

**BABERGH DISTRICT RETAIL STUDY**

**BABERGH DISTRICT COUNCIL**

**JULY 2008**

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This report has been prepared by:

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

Contact: Dr Richard Doidge  
Tel: 020 7344 6872



## 1.0 INTRODUCTION

### Terms of Reference

- 1.1 Colliers CRE was instructed by Babergh District Council in March, 2008 to carry out a study of retailing in the District to inform the emerging Local Development Framework (LDF). The main purpose of the study is to undertake an assessment of the potential need (or capacity) for additional shopping floorspace over the period to 2021 within Babergh District.
- 1.2 Babergh, with a population of around 87,000, is a relatively attractive and largely rural District located in the southern part of Suffolk, in the East of England. The District's retail offer is dominated by the two principal towns of Sudbury (population: 20,000) and Hadleigh (population: 7,000), which are supported by a network of smaller local and village centres. Babergh District as a whole falls within the retail shadow of the nearby towns of Ipswich, Colchester and Bury St Edmunds which all exert a major influence on sub-regional shopping patterns and contribute to a significant amount of retail expenditure leakage from the District.
- 1.3 Babergh District Council is currently preparing its LDF. In support of the LDF and to generally inform the review process and assist in the process of the developing policies on retailing and town centre issues, the Council requires an assessment of the future retail capacity of the District. The key requirements of the retail study as set out in the Consultants Brief are as follows:-
- ***Prepare Overview Health Checks of Hadleigh and Sudbury***
    - A broad overview of the health, strengths and weaknesses of the two town centres of Hadleigh and Sudbury and their present and future roles within the District's shopping hierarchy.

- ***Define Catchment Areas***

- A definition of the primary, secondary and tertiary catchment areas of the District's two main towns.

- ***Estimate Current and Forecast Quantums of Available Retail Expenditure***

- An estimate of the amount of expenditure available within the catchment areas of the towns and projection of future expenditure trends to 2021, for convenience and comparison goods based on population growth projections and per capita spending trends.

- ***Estimate Scale and Pattern of Expenditure Leakage***

- An estimate of the current and projected amount of expenditure which 'leaks' from the District to retail centres located in adjacent districts.

- ***Estimate Current and Forecast Retail Turnover of Centres***

- A review of current and projected retail turnover within the existing towns.

1.4 Reflecting the study objectives outlined above, it should be borne in mind that this report primarily provides a strategic assessment of retailing throughout Babergh District and does not directly address individual sites and/or development proposals.

### **Study Approach**

1.5 In preparing this report, we have drawn on our wider expertise of retail planning and experience gained in undertaking many other retail need / capacity studies throughout the UK. Specifically, we have sought to combine experience in terms of:-

- Research
- Retail Agency
- Planning
- Consumer / Market Research

As such the study seeks to blend detailed **research** with relevant **commercial** and **planning** expertise.

1.6 Although some data was available prior to the commencement of this study, it soon became clear that a substantial body of **new** information was required in order to satisfactorily meet the objectives in a robust manner. This new data falls into two broad categories as follows:

- we undertook a telephone survey of **600 households** living throughout Babergh District and its shopping hinterland;
- we have incorporated the very latest and most accurate **statistics** available in respect of the following:
  - **retail floorspace** of existing centres and shops throughout Babergh District<sup>1</sup>;
  - consumer **retail expenditure per head** for small areas (zones) within Babergh District and its shopping hinterland<sup>2</sup>;
  - current and projected **populations**;<sup>3</sup>
  - details of **retail floorspace in the development pipeline** within Babergh District<sup>4</sup>.

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<sup>1</sup> This data has mainly been provided by Babergh District Council.

<sup>2</sup> This data is derived from Experian.

<sup>3</sup> This information has been mainly provided by the Suffolk Observatory.

<sup>4</sup> This information has been provided by Babergh District Council.

- 1.7 In practice, much of the survey and other technical data feeds into our quantitative assessment of retail floorspace need.

### **Structure of the Report**

- 1.8 This report consists of seven sections, followed by a number of Appendices which contain supporting technical information and spreadsheets, which sets out the quantitative retail floorspace need assessment.
- 1.9 Following this Introduction, Section 2 describes the planning context to the study at the national, regional and local level, and summarises the main findings from the recent Competition Commission report into the grocery sector. We also present overview health checks of Sudbury and Hadleigh and quantify their strengths, weaknesses, opportunities and threats and comment on their future retail potential and role in the shopping hierarchy.
- 1.10 In Section 3, we describe our approach to assessing the quantitative need for additional convenience and comparison goods floorspace within Babergh District. The sources of data are identified, the methodology of the 'model' is described and our key assumptions are explained.
- 1.11 In Section 4, we consider the present shopping hierarchy of Babergh District and, drawing on the results of the household telephone survey, examine the current pattern of shopper behaviour for convenience and comparison goods shopping. Using this information we quantify the retail trading performance of the District as a whole and the main towns of Sudbury and Hadleigh.
- 1.12 In Section 5, we describe the methodology for quantifying the need for additional convenience and comparison goods floorspace within Babergh District and the two principal towns of Sudbury and Hadleigh. This quantitative need assessment is carried out for the forecast years of 2011, 2016 and 2021.
- 1.13 Section 6 sets out in full the results of our retail floorspace needs assessment within Babergh District for convenience and comparison goods shopping.



1.14 In the final Section 7, we present our conclusions and recommendations to the Council on the most appropriate retail policy approach for inclusion in the LDF.

## 2.0 PLANNING CONTEXT AND TOWN CENTRE HEALTH CHECKS

### Introduction

2.1 This section describes the planning context to the assessment of retailing within Babergh District and its principal towns. Existing retail planning guidance and policy at the national, regional and local levels is summarised, whilst we present overview health checks of Sudbury and Hadleigh and comment on their future retail role and potential.

### Planning Policy Statement 6: Planning for Town Centres

2.2 The Government's key objective for town centres is to promote their vitality and viability by:-

- planning for the growth and development of existing centres; and
- promoting and enhancing existing centres, by focusing development in such centres and encouraging a wide range of services in a good environment, accessible to all.

2.3 Additional aims of Government in relation to retail are:-

- to enhance consumer choice, particularly to socially-excluded groups;
- to support efficient, competitive and innovative retailing;
- to improve accessibility by ensuring that new development is well-served by a choice of means of transport.

2.4 PPS 6 also states that it is not the role of the planning system to restrict competition, preserve existing commercial interests or to prevent innovation.

- 2.5 Government guidance also recommends that local planning authorities should actively plan for growth and manage change in their town centres over the period of new development plans.
- 2.6 PPS 6 advises that regional spatial strategies should set out a vision and strategy for a region's growth, particularly for higher level centres, and provide a strategic framework for planning at the local level.
- 2.7 At the local level, PPS 6 advises that local authorities should assess the need for new retail floorspace, taking into account both quantitative and qualitative considerations, and to identify any deficiencies in provision.
- 2.8 Specifically, in selecting sites for retail development, local authorities should:-
- assess the need for development;
  - identify the most appropriate scale of development;
  - apply the sequential approach to the site selection;
  - assess the impact of development in existing centres;
  - ensure that locations are accessible and well served by a choice of means of transport.
- 2.9 In relation to rural market towns, PPS 6 states that they should be the main service centres in rural areas, providing a range of facilities, shops and services at a scale appropriate to the needs and size of their catchment area.
- 2.10 PPS 6 (in Annex A) sets out a number of Typologies. The relevant definitions in relation to this study are as follows:-
- **Town Centres (Type of Centre)** – will usually be the second level centres after city centres and, in many areas, they will be the principal centre or centres in a local authority's area. In rural areas they are likely to be market towns.
  - **Town Centre (Type of Location)** – a defined area, including the primary shopping area and areas of predominantly leisure, business and

other main town centre uses within or adjacent to the primary shopping area.

- **Primary Shopping Area (Type of Location)** – a defined area where retail development is concentrated (generally comprising the primary and those secondary frontages which are contiguous and closely related to the primary shopping frontage). The extent of the primary shopping area should be defined on the proposals map.
- **Edge of Centre (Type of Location)** – for retail, it is a location that is well connected to and within easy walking distance (i.e. up to 300 metres) of the primary shopping area.<sup>1</sup>
- **Out of Centre (Type of Location)** – a location which is not in or on the edge of a centre, but not necessarily outside the urban area.
- **Convenience Shopping (Type of Development)** – is the provision of everyday essential items, including food, drink, newspapers/magazines and confectionery. There are two main types of convenience stores:-
  - Supermarket: self-service stores selling mainly food, with a trading floorspace less than 2,500 sq m, often with car parking.
  - Superstores: self-service stores selling mainly food, or food and non-food products, usually with more than 2,500 sq m of trading floorspace, with supporting car parking.

2.11 The Government published Proposed Changes to PPS 6: Planning for Town Centres Consultation in July, 2008. This document proposes a much tougher 'impact test' in place of the current 'needs test'. The consultation will run for 12

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<sup>1</sup> **Note:** A site for retail located more than 300 metres from the primary shopping area is not defined as a 'town centre' or even an 'edge of centre location', but is considered to be 'out of centre'. Thus it is possible to have a site within the town centre boundary that is, in fact, 'out of centre' in terms of PPS 6.

weeks and end on 3 October, 2008. A final revised planning policy statement is expected to be published in Spring 2009.

**East of England Plan: The Revision to the Regional Strategy for the East of England**

2.12 This Plan, published in May 2008, sets out a regional strategy for planning and development in the region to the year 2021. It provides the statutory framework for local authorities to produce more detailed local development frameworks for their areas.

2.13 The Plan (Policy SS6) states that thriving, vibrant and attractive city and town centres are fundamental to the sustainable development of the East of England and should continue to be the focus for investment, environmental enhancement and regeneration. Local Development documents should:-

- define the role (or redefine it where necessary) of each city or town centre and include a strategy to manage change, promote a healthy mix of uses, build upon positive elements of its distinctive character, and support the development and consolidation of the local cultural heritage;
- ensure that land is allocated or can be made available to meet the full range of the city or town centre's identified needs; and
- protect and enhance existing neighbourhood centres and, where the need is established, promote the provision of new centres of an appropriate scale and function to meet local day to day needs.

2.14 The Plan acknowledges that the region has a network of mainly medium and small town centres which are vital elements of the regional economy and, as such, there is a need to support, enhance and develop their role.

2.15 The Plan defines a regional structure of retail centres, but neither Sudbury nor Hadleigh are large enough to rank as major regional or major town centres - those cities and towns which are of strategic importance for retail and other

town centre purposes. Major new retail development and complementary town centre uses should primarily be located in these centres and be consistent in scale with the size and character of the centre and its role in the regional structure (Policy E5).

2.16 Development plan documents should only propose higher order retail provision where need is clearly established and the development would:-

- result in a more sustainable pattern of development and movement, including a reduction in the need to travel; and
- have no significant harmful impact on other centres or the transport network.

2.17 The Plan states that below the level of centres of regional strategic importance (eg. Sudbury and Hadleigh), local development documents will identify a network of more local town centres, district centres, neighbourhood centres and village centres.

2.18 The East of England Plan acknowledges that the retail sector is an important driver of the regional economy and that further retail provision will be needed in response to the growth in population and spend per head.

**Babergh Local Plan, Alton No.2, June 2006**

2.19 This Plan was adopted in June 2006 and sets out detailed policies and proposals for control of development in the District up to 2016. In due course, the Plan will be superseded by the LDF, which will roll forward the time period to 2026.

2.20 The Plan has four principal objectives in relation to retail within Babergh District:-

- to protect or enhance the vitality and viability of the market towns of Sudbury and Hadleigh and to provide new retail investment in their

defined town centres, in order to maintain and enhance their role as the main shopping areas in Babergh;

- to define and protect “prime” shopping frontages in the two town centres;
- to regularly monitor the economic wellbeing of Sudbury and Hadleigh;
- to support the retention of existing shopping facilities in rural areas and local centres and to encourage the provision of new facilities where this is consistent with Local Plan policies.

2.21 The Plan states that the District Council fully supports the Government’s aim to promote sustainable patterns of retail development and to reduce reliance on the private car for all journeys, including shopping trips. This aim, combined with a need to avoid further leakage of spend to larger centres in neighbouring Districts, underpins a long-term strategy to allocate more land for retail development in Sudbury and Hadleigh.

### **Overview Health Checks of Sudbury and Hadleigh**

2.22 A key requirement of the Brief is to provide an overview of the existing retail health of Sudbury and Hadleigh town centres, drawing on but not replicating the extensive work already carried out by the District Council,<sup>1</sup> and then to comment on their likely future retail potential and role within the shopping hierarchy. We focus on each town in turn. Our overview is supported by a range of maps, photos and statistics which are set out at **Appendix 1**.

### **Sudbury**

2.23 Sudbury is a relatively attractive and compact market town and is the largest town in Babergh District. Overall, we consider the town’s retail economy to be healthy but there is no room for complacency with recent economic trends combining with future retail development activity at competing centres pointing to a future fall in Sudbury’s position down the UK retail ranking.

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<sup>1</sup> See Health Checks of Sudbury and Hadleigh, Babergh, Suffolk: Part 1 (June 2008, Draft).

- 2.24 Retail provision in Sudbury comprises of town centre shops, a number of important edge of town centre stores (eg. Waitrose, Roys and Aldi) and a range of out of town superstores and retail warehouses. These retail facilities are identified in the aerial photo at **Appendix 1A**, which also shows the extent of the town's urban area and principal road network. Within the town centre area, the map at **Appendix 1B** shows major food supermarkets and vacant units as at June 2008, whilst other shops and service uses are colour coded according to their principal category of goods.
- 2.25 Sudbury is large enough for a range of published retail statistics to be available. These sources provide data which largely complement the work undertaken by the Council and add a further layer of knowledge to our understanding of the town's retail performance and potential. We have grouped this factual data together and it is set out in full at **Appendix 1C**.
- 2.26 In our view, the key retail indicators relating to Sudbury are as follows:-

#### ***Existing Performance***

- **Overall Ranking** – Sudbury's UK VenueScore rose from 56 points in 2004 to 74 points in 2006. It has since slipped back to 73 points (2007). This resulted in a slip of 13 places down the UK shopping hierarchy during 2006/07.
- **Retail Turnover** – since our last retail study for the Council in 2002, consumer retail expenditure per head growth in the UK has surged ahead in real terms, particularly for comparison goods. Only recently has growth begun to slow. Whilst retail demand (consumer spend) has risen in Sudbury over the past six years, retail supply (amount of floorspace, again mainly in non-foods) remained almost static. Thus between 2002 and 2008 the scale of estimated over-trading in the comparison goods sector in the town has grown significantly. In short, the town's supply of retail floorspace is not managing to keep up with the increase in need. This is effectively creating a 'cap' on Sudbury's VenueScore potential and with improvements in the quality and quantity



of floorspace in other centres – within the region and nationally – the town's position will fall in the UK hierarchy (this has already started).

Additional comparison goods floorspace will be provided by the current extension to the Tesco at Woodhall. However, this store is located out of town and therefore this does not directly address the requirement for additional retail provision within Sudbury town centre.

In the convenience goods sector, once adjustments have been made for price base and inflation, estimated retail turnover in Sudbury has changed little since 2002 in real terms. On the other hand, available sales space has risen, which means the substantial over-trading in the food sector identified back in 2002 has now reduced sharply.

Therefore, the emphasis has now switched from the need to provide significant additional convenience goods shopping floorspace towards the essential provision of further comparison goods retailing.

