

**Bridgend Retail Need
Assessment: Update Report**

on Behalf of

**Bridgend County Borough
Council**

June 2004

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This tender document has been prepared by:

The Research & Consultancy Department
Colliers CRE
9 Marylebone Lane
London W1U 1HL

Tel: 020 7935 4499



1. INTRODUCTION AND TERMS OF REFERENCE

- 1.1 On May 14th 2004, Bridgend County Borough Council instructed Colliers CRE to update the Bridgend Retail Need Assessment, which we prepared for the Council in December 2002. The purpose of the update is to assist the Council in determining retail planning policy within the Borough. In particular, the Council require an objective assessment of the quantitative need for additional convenience goods floorspace in Bridgend within the plan period through to 2016.
- 1.2 At the time of the last retail study (December 2002), there were two major food superstore proposals within the town of Bridgend as follows:
- An Asda superstore of 8,680 sq m gross on land south of Brackla Street in Bridgend town centre; and
 - A Tesco superstore of 8,472 sq m gross on an out of centre site adjacent to the Bridgend Northern Distributor Road.
- 1.3 In addition, elsewhere within the borough, there was an existing planning consent to develop a new food supermarket at Maesteg and a Council commitment to support a new supermarket at Porthcawl.
- 1.4 Since the end of 2002 the planning process has continued to evolve. The key changes have been as follows:
- The Council granted outline planning consent to the town centre Asda superstore application (subject to a Section 106 Agreement) in 2003;
 - In February 2004, the Council resolved to retain the draft UDP Policy R9 (1) allocation of the Brackla site for convenience goods retailing; and
 - In June 2004, the Council received a new application for a larger food supermarket at Maesteg, albeit as an alternative to the existing consented store.
- 1.5 In addition, the UDP Inquiry took place during 2003. The UDP Inspector in her report recommended that Policy R9 (1), which relates to the draft allocation of the Brackla site for

convenience goods shopping, should be re-assessed, particularly in respect of quantitative need, in order to determine whether there was a robust justification for its retention.

1.6 As a result of the Inspector's report and these planning changes, the Council have instructed Colliers CRE to update its December 2002 study in relation to quantitative need. Specifically, Colliers CRE agreed with the Council that the update should be framed by the following terms of reference:

- To adopt the same base and forecast years as the December 2002 study;
- To use the same survey area and same zone definitions;
- To confine the update to convenience goods shopping only;
- To use the same estimates and projections of population for each zone and the survey area as a whole;
- To use the same retail floorspace data;
- To take into account changes in food store provision in the survey area since December 2002;
- To exclude from the need assessment the Aldi planning consent in Bridgend town centre because it cannot be implemented due to land assembly problems; and
- To utilise the existing Autumn 2002 household survey data and assume that improvements in the quantity and quality of food store provision outside the survey area will not have changed Bridgend's market shares in the base year.

1.7 In order to address these terms of reference, Colliers CRE agreed to carry out the following work:

- To read and take appropriate account of the reports prepared by the consultants acting for Asda and Tesco;
- To review the results of the 2004 household and shoppers surveys carried out for the Council by Research and Marketing and take these into account, where appropriate;
- To update the convenience goods retail capacity tables which formed part of Appendix 5 of the December 2002 report;
- To carry out a sensitivity analysis of retail capacity using low and high convenience goods expenditure per head assumptions;
- To prepare alternative retail capacity scenarios to reflect the different planning options available to the Council in relation to future food store provision at Maesteg;

- To purchase, if necessary, more recent spend per head data for the survey area; and
- To prepare a short written report to accompany the updated quantitative need assessment, which summarises the changes in assumptions, input data and methodology since December 2002, sets out the updated floorspace need results and our recommendations to the Council.

1.8 Following this Introduction, Section 2 describes the ways in which we have updated the quantitative need assessment, whilst Section 3 sets out the results of the new need assessments. Section 4 summarises our conclusions and recommendations to the Council. The update is supported by a number of **Appendices** which are found at the back of the report.

