Peterborough City Council

Updated Comparison Goods Retail Capacity Forecasts

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Introduction

1. We were asked to update the Peterborough comparison goods retail forecasts provided by Drivers Jonas in August 2006, so as to provide outputs for 2021 and 2026.

2. The August 2006 forecasts used 2005 as the base date, and 2013, 2016, and 2020 as future test dates. The 2013 test date was adopted with reference to opening of the North Westgate scheme in the City Centre.

Inputs and Assumptions

3. The Drivers Jonas August 2006 forecasts were updates of forecasts provided by DTZ in their Retail Study 2004, and revised Retail Study 2005 Briefing Paper. The August 2006 forecasts were based on the following inputs and assumptions.

   (i) Use of the DTZ defined Study Area;

   (ii) The findings of the NEMS household interview survey 2004 commissioned by DTZ, particularly in respect of the market shares of available expenditure attracted to Peterborough;

   (iii) Use of RSS (as opposed to ONS) based population forecasts contained within the DTZ 2005 Briefing Paper;

   (iv) Use of DTZ's 2005 base year MapInfo local area population and expenditure forecasts;

   (v) A post 2005 'low' expenditure per head growth rate of +3.8% per annum, and a 'high' growth rate of +4.8%;

   (vi) Variable increases in sales densities of existing floorspace according to location; and

   (vii) An updated allowance for commitments at August 2006.

4. The forecast were based on two scenarios. The first scenarios (A and B) assumed that comparison goods trading in the City was in equilibrium at the base date (2005). The second scenarios (C and D) allowed for there being pent-up expenditure capacity at the base date (2005), which was included within the expenditure forecasts. The latter were preferred as being more realistic.

Unadjusted Trend Projections

5. The first set of forecasts (Appendix 1) project expenditure and floorspace capacity to 2021 and 2026, retaining all the previous inputs and assumptions of the August 2006 Updates.

6. There are no changes from the August 2006 forecasts in respect of:

   - the Study Area;
   - base population and projections to 2016;
   - base expenditure per head forecasts and projections to 2016;
   - market shares of expenditure attracted to Peterborough derived from the NEMS 2004 survey;

- existing floorspace stock and commitments;
- benchmark sales densities of existing floorspace according to location (City Centre, district centres, etc); and
- increases in sales density on existing floorspace according to location (City Centre, district centres, etc).

7. The population estimates for 2021 and 2026 are based on an interpolation of growth over the 2016-2020 period, and assume a constant rate of increase.
8. The expenditure per head estimates have been projected to 2021 and 2026 using the same growth rate of +4.8% per annum in Scenario C and +3.8% for Scenario D.
9. Increases in sales density on existing floorspace have been projected to 2021 and 2026 using the same growth rates according to location (City Centre, district centres, etc) and differing between Scenario C and D.

Adjusted Trend Projections

10. The second set of forecasts (Appendix 2) project expenditure and floorspace capacity to 2021 and 2026, but introduce more recent information on population and expenditure per head for the base year and forecast years.
11. This more recent information was obtained for the purposes of the Updated Convenience Goods forecasts provided by Drivers Jonas to the City Council in April 2007. We commissioned new local area population and expenditure information from MapInfo (the MapInfo package includes expenditure information on comparison as well as convenience goods). The City Council also provided us with their latest population forecasts, shown in Appendix 3.
12. For the avoidance of doubt, we confirm that the following inputs and assumptions remain as in the August 2006 forecasts.
    - the Study Area:
    - the percentage growth rates of expenditure per head (varying between Scenarios C and D) from the new base date;
    - market shares of expenditure attracted to Peterborough, derived from the NEMS 2004 survey;
    - existing floorspace stock and commitments;
    - benchmark sales densities of existing floorspace according to location (City Centre, district centres, etc); and
    - increases in sales density on existing floorspace according to location (City Centre, district centres, etc).
13. Apart from being more up to date, use of the later population and expenditure information makes the comparison goods forecasts consistent with the inputs and assumptions in the convenience goods forecasts of April 2007.
14. The principal differences between the adjusted and unadjusted forecasts is the level of population growth and growth in expenditure per capita. The

adjusted trend projections show a higher level of population growth to 2026 within the core catchment, although this is counterbalanced by a lower level of population growth within the outer catchment. The outcome is a Study Area population in 2026 that is lower than the equivalent figure shown in the unadjusted trend projections.

15. With expenditure per capita, there is a lower level of comparison goods expenditure in both the core and outer catchments, over the test period. A principal difference with the unadjusted projections, and therefore the August 2006 forecasts is a lower level of expenditure per head growth in the period 2001-2005. The DTZ local area expenditure information projected growth over this period using national forecast growth rates of around +9% per annum. The actual year by year rates are shown in footnote (2) of the Stage 1 of the tables in the Drivers Jonas August 2006 forecasts. Actual growth over this period has been lower, as is indicated in the more recent MapInfo local area information commissioned by us in 2006 with a base year expenditure figure at 2004.

16. The outcome of the of the population and expenditure updates is a lower level of available expenditure throughout the forecast period in the adjusted projections.

Findings

17. The adjusted expenditure and floorspace forecasts show the following outputs at 2011, 2016, 2021, and 2026. The figures are square metres gross.

	2011	2013	2016	2021	2026
Scenario C	43,250 – 52,000	61,400 – 73,700	93,500 – 112,150	152,600 – 183,100	218,000 – 261,500
Scenario D	40,000 – 47,900	57,000 – 68,500	86,600 – 104,000	140,600 – 168,700	199,300 – 239,200

18. The equivalent figures in the August 2006 forecasts were as follows.

	2011	2013	2016
Scenario C	-	77,500 – 93,000	108,750 – 130,500
Scenario D	-	70,300 – 84,300	98,650 – 118,400

19. The movement in the forecasts illustrates the sensitivity of some of the forecast inputs, particularly expenditure per head growth rates. The reduction in the forecasts from those in the Drivers Jonas August 2006 Paper has been caused by a reduction in the very high growth rates previously indicated for the period 2001-2005.

20. These changes illustrate the broad brush nature of retail expenditure / capacity forecasts and the desirability of monitoring the input assumptions at frequent intervals, when new information becomes available. Although the primary factor influencing these forecasts is high expenditure growth

rates for comparison goods (despite the reductions made), there are other factors which could influence these estimates significantly. For example, if residents' expenditure continues to grow at a high rate, will it be translated into shop floorspace requirements in accordance with past trends?

21. Factors that could cause the forecasts to be reduced would be higher increases in sales densities of shop floorspace than have been allowed for in our assessments. This could arise if increasing disposable incomes causes shoppers to purchase goods of a better quality and higher value rather than a greater quantity of goods. Similarly, greater use of the internet could play an increasing role for the purchase of certain types of goods for which comparison of goods at the time of purchase is not always necessary.

22. The theoretical quantitative forecasts should therefore be read in the context of the considerable uncertainties that are attached to them, particularly in the post 2016 period. It will be appropriate to regularly monitor the forecasts based on the latest information on population and expenditure growth. It will also be desirable to reassess the position, following implementation of the North Westgate scheme.

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