- **Size of Units** – multiple retailers nowadays require much larger shops than hitherto. Towns which do not offer attractively sized, and well configured accommodation are finding it increasingly difficult to attract operators, even when there is a need in terms of spending capacity. The shortage of large units has been flagged up by existing reports on the town,<sup>1</sup> whilst the message is reinforced by the most recent Goad stats (reproduced in **Appendix 1C**), which show an over-representation of units of less than 232 sq m (2,500 sq ft gross) relative to the UK average.
- **Retailer Demand** – only eight of the country's Top 20 retailers are currently located in Sudbury, leaving considerable scope for additions. Moreover, as a result of the rising quantum of available expenditure and growing retail turnover in comparison goods, the number of active retail

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<sup>1</sup> For example, Sudbury Town Centre, Francis Road/Hamilton Road Feasibility Study, The Civic Trust, October 2006.

requirements for the town has risen steadily since 2005, resulting in the town's UK ranking (in terms of retailer demand) rising from c.500 to 427 as at October, 2007. (see **Appendix 1C**). As indicated above, whilst retail demand for Sudbury is rising, its actual retail attraction is falling relative to other centres – because of the shortcomings in the quantity and quality of its retail floorspace supply.

- **Prime Rents** – another good indicator of strong retail demand is rising rents. The industry standard Colliers CRE retail rents data base shows that prime rents increased in Sudbury by 7.7% during the 12 months to May 2008. This compares to a UK average rise of just 1.1% and represents one of the country's best rental performances.
- **Voids** – the latest Goad Stats shows vacant retail property in Sudbury town centre to be well below the UK average both in terms of numbers and floorspace. Vacant units as at June 2008 are shown on the map in **Appendix 1B**.

### ***Future Performance***

- Using CACI's Centre Futures Model, which builds-in knowledge of the shopping centre development pipeline, we can predict the comparison goods turnover of Sudbury and its GB ranking at 2013. The full analysis is set out at **Appendix 1C**, and it shows that the town's turnover<sup>1</sup> is expected to fall by 12%, resulting in a drop from 348<sup>th</sup> to 369<sup>th</sup> in Sudbury's CACI's centre ranking (down 21 places). Although this analysis does not take into account future expenditure growth, but simply re-apportions existing expenditure, it nevertheless points to a relative fall in Sudbury's future retail attraction and rank. The reason for the town's expected relative decline is that it is surrounded by a number of centres which are experiencing, or about to experience, substantial

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<sup>1</sup> CACI are a leading international provider of marketing solutions and information systems. The company specialises in providing mapping, demographics and statistics to the retail planning sector in the UK. The turnover produced by the CACI Centre Futures Model is different from that determined for this study using a household survey. We believe our turnover figure is the more realistic, but this does not reduce the usefulness of the CACI model in forecasting the relative change in a centre's performance and ranking across the country as a whole.

retail additions to floorspace. Cumulatively, these new schemes will divert some spend away from Sudbury. The map at **Appendix 1C** shows the predicted 'winners' and 'losers' in the sub-region.<sup>1</sup>

### **Summary**

- Our overview health check of Sudbury indicates the town is generally performing well in retail and economic terms. As such, our findings endorse the work carried out by the Council.
- Consumer and retail demand is exceeding supply in Sudbury at present. This is forcing up rents and producing low voids.
- With the supply of floorspace almost fixed, turnover in the comparison goods sector is rising, producing higher average sales densities and estimated over-trading.
- Clearly there is strong potential for Sudbury to expand its retail economy, but an existing shortage of suitable sized units/floorspace is holding the town back. Accordingly, there is a requirement to provide larger and better configured units in the town centre which will attract the multiple retailers that play such a crucial role in underpinning a town's retail economy. The Local Plan identifies a number of significant opportunities for retail development and enhancement of Sudbury's role as a retail destination.<sup>2</sup> We understand that the Council has been working closely with town centre stakeholders for some time in order to encourage redevelopment. Our assessment endorses the approach being taken by the Council.

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<sup>1</sup> We are expecting an update to this data by the end of June. It is recommended that this analysis is updated then. However we do not anticipate material changes.

<sup>2</sup> Redevelopment will be encouraged by the Council in the following areas of Sudbury town centre: behind the railway station, around the existing bus station, to the rear of Market Hill and Gaol Lane and at the top of North Street.

- The main focus should be on attracting more multiple fashion retailers as these are important attractors and play an important role in influencing consumer shopping patterns.
- Without a pro-active programme to facilitate some retail expansion, the town will fall down the hierarchy in relative terms – not because it is declining, but rather because it cannot accommodate its growth.
- Additional material comparison goods shopping floorspace in the town centre of the right quantity would meet this demand and enable Sudbury to at least maintain its national rank without materially changing its overall role and status in the regional shopping hierarchy.
- **Figure 2.1** sets out our top-line overview of Sudbury’s health in the form of a SWOT analysis.

**Figure 2.1 Sudbury: SWOT Analysis**

<p><b><u>Strengths</u></b></p> <ul style="list-style-type: none"> <li>• Growth in catchment area expenditure</li> <li>• Rising turnover</li> <li>• Increasing average sales densities</li> <li>• Over-trading</li> <li>• Healthy retailer demand</li> </ul>	<p><b><u>Weaknesses</u></b></p> <ul style="list-style-type: none"> <li>• Lack of available retail floorspace of the right quality (size) in the town centre</li> </ul>
<p><b><u>Opportunities</u></b></p> <ul style="list-style-type: none"> <li>• Scope to attract more multiple retailers</li> <li>• Potential for further prime rental growth</li> </ul>	<p><b><u>Threats</u></b></p> <ul style="list-style-type: none"> <li>• Increasing retail attraction of competitor centres</li> <li>• Continuing ‘supply’ constraints</li> <li>• Potential of further significant out of town retailing provision</li> </ul>

## Hadleigh

- 2.27 Although Hadleigh – alongside Sudbury – is one of Babergh’s principal towns, it is much smaller both in terms of population and retail provision. Its limited size on a national basis means that there is virtually no available retail statistics on Hadleigh from any of the usual sources, apart from the draft health check carried out by the Council. Thus the information derived from the household telephone survey carried out as part of this study performs an even more crucial role.
- 2.28 Aside from a single out of town superstore (Buyright) which sells a mix of comparison and convenience goods, all shopping is confined to the town centre. The aerial photo in **Appendix 1A** shows the broad layout of the town’s retail facilities, and gives a good indication of the extent of its urban area.
- 2.29 Focusing on the town centre, the map at **Appendix 1B** shows the range of retail and service activities and vacant units as at June 2008. The town centre offers consumers an attractive shopping environment and, for a centre of its size, a good diversity of uses. Although hard data is difficult to get hold of, rents and yields appear healthy, whilst voids are low. The availability of small, independent shops, which are generally coming back in favour, is also an important attraction.
- 2.30 In broad terms, we feel that Hadleigh’s retail economy is relatively healthy, although the average sales density for comparison goods shopping appears to be low. This could be influenced by the size and performance of the out of town Buyright superstore which is difficult to quantify. Overall, our findings are broadly consistent with those set out in the Council’s own draft health check of the town.
- 2.31 Although performing adequately, Hadleigh is simply too small and too overshadowed by Copdock Mill and Ipswich to have real prospects of adding significantly to its comparison goods offer. There is also no material retail demand for the town from multiples for the same reason, although expansion by existing local businesses and representation from new local traders (eg. small

scale/niche type shops) is more likely and in keeping with the historic character of the town centre. The prospect of continuing high levels of expenditure leakage in comparison goods and the small size of the town's catchment population, is likely to limit the prospects for significant retail expansion of the town, although this would not rule out appropriate in-fill developments, retail intensification and improvements to the quality of accommodation by amalgamating units. However, the many listed buildings in the town centre, together with the conservation area, makes even this approach to enhancement difficult to achieve in practice.

- 2.32 In relation to convenience goods, however, we feel there is potential for a new food supermarket in Hadleigh. Consumers prefer to carry out their food shopping locally. Therefore, a new store in the town is likely to be well used, particularly if it caters for the main (or bulk) food shop, since many people currently have to travel to the Copdock Mill Tesco Extra or into Ipswich to carry out their shopping at the present time. Our preference would be for a site within or close to the town centre, so as to facilitate linked trips. Indeed we feel that more shoppers may use Hadleigh town centre as a whole, if they can be persuaded to shop locally for their food, thus reducing their need to travel out of the area for this form of shopping. We comment further on the most appropriate size of such a store and its sales mix in Section 7.

### ***Future Performance***

- 2.33 As with Sudbury, we are able to use CACI's Centre Futures Model to predict the comparison goods turnover of Hadleigh and its GB ranking at 2013. The full analysis is set out in **Appendix 1C** and it shows the town's turnover is expected to fall by £1 million or 25% (down 132 places). This is due to the cumulative impact of new schemes being developed at centres across the region. The map at **Appendix 1C** shows the predicted 'winners' and 'losers'.

### **Summary**

- Our overview health check of Hadleigh indicates the town is performing reasonably well, although average sales densities in the comparison goods sector appear on the low side.
- The strength of the town are its historic character and attractive retail environment. In turn, this tends to attract a diverse range of primarily small, independent niche traders. On the whole these retailers complement the multiples found at the larger competitor centres.
- Looking forward, the retail offer is unlikely to get materially larger in terms of floorspace, since the town is too small and located too close to Ipswich and Copdock Mill to attract the multiples, particularly in the key fashion sector.
- Therefore, the strategy should be to defend the town against any potential retail decline by actively building on its existing key strengths, the priorities being the enhancement of retail quality and consumer choice.
- In practice, this will mean encouraging small scale refurbishments and developments, although the many listed buildings and the conservation area act as important constraints.
- The provision of a new supermarket, in or close to the town centre, will help retain 'trips' locally, although it is important that any new store does not undermine the town centre's comparison goods offer.

2.34 The SWOT analysis in **Figure 2.2** overleaf summarises our view on the current and future retail performance and potential of Hadleigh.

**Figure 2.2 Hadleigh SWOT Analysis**

<p><b><u>Strengths</u></b></p> <ul style="list-style-type: none"> <li>• Attractive shopping environment</li> <li>• Diversity of uses</li> <li>• Independent shops</li> <li>• Low vacancy rate</li> </ul>	<p><b><u>Weaknesses</u></b></p> <ul style="list-style-type: none"> <li>• Limited retailer demand from multiples</li> <li>• Proximity to Copdock Mill and Ipswich (high expenditure leakage)</li> <li>• Under-trading in comparison goods</li> </ul>
<p><b><u>Opportunities</u></b></p> <ul style="list-style-type: none"> <li>• To attract anchor main food store in or close to town centre</li> <li>• In-fill development/intensification/ further improvements to retail quality</li> <li>• Capitalise on appeal to small-scale, independent/niche retailers</li> </ul>	<p><b><u>Threats</u></b></p> <ul style="list-style-type: none"> <li>• Increasing retail attraction of competitor centres</li> <li>• Potential of further out of town retailing provision</li> </ul>



### **3.0 QUANTITATIVE NEED METHODOLOGY: DATA SOURCES AND ASSUMPTIONS**

#### **Objectives**

- 3.1. The principal objective of this study is to utilise the most recent and robust sources of data and estimate the need for additional retail floorspace within Babergh District through to 2021. The quantitative assessment has been undertaken for each of the two main categories of retailing – convenience goods and comparison goods - and for Babergh District as a whole and its two principal towns of Sudbury and Hadleigh.
- 3.2. Although the assessment is necessarily detailed and relatively complex, we have at all stages sought to achieve transparency in our calculations. We have followed a traditional approach to estimating quantitative retail need and have incorporated the very latest published data and the results of a specially commissioned household survey. This should ensure that our assessment is up to date, comprehensive and robust.
- 3.3. Section 5 of this report describes our approach to quantifying retail floorspace need, whilst we present the results of the assessment in Section 6. In this section, we introduce the methodology, summarise the role of the household telephone survey and (for convenience) set out in one place the main assumptions and definitions which we have used and our principal sources of data.

#### **Quantitative Need Methodology**

- 3.4. The quantitative need for additional retail floorspace within an area (or centre) is dependent on the future relationship between the demand for and supply of space, ideally after taking into account the extent (if any) of any over/under trading that is occurring at the base year. The demand for floorspace is then determined by assessing the likely growth in the volume of consumer retail expenditure, while an assessment of floorspace supply involves quantifying the extent to which proposed changes in the location, quality and quantity of retail

floorspace will meet the forecast increases in expenditure. Any monetary shortfall of supply relative to demand in the future indicates there is a need for more floorspace in quantitative terms. The scale of additional retail provision is then determined by converting any excess of consumer expenditure (or headroom expenditure) into a retail floorspace need by applying appropriate sales densities. In practice, because shopping patterns are complex and vary for different types of goods, the methodology utilises survey data to determine base year shopping patterns.

- 3.5. Our methodology for estimating quantitative need is presented diagrammatically in **Figure 3.1** (overleaf). The key steps are set out below.

***Step 1 Catchment Area Definition***

- 3.6. The catchment area should be defined with regard to the study objective. For this study it includes all of Babergh District and parts of its wider shopping hinterland.

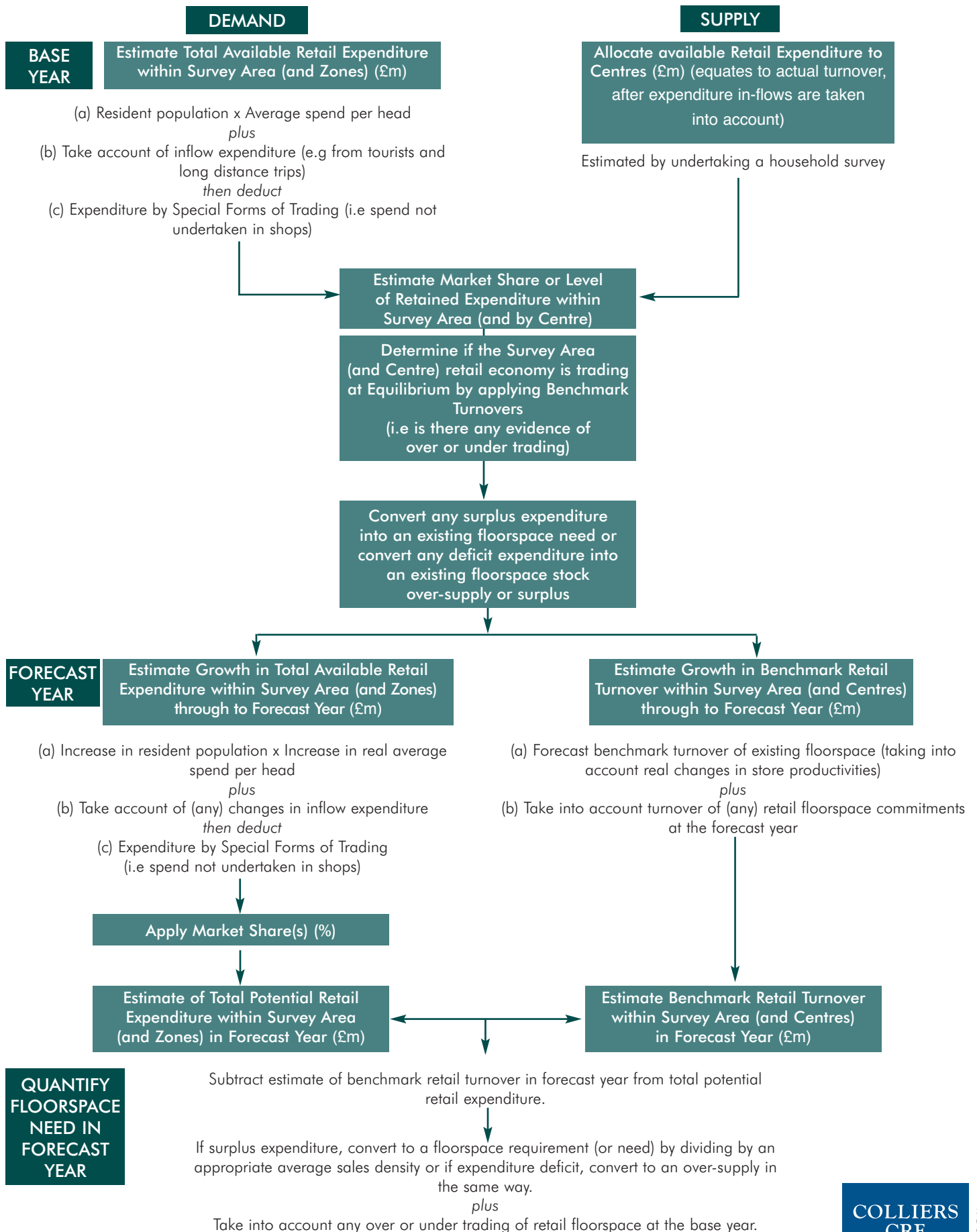
***Step 2 Analyse Consumer Demand***

- 3.7. This involves multiplying population by retail expenditure per head for the present and projected forecast year(s). This should include resident population, but also any in-flow retail expenditure from people living outside the catchment area. The main types of inflow expenditure come from long distance shoppers, commuters and tourists.

