



Eastleigh Town Centre Retail Study Update

for
Eastleigh Borough Council

DTZ
48 Warwick Street
London W1B 5NL

020-7534-5000

May 2008



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Appendix 1 - Eastleigh RECAP Model





1. Introduction

1. In June 2006, DTZ completed the report 'Convenience Retailing: Joint Capacity Assessment' (hereinafter referred to as 'the 2006 Study') for Southampton City Council and Eastleigh Borough Council. That report included quantitative forecasts of the capacity for additional convenience goods retail floorspace in Eastleigh, based on a Household Interview Survey of shopping patterns in South Hampshire, carried out in autumn 2005. These forecasts are now somewhat out of date; and Eastleigh Borough Council requires updated forecasts as an input to its emerging LDF, and as the basis for considering potential new retail development options in and on the edge of Eastleigh Town Centre. The forecasts in the 2006 Study covered only convenience goods floorspace needs, and the Council now also requires forecasts of the need for additional comparison goods floorspace in the town centre.
2. The Council therefore instructed DTZ in February 2008 to prepare updated retail capacity forecasts¹, including forecasts for comparison goods shop floorspace; and then to advise on how the forecast needs could be accommodated in and on the edge of the town centre, in accordance with the sequential approach of PPS6². The Council also instructed us to advise on the likely impact on the town centre of potential new retail development at Barton Park, east of the railway.
3. In accordance with our instructions therefore, we have undertaken a limited update of the convenience goods retail capacity forecasts in the 2006 Study, and a forecast of the capacity for additional comparison goods floorspace in Eastleigh Town Centre, both based on the results of the 2005 Household Interview Survey. We have also reviewed potential retail development sites in and on the edge of Eastleigh Town Centre; and have assessed the impacts of potential new superstore and other retail development at Barton Park.
4. After this introduction, in Section 2 of this report we set out the basis of our new retail capacity forecasts, and discuss the forecasts themselves. In Section 3, we review potential retail development sites, in the light of emerging development proposals. Section 4 sets out our assessment of the likely impact on Eastleigh Town Centre of potential new retail developments east of the railway; and the report ends with Section 5, which summarises our principal conclusions. Appendix 1 includes full details of our RECAP retail capacity forecasting Model.

¹ Quantitative forecasts of the amount of additional retail floorspace (net sales area) which will be supportable by growth in retail expenditure in future years.

² 'Planning Policy Statement 6: Planning for Town Centres' – one of a number of Planning Policy Statements which the government uses to set out its national planning policies.

2. The Capacity for New Retail Development

1. In this section, we examine the current retail performance of Eastleigh Town Centre for convenience and comparison goods shopping³, and out-of-centre main food stores at Chandlers Ford for convenience goods shopping. The latter have been assessed because they are the closest main food stores to the town centre, and interact most strongly with it in terms of market shares and expenditure flows. We also assess the quantitative expenditure capacity available to support further retail floorspace in or on the edge of Eastleigh Town Centre. This study therefore includes the preparation of up-to-date forecasts of the capacity for additional retail floorspace in and on the edge of the town centre, which will be supportable by increases in the population and expenditure of catchment area residents and visitors, and by changing shopping patterns. In this section, we describe our RECAP 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 2021.

The DTZ RECAP Model

2. There are a number of possible approaches to forecasting the amount of additional shop floorspace supportable in any town, and the retail impact of proposed retail development. Some use driving time isochrones to define catchment areas, whilst others use 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 need an assessment of existing shopping facilities in the area, and the amount of expenditure available in the catchment area.
3. The effectiveness of the various forecasting methods varies considerably. Conventional gravity models base the extent of the trade draw of different centres on their size, and on theoretical measures of attractiveness and accessibility. In reality, other important factors, including the type and quality of retailers, shoppers' perceptions, the level of parking provision, and the retail environment, can also influence the trading pattern. Forecasts based on driving time isochrones to determine catchment areas rely heavily on assumptions and judgement rather than measures of the actual pattern of shopping visits from residential areas to shopping centres, foodstores and retail warehouses. Overall market share based methods are inherently unreliable because they rely on estimates derived from one location being applied to another with different catchment area characteristics; and because the result

³ Convenience goods are food, alcoholic drink, tobacco products, newspapers and periodicals, non-durable household goods.

Comparison goods are clothing and footwear; household textiles and soft furnishings; furniture and floor coverings; household appliances; audio visual equipment; hardware, DIY goods, decorating supplies; chemist and medical goods, cosmetics and beauty products; books, jewellery, watches, china, glassware and kitchen utensils, recreational, personal and luxury goods.

depends substantially on the assumptions about the extent of the catchment area in each location.

4. To overcome these and other problems of such approaches, now uses its RECAP retail capacity forecasting Model. The main difference between our approach and conventional gravity models is that the RECAP Model uses the results of a Household Interview Survey to identify the actual shopping patterns in the catchment area. By this means, it is possible to model realistically existing flows of catchment area expenditure to town centres, foodstores and retail warehouses; as the basis for predicting the existing and future capacity for further retail development.
5. In summary, the RECAP Model uses 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 goods expenditure which is available within the zones comprising the catchment area;
 - Allocate the available expenditure to Eastleigh Town Centre and the out-of-centre main foodstores at Chandlers Ford, based on the results of the Household Interview Survey of shopping patterns (set out in Section 2 of Volume 3 of the 2006 Study); so as to obtain estimates of current sales and forecast future sales in each;
 - Compare the estimated sales in the town centre and at Chandlers Ford with existing floorspace (and in the case of main foodstores, 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;
6. The RECAP 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 is based on forecasting methods which have been used and refined in a large number of retail studies on behalf of public sector clients. In particular, forecasts made using the method on which the RECAP Model is based have been accepted by Planning Inspectors and the Secretary of State at many Public Inquiries. The Model has been used to prepare the expenditure and retail capacity forecasts set out in this report.
7. It is important to remember that the RECAP Model is an exploratory tool, rather than a prescriptive mechanism. Thus, for example, in preparing forecasts for 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 (the market shares) 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 in making judgements about the realism of any given growth or impact scenario.

