open within a similar time frame to that of the proposed County Square extension.

2.30 Scenario 1 is somewhat artificial, in that it makes no explicit allowances for increases in the attractiveness of the town centre as a result of major new retail development. It is therefore a worst case scenario which assumes that new town centre development is unable to achieve increased market shares in the face of increased competition from other town centres in Kent. However, it sets a useful baseline, with which Scenario 2, and any future retail development scenarios, can be compared. Scenario 2 is more realistic in that it explores the implications for shopping patterns of the proposed town centre development; and represents our current best estimate of likely future retail performance of the main shopping destinations in Ashford. For convenience goods, Scenarios 1 and 2 are the same, assuming no future change in the market shares indicated by the household interview survey.

Format of the REASN Model Tables

2.31 The detailed REASN Model Tables for both Scenarios are set out in Appendix 4. Tables 1a and 1b set out the population forecasts for each of the seven catchment zones. Table 2a indicates per capita expenditure, growth in that expenditure, and total catchment area expenditure by zone for convenience and comparison goods over the period 2003 to 2031. Table 2b indicates total catchment area expenditure in 2003 on each of the eight categories of comparison goods. For each shopping destination in Ashford, Table 3a, b or c sets out the pattern of weighted average market shares of catchment area convenience and comparison goods expenditure which is attracted from the catchment area to that destination. In the case of the Designer Outlet Centre, comparison goods only are included, because there are no main food and convenience goods sales from that shopping centre. The market shares in Tables 3a, b and c are based on the detailed results by goods category obtained from the household interview survey, and set out in Tables 3a, b or c (i) for convenience goods and 3a, b or c (ii) for comparison goods. Tables 4 a, b and c are the product of Table 2a (catchment area expenditure) and Tables 3a, b or c respectively. Tables 4a, b or c (i) indicate the expenditure on each of the eight categories of comparison goods attracted by each shopping destination in 2003, and the resulting overall market shares of such expenditure currently attracted by each shopping destination. These tables are the product of Table 2b and Tables 3a, b and c (ii). Tables 5a, b and c compare the expenditure attracted by each shopping destination, and hence sales in each, with existing shop floorspace, and indicate the resulting capacity for additional shop floorspace. In each case, the top line of the relevant Table 5 (spending by catchment area residents) is taken from the bottom line of the corresponding Table 4. As appropriate, an allowance is then made for expenditure by visitors from outside the catchment area covered by the household interview survey, as described above.

3. THE REASN MODEL FORECASTS

3.1 In this section, we set out our retail capacity forecasts for each shopping destination in Ashford, and discuss the relationship between town centre and out of centre shopping development. We also comment on the implications for future development strategy. In setting out our forecasts, we distinguish between convenience goods and comparison goods, defined as follows:

- Convenience goods: Food, alcoholic drinks, tobacco products, newspapers and periodicals, non-durable household goods.
- Comparison goods: Clothing and footwear; household textiles and soft furnishings; furniture and floor coverings; household appliances; audio visual equipment; hardware, DIY goods, decorating supplies, tools and garden products; chemist and medical goods, cosmetics and beauty products; books, jewellery, watches, china, glassware and kitchen utensils, recreational, personal and luxury goods.

Table 3.1

Summary of Retail Capacity Forecasts

Scenario/Goods/Location	2006 (sq m net)	2011 (sq m net)	2016 (sq m net)	2031 (sq m net)
Convenience Goods:				
Scenarios 1 and 2:				
Town Centre	450	600	750	1,400
Out-of-centre	3,400	5,050	6,800	13,050
Total	3,850	5,650	7,550	14,450

Comparison Goods:				
Scenario 1:				
Town Centre	4,250	13,550	24,700	73,750
Designer Outlet Centre	1,000	3,100	5,700	16,850
Out-of-centre	-11,350	-4,500	3,450	40,200
Scenario 2:				
Town Centre	9,650	20,100	32,750	88,200
Designer Outlet Centre	-750	950	2,950	11,700
Out-of-centre	-11,950	-5,750	1,950	37,150

Source: REASN Model Tables 5a, 5b and 5c in Appendix 4, rounded to the nearest 50 sq m net.