***Step 3 Analyse Retail Supply***

- 3.8. This step comprises an assessment of the turnover of the retail floorspace stock at the base year. This will involve a household survey to estimate the actual retail turnover of centres and stores and a comparison with benchmark turnover.

# QUANTITATIVE NEED METHODOLOGY



#### ***Step 4 Retail Demand Vs Retail Supply in the Base Year***

- 3.9. At this stage, the adequacy of the existing retail provision within Babergh District in quantitative terms is assessed. For example, if actual turnovers assessed in Step 3 exceed the benchmark turnovers, it could be argued that the floorspace is over-trading and, therefore, there may be an existing need for additional retail floorspace. Alternatively, if actual turnovers are less than benchmark levels then the floorspace may be assumed to be under-trading, signalling a potential over-supply of existing retail floorspace.

#### ***Step 5 Changes in Retail Demand and Retail Supply through to Forecast Year(s)***

- 3.10. This step projects forward total available expenditure in the catchment area and the turnover of existing and committed retail floorspace. In simple terms, the difference between the forecast totals of available expenditure and retail turnover gives a measure of the quantitative need for additional retail floorspace. If there is an expenditure surplus, this is converted into potential floorspace by dividing by an appropriate sales density. Similarly, if there is an expenditure deficit, a floorspace over supply may exist.

#### **The Household Telephone Survey**

##### ***Objectives of the Survey***

- 3.11. The household survey forms an important role in the quantitative need assessment since it provides important information on the current pattern of shopping activity throughout Babergh District and surrounding areas. As such, it forms the foundation upon which the retail need estimates are built.
- 3.12. A major aim of the survey is to generate quantitative data on consumer retail expenditure flows between areas or zones (where people live) and retail centres (where they spend their money). This has been carried out for the following three types of shopping:-

- convenience goods;
- non-bulky comparison goods;
- bulky comparison goods;

although in our quantitative floorspace need assessment the latter two categories have been amalgamated.

### ***Definition of the Survey Area***

- 3.13 We reached agreement with Babergh District Council on the outer boundary of the household survey area. The survey area is shown in **Figure 3.2** overleaf. It is more extensive than the District boundary, since it has been drawn to encompass the shopping catchment areas of the main towns of Sudbury and Hadleigh.

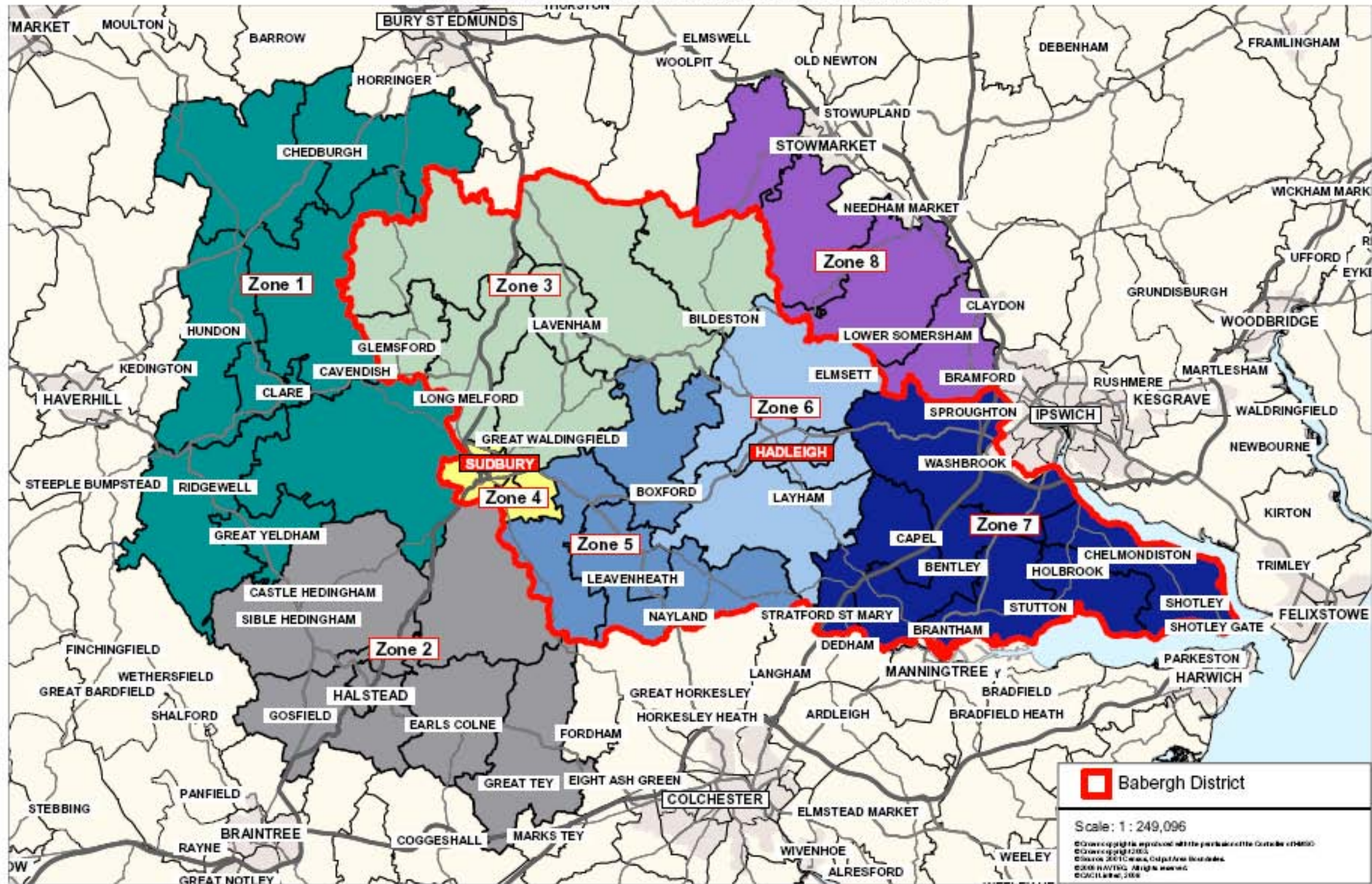
### ***Definition of the Expenditure Zones***

- 3.14 For the purpose of sampling and analysis the survey area has been divided into eight zones. These zones are defined on the basis of ward boundaries and each zone comprises one or more wards. In broad terms they relate to natural shopping activity areas on the ground and to the size and distribution of retail centres.
- 3.15 **Figure 3.2** shows the locations and general configuration of the zones throughout the survey area. These were agreed with the Council, prior to the survey being carried out.

### ***Sampling***

- 3.16 In consultation with the Council an overall target sample of 600 completed interviews was agreed, sufficient to provide coverage of 75 interviews per zone.
- 3.17 Within each of the eight zones, the interview sample was drawn randomly and in proportion to the distribution of population. This ensures the results of the survey reflect for each zone the density of population on the ground. **Appendix**

Fig. 3.2. Household Telephone Survey: Definition of Eight Zones



**2A** provides a much more detailed statistical synopsis of the sampling methodology and the degree of confidence which can be attributed to the survey results.

### ***The Survey Questionnaire***

- 3.18 The survey questionnaire was drafted in consultation with the Council and their agreement was obtained prior to the commencement of interviewing. A copy of the questionnaire is reproduced in **Appendix 2B**.

### ***Implementation, Analysis and Results***

- 3.19 Fieldwork for the household survey was carried out during April/May 2008. In so far as we use the survey results to inform our assessment of retail floorspace need within Babergh District, the key data which the survey generates is the percentage market share (in terms of expenditure) of the towns and other centres within each of the eight zones. This is analysed separately for convenience goods and comparison goods shopping. Using this quantitative information, it is possible to build-up a picture of existing shopper behaviour within Babergh District and the survey area as a whole. In particular, the data allows the existing catchment areas and retail turnovers of main centres to be determined. It also forms the foundation for the retail floorspace need assessment which is presented in full in Sections 5 and 6.

### **Principal Data Sources**

- 3.20 The quantitative retail need assessment which we present in Section 6 utilises five major sources of data. All of the sources are **new** to this study. The data sources are as follows:-

### **Data on shopping trips patterns and consumer retail expenditure flows**

**Source:** We have incorporated the results from a new household telephone survey of the Babergh District and its hinterland area carried out during April/May 2008. This has been described at paragraphs 3.11 to 3.19 above.

### **Data on population and population projections**

**Source:** For the eight zones making up our survey area, population figures for 2005 have been sourced from the Office of National Statistics (ONS). These are built-up using wards. Populations have then been projected forwards to 2008 (our base year) and the forecast years of 2011, 2016 and 2021 by applying district growth rates to constituent zones as published by the Suffolk Observatory and adjoining Councils.

### **Data on consumer retail expenditure per head**

**Source:** Bespoke data on average convenience goods and comparison goods expenditure per head for 2006 has been obtained from Experian for the populations living within each of the eight zones. The expenditure per head data is set out in **Appendices 3B and 3C**.

### **Data on existing retail floorspace**

**Source:** The Council has undertaken a comprehensive survey of all retail floorspace within Sudbury and Hadleigh town centres as at October, 2007. We assume this floorspace will not have changed materially at the base year of 2008. This survey estimates the gross retail floorspace of each



unit. We have sorted this information according to the following categories of use:-

- Convenience goods
- Comparison goods
- Retail Services
- Vacant

This data has been supplemented, where appropriate, by Colliers CRE using a combination of in-house databases and published sources such as the Institute of Grocery Distribution (IGD) store information. Existing retail floorspace by town is set out in **Appendices 4A and 4B**.

#### **Data on retail commitments**

**Source:** The Council has prepared a schedule of retail schemes under construction and/or with planning consent as at March 2008 throughout Babergh District – these are defined as **commitments**.

A schedule providing full details of each individual retail scheme is reproduced in **Appendix 4C**.

#### **Interpretation and Definition**

3.21 In addition to the principal sources of data, there are a number of further definitions, assumptions and forecasts which we have adopted throughout this study. Although many are referred to again in Sections 5 and 6, we hope that by grouping them together below this will assist the reader in understanding the technical analysis which follows.

### ***Study Centres***

3.22 In this study we assess the quantitative need for additional retail floorspace within:

- Babergh District as a whole;
- The main towns of:-
  - Sudbury
  - Hadleigh

### ***Composition of Main Retail Goods Categories***

3.23 In this study we undertake separate quantitative need assessments for convenience goods and comparison goods floorspace.

### ***Base Year***

3.24 We adopt a base year of 2008.

### ***Forecast Year(s)***

3.25 The Council has requested that we forecast quantitative retail floorspace need to 2011, 2016 and 2021.

### ***Price Base***

3.26 All monetary figures in this report are given in **constant 2006 prices**. This is the price base for the consumer expenditure per head data obtained from Experian.

### ***Future Growth in Consumer Retail Expenditure Per Head***

3.27 Future spending levels have an important bearing on the need for additional retail floorspace. The assumptions used are therefore critical to the validity of

the overall quantitative need assessment and it is vital that up to date, realistic and robust sources are used.

- 3.28 In this study, we adopt the 2006-based UK expenditure forecasts published by Experian. These are set out in full at **Appendix 3D** and incorporate the move by the Office of National Statistics (ONS) in 2003 to an annual chain linking approach to producing constant price economic aggregates.
- 3.29 Experian's expenditure forecasts are estimates of future spending based on an economic model of disaggregated consumer spending. They differ from expenditure projections published by Experian (and also MapInfo) that are estimates of future spending based on the extrapolation of past trends. Experian advise that when carrying out longer term retail need assessments, the use of forecasts is preferred to projections. Experian state that:-

*“Projections of comparison spend per head based on past trends are currently considerably higher than forecasts based on econometric models. This is because we have reached the top of the cycle for consumer and retail spending. This is reflected in very low household savings rates and high levels of household sector debt. Measuring trend growth rates from a point at (or near) the top of the cycle pushes up the projections. On the other hand, economists and forecasters believe this means that spending growth in the future is likely to be weaker as the economy and households' finances are rebalanced. We consider that the expenditure forecasts incorporate this important information in a way that projections cannot and therefore the economic forecasts are to be preferred over the projections for planning for future demand growth.”* Source: Experian's Head of Global Economics.

- 3.30 Following the advice of Experian, we therefore adopt their latest expenditure forecasts which are summarised in **Table 3.1** overleaf. We assume, for each category of goods, that the forecast real annual increase in spend per head for the period 2007-16 will continue beyond the Experian forecast time frame, and we therefore apply this growth rate to the time-period 2016 to 2021. For this

reason, it should be borne in mind that the quantitative assessment of retail floorspace need at 2021 may be less reliable than the forecast for 2016.

**Table 3.1: Expenditure Per Head Growth Forecasts**

Goods Category	Time Period	
	2007-2011	2007-2016 <sup>1</sup>
Convenience Goods	0.7% pa	0.8% pa
Comparison Goods	3.8% pa	3.5% pa

<sup>1</sup> We also use this forecast for estimating need through to the forecast year of 2021. For convenience goods, the 0.8% pa growth rate is the same as Experian's Long Term-Trend (middle projection trend) for the period 1977-2006. For comparison goods, the 3.5% pa growth rate is less than Experian's Ultra Long Term Trend of 4.8%.

### ***In- Flow Expenditure***

- 3.32 Our approach to estimating the volume of consumer retail expenditure flowing into Babergh District from its hinterland takes into account the available scale, range and quality of retail offer at the different centres within the District, the market shares generated by these centres across the eight zones and the location, size and 'pull' of competing centres outside of the District, such as Ipswich and Colchester.
- 3.33 In practice, because the survey area is surrounded by a number of large and attractive retail destinations, and the towns of Sudbury and Hadleigh are relatively small, we have assumed low levels of in-flow expenditure from outside the survey area. In relation to the larger centre of Sudbury, we have assumed a very limited in-flow for comparison goods shopping but none for convenience goods shopping, because such trips are in the main undertaken locally. For the much smaller town of Hadleigh we have assumed no material in-flow of retail spend from beyond our survey area for either comparison or convenience goods. In-flow expenditure originates from residents, workers and visitors living outside the survey area. Although the District is attractive to tourists and many undoubtedly visit, research surveys we have carried out in much bigger tourist destinations reveals that the amount of spend which tourists generate on retail

goods is relatively low. As such we do not believe that the tourist retail spend in Sudbury and Hadleigh is significant.