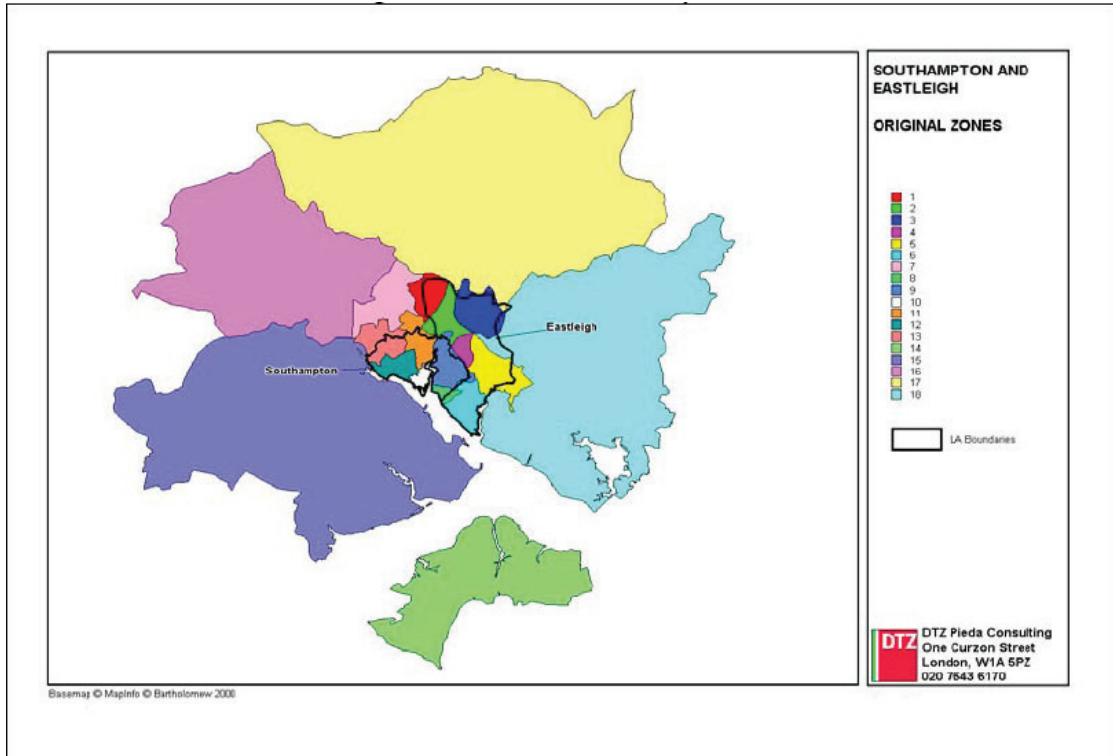
8. When using the RECAP Model capacity forecasts as a guide to future planning policy, it is also important to remember that the further ahead the forecasting date, the less certain the forecast. Thus the forecasts for 2016 are more robust than those for 2021. In particular for this later date, we suggest that forecasts such as these should be treated with some caution, since they are based on a Household Interview Survey undertaken in 2005; and being limited updates, 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 by not later than about 2011 in the light of events, taking account of the effects of any development which has occurred in the meantime. Furthermore, the long term growth in the use of internet shopping is as yet unknown (although it has to a substantial degree been taken into account in this report), and reinforces the need to revise the forecasts of retail floorspace capacity well in advance of 2021.
9. We have modelled convenience and comparison goods sales in Eastleigh Town Centre; and explored how these might change in the future as a result of growth in population and per capita expenditure, and changes in shopping patterns due to new retail developments. We have also modelled convenience goods sales in the out-of-centre main foodstores at Chandlers Ford. This is to explore whether they are over or undertrading, and thus the potential for some convenience goods expenditure to be recovered by a potential new foodstore much closer to Eastleigh Town Centre.
10. The detailed RECAP Model tables are set out in Appendix 1, and this section should be read in conjunction with that Appendix.

Principal Data Inputs

Catchment Area and Household Interview Survey

11. In preparing the new retail capacity forecasts, we used the same catchment area as in the 2006 Study, but excluding catchment zone 14 (the Isle of Wight). The RECAP Model is therefore structured with 17 of the original 18 zones covered by the Household Interview Survey 2005. A copy of the original map of the catchment area is shown in Figure 2.1. We also used the same results of the Household Interview Survey, as our data on shopping patterns in the catchment area. Thus we did not undertake a new Household Interview Survey, because of limitations of time and budget. We have made some corrections to these results as described below, to reflect subsequent changes.

Figure 2.1.
Household Interview Survey Zones



Catchment Population

12. The starting point for the updated forecasts was the population forecasts used in the 2006 Study. However, these have been interpolated where necessary to provide forecasts for each of the 17 zones and for the new base year of 2005 (being the date when the Household Interview Survey was undertaken). In addition, the forecasts for Zones 1 to 6 (which approximate to Eastleigh Borough) and Zones 8 to 13 (which approximate to Southampton City) were adjusted downwards to conform to the long term population forecasts by local authority area published by Hampshire County Council in April 2008. The resulting population forecasts are set out in RECAP Model Table 1.

Forecasting Dates

13. 2005 has been adopted as the base year for forecasting as it was the year in which the Household Interview Survey was undertaken. With the approval of the Council, forecasts have been prepared to 2011, 2016, and 2021. If forecasts are required for intermediate years, an adequate approximation can be obtained by interpolation.