2. THE QUANTITATIVE NEED ASSESSMENT: UPDATES FROM 2002

Background

- 2.1 In preparing this update study we have had regard to earlier reports prepared by consultants acting for Asda and Tesco, changes in the existing retail offer both within and beyond the survey area and new food store applications submitted to the Council.
- 2.2 This update report, as with our previous (December 2002) study, seeks to provide an independent and objective assessment of the quantitative need for additional convenience goods floorspace in Bridgend throughout the plan period to 2016.
- 2.3 This report has **updated** our December 2002 study in three main ways:
- By using more up to date data and information, where this has become available;
 - By taking into account changes in the convenience goods retail offer on the ground and new food store proposals/applications that have been submitted to the Council; and
 - By including a small number of refinements to the need methodology, including producing floorspace need estimates based on a number of scenarios reflecting differing expenditure growth assumptions and a range of alternative new food store proposals for Maesteg.
- 2.4 All monetary figures in this update study are given in **constant 2002 prices**, whereas figures in the December 2002 report were at 2000 prices.
- 2.5 We now describe the changes that have been incorporated into this update study.

Updated Data and Assumptions

Expenditure per Person

- 2.6 We have obtained from Experian average convenience goods expenditure per head data for each of the 13 zones which make up the household survey area. This data is for 2002 and is

reproduced in full in **Appendix 1. Figure 1** overleaf shows the coverage and configuration of the survey zones and the extent of Bridgend County Borough. The average spend per head varies throughout the survey area due to the differences in the socio-demographic composition of the population living within each zone. The range in expenditure per head is, however, smaller for convenience goods than for comparison goods.

Special Forms of Trading (SFT)

- 2.7 We have reduced the 2002 convenience goods expenditure per head spend estimates within each zone by 1.8% to take into account special forms of trading or non-store retail expenditure. This is the latest figure produced by Experian for convenience goods (see **Appendix 2**).
- 2.8 We have assumed that special forms of trading will account for 1.8% of convenience goods expenditure throughout the forecast period to 2011, since no reliable estimates of the scale, if any, of future changes have been produced. In practice, the proportion of spend not going through stores may increase over the next decade, primarily because of the rapid expansion of the e-tail sector. Therefore, we may have been conservative in our SFT assumption and consequently (on the basis of this assumption alone) our floorspace need estimates may exceed those which will arise in practice.

Growth in Expenditure Per Head

- 2.9 Although there are many technical and data assumptions which go into a comprehensive quantitative need assessment, the most important, particularly in relation to the impact it can have on the need results, is the forecasts which are used for the future growth of consumer retail expenditure per head. For this reason, we have carried out the full quantitative need assessment using both **low** and **high** convenience goods expenditure per head growth projections, whilst keeping all the remaining inputs constant.
- 2.10 The “low” growth rate relates to Experian’s ultra long-term trend and is 0.4% p.a., whilst the “high” growth rate is 1.0% p.a. and relates to Experian’s medium-term trend. The projections and forecasts produced by Experian are described and set out in full in **Appendix 3**.

Retail Turnover

2.11 We estimate convenience store turnovers at three stages in our quantitative need assessment as follows:

- To establish benchmark turnovers for Bridgend, Maesteg and Porthcawl town centres in the base year of 2002, and also the benchmark turnovers of the major out of centre food stores (details in **Appendix 4A**);
- To estimate the convenience turnovers of the main food store commitments within Maesteg and Porthcawl (details in **Appendix 4B**); and
- To estimate the convenience turnovers of the two planned food-based superstores in Bridgend (i.e. the Asda and Tesco) (details in **Appendix 4C**).

2.12 This study uses the same retail floorspace data as the December 2002 report, but updates the turnover figures by converting, where necessary, to 2002 prices and using (more recent) sales density information sourced from the 2004 edition of The UK Retail Rankings. In a number of instances this new data produces different turnover estimates from those given in our 2002 study. **Figure 2** overleaf shows the location of the principal existing food stores in Bridgend town centre.

Changes in Floorspace Efficiency

2.13 In our December 2002 report, we made a small annual allowance of 0.15% of turnover to account for future changes in the efficiency/productivity of convenience goods floorspace. This estimate was based on data published by URPI in 1986. This is obviously now very historic. Unfortunately no organisation has produced more recent estimates for convenience goods retailing, although Experian have published figures for comparison goods. Nevertheless, the current view is that real floorspace efficiency changes for convenience goods continue to be very low and are likely to be close to, or at, zero.

2.14 Therefore in this update study we do not make any allowance for real changes in sales efficiency for the convenience goods sector. In practice, this has an almost negligible effect

on the need calculations and results, but makes a positive contribution to the reading of the report by improving transparency, particularly when comparing turnovers at different years.