### ***Special Forms of Trading and E-tailing***

- 3.34 It is normal practice in the preparation of quantitative retail need studies to make deductions from the consumer retail expenditure per person figures adopted to allow for expenditure by 'special forms of trading' (SFT). This is retail expenditure that does not take place in shops, such as that via mail order houses, door to door salesmen and stalls and markets. It also includes spending using digital TV and over the internet.
- 3.35 Recent evidence suggests that e-tailing sales are increasing as a proportion of total retail expenditure, although perhaps not at the rate many commentators forecast at the height of the dot.com boom a few years ago. Much of the initial growth in e-tailing has been achieved through the cannibalisation of existing retail expenditure on traditional catalogue-based mail order. However, this cannot continue, so any further gains in e-tailing will directly feed through into an increase in retail sales through SFT. Accordingly, we feel it is prudent to take this into account in our quantitative need assessment.
- 3.36 In preparing this study, we have examined a range of published material on the subject of e-tailing. However, in our view, the most comprehensive and forward-looking research paper available on the topic has been prepared by Experian<sup>1</sup> and it is reproduced in full in **Appendix 3E**.
- 3.37 Experian note that after a slow start, the UK now appears to be in the take-off phase of the spread of e-tailing, although growth will eventually plateau. The company publish separate projections of the future market share for SFT (including e-tailing) through to 2016 for convenience and comparison goods shopping. Their projected market shares for SFT are set out in **Table 3.2** overleaf.

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<sup>1</sup> Source: Experian Retail Planner Briefing Note 5.1, November 2007.

**Table 3.2 Special Forms of Trading: Market Share Assumptions**

Year	Convenience Goods (%)	Comparison Goods (%)
2005	2.7	8.0
2008	5.6	9.7
2011	7.0	11.6
2016*	7.3	14.4
Source: Experian Retail Planner Briefing Note, 5.1, November 2007, (Table 5.1) * We assume the market shares for 2021 will be the same as for 2016, since according to Experian, the rate of increase will already have plateaued by 2016.		

3.38 It must be stressed that the Experian forecasts are only estimates, since it is very difficult to predict precisely what will happen, particularly over a long time frame. Obviously, if the actual growth in SFT is higher than that which we have assumed, then our estimates of additional retail floorspace need within Babergh District will be too high. Alternatively, if SFT increases at a lower rate than that which we have assumed then the floorspace need estimates set out in this report are likely to be too low.

***Disaggregation of Consumer Retail Expenditure Between Non-Bulky and Bulky Comparison Goods Spending***

3.39 Initially, prior to combining the two components, we undertake separate base year quantitative assessments for non-bulky and bulky comparison goods. Therefore, available consumer retail expenditure on comparison goods must be disaggregated between the two categories. In this study, we have obtained from Experian estimates for each zone of average spend per head in 2006 on non-bulky and bulky comparison goods. The resulting percentage split between non-bulky and bulky comparison goods<sup>1</sup> is then used in our quantitative assessment to apportion the “pools” of available comparison goods expenditure within each of our eight zones. The 2006 non-bulky and bulky comparison goods expenditure per person estimates for each zone are set out in **Appendix 3C**.

***Turnover Allocation for Existing Retail Floorspace***

3.40 It would, in our view, be wrong to assume that all of the increase in retail expenditure within Babergh District is available to support additional retail

<sup>1</sup> Determined at our base year of 2008, after taking into account growth in the spend per head on each goods sub-category between 2006 and 2008.

floorspace. This is because it is appropriate that some of the forecast growth in expenditure should be allocated to existing retailers because the evidence confirms that existing retail shops, in fact, achieve real and necessary gains in sales productivities year on year. Rising sales densities are driven by a number of factors including growth in floorspace efficiency and changes in trading hours, net to gross ratios and the mix of goods. Rapidly rising costs also mean existing retailers must grow their sales densities in real terms to remain viable.

3.41 Consequently, to avoid making a turnover allowance for existing retailers would, in our view, lead to a “double-counting” of future available retail expenditure and thus an over-estimation of the need for additional retail floorspace (ie. the consumer spend soaked-up by existing retail floorspace would be used to justify the need for more retail floorspace).

3.42 Experian have recently published a Retail Planner Briefing Note on estimating and projecting sales densities (reproduced in full in **Appendix 3F**), which sets out the new research undertaken on the subject and its relevance to quantitative retail floorspace need assessments. Experian conclude, under their ‘central case’ forecast, that the forecast increases in sales density for the two main categories of goods are as follows:-

- *Convenience goods* 0.6% per annum
- *Comparison goods* 2.2% per annum

3.43 Experian further advise that for centres (or areas) where there is a material over-trading at the present time, it is likely that the potential for real gains in sales productivity in the future will be less than the UK averages set out in paragraph 3.42. Similarly, in centres (areas) where there is currently significant under-trading, there is likely to be potential for gains in sales productivity in excess of the national average. However, if the monetary effects of (any) over-trading and under-trading in the base year are fully taken into account in the quantitative need assessment – as is the case in this study – then it brings the Babergh District retail economy into a retail equilibrium position akin to the UK average and consistent with Experian’s research on the growth in store productivities. This link is important and has been recently established in

discussions we have had with Experian. Consequently, it is perfectly reasonable to apply the Experian “central case” store productivity figures to the benchmark turnovers of existing convenience and comparison goods floorspace within Babergh District and its main towns.

### ***Forecast Sales Densities***

3.44 Sales density measures the relative efficiency with which floorspace is used by retailers to convert sales floorspace into retail turnover. We use forecast sales densities at two stages in our quantitative floorspace need assessment:-

- to estimate the turnover of (any) retail commitments; and
- to convert the available residual headroom expenditure at each of the forecast years into a need (or requirement) for additional retail floorspace.

3.45 In considering what are the most important sales densities to use it is necessary to bear in mind the following:-

- that sales densities relating to new stores or schemes (which will open in the future) are likely to be higher than those which apply to all of the existing retail floorspace stock in a town at the base year (2008);
- that sales densities vary widely between different goods categories - being generally higher for convenience goods floorspace;
- that sales densities for both convenience goods and comparison goods will increase over time due to the real increases in store productivity which we apply to all retail floorspace (see paragraph 3.42).

3.46 In selecting what we consider to be the most realistic sales densities to adopt, we have had regard to the characteristics of the Babergh District retail economy and its principal towns as well as published sources which give the average sales densities for leading retail operators.





1 sq m = 10.764 sq ft

1 sq ft = 0.093 sq m

### **VAT**

- 3.50 Expenditure and sales/turnover data used throughout the quantitative need assessment includes VAT.

## 4.0 DISTRICT-WIDE FOOD SHOPPING PATTERNS

### Introduction

4.1 The main purpose of this section is to quantify shopper behaviour and to determine the **present** retail trading performance of:-

- Babergh District as a whole; and
- the principal towns of Sudbury and Hadleigh;

in relation to comparison and convenience goods shopping.

4.2 The assessment draws on the results of a household telephone survey which was carried out during April/May 2008 within Babergh District and its shopping hinterland. In addition, we refer to retail floorspace, population and consumer expenditure data. The sources of this information have already been described in Section 3.

4.3 Using the survey results, we also identify the main characteristics of consumer behaviour for comparison and convenience goods shopping within Babergh District.

### Catchment Area Definition

4.4 The main objective of the household telephone survey was to obtain comprehensive information on consumer shopping trip patterns and expenditure flows for comparison and convenience goods shopping within the sub-region. Our approach permits the following important assessments to be carried out:-

- for any given centre we are able to not only estimate its retail turnover, but also identify where these sales originate from across the sub-region;
- for any given local area (or zone) we are able to not only estimate the amount of available expenditure, but also identify the volume and source

of in-flow expenditure and the volume and destination of out flow expenditure.

4.5 Within the survey area as a whole, we sought to determine the catchment areas of the main towns in Babergh District for comparison and convenience goods shopping using survey data on expenditure patterns. Our analysis permits the core, primary and secondary catchments (where they exist) to be determined for each town. For the purpose of this study we have adopted the following definitions:-

- **core catchment:** comprises those zones from which a town attracts the **majority** of generated expenditure (i.e 51% or more);
- **primary catchment:** comprises those remaining zones from which a town attracts **25% or more** of generated expenditure;
- **secondary catchment:** comprises all remaining zones from which a town attracts **10% or more** of generated expenditure.

4.6 Beyond the secondary catchment, the detailed survey results show that certain towns may attract even smaller amounts of convenience goods expenditure from additional zones. Such expenditure flows will typically account for very low proportions of overall centre turnover and can, for most analytical purposes, be ignored. We have therefore excluded these zones from our definition of a town catchment area in this section, although such in-flows are taken into account in the quantitative retail need assessment (Sections 5 and 6).

#### **Assessment of the Babergh District Retail Economy as a Whole**

4.7 Using the results of the household survey, we first consider the retail trading characteristics of Babergh District as a whole in relation to comparison and convenience goods shopping at the base year of 2008. In particular, we are able to determine the volume of expenditure in-flows and out-flows to and from the District for each category of goods.

4.8 By relating the scale of these expenditure in-flows and out-flows to the known 'pool' of available expenditure generated within Babergh District, we are able to estimate the present (2008) retail turnover of the area by category of goods. In addition, by expressing turnover as a proportion of available expenditure, the level of expenditure 'retention' can be estimated.

### **Comparison Goods**

4.9 The household survey indicates that of the £270 million of comparison goods expenditure generated by the residents of Babergh District some £172 million leaks out to centres in adjoining areas (**Figure 4.1** overleaf). Thus the District retains only £98 million of its comparison goods spend, which equates to a retention rate of just 36%. To this total, the District attracts an estimated in-flow of £77 million (primarily to Copdock Mill and Sudbury), which results in an annual comparison goods turnover of £175 million.

4.10 The total **comparison goods** turnover of Babergh District may be broken down by town as set out in **Figure 4.2**. The figures indicate that Sudbury currently accounts for 64% of the District's comparison goods sales, whilst Hadleigh attracts only 4% of trade. Copdock Mill accounts for 29% of turnover, whilst the balance of 3% flows to other smaller centres stores.

**Figure 4.2: Babergh District: Comparison Goods Turnover Disaggregated by Centre, 2008**

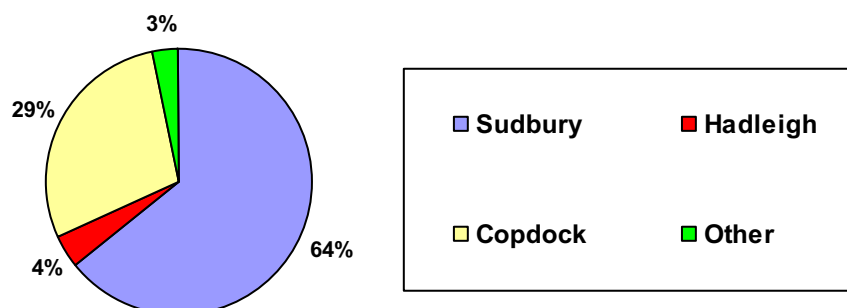
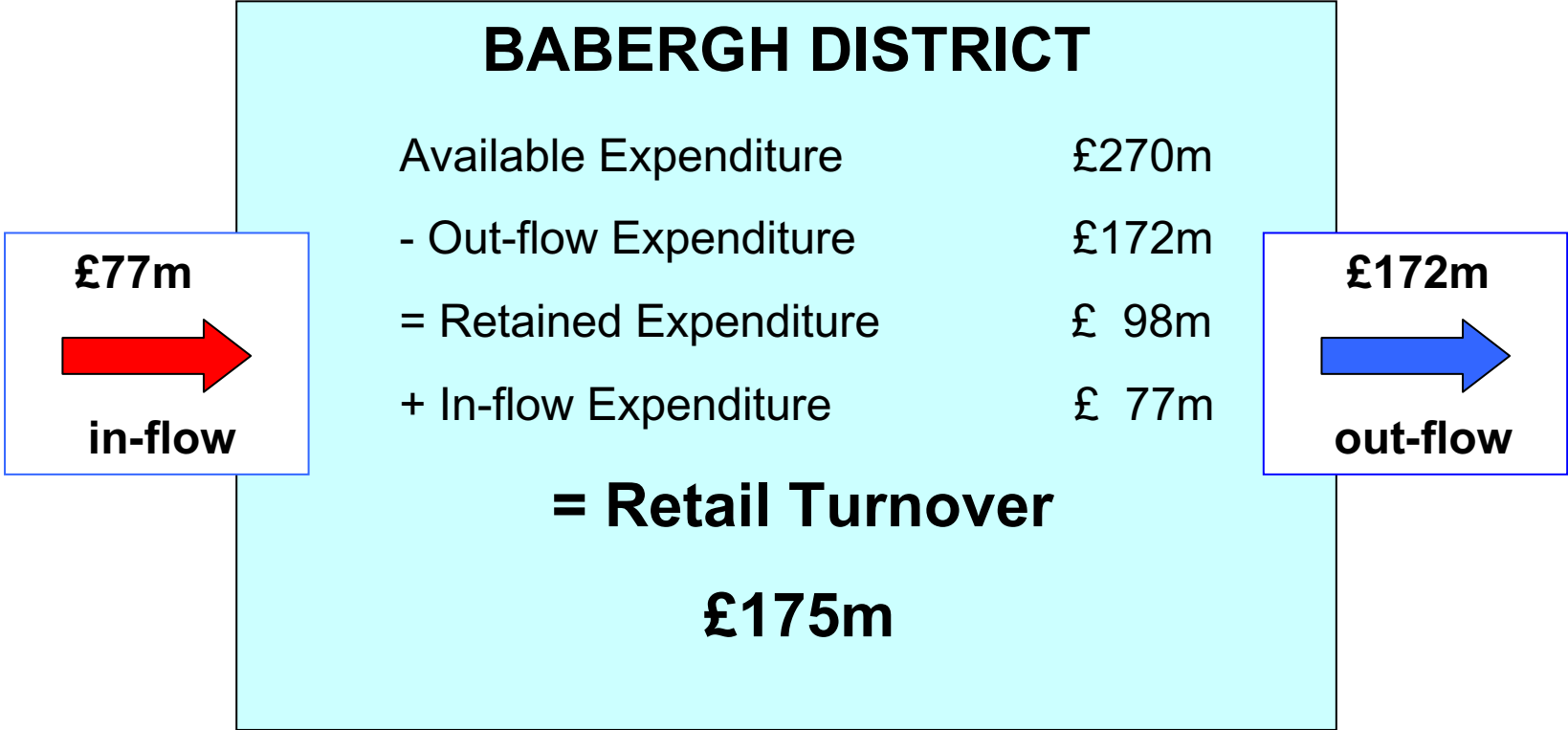


Fig 4.1:

BABERGH DISTRICT:

RETAIL TRADING CHARACTERISTICS: COMPARISON GOODS, 2008

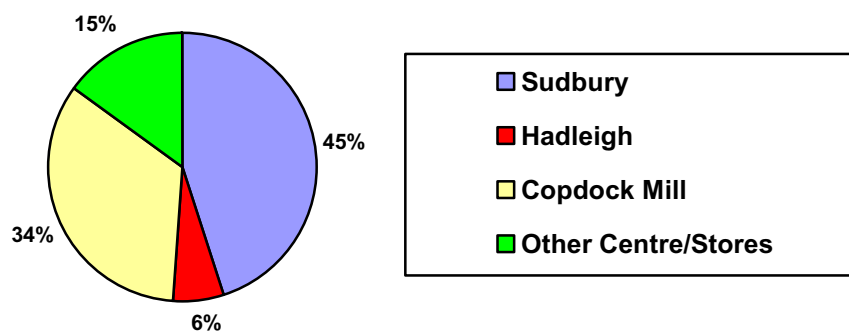


### Convenience Goods

4.11 In relation to **convenience goods** (Figure 4.3 overleaf), we estimate that Babergh District currently attracts an estimated in-flow of £71 million (mainly to the Copdock Mill Tesco Extra and to Sudbury), but that some £52 million leaks out to competitor centres/stores in other areas. Therefore, Babergh District is a net importer of £19 million of convenience goods spend. Moreover, the figures indicate that retail floorspace stock in Babergh District retains around 65% of the convenience goods expenditure generated within the area and has an estimated convenience goods turnover of some £169 million.