Price Basis

14. The updated forecasts in this report are also on the basis of 2003 prices, for compatibility with the 2006 Study.

Per Capita Expenditure

15. For convenience goods, this was based on the local average per capita expenditure in 2003 in each group of zones in the catchment area, provided by MapInfo and used in the 2006 Study. For comparison goods, we started with the national average figures in 2003, and adjusted these by applying the variances from the national average which were shown by the MapInfo convenience goods figures. To these base figures we applied subsequent national average growth over the period 2003 to 2006 indicated in MapInfo Brief 07/02. For convenience goods, we applied the actual growth 2003 to 2005 (2.91%) and 2005 to 2006 (1.0%); and for comparison goods the actual growth 2003 to 2005 (10.83%) and 2005 to 2006 (5.48%). For the years 2006 to 2021, we assumed the MapInfo 'best fit' trend rate of 1.0% per annum (convenience goods); and the ultra long term trend rate of 3.9% per annum (comparison goods). We consider that these forecast rates of growth in expenditure (which includes internet shopping) are realistic. In the case of comparison goods, they are well below the recent short term trends, and below the medium and long term trends. They therefore allow for the current slowdown in growth of expenditure as a result of the 'credit squeeze'.

Internet Shopping

16. The per capita expenditure and growth rates described above all include expenditure on special forms of trading (SFT), which includes mail order, party plan retailing, vending machines and internet and other on-line shopping. Such expenditure is not available to retail shops and therefore must be excluded from the RECAP Model. Internet shopping is now the largest component of SFT, and has been growing very rapidly. In its latest report on 'e-retail 2007', Verdict Research Limited estimates that internet shopping accounted for 4.0% of all retail sales in 2006 (up from 1.4% in 2001); and that it will grow to 8.9% by 2011. Verdict also identified significant differences in rates of growth between different categories of retail goods. The highest proportion of all retail sales taken by internet shopping in 2006 was on music and video (22.6%) and the lowest was on health and beauty goods (1.8%). In the case of food and groceries, the proportion was 2.4%, although much of this was sourced from local food superstores (rather than separate warehouses), and should therefore be included in the RECAP Model.
17. We have therefore allowed for significant growth in SFT as a result of these trends. Based on Verdict's work, we have assumed that SFT expenditure (of which internet shopping is only one component) on convenience goods will rise from 3.0% in 2005 to 10.0% by 2021; and on comparison goods from 7.5% in 2005 to 15.0% in 2021. Verdict does not forecast so far ahead, but its forecasts show internet shopping on comparison goods to account for 10.3% in

2011, up from 5.0% in 2006. We have extrapolated this trend, whilst allowing for some flattening of growth as the market for internet shopping approaches saturation. These deductions for expenditure on SFT are shown in RECAP Model Tables 3 and 4. Regular review of the forecasts will enable the deductions for SFT to be updated, based on the latest information available at each review.

Shopping Patterns in the Catchment Area

18. We have based our forecasts on the same data on shopping patterns in the catchment area derived from the Household Interview Survey 2005 and set out in the 2006 Study. This survey predated the change from Safeway to Sainsburys of the supermarket at Leigh Road in Eastleigh town centre. We have therefore increased the market shares of convenience goods expenditure attracted to the town centre by applying the market shares correction factor of 110% shown in Table 8 (i.e., we have increased the market shares shown in Table 6 by 10% in all zones) to allow for the greater attractiveness of Sainsburys. In the case of the out-of-centre main foodstores at Chandlers Ford, we have applied a market shares correction factor of 95% in Table 15 (i.e., we have reduced the market shares in Table 13 by 5%), to allow for some of the increase in the attractiveness of Eastleigh Town Centre for convenience goods shopping being at the expense of the nearest out-of-centre stores.

Shopping Patterns in the Catchment Area

19. For comparison goods shopping in Eastleigh Town Centre, we have applied in Table 8 a market shares correction factor of 75% to the survey indicated market shares in Table 7. This is because the survey questions were of the form 'Where did you last buy...'. The answers are therefore biased in favour of locations which respondents use most frequently. However, use of these survey results without correction for this bias would result in overestimation of sales in smaller, but nearby centres such as Eastleigh Town Centre, and under estimate less frequent but larger scale expenditures in larger but more distant town centres. When used without correction in the Model, the survey-indicated market shares result in an unrealistically high sales density for a town centre of this size and type. The market shares correction factor of 75% compensates for the above bias, and results in a sales density (£4,782 per sq m net) in the base year of 2005, which we consider to be realistic.
20. The resulting market shares of catchment area expenditure attracted to the town centre are set out in RECAP Model Table 8, and for the non-central convenience goods shopping at Chandlers Ford in Table 15. Table 9 shows the expenditure on convenience and comparison goods attracted by the town centre at the base year and each forecasting year. The corresponding table for the non-central convenience goods stores at Chandlers Ford is Table 16.

Floorspace and Sales Densities in Convenience Goods Stores

21. In Table 10, we indicate the existing shop floorspace in the main foodstores and other convenience goods shops in Eastleigh Town Centre, the proportion used for convenience goods sales, the estimated company average sales densities, and the estimated sales assuming each store was trading at the estimated company average. This sets a 'benchmark' with which the estimated actual town centre sales can be compared, to assess whether over or under trading is occurring. The corresponding table for Chandlers Ford is Table 17. Table 11 indicates the floorspace and sales potential of any committed new retail developments in the town centre. In the case of Eastleigh Town Centre there are none of these. At Chandlers Ford, the Asda superstore has a commitment for development of an extended mezzanine floor. However, if developed it would be likely to be used mainly for comparison goods shopping. We have therefore not included it as a committed development in Table 17, since for Chandlers Ford we have modelled only convenience goods expenditure.

Visitor Expenditure

22. We have not allowed for any expenditure in Eastleigh Town Centre on convenience or comparison goods by people who live outside the catchment area (who we define as visitors). This is first, because the catchment area used for the 2006 Study and again in this Update was very wide, and covered all the areas from which significant retail expenditure is likely to be attracted. Second, Eastleigh Town Centre is not a noted destination for tourists, and so will be very unlikely to attract significant expenditure from further afield. We have also not allowed for any visitor expenditure in the out-of-centre foodstores at Chandlers Ford, for the same reasons.

Existing Shop Floorspace and Sales Densities in Eastleigh Town Centre

23. We have obtained up-to-date information on existing shop floorspace in Eastleigh Town Centre from Experian Goad. For the main foodstores in the town centre and at Chandlers Ford, we have used information published by the Institute of Grocery Distribution. For the Asda superstore at Chandlers Ford, we have relied upon information provided by the Council. Sales density data for the main foodstores was based on information published by Verdict Research Limited.