CONVENIENCE GOODS

- 3.2 Scenario 1, Table 5a shows that in 2004, the main foodstores in Ashford town centre were achieving combined sales of £9.655m, at a combined average sales density of £10,565 per sq m net. Table 5a (i) shows that based on estimated company average sales densities, the combined sales density of the two main foodstores in the town centre (Marks & Spencer and Iceland) in 2001/2 was £7,072 per sq m net. Thus these two stores are currently estimated to be trading at about 50% above the level based on estimated company averages. As indicated in Table 3.1 therefore, there is theoretical capacity for up to about 450 sq m net additional main foodstore floorspace in the town centre by 2006, rising to about 600 sq m net by 2011, to 750 sq m net by 2016, and to about 1,400 sq m net by 2031, if forecast trends are realised.
- 3.3 The position is the same under Scenario 2; because we do not expect there to be an opportunity to provide a sufficiently large new foodstore in Ashford town centre (for example a full sized full range superstore) to increase the town centre's market shares of convenience goods expenditure attracted from the catchment area.
- 3.4 The position is similar in relation to out of centre shopping. Scenario 1 Table 5b shows that the out of centre main foodstores in Ashford are currently estimated to be achieving convenience goods sales of about £137.615m, at a combined average sales density of £13,225 per sq m net. However, Table 5b (i) shows that at estimated company average sales densities, the combined average sales density of the existing out of centre main foodstores in the town is approximately £10,646 per sq m net. Thus, the out of centre stores as a group are currently trading at about 24% above the level based on estimated company averages.
- 3.5 Again, this means that there is theoretical capacity for additional out of centre foodstore floorspace. Table 3.1 indicates capacity for up to about 3,400 sq m additional convenience goods floorspace by 2006, rising to about 5,050 sq m net by 2011, to about 6,800 sq m net by 2016, and about 13,050 sq m net by 2031, if the forecast trends occur.
- 3.6 The convenience goods retail capacity forecasts set out in Table 3.1 are maxima. This is because they are based on the assumption that sales densities in the existing main foodstores will all fall to currently estimated company average levels. However, an average is only an average; and the more attractive stores will always trade at levels above the company average. It would therefore not be realistic to plan on the basis that such an across the board reduction in sales densities should or would occur.
- 3.7 In practice, we consider that, when the capacity forecasts for the town centre and out of centre locations are combined, there would be practical capacity for up to one more full sized full range

superstore opening in the period 2006 to 2011 (or equivalent floorspace); together with a further superstore or a combination of town centre format supermarkets (eg. Tesco Metro or Sainsbury Central) and discount supermarket and extensions to existing stores, by 2016. Thereafter, there may well be scope for a further food superstore by 2031; although the need for this should be reviewed well before that date in the light of growth in population and expenditure, and of shopping patterns at that time.

- 3.8 We consider that there is no pressing and urgent need to develop an additional food superstore for at least the next five years. Ashford already has an Asda superstore, a Sainsbury superstore and two Tesco superstores, in addition to Iceland and Marks & Spencer in the town centre, and Farmfoods and Lidl out of centre. The town is therefore already well provided with main food and convenience goods stores. In addition, other convenience goods shops and smaller specialist foodstores exist in the town centre and/or in local shopping centres in the town. However, we consider that the Greater Ashford Development Framework will need to identify a site for a new food superstore (in addition to the committed store on the Barracks site), for development in about 10 years time as the 'anchor' for a new district centre to serve the principal housing growth area.

COMPARISON GOODS

Ashford Town Centre

- 3.9 In Appendix 4, Scenario 1 Table 5a shows that Ashford town centre is estimated to be achieving an average sales density for comparison goods in 2003 of £3,484 per sq m net. Based on our retail studies of a number of other town centres, we consider that this is a modest sales density for a town centre of the size of Ashford; and indicates that the town centre is currently somewhat under performing for a town centre of its size. This is due to a combination of factors, including competition from the Designer Outlet Centre, particularly for fashion goods; the somewhat poor clothing, footwear and other fashion goods offer in the town centre (probably at least partly because of the Designer Outlet Centre); and competition from stronger town centres, in particular Canterbury, Maidstone and Tunbridge Wells. It may also be due to the limited availability of large modern shop and store units in the town centre capable of attracting and accommodating the most popular national multiple retailers.
- 3.10 This underperformance of the town centre indicates that the existing occupied floorspace (and at least some of the currently vacant floorspace) has the potential to absorb some of the growth in expenditure which will result from growth in population and per capita expenditure; provided that the town centre's market share of catchment area expenditure can at least be maintained. We have therefore allowed for sales in the existing shops to grow at 1.5% per annum in real terms, thus absorbing significant growth in expenditure.