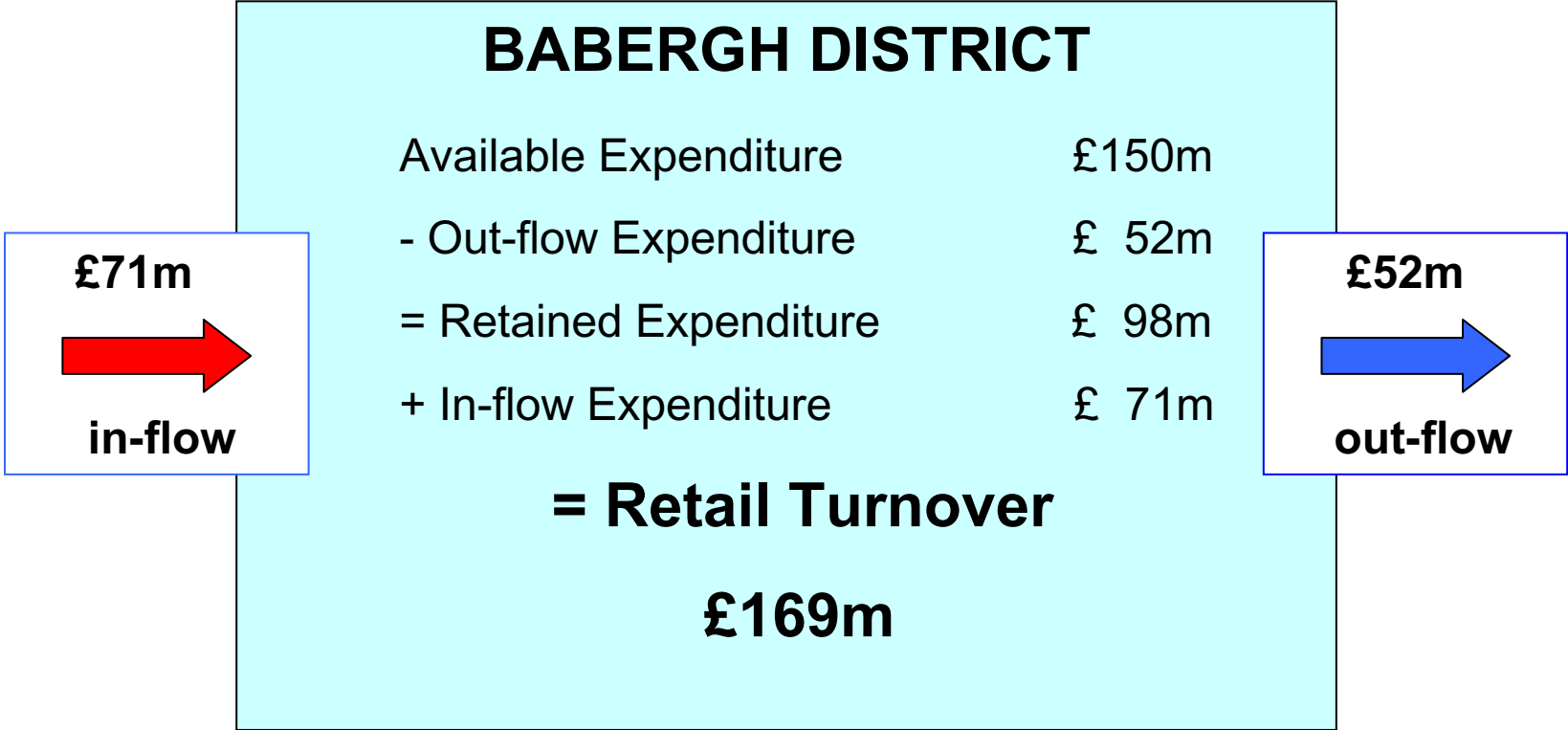
4.12 In **Figure 4.4** the total convenience goods turnover of Babergh District is disaggregated by town. This confirms that the largest town of Sudbury currently accounts for 45% of the District's convenience goods trade, whilst the other principal town of Hadleigh attracts just 6% of turnover. The Tesco Extra at Copdock Mill attracts around one-third of the District's convenience goods sales, with other smaller centres/stores soaking-up the balance of sales of c.15%.

**Figure 4.4: Babergh District: Convenience Goods Turnover Disaggregated by Centre, 2008**



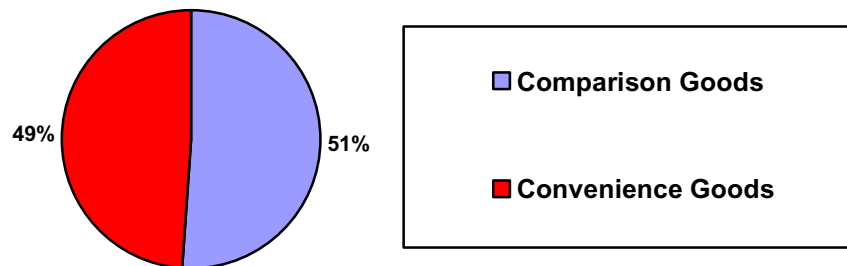
4.13 Combining the two goods categories indicates that Babergh District has an estimated total retail turnover of £344 million, of which 51% relates to comparison goods shopping and 49% to convenience goods (see **Figure 4.5** overleaf). Overall 47% of the total retail expenditure generated by households within Babergh District is spent within the area, whilst 53% leaks out to competitor centres.

**Fig 4. 3:**  
**BABERGH DISTRICT:**  
**RETAIL TRADING CHARACTERISTICS: CONVENIENCE GOODS, 2008**





**Figure 4.5 Babergh District: Retail Turnover Disaggregated by Category of Goods, 2008**



### **Town Catchment Areas**

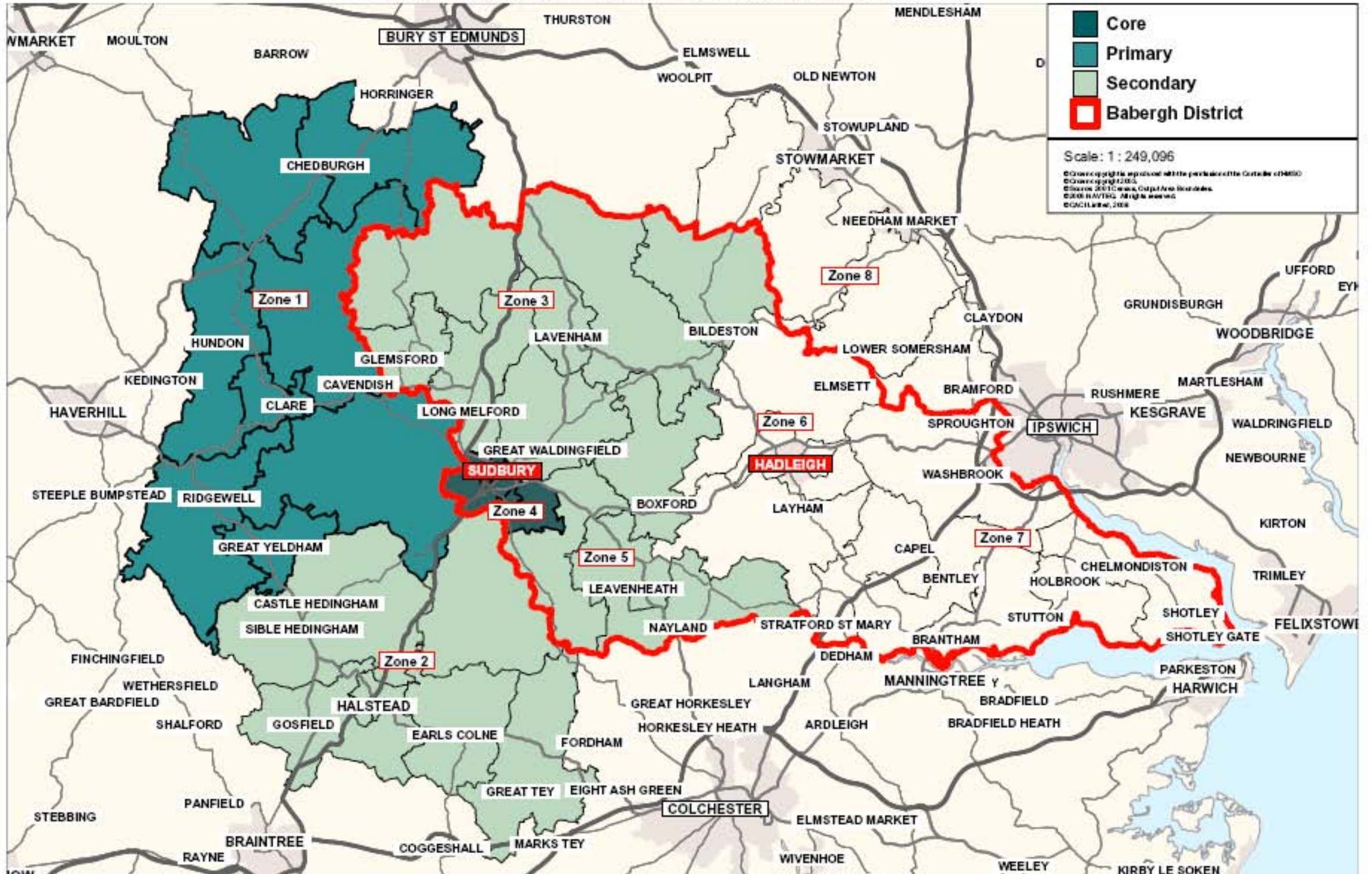
4.14 We now turn to defining the comparison and convenience goods shopping catchment areas for the main towns of Sudbury and Hadleigh using the results of the household survey (and the catchment methodology set out at paragraph 4.5). It should be borne in mind in the following analysis that zones are dealt with in their entirety, although in practice parts of a zone may actually fall within the retail influence of a different centre to that being described.

### ***Comparison Goods***

4.15 Sudbury's catchment area for comparison goods shopping is defined in **Figure 4.6** overleaf. The map shows that the town generates a core catchment area within its own zone 4, whilst its primary catchment encompasses zone 1, which is outside of Babergh District. Zones 2, 3 and 5 fall within the town's secondary catchment, with zone 2 also being located outside of the District.

4.16 The smaller town of Hadleigh is too weak in comparison goods for it to generate any kind of catchment area using our definitions. The survey indicates the town only achieves a market share of 9% each within its own zone 6.

Fig. 4.6. Definition of Sudbury Town Catchment Area: Comparison Goods



### ***Convenience Goods***

- 4.17 The extent of the catchment area of Sudbury for convenience goods shopping is set out in **Figure 4.7** overleaf. The map confirms the strength of the town's food offer by generating a core catchment with its own zone 4, whilst its primary catchment extends across three further zones (zones 2, 3 and 5), including zone 2 which is outside of Babergh District. Zone 1, also outside, falls within the town's secondary catchment.
- 4.18 **Figure 4.8** overleaf shows that Hadleigh's influence for convenience goods shopping is relatively weak with the town retaining just 38% of the available spend in its own zone 6. This is sufficient to generate a primary catchment area (but not a core catchment). Hadleigh currently leaks a significant equation of spend to competitor centres, especially Copdock Mill and other major food stores in Ipswich.

### **Town Dominance**

- 4.19 Towns or retail locations which capture the largest single share of available comparison or convenience goods expenditure within a zone we describe as being **dominant** within that area. **Figures 4.9** and **4.10** overleaf show town dominance across our survey area for comparison and convenience goods shopping respectively. The maps provide a good visual indication of the relative strengths of towns across the survey area for each category of goods.

### ***Comparison Goods***

- 4.20 Only one of the four zones within Babergh District is dominated by a local town and that is Sudbury which achieves the largest market share in its own zone 4 (see **Figure 4.9**). In contrast, zones 3, 5 and 6 are dominated by Bury St Edmunds, Colchester and Ipswich respectively. Ipswich also dominates zone 8 which is outside of Babergh District. Zones 1 and 2 to the west of the District are dominated by Sudbury and Halstead respectively.