Closure of Somerfield at Maesteg

- 2.15 Since our December 2002 report was published the Somerfield supermarket at Llynfi Road has closed down following a fire. This still leaves the Somerfield at Castle Street (adjoining the railway station), plus an Aldi, Iceland and a range of specialist food shops. We take this store closure into account in our quantitative need assessment by assuming that its estimated “benchmark” turnover of £4.1million¹ (see **Appendix 4A**) will be available in full to help support a new food store within the town.

Future Food Store Provision at Maesteg

- 2.16 At the present time, there is a planning consent for a new supermarket of 3,391 sq m gross at Maesteg. No specific operator is cited in the application and so we assume it will generate the sales density for a typical (average) supermarket (i.e. £8,000 per sq m net) (see **Appendix 4B**). This represents our **Scenario 1**.
- 2.17 However, the Council have recently received a new application on the same site for a food store of 4,274 sq m gross – 883 sq m gross or 26% larger than the existing consented store. We understand that the applicant wishes to capture the sales and market share “lost” by the closure of the Somerfield. Once again no operator is cited in the application, and we therefore again assume an average sales density of £8,000 per sq m in order to estimate its likely turnover. This is our **Scenario 2** (see **Appendix 4B**).
- 2.18 Lastly, we understand from the Council that Tesco are in discussions with the applicant about taking up the larger store should the new application receive planning consent. If this happened, the new store would be likely to trade at a higher than average sales density (we assume £10,550 per sq m net). This forms our **Scenario 3** (see **Appendix 4B**).

¹ We assume that this store was not over or under trading in the base year of 2002, prior to its closure.

Outputs

2.19 The results of our updated quantitative need/retail capacity assessment are summarised in Section 3 and set out in full in **Appendix 5 to 10** inclusive. We produce six sets of analyses labelled as follows:

Future Food Store Provision at Maesteg	Low Expenditure Growth Assumption	High Expenditure Growth Assumption
Consented store/typical operator	Scenario 1A (Appendix 5)	Scenario 1B (Appendix 6)
Proposed larger store/typical operator	Scenario 2A (Appendix 7)	Scenario 2B (Appendix 8)
Proposed larger store/Tesco as operator	Scenario 3A (Appendix 9)	Scenario 3B (Appendix 10)

2.20 Each set of need/capacity results incorporate all of the changes, updates and refinements set out at paragraphs 2.6 to 2.15 inclusive above.

3. THE QUANTITATIVE NEED ASSESSMENT: RESULTS

Methodology

- 3.1 The methodology used to estimate the future quantitative need for additional convenience goods retail floorspace in Bridgend is the same as that used in our December 2002 report to the Council. This approach is one we have successfully adopted for a wide range of similar need assessments including those undertaken for central government, consortiums of local authorities and individual councils. Our approach has been described by the Secretary of State (the Deputy PM) in a recent Decision Letter as being “up to date and robust”.
- 3.2 Our need methodology is described in considerable detail in Section 5 of our December 2002 report to the Council, and therefore we do not repeat it in detail again here.
- 3.3 We have again considered whether the constant market share approach adopted in our earlier study is the most realistic. It has been argued by consultants acting for Tesco that there is scope for Bridgend to increase its convenience goods market share from its already high level. In December 2002 we presented evidence to substantiate our position, including maps showing the considerable catchment area overlap which exists between Bridgend and competing food superstores outside the survey area. This analysis confirmed that 12 of the 13 zones which make up the survey area also fall within 15 minutes drivetime (i.e. the primary catchment area) of one or more competitor stores located outside the Borough. Moreover, the distribution of population on the ground would indicate that for Bridgend to materially increase its market share, in-flow expenditure would need to be drawn from cities and towns such as Cardiff, Port Talbot, Barry and Llantrisant, which have attractive existing food retail offers of their own.
- 3.4 Since 2002 we understand that the convenience goods retail offer at competitor centres and stores has strengthened even further. For example, the Asda at Coryton, Cardiff is being extended and converted into a Walmart, whilst Tesco at Llantrisant has closed its old store and relocated to a new and more attractive store for consumers nearby. Furthermore, Morrisons have opened new superstores to the west of Port Talbot and at Barry. All of these enlarged/new superstores have primary catchments which overlap with that of Bridgend. Therefore, we conclude, once again, that adopting constant market shares for Bridgend is the most realistic assumption to make for assessing quantitative need over the plan period. In fact, in the short-term it is possible that Bridgend’s convenience goods market share has actually fallen since our survey in 2002, although we feel that any material net out-flow of

spend is likely to be recaptured by new superstore(s) in Bridgend, if, and when, they are built.