Development Scenarios Assessed

24. We have assessed two development scenarios, as follows:

Scenario 1 – the 'baseline' scenario, which assumes that there will be no change in the corrected market shares of available expenditure attracted from the catchment area through the period to 2021.

Scenario 2 – development of a new food/non-food superstore, and new town centre format shops and stores in or on the edge of Eastleigh Town centre, attracting market shares of convenience and comparison goods expenditure. Some reductions in the market shares of convenience and comparison goods expenditure attracted by existing shops in Eastleigh Town Centre from those indicated by the corrected results of the Household Interview Survey, as a result of these potential new retail developments; and reductions in the market shares of convenience goods expenditure attracted by the main food stores at Chandlers Ford.

25. The proposed food/non-food superstore is assumed to be of about 9,800 sq m gross, 6,860 sq m net sales area, and occupied by one of the major food retailers relocating out of Eastleigh Town Centre. The other shops and stores are assumed to total about 7,120 sq m gross, 5,340 sq m net sales area, and be mainly large stores selling an unrestricted range of comparison goods. These potential new developments are assumed to be completed and trading by 2016. However, we comment below on the implications if they were completed significantly earlier.
26. Scenario 2 is more realistic, in that it takes account of the likely effects of a major development which accords with the Council's strategy for the town centre. However, Scenario 1 provides a useful 'baseline' with which the development-focused forecasts in Scenario 2 can be compared. In particular, Scenario 1 shows how well the existing main food stores in Eastleigh Town Centre and at Chandlers Ford were trading in the base year of 2005; and thus their potential to release expenditure to support new foodstores.

The RECAP Model Forecasts

27. We set out in below our retail capacity forecasts for Eastleigh Town Centre as existing, new retail development in Eastleigh, and Chandlers Ford; and discuss the relationship between the existing town centre and potential new retail developments. The forecasts are summarised in Table 2.1. We also comment on the implications for future development strategy.

Table 2.1
Summary of Retail Capacity Forecasts

Goods/Scenario/Location	2011 (sq m net)	2016 (sq m net)	2021 (sq m net)	RECAP Model Table Appendix 1
Convenience Goods:				
<i>Scenario 1:</i>				
Eastleigh Town Centre	250	450	700	12
Chandlers Ford	- 400	- 50	400	19
<i>Scenario 2:</i>				
Eastleigh Town Centre	250	- 450	- 300	22
Eastleigh New Retailing	n/a	3,800	4,050	25
Chandlers Ford	- 400	- 900	- 500	28
Comparison Goods:				
<i>Scenario 1:</i>				
Eastleigh Town Centre	2,050	3,900	6,300	12
<i>Scenario 2:</i>				
Eastleigh Town Centre	2,050	1,950	4,050	22
Eastleigh New Retailing	n/a	8,450	10,000	25

Source: RECAP Model Tables in Appendix 1 as indicated, rounded to the nearest 50 sq m net.

Notes: The forecasts in Table 2.1 are cumulative, i.e. the forecasts for each date include the forecasts for the previous dates and are not additional to those earlier forecasts.

Convenience Goods

Eastleigh Town Centre

28. After correcting the results of the Household Interview Survey to allow for the post-survey change of Safeway to Sainsburys as described above, RECAP Model Table 12 shows that in the base year of 2005 (assuming that change had happened by then), the existing convenience goods shops in the town centre would have been achieving sales of about £45.4m, at an average sales density of £8,565 per sq m net. This is very slightly above the level based on estimated company average sales densities (£8,502 per sq m net) shown in RECAP Model Table 10. Thus the Household Interview Survey shows that the main food stores and other convenience goods shops in the town centre were trading at approximately company average levels. Currently, they are trading slightly above the level based on estimated company averages.
29. Table 2.1 shows that under Scenario 1 (i.e. with no changes in market shares) after allowing for sales densities in the existing stores to fall to the level based on estimated company averages (which is the normal approach in studies of this type), there will be capacity for small

amounts of additional convenience goods floorspace in the town centre, growing to about 700 sq m net by 2021. This assumes that such floorspace is developed in the format of a modern food superstore or a town centre supermarket trading at £12,000 per sq m net. If it was developed in another format, for example a discount supermarket, the capacity for additional floorspace could be greater, because such stores have much lower sales densities.

30. With no change in market shares (Scenario 1), therefore, it is clear that there would not be sufficient capacity to support a large modern food superstore in or on the edge of the town centre. Such a store would therefore only be supportable in retail capacity terms if it was occupied by one of the two existing main food stores in Eastleigh Town Centre (Tesco and Sainsburys) closing its existing store and relocating; and if some market share of catchment area expenditure attracted is transferred from the town centre to the new store, and the combined market shares also increase significantly, as a result. Scenario 2 therefore examines the scope for such market share changes as a result of a major new superstore development, as described above.
31. Scenario 2 assumes that such a new foodstore trades at the estimated company average for Tesco (£12,790 per sq m net). This is not to presuppose that Tesco would be the relocating operator; but is because Tesco's sales density is higher than that of Sainsburys, so assuming Tesco is the operator provides a 'worst case' assessment. If Sainsburys was to be the operator, the effects described in this report would be slightly less.
32. Table 2.1 shows that a new superstore on an edge-of-centre or close out-of-centre location in Eastleigh could be supportable by 2016, if it was occupied by a retailer relocating out of the town centre, and if it significantly increases the market shares of convenience goods expenditure attracted from the catchment area. However, the result would be that the remaining town centre convenience goods shops and stores would trade at below the level based on estimated company averages, such that there would be overcapacity of about 450 sq m net by 2016, falling to 300 sq m net by 2021, if forecast trends occur. Development of a new food/non-food superstore of 9,800 sq m gross by 2016 would therefore amount to modest oversupply of convenience goods floorspace in Eastleigh at that date and for the next few years. It would have a significant adverse impact on Eastleigh Town Centre, as discussed in Section 4 below.
33. The RECAP Model and Table 2.1 show that if a new retailer was to occupy such a superstore, rather than one relocating from the town centre, it would amount to a substantial over-supply of convenience goods floorspace. It would therefore have a greater impact on the town centre. However, in view of the small number of potential occupiers in the market for new food superstores (three of which – Asda at Chandlers Ford, Tesco at Bursledon and Sainsburys at Hedge End – already have very large superstores in the area), it is very unlikely that it would be occupied by an incoming retailer.