Fig. 4.7. Definition of Sudbury Town Catchment Area: Convenience Goods

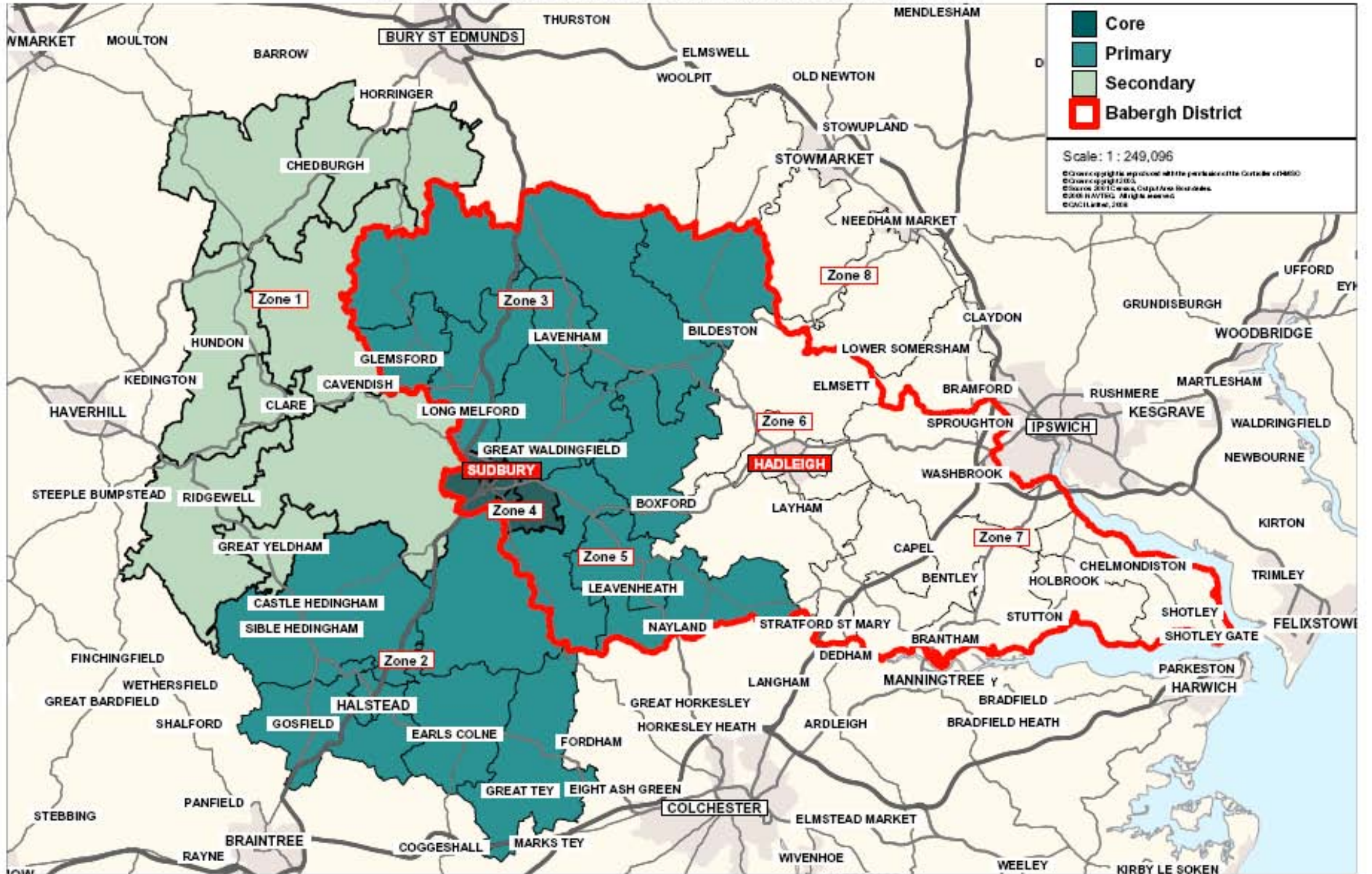


Fig. 4.8. Definition of Hadleigh Town Catchment Area: Convenience Goods

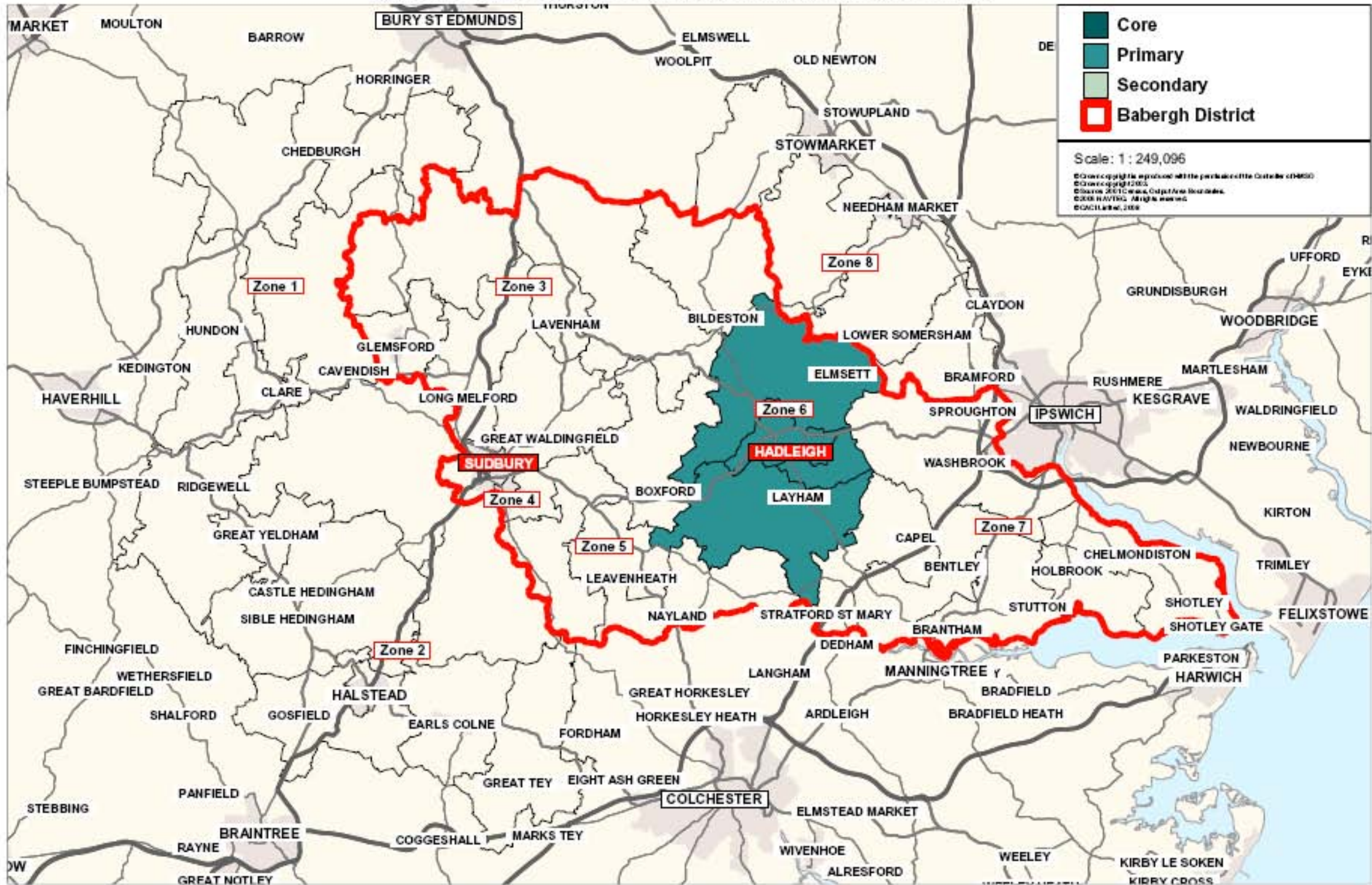


Fig. 4.9. Town Dominance Map: Comparison Goods Shopping

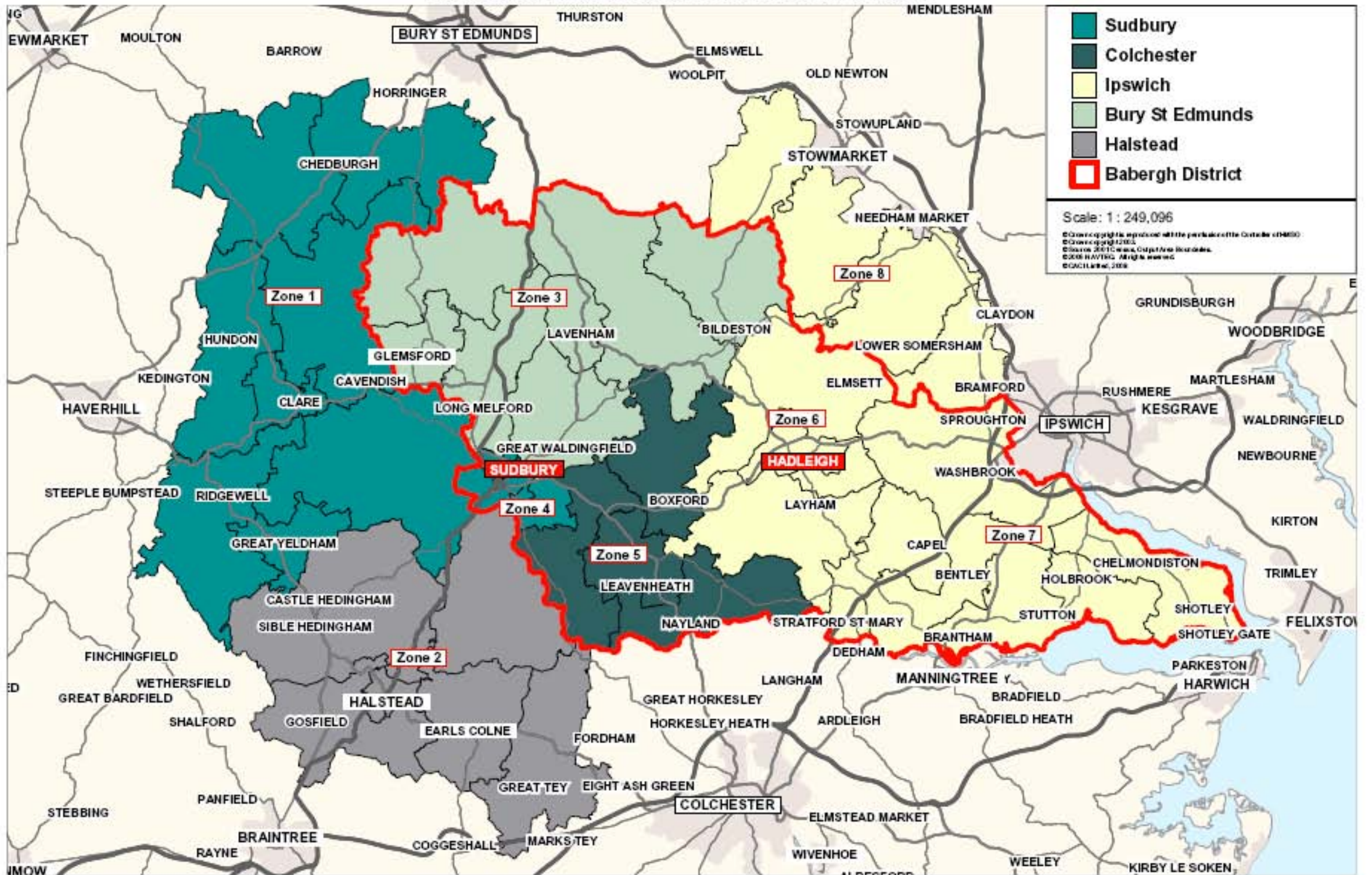
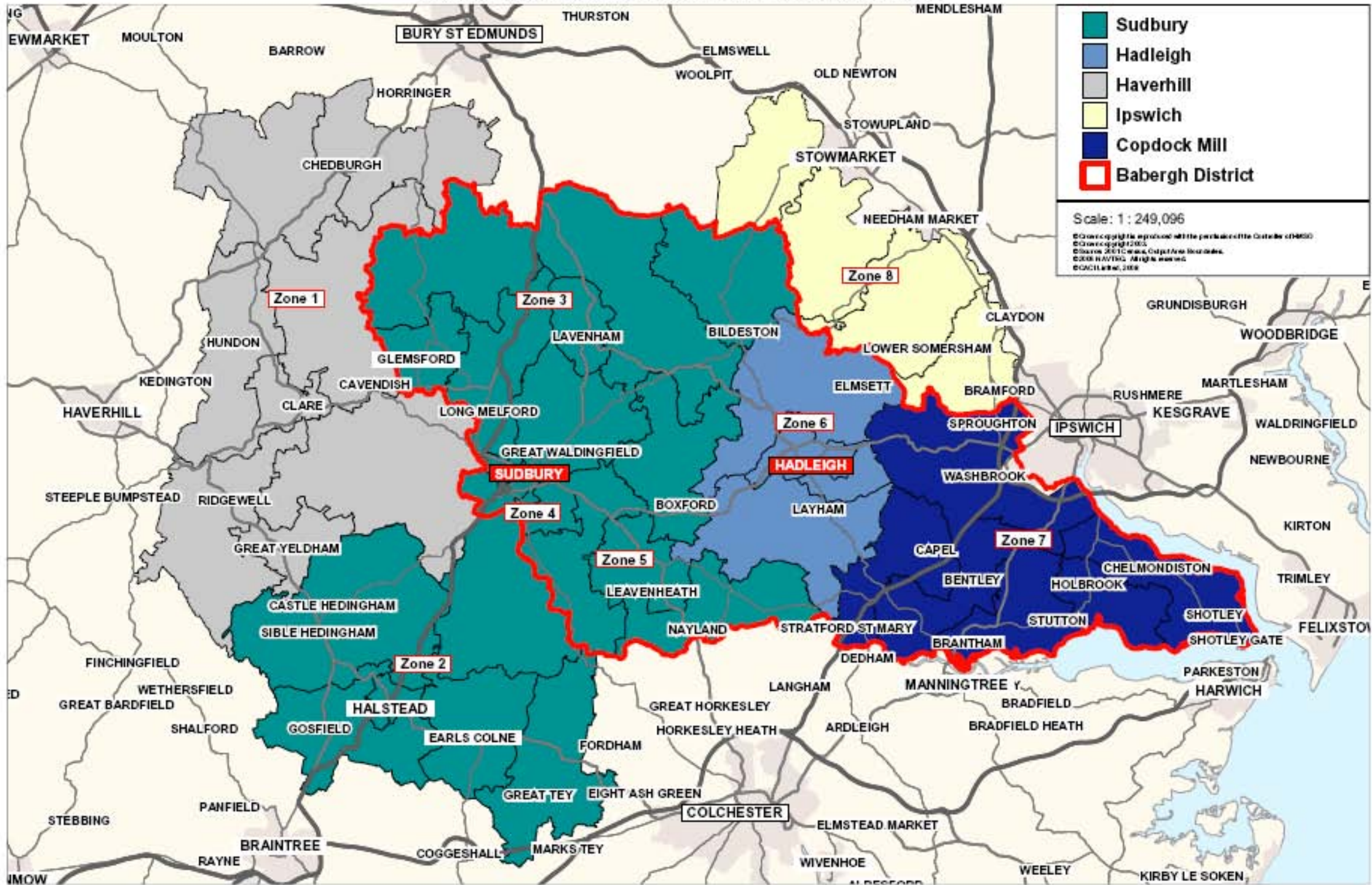


Fig. 4.10. Town Dominance Map: Convenience Goods Shopping



### ***Convenience Goods***

4.21 Six different towns dominate the convenience goods market, with Sudbury having the largest market share within four of the eight survey zones (zones 2, 3, 4 and 5), including zone 2 outside of Babergh District. (**Figure 4.10**). Hadleigh manages to generate the largest market share within its own zone 6, whilst the remaining zone within Babergh District (zone 2) is dominated by Copdock Mill. Lastly, Haverhill and Ipswich dominate zones 1 and 8 respectively.

### **Characteristics of Shopper Behaviour**

4.22 Information on shopper characteristics is drawn from the household telephone survey. We present the top-line results here, whilst **Appendix 2C** gives much more detailed findings.

### ***Non-bulky Comparison Goods***

4.23 Our Babergh household telephone survey<sup>1</sup> confirms that non-bulky comparison goods shopping is undertaken relatively infrequently by survey area residents. On average more than 68% of households undertake their main trips monthly or less often.

4.24 For the survey as a whole 77% of households choose their main centre because it is convenient and close to home. For Sudbury and Hadleigh the proportions are even higher at 93% and 81% respectively. However, significant minorities of households choose to shop at the larger competitor centres such as Ipswich, Colchester and Bury St Edmunds because of their good choice of shops/goods.

4.25 Around three-quarters of households within the survey area use a private car to undertake their main non-bulky comparison goods shopping (64% as a driver and 17% as a passenger). In comparison just 14% travel by bus, 68% walk and

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<sup>1</sup> The text is based on the results of the household telephone survey undertaken as part of the this study (the Babergh District Household Study). The survey area covers zones 1 to 8 as shown in **Figure 3.2**.



the balance of 5% use park & ride and the train. Of the two principal towns in Babergh District, Hadleigh is more reliant on the car with 88% of trips using this mode of transport, whilst Sudbury is less dependent (65%).