- 3.11 Table 3.1 shows that in Scenario 1 (ie. no increase in market shares), there will be sufficient expenditure to support additional comparison goods floorspace of about 4,250 sq m net by 2006, rising to about 13,550 sq m net by 2011, 24,700 sq m net by 2016, and 73,750 sq m net by 2031, if forecast trends occur. The proposed County Square extension comprises 13,940 sq m net comparison goods shop floorspace, expected to open in about 2007. Thus if this scheme is not able to increase Ashford town centre's market shares of catchment area expenditure attracted, it would not be fully supportable by available expenditure until about 2011.
- 3.12 Scenario 2 is based on the more realistic assumption that the County Square extension, anchored by a new department store (currently expected to be Debenhams), will be able to increase marginally the market shares of expenditure attracted. On this basis, Table 3.1 shows that there will be sufficient expenditure to support about 9,650 sq m net additional comparison goods floorspace by 2006, rising to about 20,100 sq m net by 2011, 32,750 sq m net by 2016, and 88,200 sq m net by 2031, if forecast trends occur. On this basis, there would be sufficient expenditure to support the County Square extension in full within about a year of its opening. We consider that this is realistic.
- 3.13 Table 3.1 also shows that if population and expenditure growth occurs as forecast, there will be sufficient expenditure to support substantial further comparison goods shop floorspace development in Ashford town centre after completion of the County Square extension. We expect this to be sufficient for a further town centre comparison goods development on at least the same scale as the proposed County Square extension, by about 2016. Table 3.1 suggests that there will be capacity for further substantial comparison goods shopping development in the town centre between 2016 and 2031, to meet the needs of the growing town. However, these forecasts should be treated with considerable caution at this early date, and reviewed regularly as growth of the town proceeds.

Ashford Designer Outlet Centre

- 3.14 As indicated in Appendix 4, Table 5c, we estimate that the Designer Outlet Centre is currently achieving an average sales density of about 2,518 per sq m net. This allows for a substantial inflow of expenditure from beyond Ashford's catchment area covered by the household interview survey, equivalent to an uplift of 20% in the expenditure attracted from within the catchment area itself. Whilst data on sales densities achieved by other factory outlet centres is not readily available for comparison, we consider that the estimated sales density shows the Ashford Designer Outlet Centre to be performing moderately at present. A sales density of £2,518 per sq m net would be very low for town centre clothing, footwear and other fashion goods shops. However, this is offset

to some degree by the specialist 'discount' nature of factory outlet shops; and the fact that the centre may not necessarily be the first choice location for shoppers in the catchment area seeking to purchase such goods.

- 3.15 Because of its modest sales density, we consider that the Designer Outlet Centre has the potential to absorb fairly substantial increases in expenditure without additional floorspace. We have therefore allowed for this to happen, resulting in the modest forecasts for additional supportable retail capacity set out in Table 3.1. Under Scenario 1, we forecast sufficient expenditure to support about 1,000 sq m net additional floorspace by 2006, rising to about 3,100 sq m net by 2011, 5,700 sq m net by 2016, and 16,850 sq m net by 2031, if forecast trends occur.
- 3.16 Scenario 1 assumes no change in the pattern of market shares indicated by the household interview survey. However, in the more realistic Scenario 2, the proposed County Square extension in the town centre is expected to increase the town centre's market share of catchment area comparison goods expenditure, and reduce the market share attracted by the Designer Outlet Centre (although not to the same degree). Thus in Scenario 2, we are unable to forecast any capacity for additional comparison goods floorspace at the Designer Outlet Centre by 2006; and only about 950 sq m net by 2011, rising to 2,950 sq m net by 2016, and to 11,700 sq m net by 2031, if all forecast trends occur.
- 3.17 In practice, however, we do not think that any expansion of the Designer Outlet Centre would be justified over the period to 2016. The centre is designed and functions as a single entity providing a specialist retailing function. Since it was built, a factory outlet shopping centre has opened at Chatham Maritime; and there is a smaller such centre at Dover. It is therefore unlikely that there will be a need for expansion, either in terms of retailers' needs to sell surplus stocks, or in terms of growth in population and expenditure in the catchment area, over this period. In the longer term to 2031, some expansion of the centre might become justified. However, the need for it should be reviewed well before that date, and confirmed before any commitments to such expansion are made.

Retail Warehouses and Comparison Goods Floorspace in Food Superstores

- 3.18 We estimate that the retail warehouses and the comparison goods floorspace in the out-of-centre main foodstores together are achieving a combined average sales density for comparison goods of about £2,234 per sq m net. This is indicated in Table 5b in Appendix 4. However, this is significantly below the combined average based on estimated 2000/2001 company averages of £2,816 per sq m net shown in Table 5b (ii). This out-of-centre comparison goods floorspace is

therefore somewhat under trading; and we consider that the retail warehouses in particular are performing at below the estimated company average levels.