Chandlers Ford

34. It was not part of our terms of reference to forecast the capacity for new floorspace at Chandlers Ford. However, we have done so in order to assess whether the out-of-centre food stores there are over or under trading, and thus could release some expenditure to support a new food store closer to Eastleigh Town Centre. The RECAP Model and Table 2.1 shows that the existing main food stores at Chandlers Ford (Asda, Waitrose and Somerfield) as a group were trading at slightly below the level based on estimated company averages in the base year of 2005. Thus they were achieving a combined average sales density in 2005 of about £11,555 per sq m net, compared with the company average based level of about £12,828 per sq m net. Table 2.1 shows that under Scenario 1, after allowing for their sales density to rise to the level based on 2006 company averages, there will be a small over-supply of convenience goods floorspace at 2011 (400 sq m net), which will be virtually eliminated by 2016. By 2021, capacity for about 400 sq m net additional floorspace will arise, if forecast trends occur.
35. Under Scenario 2, significant market shares would be transferred from Chandlers Ford to the potential new superstore. In this scenario, there would be an over-supply of floorspace (of about 900 sq m net) at Chandlers Ford in 2016, falling to over-supply of about 500 sq m net by 2021. Thus there would be a significant impact on the out-of-centre main food stores at Chandlers Ford, as discussed in Section 4 below.
36. Overall, we conclude that capacity for new convenience goods floorspace in Eastleigh is tight, and a large new superstore could only be developed if one of the existing food retailers in Eastleigh Town Centre was to relocate out of the centre. Even in that event, there would be significant impacts on existing food stores, both in the town centre, at Chandlers Ford and (to a lesser extent) elsewhere in this part of south Hampshire.

Comparison Goods

Eastleigh Town Centre as existing and new development

37. Under Scenario 1, as summarised in Table 2.1, we forecast that there will be capacity for up to about 3,900 sq m net additional comparison goods floorspace in the town centre, rising to about 6,300 sq m net by 2021, if forecast trends occur. This is substantially less than the amount of currently vacant retail floorspace in the town centre, according to information from Experian Goad. However, most of this vacant floorspace is on the upper floors of the Swan Centre, and is unlikely to be occupied for Class A1 retail use. We understand that much of it is likely to be converted to leisure use in the near future. Nevertheless, there remains some retail floorspace which could potentially absorb some of this forecast growth in capacity.
38. The Scenario 1 forecasts show that without significant increases in market shares of comparison goods expenditure attracted by Eastleigh Town Centre and its environs, there will

not be sufficient expenditure to support the scale of new comparison goods retail floorspace assumed for the purposes of testing need and impact (3,087 sq m net in a food/non-food superstore, and 5,340 sq m net in town centre format shops and stores, totalling 8,427 sq m net). In Scenario 2 therefore, we allowed for such new development to attract its own market shares of catchment area expenditure from 2016, and for the market shares attracted by Eastleigh Town Centre as existing to fall marginally (by a lesser amount) as a result; such that the market shares attracted by both locations together are significantly higher than for the town centre alone.

39. Table 2.1 shows that in Scenario 2, there should be sufficient expenditure by 2016 in Eastleigh Town Centre to support the re-use of the existing Tesco or Sainsburys stores for comparison goods retailing (1,950 sq m net), if either of these retailers was to occupy the potential new superstore. By 2021, this capacity would have risen to about 4,050 sq m net, if forecast trends occur. There would also be capacity for up to about 8,450 sq m net new comparison goods floorspace in or on the edge of the town centre by 2016, rising to about 10,000 sq m by 2021, if forecast trends occur. However, some of this capacity for new floorspace would come at the expense of reduced capacity in Eastleigh Town Centre as existing. There would thus be some impact on the latter, as discussed in Section 4 below.
40. As with convenience goods, capacity for additional comparison goods floorspace in and around Eastleigh Town Centre is somewhat limited. This is because of the existence of Southampton and Winchester city centres nearby and easily accessible to the residents of Eastleigh Town Centre's catchment area; and to the existence of substantial retail parks and superstores at Hedge End and elsewhere, and the Whitely Village Outlet Centre. In this area, the residents have a wide range of choice of comparison goods shopping opportunities, some of which are much larger and more attractive than Eastleigh Town Centre. Based on the Household Interview Survey results, the RECAP Model shows that from the whole catchment area, Eastleigh Town Centre as existing attracts only 2.7% of the total comparison goods expenditure (which would drop to 2.4% under Scenario 2). From its primary catchment area of Zones 1 to 4, the existing town centre attracts only 14.8% of comparison goods expenditure, which would drop to 13.2% as a result of the potential new retail developments.
41. Whilst the market share increases which we have assessed for the existing Eastleigh Town Centre and new retail development together are realistic, we consider that they are likely to be the maximum achievable. Thus the combined market share of expenditure attracted from the whole catchment area would rise from 2.7% in 2005 to 4.1% in 2016; and from Zones 1 to 4 from 14.8% to 25.4%. This is a substantial increase in expenditure attracted from the primary catchment area, much of which would be at the expense of existing out-of-centre shopping at Chandlers Ford, Hedge End and Bursledon. We comment further on such impacts in Section 4 below.
42. We therefore conclude that in terms of retail capacity, the potential new comparison goods retail development which we have assessed in Scenario 2 should be achievable by 2016.