### ***Bulky Comparison Goods***

- 4.26 Almost 85% of survey area households visit their main centre for bulky comparison goods shopping monthly or less often. This compares with 68% for non-bulky comparison goods indicating that shopping for bulky items - as one may expect is undertaken less frequently.
- 4.27 As for non-bulky comparison goods shopping, convenience of location is the most important reason for choosing which centre to visit. At 81% of households, the proportion is similar to that for non-bulky comparison goods shopping. A good choice of retail goods/stores is the second ranked criteria.
- 4.28 Overall 86% of main trips for bulky comparison goods shopping are undertaken by car, a higher proportion than for non-bulky comparison goods. Most of the remaining journeys are made by bus or walking.

### ***Convenience Goods***

- 4.29 Some 62% convenience goods main shopping trips take place during the week (Monday through to Friday) with 50% being carried out during the day and 12% in the evenings. In comparison only 18% are undertaken at weekends, whilst 20% of households vary their pattern of main food shopping.
- 4.30 The location of a store close to home is the main reason influencing the choice of main food shopping destination in 81% of households. A wide choice of products available is the second ranked reason, but this scored only 4%. Significantly, free/ease of parking is mentioned by just 1% of households. The importance of convenience of location is reflected in the fact that 43% of main food shopping trips take (on average) 10 minutes or less, while the corresponding figures for non-bulky and bulky comparison goods are 24% and 30% respectively.

- 4.31 The most common frequency of carrying out a main food shop is once a week (56% of households), whilst an additional 34% undertake such trips even more frequently. Shopping for convenience goods is therefore undertaken much more often than for non-bulky or bulky comparison goods.
- 4.32 Around 83% of survey area residents use a private car for their main food shopping (67% as driver), whilst 11% walk, 5% travel by bus and 1% use a taxi or cycle.
- 4.33 On average, some 30% of households in our survey link their main food shopping trips with another form of shopping. The food stores which generate the highest levels of linked trips are generally those located within town centres or on retail parks. The types of shop/service visited most frequently on a linked trip are financial outlets (37%), post office (34%), specialist food shops (29%) and chemist (17%).

## 5.0 QUANTITATIVE RETAIL NEED: ASSESSMENT AND RESULTS

### Objectives

- 5.1 This section describes our approach to estimating the quantitative need for additional convenience and comparison goods floorspace within Babergh District and its principal towns.
- 5.2 The analysis estimates the amount of over/under trading at the base year (2008) by comparing actual (survey-based turnovers) against benchmark turnovers and takes any expenditure “surplus” or “shortfall” into account in determining the available headroom expenditure at the forecast years of 2011, 2016 and 2021. We consider this to be a realistic approach, since it reflects the variability in the present retail performance of centres across Babergh District.
- 5.3 The assessment provides the following information:-
- Estimates of total available retail expenditure within the shopping catchment areas of Sudbury and Hadleigh at the base year of 2008 and the forecast years of 2011, 2016 and 2021 (these years having been agreed with the Council);
  - Estimates of the retail turnover likely to be ‘retained’ by the towns at each of the forecast years;
  - Estimates of “headroom” expenditure and therefore retail floorspace need within the towns at the forecast years; and
  - Quantitative retail floorspace need disaggregated into convenience and comparison goods retail floorspace.

- 5.4 Our understanding is that the results of the need assessment will be used by the Council to inform retail policies in the new LDF. The results should also assist the Council to respond to any emerging retail proposals.

**Our Approach to Retail Floorspace Need**

- 5.5 Our broad approach to estimating the need for (any) additional retail floorspace comprises of seven main steps, which in aggregate cover the three main stages of analysis:
- (i) Forecasting consumer demand;
  - (ii) Forecasting retail supply; and
  - (iii) The conversion of (any) surplus retail expenditure into a retail floorspace requirement.
- 5.6 We have sought to provide an analysis that is transparent and which, at the same time, seeks to be robust. The assessment is also presented in a way that enables it to be updated in the future as more up-to-date statistics become available and the emerging pattern of shopping activity becomes more established.
- 5.7 We carry out separate quantitative retail need assessments for comparison goods and convenience goods. Each is supported by a number of tables (spreadsheets) which are reproduced in **Appendix 5**. In addition, the assessment refers to a number of key assumptions, which have already been discussed in Section 4, and are reproduced as **Appendices 1 to 4** inclusive.
- 5.8 We begin with an assessment of the need for additional comparison goods floorspace.

## Comparison Goods Floorspace Need Assessment

### ***Step 1: Calculate Total Available Expenditure in the Survey Area***

- 5.9 The household survey area is shown in **Figure 3.2** (following page 24) and is defined to encompass the shopping catchment areas of the principal towns in Babergh District. Within this area the quantum of available comparison goods expenditure generated is derived by multiplying (resident) population by average annual expenditure per head (see **Appendices 3B and 3C** for the Experian spend per head data). This calculation is carried out for each of the eight zones which comprise the survey area.
- 5.10 Population estimates by zone and for the survey area as a whole are set out in **Appendix 5B, Table 1**. In addition to estimates for 2008 (the base year), population forecasts for 2011, 2016 and 2021 are also included.
- 5.11 **Appendix 5B, Table 2** gives the average annual expenditure per person on comparison goods for residents living in each of the eight zones comprising our survey area. These figures have been obtained from Experian. We have projected the per person expenditure estimates forward to the forecast years of 2011, 2016 and 2019 by adopting Experian's 2006 – based expenditure per head forecasts. (see **Appendix 3D**).
- 5.12 At **Appendix 5B, Table 3** we make deductions to the per person expenditure estimates to account for retail expenditure which does not take place in shops such as that on mail order shopping, door to door salesmen and market and road-side stalls. This form of expenditure also includes e-tailing and is generally known as “special forms of trading” (SFT).
- 5.13 In presenting expenditure forecasts through to 2021, we are aware that there are currently a number of electronic shopping formats which, should they become widely established, could reduce significantly the proportion of retail expenditure that is now spent in conventional shops. We have reviewed the recently published research on the future growth in **e-tailing** expenditure (details at paragraphs 3.34 to 3.38 inclusive in Section 3 and at **Appendix 3E**)

and concluded that SFT is likely to increase as a proportion of total consumer retail expenditure over the next five years before levelling off. This important assumption is built into our quantitative need assessment. However, we would stress that this assumption should be reviewed from time to time, since, were it to change significantly, it could have a material impact on future levels of retail floorspace by either reducing or increasing the need for additional shopping provision.

5.14 Our estimates of total available consumer retail expenditure on comparison goods at the base year (2008) are set out in **Appendix 5B, Table 4**. Forecasts are also given for the forecast years of 2011, 2016 and 2021. The increases in available expenditure are due to:-

- The forecast growth in catchment population;
- Real annual increases in consumer comparison goods expenditure per head.

5.15 Available expenditure on comparison goods within each zone at the base year of 2008 is disaggregated into spend on non-bulky and bulky comparison goods by applying appropriate proportions reflecting expenditure by consumers on those detailed product categories which constitute each broader goods category. This sub-division of expenditure by zone is set out in **Appendix 5B, Table 5**. This disaggregation is necessary at this stage in order to take into full account the results of the household telephone survey of Babergh District and its shopping hinterland.

***Step 2: Application of “Market Shares” to Determine Amount of Retained Expenditure***

5.16 As a consequence of increases in the volume of consumer expenditure per head running in tandem with population growth, we estimate that the “pool” of available expenditure on comparison goods within the survey area will increase by some £292 million between the base year (2008) and the latest forecast year of 2021 (**Appendix 5B, Table 4**).

- 5.17 However, not all of this growth in consumer expenditure will be spent within Babergh District and is available to support new retail floorspace in its principal towns. This is because competitor centres to those within Babergh also lay claim to the same growing “pool” of expenditure. This requires us to quantify the “market shares” of the centres in Babergh District.
- 5.18 Existing “market shares” for non-bulky and bulky comparison goods shopping have been derived from the household telephone survey carried out by ourselves in April/May 2006. The survey provides useful information on the geographical extent of catchment areas and trade penetration around existing centres by quantifying the pattern and volume of retail expenditure flows from each of our defined zones (where people live and money is generated) to a range of centres and out of centre stores (where people spend their money).
- 5.19 In addition, and of **critical** importance, our assessment also takes into account the distribution and volume of locally available consumer expenditure (or spending power) so as to ensure that **our retail turnover estimates are balanced against available retail consumer expenditure.**
- 5.20 The base year (2008) patterns of “market shares” are set out in **Appendix 5B, Tables 6A and 6B** for non-bulky and bulky comparison goods shopping respectively. These market shares have been taken directly from our household telephone survey. The “market shares” are then applied to the 2008 “pools” of available non-bulky and bulky comparison goods expenditure (as set out in **Table 5**). **Tables 7A and 7B** give the monetary amounts of non-bulky and bulky comparison goods expenditure flowing to Babergh District (and its main centres) by zone. The addition of these expenditure totals for each of the eight zones gives the total amount of non-bulky and bulky comparison goods spend flowing to a centre from the survey area. For centres within Babergh District we make allowances (where appropriate) for in-flow expenditure from outside the survey area, including monies originating from tourists/visitors. The monetary in-flows for non-bulky and bulky comparison goods are **combined at Table 8** in order to provide turnover estimates for each of the main centres for the comparison goods category as a whole.

***Step 3: Determine Whether the Existing Retail Economy is Trading at Equilibrium***

- 5.21 At this stage of the assessment we consider whether the existing comparison goods retail economy of Babergh District (and its principal towns) is broadly trading at equilibrium or not. This is important because if the amount of consumer retail expenditure flowing to the area is high in relation to the stock of available retail floorspace and this appears to be causing problems to retailers and / or shoppers, then the areas retail offer may be described as over-trading. Conversely, if the expenditure flows are low relative to available retail floorspace, then this can result in under-trading of the retail offer.
- 5.22 If over-trading is occurring in an area (or centre) then it is commonly assumed that the turnover in excess of the equilibrium position is potentially available to support new shopping provision. If this occurs, then this element of expenditure should be added to the headroom expenditure which we later estimate from the future growth in the retail economy. Conversely, if an area (or centre) is under-trading at present, then it is also logical to deduct the amount of turnover shortfall relative to the equilibrium position from the defined headroom expenditures associated with the future growth in the retail economy.
- 5.23 The problem with this kind of analysis is determining whether an area (or centre) is trading in equilibrium or not. There are two principal difficulties. First, retailers need to achieve a certain trading level to be viable. However, this trading level varies substantially for individual retailers and for the same retailers for different centres across the UK, reflecting differences in type of business, profit margins, site, costs (eg. rents), size, financial structure and other factors. Without detailed financial data on all individual traders in an area it is virtually impossible to determine what the average equilibrium trading level is. The second major difficulty is that even if it can be proven that an area is trading above its retail equilibrium position, this does not automatically mean that problems associated with over-trading occur; these may include retailer operating difficulties, in-store congestion, over-busy streets leading to pedestrian safety and security problems, and congested car parks.



5.24 In estimating whether the Babergh District retail economy (and its centres) is in retail equilibrium at present in relation to comparison goods shopping, we have been handicapped by the unavailability of sales floorspace and trading data on individual shops in each centre. Nevertheless, we have attempted to be as robust as possible, since material conditions of over or under-trading in the base year do suggest there is an under or over-supply of retail floorspace already. In theory, in order to provide an accurate “benchmark” average sales density for a centre, one would require knowledge of the appropriate sales per square metre of each shop comprising the centre. Since this information is not available, we must derive broad estimates based on a range of criteria including:-

- the relative mix of non-bulky and bulky comparison goods floorspace;
- published company average sales per sq m for individual retailers;
- the breadth and depth of retailers in a centre;
- the number of multiple traders present;
- the size of a centre (retail floorspace) and its position in the retail hierarchy; and
- rental levels.

5.25 Our benchmark comparison turnover estimates for existing centres within Babergh District are set out at **Appendix 5B, Table 8.**<sup>1</sup> We assume that the smaller centres (other centres/stores) are currently trading at retail equilibrium levels.

5.26 For comparison goods shopping, the results of the household telephone survey suggest that the retail floorspace in Babergh District as a whole is currently over-trading by around £36 million per year, indicating that the actual turnover is higher than that required for retailers in the area to achieve “benchmark” sales levels. This estimated expenditure ‘surplus’ (generated entirely at Sudbury) is added to the forecast headroom expenditures later on in the assessment.

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<sup>1</sup> The derivation of the benchmark turnover sales densities is set out in full in **Appendices 4A and 4B.**

- 5.27 At **Appendix 5B, Table 9a**, we set out the expenditure market shares of centres within Babergh District by zone for non-bulky and bulky comparison goods **combined**.
- 5.28 At **Appendix 5B, Table 9b** some of the market shares are then adjusted to reflect the potential which we believe exists in the future for each of the principal towns to retain a higher proportion of locally generated comparison goods expenditure than at present. Thus we assume expenditure leakage from each town to competing centres, particularly those outside of the District, will reduce. This aim is consistent with the retail planning aspirations for the centres and, of course, is also in line with sustainability objectives by reducing the need for people to travel by car over longer distances to carry out their shopping. We comment further on the market share adjustments in Section 7, when we set out our overall conclusions and recommendations to the Council.

***Step 4: Calculate Growth in Retained Expenditure through to the Forecast Years***

- 5.29 Having determined the base year (2008) “market shares” and levels of retained comparison goods expenditure within Babergh District as a whole and its constituent centres, we use the principle of market shares to calculate how much more spending or trade Babergh District (and its centres) could expect to attract in the future as a result of the forecast growth in available catchment area expenditure.
- 5.30 For each of the forecast years we apply the adjusted market shares set out in **Appendix 5B, Table 9b** to the increased “pools” of available expenditure in each zone. The calculations for the forecast years of 2011, 2016, and 2021 are set out in **Appendix 5B, Tables 10 and 13 and 16** respectively. Due to the increase in demand (as a result of population growth and rising consumer expenditure per head, plus the effect of adjusting some of the market shares) the assessment produces at 2011 higher retail turnover potentials for Babergh District and its constituent centres than in the base year (2008). Similarly, the turnover potentials are even higher for the forecast years of 2016 and 2021.

***Step 5: Determine Level of Potential Headroom Expenditure in the Forecast Years***

- 5.31 It would be wrong to assume that all of the increase in turnover potential within Babergh District (and its main centres) will be available by the forecast year(s) to support additional comparison goods shopping. This is because some of the forecast growth in expenditure must be allocated to existing retailers because the evidence confirms that they increase their sales productivities in real terms over time.
- 5.32 In **Appendix 5B, Table 11** the turnover allocation for existing retailers is deducted from the 2011 turnover potential for Babergh District as a whole and each centre. This calculation produces an estimate of residual turnover potential for each centre and for Babergh District. The base year (2008) turnovers are then subtracted from the 2011 residual turnovers to determine the quantum of potential headroom expenditure available in 2011 in each centre and for Babergh District as a whole. A similar analysis is carried out in relation to comparison goods for the forecast years of 2016 and 2021 in **Tables 14 and 17** respectively.

***Step 6: Determine Level of Residual Headroom Expenditure in the Forecast Years***

- 5.33 **Appendix 5B, Table 12** sets out our calculations to estimate the residual headroom expenditure for Babergh District (and its constituent centres) at the forecast year of 2011 for comparison goods floorspace. The same assessment is carried out for the forecast years of 2016 and 2021 in **Tables 15 and 18** respectively.
- 5.34 The first task is to adjust the potential headroom expenditures calculated for 2011 by taking into account the extent (if any) of any over or under-trading that is occurring at each centre and in Babergh District as a whole at the base year (2008). This is necessary because the headroom expenditures set out so far assume that each centre and Babergh District as a whole are currently trading

in retail equilibrium. We have already commented upon the fact that this assumption may be viewed as unlikely.