Results

- 3.5 Our ‘benchmark’ quantitative need assessment is what we have called our Scenario 1 (see paragraph 2.16). This scenario assumes the same retail commitments as in our December 2002 study; that is, a Council commitment to support a new 2,787 sq m gross supermarket at Porthcawl and the existing planning commitment for a 3,391 sq m gross food store at Maesteg. As stated earlier, in order to estimate store turnover, we assume a typical operator for each store with an average sales density of £8,000 per sq m net. There is also a planning consent for a small Aldi supermarket in Bridgend town centre, but the Council have asked us to exclude this potential store from the need assessment because there are land assembly problems which prevent the scheme from being implemented.
- 3.6 The full set of spreadsheets showing our quantitative need/retail capacity assessment for convenience goods shopping under Scenario 1 is found in **Appendices 5 and 6**. **Appendix 5** presents the analysis assuming a ‘low’ expenditure growth projection, whilst **Appendix 6** assumes a ‘high’ expenditure growth projection. The estimated residual headroom expenditures and floorspace need totals for **Bridgend** may be summarised as follows:

Scenario 1: Consented Store at Maesteg/Typical Operator

Design Year	Residual Headroom Expenditure (£m)		Estimated Floorspace Need (Sq M Net)	
	Low Growth Assumption	High Growth Assumption	Low Growth Assumption	High Growth Assumption
2006	29.7	33.6	3,707	4,200
2011	35.0	43.9	4,380	5,489
2016	41.0	55.3	5,125	6,918

- 3.7 The corresponding results for Scenarios 2 and 3 (as described at paragraphs 2.17 and 2.18) are as follows:

Scenario 2: Proposed Larger Store at Maesteg/Typical Operator

Design Year	Residual Headroom Expenditure (£m)		Estimated Floorspace Need (Sq M Net)	
	Low Growth Assumption	High Growth Assumption	Low Growth Assumption	High Growth Assumption
2006	28.5	32.4	3,565	4,054
2011	33.9	42.7	4,233	5,335
2016	39.8	54.0	4,975	6,755

Scenario 3: Proposed Larger Store at Maesteg/Tesco as Operator

Design Year	Residual Headroom Expenditure (£m)		Estimated Floorspace Need (Sq M Net)	
	Low Growth Assumption	High Growth Assumption	Low Growth Assumption	High Growth Assumption
2006	25.9	30.0	3,239	3,747
2011	31.2	40.1	3,899	5,011
2016	37.1	51.3	4,632	6,414

3.8 Within each of the above summary tables residual headroom expenditures have been converted into a convenience goods floorspace requirement by assuming an average sales density of £8,000 per sq m net. In practice, the proposed Asda and Tesco are likely to have higher trading densities and so the quantum of floorspace which can be supported by these two operators will be less. This is discussed further at paragraphs 3.12 to 3.24 below.

3.9 As discussed at paragraph 2.10, the low and high convenience goods expenditure per head growth assumptions which we use are 0.4% and 1.0% p.a., and are derived from Experian. In fact, these are both **projections**, which are estimates of future spending based on the extrapolation of past trends, with the alternative projections being based on trends estimated over different periods of the past.² The growth rates we have adopted are therefore similar to those published by MapInfo, formerly URPI, which were also based on trends over different historic time periods.

¹ The (low) 0.4% p.a. ultra long-term trend relates to the period 1965-2002, whilst the (high) 1.0% p.a. medium-term trend covers 1985-2002 (see **Appendix 3**).