- 3.19 Planning permission has been granted for a substantial extension of Ashford Retail Park at Sevington, parts of which have been built and are now occupied. After taking this new and committed retail warehouse floorspace into account, and making a realistic allowance of 1% per annum for real increases in sales density, the combined average sales density for the existing and new out-of-centre comparison goods floorspace would rise to £3,098 per sq m by 2006. This would be well above the current performance indicated by the results of the household interview survey. Thus in Table 3.1, under Scenario 1 we forecast that by 2006 there will be an oversupply of out-of-centre comparison goods floorspace (apart from the Designer Outlet Centre) of about 11,350 sq m net, falling to about 4,500 sq m net by 2011. By 2016, if forecast trends occur, the oversupply should be fully eliminated, and there should be sufficient expenditure to support additional retail warehouse floorspace of about 3,450 sq m net, rising to about 40,200 sq m net by 2031. In Scenario 2, we expect the proposed County Square extension to reduce slightly the market shares of catchment area comparison goods expenditure attracted by the retail warehouses and out-of-centre main foodstores in Ashford. The results will be to increase slightly the oversupply of floorspace in 2006 to about 11,950 sq m net, falling to about 5,750 sq m net by 2011. In 2016, we forecast that the capacity for additional retail warehouse floorspace would be about 1,950 sq m net, rising to about 37,150 sq m net by 2031, if all forecast trends occur.
- 3.20 These forecasts indicate that there will be no need for any additional retail warehouse floorspace in Ashford until almost 2016; as the existing and committed new stores absorb the substantial growth in expenditure. If one or two new food superstores are developed in this period, as indicated above, they will also contain a significant element of comparison goods floorspace. That will also help to absorb some of the growth in expenditure on comparison goods in out-of-centre locations over this period.

RETAIL SECTOR ANALYSIS

- 3.21 To assist with assessing the need for additional retail floorspace in Ashford, we have undertaken an analysis of the market shares of catchment area expenditure on each of the eight sub-categories of comparison goods, which each shopping destination in Ashford is currently attracting from the catchment area. Table 2b in Appendix 4 sets out the available catchment area expenditure on each of the eight comparison goods categories. Table 3a (ii), 3b (ii) and 3c (ii) indicate the pattern of market shares of such goods attracted from the catchment area by Ashford town centre, the out-of-centre retail warehouses and main foodstores and the Designer Outlet Centre respectively. The product of these tables with Table 2b is set out in Tables 4a (i), 4b (i) and 4c (i) for the town centre, retail warehouses and out-of-centre foodstores, and the Designer Outlet

Centre respectively. These latter tables indicate the overall market share of expenditure on each comparison goods sub-category attracted by each shopping destination. Table 6 in Appendix 4 then combines these market shares to show the total market share of expenditure on each comparison goods sub-category attracted by Ashford as a whole.

- 3.22 Table 6 shows that the highest combined market shares attracted are for hardware, DIY goods and garden products (51.3%); household appliances (47.6%); and audiovisual equipment (45.9%). Significantly lower market shares are attracted by all the other comparison goods categories, ranging from 35.6% for chemists', medical and beauty goods, to 38.6% for clothing and footwear.
- 3.23 Table 6 indicates that greater leakage of expenditure from the catchment area is currently occurring in the second group of goods categories described above and in the first group. This suggests that there is a particular need to increase the attractiveness of clothing, footwear and fashion goods shops, homewares (apart from household appliances and audio visual equipment), and leisure and luxury goods such as books, jewellery, music, and recreational goods. Typically, these are the principal town centre goods categories, rather than being widely sold from retail warehouses. This retail sector analysis therefore underlines the need to improve the retail offer and attractiveness of Ashford town centre, if expenditure leakage is to be minimised. It confirms the need for additional town centre retail development, such as that in the proposed County Square extension.