However, if it occurred substantially earlier, it would be likely to result in over-supply of floorspace until about 2016, by which time growth in expenditure should eliminate this over-supply. It would also mean that new retail development in the existing town centre, other than the take up of the vacated food store and perhaps also other vacant ground floor shops, would be unlikely, until very late in the forecasting period. There would therefore be little benefit to the town centre itself from the potential new retail development assessed, unless it was located in the town centre.

Use and Review of the Forecasts

43. Finally, we must emphasise that all expenditure based forecasts of future shop floorspace capacity and impact 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 reliable information currently available to us. In this case, this included the Household Interview Survey 2005, which is now somewhat dated, and means that the forecasts are less reliable than if they had been based on an up-to-date survey. The forecasts are therefore only a limited update of the 2006 Study. However, the retail capacity forecasts in this report are intended as an indication of the likely order of magnitude of future shop floorspace capacity (if forecast trends are realised) rather than as growth targets or rigid limits to future growth. The forecasts should be periodically revised as necessary in the light of actual population and expenditure growth, and as development proceeds and its effects become measurable.

3. Accommodating Identified Retail Floorspace Needs

1. To a significant extent, the quantitative need for new retail floorspace depends on what retail development can realistically be accommodated in or on the edge of a town centre. This is because substantial new retail developments are considerable attractions in their own right; and are able to draw their own market shares of expenditure from the catchment area – albeit partially at the expense of existing shopping destinations (only partially, because the balance of their expenditure support comes from growth in expenditure). As instructed by the Council, therefore, we have taken account in our Scenario 2 retail capacity forecasts of potential new retail development in the vicinity of Eastleigh Town Centre, on the scale envisaged by current conceptual proposals for Barton Park, east of the railway.
2. These proposals are in the early stages of formulation, and no planning application has yet been submitted for such a scheme. We have therefore inspected Eastleigh Town Centre and its surroundings, to assess whether there are any sites in or on the edge of the town centre which could accommodate new retail development of up to approximately the scale indicated by the retail capacity forecasts in Section 2 above.
3. Eastleigh Town Centre is very tightly constrained by its setting and surrounding development. Residential uses lie close up to the town centre on the north, west and south sides; and the railway bounds the town centre on its east side. The only opportunities for new retail development within the existing town centre itself are therefore existing vacant space in the town centre; or redevelopment of existing retail uses with higher density retailing. In the case of edge-of-centre and close out-of-centre sites⁴, the only opportunities are development of the Recreation Ground immediately to the west of Sainsburys; or Barton Park, immediately east of the railway. We discuss each of these potential development opportunities below.

Existing vacant shops and stores

4. According to information supplied by the Council, there are 4 vacant Class A1 shops in the town centre excluding the Swan Centre, totalling 535 sq m gross. Again according to the Council's information, there are no vacant Use Class A1 shops in the Swan Centre. On this basis, vacant Class A1 shops amount to only 3.1% by number of shops. This is a very low vacancy rate; and well within the normal amount of vacancy which is needed in a town centre to enable new retailers and service businesses to be attracted.
5. According to Experian Goad however, there are 22 vacant Class A1 shops and stores, with floorspace totalling 15,140 sq m gross, the great majority of which is on the upper floors of the Swan Centre. The difference is probably due to Experian Goad including as Class A1, substantial vacant floorspace in the Swan Centre which may not have permission for Class A1 use. Any such floorspace on the upper floors of the Swan Centre is unlikely to be attractive to

⁴ Edge-of-centre and out-of-centre as defined in PPS6, Annexe A, Table 2.

most retailers; and even if it has permission for A1 use, is unlikely to be capable in commercial terms of accommodating much of the forecast need for additional retail floorspace. We suggest that the Council checks its vacancy data, in particular in relation to the Swan Centre and the permitted uses of currently vacant floorspace. However, we consider it unlikely that currently vacant floorspace in the town centre could realistically accommodate much of the forecast need.

Redevelopment of existing retail uses

6. Apart from the Swan Centre (which is a modern shopping centre and therefore not in need of redevelopment), the existing town centre retail areas are within the designated Shopping Area Primary Zone or Secondary Zone. They are therefore in the first priority location for new retail development in terms of the sequential approach of PPS6. Most of these existing town centre retail areas are generally in reasonably good condition. However, the density of retail floorspace is not particularly high, and redevelopment of existing retail uses could potentially create a significant increase in retail floorspace – if it could be made financially viable, for example by inclusion of substantial non-retail uses such as residential. At this stage, we have not been provided with any assessment of the amount of additional retail floorspace which could be created in the existing town centre by such redevelopment. However it seem likely that it could accommodate most, if not all of the need for additional comparison goods floorspace forecast under Scenario 1. The key will be financial viability, which remains to be demonstrated; and at this stage it cannot be concluded that such redevelopment is a practical possibility.
7. Some change of use from non-A1 to A1 uses within individual buildings could also (or alternatively) be possible, as could extensions to some individual shops. However, it seems very unlikely that this alone could result in a substantial increase in Class A1 retail floorspace (since in many small town centres such as Eastleigh, the trend of at least the last 15 years has been for change of use from A1 to non-A1 uses).
8. A further possibility could be redevelopment of the existing Sainsburys store and its surface car park, so as to increase the density and create more retail floorspace. This store is within the designated Shopping Area Primary Zone on the Local Plan Review Proposals Map. Such a scheme could be possible if Sainsburys was to occupy a new food/non-food superstore at Barton Park, or elsewhere in the vicinity of the town centre. It could potentially result in the creation of some larger stores, which the town centre currently lacks. Whilst we have not seen any such scheme and are not aware that one exists, we consider that this could potentially create sufficient space to accommodate much of the scale of need for new comparison goods floorspace in the town centre forecast under Scenario 1. However, it would not be able to accommodate the forecast need for new convenience goods floorspace, and would be dependent upon Sainsburys relocating to a larger new store. It would probably also mean loss of the existing surface car park. Being on the opposite side of Leigh Road to the majority of the town centre retailing, it is somewhat questionable whether such a

development would be attractive to multiple retailers, particularly since it would be unlikely to benefit from significant car parking on site or close by.