- 3.10 In addition to projections Experian also publish expenditure **forecasts**. These are estimates of future spending based on an econometric model of disaggregated consumer spending. The Experian expenditure growth forecast for convenience goods per head for the period 2003 to 2012 (similar to the time horizon for this study) is 1.0% p.a. Moreover, for the same time-period the consensus annual growth rate is also 1.0%. Therefore the **forecasting evidence suggests our high projection per head growth rate of 1.0% p.a. is likely to be more accurate than the lower projection rate of 0.4% p.a.** We therefore recommend that the Council attaches greater weight to the residual headroom expenditures/floorspace need estimates based on the high annual growth rate of 1.0%. This equates to Scenarios 1B, 2B and 3C. **Appendix 3** reproduces an extract from Experian's Retail Planner Briefing Note (November 2003) on consumer retail expenditure projections and forecasts.
- 3.11 As one would expect, the totals of residual headroom expenditure/floorspace need for Bridgend are higher under all three scenarios when we use the high spend per head growth projection. In addition, the residual headroom expenditure/floorspace need estimates are lower for Scenario 2 than Scenario 1, and lower again for Scenario 3. This is because the estimated turnover for a new food store in Maesteg is higher under Scenarios 2 and 3 (see **Appendix 4B**) and this reduces the expenditure leakage to Bridgend, thus reducing the town's headroom expenditure and its quantum of need for additional food store provision.

The Need for Additional Food Superstores

- 3.12 Our "benchmark" results in terms of residual headroom expenditures available to support additional convenience goods shopping in **Bridgend** are as follows:
- 2006: c. £34 million
 - 2011: c. £44 million
 - 2016: c. £55 million
- 3.13 These figures relate to the "high" spend per head growth scenario (1.0% p.a.), which Experian feel is the most realistic forecast over the plan period, and the existing food store consent at Maesteg (3,391 sq m gross store, unspecified operator). It also includes the Council's support for a new 2,787 sq m gross food store at Porthcawl. The figures form our Scenario 1B (**Appendix 6**).
- 3.14 Set against these available quantum of convenience goods expenditure are the estimated turnovers of the planned Asda and Tesco superstores at Bridgend. The Asda application

received outline planning consent in 2003 and relates to a town centre site on land south of Brackla Street, whilst the Tesco relates to an out of centre site adjacent to the Bridgend Northern Distributor Road. This site is currently allocated for convenience good retailing in the UDP.

- 3.15 Using figures proposed by the consultants acting on behalf of the applicants, we estimate that the convenience goods turnovers of the Asda and Tesco are £43.4 million and £38.6 million respectively in 2002 prices. Full details are set out in **Appendix 4C**. These turnover estimates relate to each store trading on its own without any impact from the other. The figures for each store also include an estimated 5% of sales which we assume will originate from outside our survey area.
- 3.16 Focusing on the **Asda** first, we estimate that the superstore will draw £41.2 million of convenience goods sales from the survey area. This compares with the £33.6 million of available expenditure capacity within Bridgend at 2006, which will be sufficient to support around 82% of the store's convenience goods turnover. This means that around £7.6 million of sales will be diverted from existing retail provision. In practice, this "excess" of £7.6 million will be mainly diverted from existing major food stores, such as the Tesco at Cowbridge Road and the Sainsburys at The Pines. It is likely that the levels of trade diversion would not materially harm the performance of these two stores. In any event, because they are both located out of centre, any impact would not be a planning issue.
- 3.17 Under our Scenarios 2B and 3B, which relate to a larger food store being developed at Maesteg, the "excess" convenience goods turnover at 2006 would rise to £9.8 million and £11.2 million respectively, under the more realistic high expenditure growth assumption. This is because less expenditure will flow to Bridgend from Maesteg as more spend is retained locally. These scenarios would therefore produce higher levels of trade diversion from existing retail provision to the Asda in the short term, until the growth in convenience goods expenditure caught up. In practice, the levels of trade diversion at 2006 may be lower than this for two reasons:
- The Asda may trade at a lower turnover than envisaged due to retail competition; and/or
 - The convenience store commitments (and turnovers) built into the assessment may not all be open and trading by 2006.
- 3.18 By 2011, due to the general growth in available convenience goods expenditure within the survey area, the available retail capacity within Bridgend will rise to £43.9 million under our benchmark position (Scenario 1B, **Appendix 6**). This exceeds the estimated turnover of the

Asda of £41.2 million (excluding in-flow). Moreover, even under our Scenarios 2B and 3B (see **Appendices 8 and 10**), the available retail capacity of £42.7 million and £40.1 million respectively approximately equates to the estimated turnover of the Asda. Thus by 2011 the quantitative need assessment indicates that the Asda could be supported without any material trade diversion from existing shops, irrespective of the Council's policy in terms of additional food store development at Maesteg. By 2016, the position is the same, except that the available retail capacity within Bridgend will by then have risen to £55 million, thus producing a 'surplus' of expenditure over turnover of up to £14 million.