4. CONCLUSIONS

- 4.1 In this section, we set out a summary of our overall findings and conclusions, together with the implications for future retail development in Ashford.
- 4.2 In terms of convenience goods sales, the existing main food stores in Ashford are trading well. The town centre stores together, and the out-of-centre stores as a group, are both currently trading at significantly above the levels based on combined estimated company averages. This means that there will be sufficient expenditure to support up to one new full sized, full range food superstore (of about 6,000 sq m gross) opening in the period 2006 to 2011. Alternatively, there will be sufficient expenditure to support one substantial new town centre format food store together with a medium sized out-of-centre foodstore of the size of that already committed at the Barracks site, both by about 2011. Over the period 2011 to 2016, expenditure is forecast to grow sufficiently to support a further full sized food superstore by about 2016 (or equivalent floorspace in a combination of extensions to the existing stores, and smaller stores eg discount supermarkets and/or town centre format food stores). In terms of location, the sequential approach should apply; and new food store floorspace should be provided in the town centre, existing district centres, or where it can 'anchor' new district or local centres to serve the new housing areas; rather than in unplanned out-of-centre locations.
- 4.3 The existing comparison shops and stores in Ashford town centre are currently somewhat under performing for a town centre of Ashford's size. We consider that this is due to a combination of competition from the Designer Outlet Centre, and the somewhat poor retail offer of the town centre – which is partly due to the lack of suitable large modern shops and stores to accommodate attractive and popular multiple retailers. Much of the growth in expenditure in the town centre flowing from population growth and growth in per capita expenditure, can therefore be absorbed by the existing shops and stores for the next few years. As a result, without increases in the town centre's market share of catchment area comparison goods expenditure, there will not be sufficient expenditure available to support fully the proposed extension of County Square until about 2011.
- 4.4 On the more realistic assumption that the proposed extension of County Square, with its 'anchor' department store (currently envisaged as Debenhams), is able to increase marginally the market share of catchment area expenditure attracted by the town centre, the County Square extension will be fully supportable by available expenditure by about 2008, if forecast trends occur. This is not long after the most realistic opening date of spring 2007. Thereafter, the capacity for further town centre comparison goods floorspace is expected to grow rapidly, due to substantially increased population in Ashford and increasing per capita expenditure. On this basis, a second phase of town centre development of similar size to the currently proposed County Square extension would be fully supportable by not later than about 2016. By 2031, further substantial town centre

development should become supportable, but the need for this should, of course, be reviewed and confirmed well before that date.

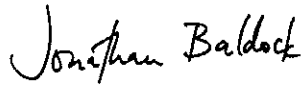
- 4.5 The Designer Outlet Centre appears to be trading modestly at present. As a result, and because of its specialist retail nature, there is unlikely to be any need for it to expand during the period to 2016. It has the capacity to absorb significant increases in expenditure, and its sales growth will be somewhat curtailed by the proposed town centre development, which will be likely to divert some expenditure from it to the town centre. After 2016, some expansion of this centre may be justified. However, the need for this should be reviewed before that date, in the light of circumstances at that time.
- 4.6 The other existing out-of-centre shopping (retail warehouses and the comparison goods floorspace in the food superstores) is trading at significantly below the level based on combined estimated company averages of the retailers. This means that these existing stores, together with the new retail warehouses at Ashford Retail Park which have planning permission but have not yet been built, have the capacity to absorb substantial increases in expenditure. There will therefore be no need for any additional out-of-centre retail warehouses before about 2016, even taking account of the high population growth forecast for the town. By 2031, there could be a need for substantial additional retail warehouse floorspace, but this should be kept under review from well before that date. Any additional food superstore developed in the period 2006 to 2016 would be likely to include significant comparison goods floorspace, thus helping to meet any need for such floorspace outside the town centre which may emerge towards the end of that period.
- 4.7 Overall, the greatest need for additional retail development in Ashford over the period to 2016, will be for additional town centre comparison goods floorspace. If leakage of comparison goods expenditure from Ashford and its catchment area is to be reduced, this need is particularly for shops and stores selling clothing, footwear and other fashion goods; homewares including household textiles; chemists', beauty and medical goods; and leisure, luxury and recreational goods. Many of these goods will be sold from the proposed County Square extension; and would be likely to be sold from further phases of new retail development in the town centre.

USE AND REVIEW OF THE FORECASTS

- 4.8 Finally, and in accordance with our usual practice, we must emphasise that all expenditure based forecasts of future shop floorspace capacity are based on imperfect data and contain a number of assumptions. Our forecasts set out in this report are based on the most up to date and most reliable information currently available to us. They are intended to be exploratory rather than prescriptive; and as an indication of the likely order of magnitude of future shop floorspace capacity (if forecast trends are realised), rather than as absolute statements of need or rigid limits

to future growth. Our shorter term forecasts are likely to be more reliable than our longer term forecasts. All the forecasts should be periodically revised as necessary in the light of actual population and expenditure growth, and as each major phase of development is completed and its effects become measurable. In particular, we recommend that our forecasts be updated after each phase of new development in Ashford town centre has been completed, based on a new Household Interview Survey of shopping patterns at that time; so that the effects of each phase can be fully assessed, and further phases planned accordingly. This would also enable the effects of any new out-of-centre developments, such as the committed extension of Ashford Retail Park, and new food store at the Barracks site, to be taking into account in planning for further development.

Report approved by:



A J Baldock
Associate Director

Date: 11 December 2003