Development on the Recreation Ground

9. The Recreation Ground (or part of it) between Leigh Road and Romsey Road, immediately west of Sainsburys, could potentially be developed for retail use; either on its own, or included with the Sainsburys site to form a significantly enlarged site. Being immediately adjacent to the Shopping Area Primary Zone, it would be an edge-of-centre site within the terms of PPS6 and therefore the second priority in terms of the sequential approach. Such an enlarged site could potentially accommodate all the Scenario 1 forecast need for additional comparison goods floorspace in the town centre in an attractive new development. However, the Recreational Ground is an extremely valuable public amenity, which benefits the town centre in its own right. We therefore conclude that it is very unlikely to be made available for new retail development, and should not be considered as a practical possibility for accommodating the forecast need.

Barton Park

10. Barton Park is an existing industrial estate on the east side of the railway, opposite Eastleigh Town Centre. It is bisected into east and west parts by the Public Safety Zone for Southampton Airport, in which no new buildings are likely to be permitted. Much of the western part could be classed as an edge-of-centre site in PPS6 terms, being within 300 metres from the Shopping Area Primary Zone in the Local Plan Review – if a convenient and attractive new pedestrian route across the railway was to be provided, to breach that barrier to easy pedestrian movement. The whole of the eastern part would be classed as out-of-centre (albeit close out-of-centre), being more than 300 metres from the nearest part of the Primary Zone.
11. Barton Park is a large site, which upon removal of the existing industrial uses could potentially accommodate more than the forecast needs for convenience and comparison goods floorspace under Scenario 1 or 2. However in terms of the sequential approach, it would be a lower priority than redevelopment of the existing town centre retail areas. The potential of the latter (particularly the financial viability) to accommodate new comparison goods floorspace should therefore be explored in more detail, before any commitments are entered into for such new retail development at Barton Park, even on the western part. Only if town centre redevelopment is demonstrated not to be financially viable, or not practicable for other reasons, should new comparison goods retail development be pursued at Barton Park.
12. Barton Park would be the closest site to the town centre capable of accommodating a large new food/non-food superstore. If such a store was located on the west part of the site, it would be an edge-of-centre development (if a high quality new pedestrian route was constructed across the railway). As such, it would help to mitigate any adverse effects on the

town centre arising from relocation of Sainsburys or Tesco to operate it; and would help to support the town centre by providing a substantial new retail attraction in close proximity. However, it would be very important that such a store did not include uses which are already available in the existing town centre, for example, sale of newspapers and magazines, photo processing, dry cleaner, travel agent, post office, pharmacy, etc. If such uses were included, it would make the superstore more or a 'one stop shop' and reduce the functional linkage between it and the town centre. The store would then be competing more with the town centre, rather than complementing it.

13. We consider that such a store should only be located east of the Public Safety Zone if it is demonstrated that town centre redevelopment is not practicable, and as a result it is decided to proceed with new comparison goods retail development on the western part of the site. A superstore on the eastern part of the site would be an out-of-centre development, and would be unlikely to attract many pedestrian movements to and from the town centre, because of its distance away. In terms of the sequential approach, it would be in the same category as the existing out-of-centre superstores at Chandlers Ford, Hedge End and Bursledon. However, it would be likely to 'clawback' significant expenditure from those stores, to a close out-of-centre location. Some such shoppers may well drive the short distance from the store into the town centre on the same trip, thus helping to support the town centre to some degree and perhaps reducing vehicle mileages.

4. Retail Impacts

1. In Section 2 above, we set out our updated forecasts of the capacity for additional convenience and comparison goods retail floorspace in Eastleigh Town Centre. These RECAP Model forecasts included a Scenario 2, in which substantial new retail development was assumed to be in or on the edge of Eastleigh Town Centre from 2016. They showed the changes in market shares of catchment area expenditure attracted by the town centre which would be necessary to support such new development. In this section, therefore, we describe the resulting impacts upon the town centre of such market share changes.
2. In Table 4.1, we summarise the sales in Eastleigh Town Centre under each Scenario, and indicate the changes resulting from relocating one of the main food stores out of the town centre to an edge-of-centre or close out-of-centre site, coupled with new town centre format comparison goods development.

Table 4.1
Summary of Retail Sales and Impacts

Location and Goods	Retail Sales			Change in Sales		RECAP Model Tables (Appendix 1)
	Scenario 1		Scenario 2	2005 - 2016	2016	
	2005 (£m)	2016 (£m)	2016 (£m)			
Existing Town Centre:						
Convenience Goods	45.4	50.4	25.6	- 43.6%	- 49.2%	12 & 22
Comparison Goods	67.7	102.7	91.2	+ 34.7%	- 11.2%	12 & 22
Chandlers Ford:						
Convenience Goods	83.6	92.0	82.0	- 1.9%	- 10.9%	19 & 28

Source: RECAP Model

3. Table 4.1 shows that relocation of Tesco out of Eastleigh Town Centre would have a substantial impact on the town centre's convenience goods sales. Convenience goods sales in 2016 would be about 43.6% lower than in 2005. They would also be almost 50% lower than they would have been in 2016 if the relocation had not occurred. This means that there would be a reduction of 50% in the town centre's convenience goods sales, as a result of Tesco moving out of the town centre. The impact on the convenience goods sales in the out-of-centre main food stores at Chandlers Ford would be much less. Their sales would be about 1.9% lower than in 2005; and about 10.9% lower than they would have been if the assumed new development at Barton Park had not occurred. If Sainsburys was to relocate rather than Tesco, the impacts would be about 72% of those indicated, because Sainsburys' convenience goods sales density is currently about 72% of that of Tesco.
4. The impacts on the comparison goods sales in Eastleigh Town Centre would be much less than on the convenience goods sales. Even allowing for the impact of the assumed new

development, town centre comparison goods sales would be about 34.7% higher in 2016 than in 2005. This would allow sales in the existing comparison goods shops to grow at 1.5% pa and provide enough 'surplus' expenditure to support re-use of the vacated food store for comparison goods retailing. However, comparison goods sales in the existing town centre would be about 11.2% lower in 2016 than they would have been without the assumed new retail development.