3.19 We now turn to the **Tesco**, assuming that Asda proceeds following its planning consent last year. If both superstores are built then they would trade in direct competition with each other as well as existing food stores in the Bridgend area. Accordingly, in these circumstances, the two superstores would be likely to trade at lower levels than if they each traded in isolation. Although it is impossible to be precise as to the extent of any head to head impact on trading performance, we believe a reduction in each store's turnover of 15% is realistic. This assumption is consistent with that in our December 2002 report to the Council, and takes into account their locations and close match in terms of size. On this basis the combined convenience goods turnover of both the Asda and Tesco superstores drawn from the survey area will be c. £66 million.

3.20 It is clear that this quantum of additional convenience goods turnover will exceed by some £11 million the estimated retail capacity of £55 million within Bridgend by 2016 (Scenario 1B, **Appendix 6**). Moreover, if a larger food store than that already granted planning consent at Maesteg is permitted then the excess turnover will rise to between £12-15 million depending on the operator of the new Maesteg food store.

3.21 In practice, although giving the go-ahead to both Asda and Tesco would breach the available retail capacity within Bridgend even by 2016, the retail impact of these two stores may be mitigated, in practice, by one or more of the following:

- The head to head impact of the two superstores may exceed the 15% which we have assumed in the above assessment, thus reducing their combined convenience goods turnover; and
- By 2016 Maesteg and Porthcawl between them show a small expenditure surplus (after the implementation of retail commitments) of around £5 million, which the Council may consider can be "made available" to Bridgend.

3.22 Thus, at best, the Council may consider that although the combined convenience goods turnover of Asda and Tesco is likely to exceed the available convenience goods retail capacity within Bridgend by 2016, if it were to take into account the retail capacity of the borough as a whole and accept modest levels of retail impact then both superstores may be acceptable by this date. However, this line of analysis is unlikely to be acceptable for 2011, since the available retail capacity in Bridgend will be around £11 million less than in 2016.

3.23 Therefore, we believe that the only way to justify both the Asda and Tesco in quantitative need terms well before 2016 is if Tesco were to agree to close its existing large food store at Brewery Lane in Bridgend town centre, and this was then redeveloped for non-food shopping. Closure of this store, in terms of our revised need assessment, would “release” £21.3 million³ of convenience goods turnover to support new food store shopping in Bridgend. If we add this additional sum to the estimated retail expenditure capacity totals calculated earlier, then the total pools of available expenditure (under our benchmark Scenario 1B, **Appendix 6**) at each of the forecast years within Bridgend will be as follows:

- 2006: c. £55 million
- 2011: c. £65 million
- 2016: c. £77 million

3.24 On this basis, then the combined convenience goods turnovers of the Asda and Tesco (c. £66 million, excluding in-flow) could more or less be supported by 2011. However, if the Council were also to grant planning consent to the larger food store application at Maesteg then an “excess” turnover of up to £5 million would arise by 2011. This would, however, produce relatively modest levels of trade diversion across a range of existing food stores, with none of the diversions likely to cause material harm. There is also the potential for this excess to be reduced to below £3 million, if new food store provision in Bridgend was permitted to soak up surplus retail capacity throughout the whole borough (i.e. including Porthcawl and Maesteg) at 2011.

³ Source: Column G, Table 6, Appendices 5 to 10 inclusive.

4. CONCLUSIONS AND RECOMMENDATIONS

4.1 In order to meet the requirements of the Council, we have prepared assessments of quantitative floorspace need under six different scenarios in this update report. These reflect three alternative future food store options at Maesteg, with need analysed for low and high expenditure per head growth projections in relation to each option.

4.2 However, for the reasons stated at paragraph 3.10, we believe that the high expenditure growth projection is likely to be the most realistic, since this is consistent with the latest forecasts published by Experian and other economic forecasters. Similarly, we have assumed that most weight should currently be attached to the scenario relating to the existing consented food store at Maesteg. Accordingly, our **Scenario 1B** is what we have termed our “benchmark” position and the retail capacity tables detailing quantitative need under this scenario are set out at **Appendix 6**.

4.3 Under Scenario 1B, the available retail expenditure capacities which we estimate within Bridgend, the rest of Bridgend Borough (i.e. Maesteg and Porthcawl) and the Borough as a whole at each of the forecast years are as follows:

Forecast Year	Bridgend Only (£m)	Rest of Bridgend Borough (£m)	All of Bridgend Borough (£m)
2006	33.6	neg.	33.6
2011	43.9	2.3	46.2
2016	55.3	5.4	60.7

Note: Full details in **Appendix 6**.

4.4 Set against these available expenditures, we have an estimated convenience goods turnover for the **Asda** of around £41 million, excluding in-flow spend from outside the survey area. Thus we are able to conclude that by 2006 there will be sufficient capacity to support 82% of the store’s convenience goods turnover, whilst by 2011 there will be a small expenditure surplus in Bridgend even with the Asda. By 2016 the surplus will have grown to around £14 million in Bridgend and to almost £20 million within the Borough as a whole.

- 4.5 If we additionally take into account the proposed **Tesco**, then we estimate that the combined convenience goods turnover of both stores (after excluding in-flow and assuming a head to head impact of 15%) will be around £66 million. Clearly there is unlikely to be sufficient available expenditure capacity to support both stores until the end of the plan period in 2016 and even then they will soak up all of the available headroom expenditure within the whole borough and, in addition, generate low (but probably acceptable) levels of trade diversion.
- 4.6 The only way to ‘bring-forward’ the year by which both the new Asda and Tesco superstores could be justified in terms of quantitative need is if the existing Tesco at Brewery Lane were to close and not be replaced by another food operator. This could, however, have other planning implications and it would need to be demonstrated that such a closure would not contravene retail policy and materially undermine the vitality and viability of Bridgend town centre. The closure of the Brewery Lane Tesco would release an estimated £21.3 million of sales which would then be available to support the new stores. Under this scenario there would be approximately sufficient retail capacity to support both the Asda and Tesco by 2011. At 2006, however, even with the closure of the Brewery Lane Tesco, we estimate a short-fall of available spend of around £11 million if both the new Asda and Tesco superstores were to proceed. This “excess” turnover would lead directly to trade diversions from existing convenience goods retail provision within Bridgend and the borough as a whole to the new stores. In practice, these diversions would reduce the turnovers of a number of existing stores to below their benchmark levels; that is, their turnovers based on company average sales densities. However, this does not automatically mean that these stores would become unviable and it is not unreasonable to assume that most, or all, would continue to operate.
- 4.7 It should be borne in mind that quantitative need is not the same as retail impact. Although impact is unlikely to be an important factor if there is sufficient quantitative need to support new retailing provision, it does not directly follow that if there is insufficient quantitative need then impact would cause **material** harm. The out turn, in practice, is clearly going to be dependent on the amount of “excess” turnover relative to available expenditure (or retail capacity).
- 4.8 On the basis of our updated quantitative need assessments and the likelihood of the Asda store progressing, the options available to the council are as follows:

- If the Tesco superstore site is allocated in the UDP it should be noted that the retail capacity within the Borough as a whole will (more or less) only be sufficient to support it and the Asda store by the end of the plan period in 2016. A phasing mechanism will therefore have to be introduced.
- If the Council wishes to bring forward the year at which Asda and Tesco can be supported in terms of available retail capacity to 2011, the existing Tesco at Brewery Lane must be closed down. This could contravene retail policy and materially undermine the vitality and viability of Bridgend town centre.

Note: These recommendations are based on our benchmark Scenario 1B and may vary in relation to the alternative scenarios which have been tested.

4.9 The position is summarised in broad terms in relation to Scenario 1B below:

Options Available to the Council	Forecast Year	General Observations
Support Asda only	2006	Insufficient capacity, modest trade diversions of £7 million estimated, but unlikely to cause material impact
	2011	Sufficient capacity
	2016	Surplus capacity
Support Asda and Tesco	2006	Insufficient capacity
	2011	Insufficient capacity
	2016	Sufficient capacity within borough as a whole; minor (but probably acceptable) trade diversions
Support Asda and Tesco (with closure of Brewery Lane)	2006	Insufficient capacity; trade diversions of £11 million estimated
	2011	Sufficient capacity
	2016	Surplus capacity