5. Whilst very high, the forecast impact on the town centre convenience goods sales would arise mainly from the relocation of one food retailer out of the town centre. This may not necessarily harm the town centre significantly, if a larger new foodstore is developed to replace it nearby. Indeed, it would provide an opportunity to attract additional comparison goods retailing, to a larger, more modern store or stores in the town centre than are currently available. It would therefore potentially strengthen the town centre's comparison goods offer. There would probably be some loss of comparison goods sales through loss of linked trips shopping. This has been taken into account in our assessment of the changing pattern of market shares for comparison goods shopping, and thus the retail impacts in Table 4.1 on existing town centre comparison goods shopping.
6. The latter are in our view bearable; but they do mean that redevelopment of existing older town centre retailing on any significant scale with higher density and more modern comparison goods shops and stores would be unlikely to be possible within the forecasting period to 2021. Thus the impact analysis also shows that the Council faces a choice between redevelopment of existing older town centre comparison goods retailing to create more (and more modern) floorspace; and supporting development of town centre format comparison goods retail development at Barton Park. We consider it very unlikely that both could be achieved together.

5. Summary of Principal Conclusions

1. We have undertaken a limited update of the retail capacity forecasts in the 2006 Study, based on the results of the same Household Interview Survey undertaken in 2005. In doing so, we have assessed the capacity implications and potential impacts on Eastleigh Town Centre of a potential new food/non-food superstore of about 9,800 sq m gross together with town centre format comparison goods retail development of about 7,120 sq m gross, in or on the edge of the town centre. We have also inspected Eastleigh Town Centre and its environs, to assess whether there are any sites in or on the edge of the town centre which could realistically accommodate the forecast need for new convenience and comparison goods retail floorspace.
2. Our updated retail capacity forecasts showed that capacity for additional convenience goods floorspace in Eastleigh is tight, because of the existing substantial provision of large food stores in and around the town. There will therefore only be sufficient expenditure to support a new food superstore in Eastleigh if one of the existing main food stores (Tesco or Sainsburys) in Eastleigh Town Centre relocates out of the town centre to operate the new store. On this basis, there would be sufficient expenditure to support the new store by about 2016.
3. Such a new food superstore would have a substantial impact on Eastleigh Town Centre's convenience goods sales of up to about 50%. However, most of the impact would be due to the loss of the existing store, rather than to substantial loss of sales from the food stores which would remain. The vacated store would provide an opportunity to attract one or more additional comparison goods retailers to the town centre, so as to strengthen its comparison goods retail offer.
4. Our updated retail capacity forecasts for comparison goods also show that with no changes in the market shares of expenditure attracted from the catchment area, there should be a moderate capacity for additional comparison goods floorspace in the town centre, of up to about 3,900 sq m net by 2016, rising to about 6,300 sq m net by 2021. With realistic maximum increases in market shares, the town centre and its environs could potentially support up to about 10,400 sq m net by 2016, rising to about 14,050 sq m net by 2021.
5. Apart from the Recreation Ground which is very unlikely to be made available, there are no undeveloped sites in the town centre itself which could accommodate these scales of new retail floorspace. However, redevelopment of some of the existing retailing, together with conversion of one of the existing main food stores to comparison goods retailing, could potentially accommodate much of this forecast capacity – if such redevelopment proves financially viable. Such a redevelopment would be first priority in terms of the sequential approach, being within the Shopping Area Primary Zone.

6. The only other site which could potentially accommodate the larger scale of new comparison goods retail development is Barton Park. The part of this area west of the Public Safety Zone would be an edge-of-centre site in sequential approach terms – provided that it was to be connected to the town centre by a new high quality pedestrian route. It would therefore be second priority under the sequential approach.
7. Because there is not forecast to be sufficient expenditure to support both, it is not likely to be possible to achieve substantial redevelopment of the existing town centre and large scale new comparison goods retail floorspace at Barton Park in the period to 2016. National policy in PPS6 is that ‘development is to be focused in existing centres’. We therefore recommend that further study is undertaken of the practicality of redeveloping parts of the existing town centre, before any commitments are entered into for new comparison goods retail development at Barton Park (with the possible exception of such floorspace in a food/non-food superstore). Such study should critically assess whether redevelopment for new comparison goods retailing could be made financially viable, for example by the inclusion of non-retail uses such as residential, in order to help create value. Only if it is found that redevelopment would not be practicable for any reason, should major new comparison goods retail development at Barton Park be pursued.
8. If new comparison goods retail floorspace on the scale indicated by the Scenario 2 retail capacity forecasts is developed at Barton Park, it would have a modest impact on the town centre of about 11.2% in 2016. This means that comparison goods sales in the existing town centre would be about 11.2% lower in 2016 than they would have been if such new development had not occurred. If completed significantly earlier than 2016, this impact would be higher. Despite such an impact, comparison goods sales in the town centre in 2016 would still be about 34.7% higher in 2016 than in 2005, if forecast trends occur. This growth in sales would be sufficient to allow the existing comparison goods shops to increase their sales by 1.5% per annum, and for the vacated main food store to be re-occupied for comparison goods retailing. However, it would not be sufficient to support substantial additional floorspace through redevelopment of existing older town centre shops.
9. If a new food/non-food superstore alone is supported at Barton Park, we consider that it should be located on the west part of the site, between the station and the Public Safety Zone for Southampton Airport. In this location it would be an edge-of-centre development (if well connected to the town centre for pedestrians); and therefore potentially able to support the town centre. Whether located on the west or east part of the site, we consider that the planning permission should be subject to conditions preventing there being in the store uses which would tend to make it more of a one-stop-shop competing with the town centre, rather than complementing it. These include sale of newspapers and magazines, pharmacy, post office, photo processing, dry cleaning, travel agency; since these uses are already provided in the existing town centre.



Appendix 1 – Eastleigh RECAP Model 2008