- 5.35 Despite the difficulties of determining the extent of any over or under-trading within Babergh District and its main centres, we consider that including such estimates makes our quantitative need assessment more reliable and robust than ignoring them. Therefore, we use the over/under-trading estimates determined at **Appendix 5B, Table 8** to “**adjust**” our headroom expenditure totals. In practice, if an area (or centre) is estimated to be under-trading at the present time, this will reduce the quantum of headroom expenditure at the forecast year(s) since some of the growth in expenditure should be set-aside to bring the existing retail stock up to a retail equilibrium trading position. Alternatively, if an area or centre is over-trading, this will increase the quantum of headroom expenditure at the forecast year(s) since the ‘surplus’ sales are assumed to be available to support additional retail floorspace. **Table 12** sets out our calculation for making this adjustment to the 2011 headroom expenditures for comparison goods. **Tables 15 and 18** repeat the calculations for the forecast years of 2016 and 2021.
- 5.36 At this stage, in order to convert the adjusted headroom expenditures into residual headroom expenditures at the forecast years of 2016 and 2021, we make further (if applicable) deductions to account for that quantum of retail expenditure which is likely to be soaked up by retail floorspace commitments within Babergh District (commitments are retail developments in the pipeline, which are either under construction or have planning consent).
- 5.37 From information supplied to us by the Council, we have produced a schedule of retail commitments within Babergh District disaggregated by centre/location and broad category of goods. The schedule is reproduced in **Appendix 4C**. The schedule also gives our estimate of the retail turnover of each commitment – these are given for each of the forecast years. These turnovers are then deducted from the adjusted headroom expenditure totals for each centre as appropriate. This calculation is set out in **Appendix 5B, Tables 12, 15 and 18** for the forecast years of 2011, 2016 and 2021 respectively.

- 5.38 The residual headroom expenditure totals for Babergh District as a whole and its main centres at the forecast years of 2011, 2016 and 2021 are summarised in **Appendix 5B, Tables 12, 15 and 18** respectively.
- 5.39 In our view these residual headroom expenditure totals are important because they provide an estimate of the amount of potential turnover which will be available to Babergh District as a whole and each of its constituent centres by 2011, 2016 and 2021. In Section 6, we describe the last step of the assessment, which is to convert these residual headroom expenditures into requirements for additional comparison goods floorspace. However, the output of this last step is dependent on the application of average sales densities and these, in practice, are likely to vary enormously depending on the type of development that is proposed. For example, town centre stores comprising non-bulky comparison goods shopping typically trade at much higher average sales densities than retail warehouse style developments selling mainly bulky comparison goods. We would therefore recommend that appropriate weight is attached to the **residual headroom expenditure** totals, since these are not open to the same levels of interpretation as are the retail floorspace requirements set out in Section 6.

### **Convenience Goods Floorspace Need Assessment**

- 5.40 Our retail need assessment for convenience goods floorspace follows the same approach as that for comparison goods. The detailed calculations underpinning the analysis are reproduced in full in **Appendix 5C, Tables 1 to 16** inclusive.

#### ***Step 1: Calculate Total Available Expenditure in the Catchment Area***

- 5.41 At **Appendix 5C, Tables 1 to 4** inclusive, the total available convenience goods expenditure by zone is determined for the base year (2008) and the forecast years of 2011, 2016 and 2021. The analysis incorporates Experian's estimates of average annual spending per head on convenience goods within each zone, together with their latest expenditure growth forecasts. We again exclude expenditure by "special forms of trading", although the Experian allowance is much less than for comparison goods shopping.

***Step 2: Application of “Market Shares” to Determine Amount of Retained Expenditure***

5.42 Using the results of the household telephone survey we derive the base year (2008) market shares for Babergh District and its main centres within each of the eight zones<sup>1</sup>. This assessment is set out in **Appendix 5C, Table 5**. Applying the market shares to the total “pools” of available expenditure within each zone in the base year (2008) (**Table 6**), gives the monetary flows of consumer spending from each of the eight zones to Babergh District and its main centres. Unlike for comparison goods, we do not make any allowance for in-flow expenditure into Babergh District from people living outside our survey area. This is because food shopping is undertaken more locally than that for comparison goods and our survey area is sufficiently extensive to capture all such trips to Babergh District. The addition of the flows from each zone gives the total estimated convenience goods turnover of Babergh District as a whole and its constituent centres at the base year of 2008.

***Step 3: Determine Whether Existing Retail Economy is Trading at Equilibrium***

5.43 For convenience goods shopping, we now replicate the analysis carried out earlier in relation to comparison goods, and calculate the extent of any over or under-trading within Babergh District and its main centres at the base year (2008). In estimating the equilibrium convenience goods retail turnover in the base year we have taken into account the overall quantity, quality and location of the existing retail offer in each centre. Clearly without having detailed information on the allocation of convenience goods floorspace our benchmark turnovers are based mainly on professional judgement. **Appendix 5C, Table 6** confirms that, on our estimates, existing convenience goods floorspace in Babergh District as a whole is over-trading by £5.0 million in the base year (2008).

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<sup>1</sup> This involves grouping together the expenditure flows to individual named food stores in order to establish the overall market share of a centre.

***Step 4: Calculate Growth in Retained Expenditure through to the Forecast Years***

- 5.44 As for comparison goods, we adjust the market shares for each of the principal towns in Babergh District to reflect their potential in the future to retain higher but realistic levels of locally generated expenditure, which is consistent with the Government's sustainability objective to reduce the number and distance of car journeys for shopping. **Appendix 5C, Table 7** sets out the adjusted market shares. We apply the adjusted market shares to the higher pools of available expenditure within Babergh District and its main centres at each forecast year. These calculations are set out in **Tables 8, 11 and 14** for the forecast years of 2011, 2016 and 2021 respectively.

***Step 5: Determine Level of Potential Headroom Expenditure in the Forecast Years***

- 5.45 At **Appendix 5C, Tables 9, 12 and 15** we determine the levels of potential headroom expenditure within Babergh District and its constituent centres at the forecast years of 2011, 2016 and 2021 respectively. As for comparison goods, it is necessary to set aside a little of the expenditure growth for existing retailers to account for their real gains in sales productivity over time.

***Step 6: Determine Level of Residual Headroom Expenditure in the Forecast Years***

- 5.46 To convert the potential headroom expenditure figures into residual headroom expenditure estimates, we first take into account any under/over-trading that currently exists in Babergh District and its constituent centres in the base year (2008). Where under-trading exists, some of the expenditure growth is set aside to bring the existing retail offer up to a retail equilibrium trading position. For any over-trading, the surplus spend is added to the headroom expenditure determined later on in the assessment.
- 5.47 The adjusted headroom expenditure totals for Babergh District as a whole and each constituent centre for the forecast years of 2011, 2016 and 2021 are set out in **Appendix 5C, Tables 10, 13 and 16** respectively.

5.48 Lastly, we take into account any existing convenience goods within Babergh District. Full details of the retail commitments including their turnover estimates are set out in **Appendix 4C**. The calculations to produce the residual headroom expenditure totals for the forecast years of 2011, 2016 and 2021 are set out in **Appendix 5C, Tables 10, 13 and 16** respectively.

***Step 7: Estimate Capacity for Additional Retail Floorspace in the Forecast Years***

5.49 In Section 6 we convert these adjusted residual headroom expenditures into retail floorspace requirements (step 7) but, as with comparison goods, these floorspace estimates are entirely dependent on the average sales density applied to the floorspace. For this reason, we therefore recommend that appropriate weight is attached to the forecast quantum of residual expenditure available at the forecast years in relation to convenience goods.

**Summary**

5.50 The purpose of this section has been to assess in quantitative terms the likely retail expenditure capacity for additional comparison and convenience goods floorspace within Babergh District and its principal centres through to 2021. It must be stressed, however, that any quantitative analysis over such a long time-period (13 years from the base year of 2008) may be subject to a significant margin of error, particularly in the later years, since it is based on a number of assumptions which are difficult to forecast accurately. In addition, there are two further key assumptions which have a material bearing on the forecast levels of residual headroom expenditure. These are as follows:

- **Special forms of trading** – we have assumed Experian’s ‘central case’ forecast for the growth in non-store retail sales through to 2016. Thereafter, we have assumed no further increase in the proportion of consumer retail spend on either comparison or convenience goods by SFT. However, if actual growth were to exceed these rates, which is entirely possible, then the projected levels of retail floorspace need would be **less** than those forecast in this report. Alternatively, if SFT



growth was less than we have forecast, then the quantum of floorspace need will be **more** than these set out in this report.

- **Over / Under Trading at the base year** – our household survey results indicate that Babergh District as a whole is currently over-trading in comparison goods and under-trading in convenience goods, and we have taken this into account in our quantitative need assessment. Clearly if we have over-estimated the amount of over-trading, for example, the retail expenditure capacity estimates will be lower than those set out above; conversely, if we have under-estimated the amount of over-trading the capacity estimates will be higher.

## 6.0 FLOORSPACE NEED ASSESSMENT: RESULTS

- 6.1 In this section, we present the results of our assessment of the need for additional convenience and comparison goods floorspace within the principal towns of Sudbury and Hadleigh. Our overall approach to quantifying need, as described in Section 5, is under-pinned by a requirement to reduce expenditure leakage from the towns (and Babergh District as a whole), where there is the potential to do so, in order to meet with sustainability objectives.
- 6.2 In practice, this means we adjust the current (base year) market shares generated by the household telephone survey to reflect what we consider to be appropriate retail planning aspirations for the two towns – in other words, we increase their market shares to more realistic levels. This produces much higher levels of locally retained expenditure consistent with PPS 6 advice on market towns (paragraph 2.2) and the Government's overall sustainability objective to reduce the need for people to travel over longer distances for their shopping.

### **The District-Wide Retail Economy**

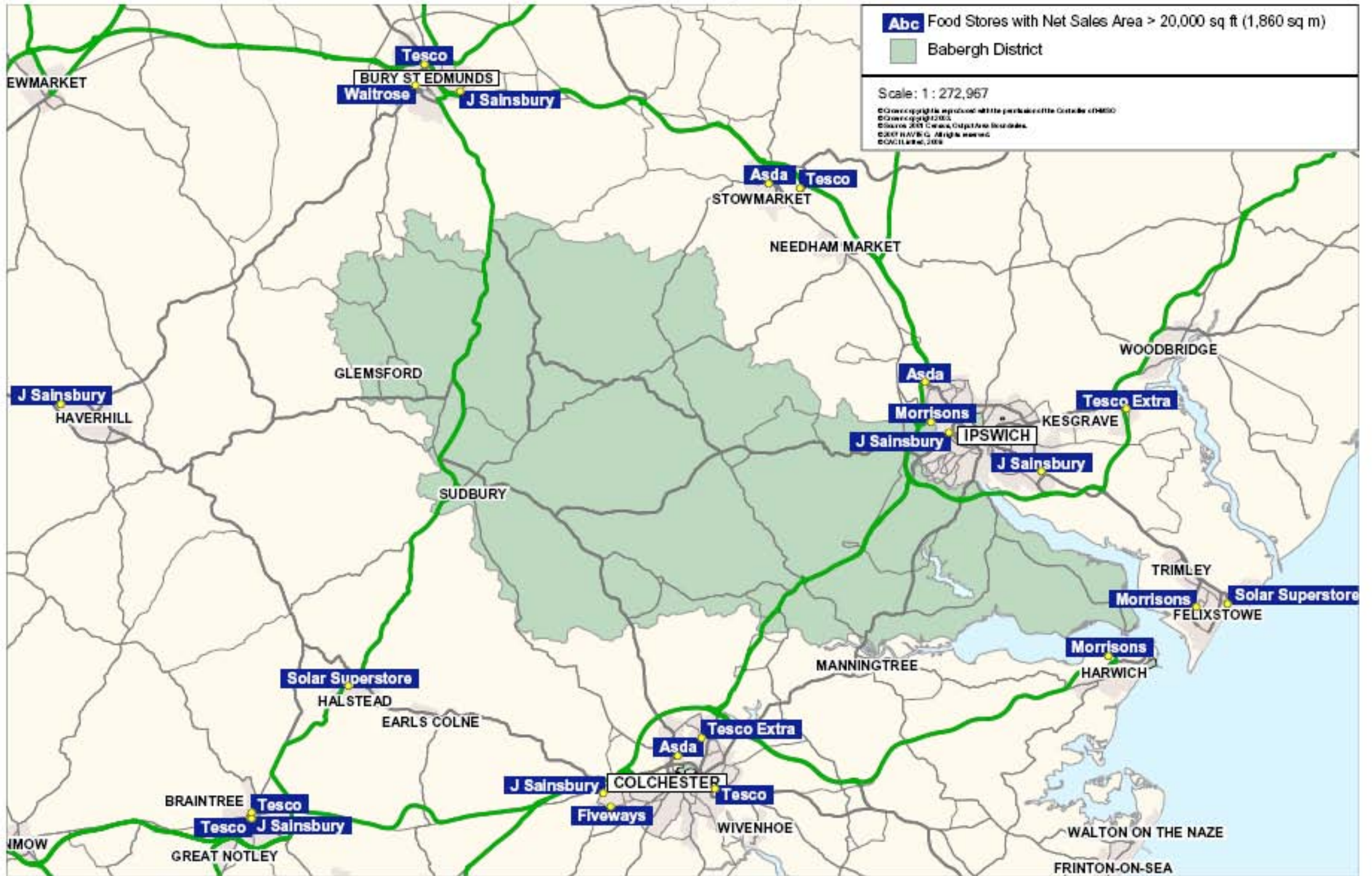
#### ***Convenience Goods***

- 6.3 The household telephone survey indicates that the existing convenience goods floorspace within the District as a whole is currently trading at just below retail equilibrium level, with actual sales less than benchmark turnover. However, the survey also reveals that £52 million of the District's available convenience goods spend of £150 million is currently leaking out to centres/stores outside the area. Thus the District is retaining just 65% of its available convenience goods expenditure in 2008. This is a relatively low proportion for food shopping which is normally carried out locally.
- 6.4 Therefore, more than one-third of the convenience goods spend generated by Babergh District's residents is currently spent at centres in other Districts, mainly at major superstores in Ipswich, Colchester and Haverhill. This pattern of shopping is not sustainable, in our view, with many residents, particularly in the Hadleigh area, currently driving over relatively long distances to do their

main food shopping. There is clearly the potential to plan for new food store provision within the District in a manner that is more consistent with the Government's key sustainability objectives of minimising reliance on the car for shopping and reducing the number and length of car journeys.

- 6.5 Having said this, the population of Babergh District is not huge (just 87,000 in 2008) and these people generate a relatively limited amount of annual spend on convenience goods. Moreover, the growth in the District's population is expected to be no more than 3,500 over the next 13 years. Thus there will be a limit to the 'pool' of available spend even by 2021. This means that careful attention should be placed on the number, location and size of any new stores.
- 6.6 The underlying thesis of our approach – adjusting the base year market shares – is that Babergh District's overall level of expenditure retention for convenience goods shopping should increase in line with the Government's commitment to sustainability, and that this goal is best achieved by increasing the target market shares for each of the two principal towns – Sudbury and Hadleigh. The scale of the increase that is realistic to plan for is determined by the geographic shape of the District and the proximity of competing centres. **Figure 6.1** and **Table 6.1** overleaf confirm that many areas of Babergh District closely abut major centres/stores located in other Districts, such as Ipswich, Colchester, Halstead, Haverhill and Bury St Edmunds. Thus it is unreasonable to plan for excessively high levels of expenditure retention, since the locations of centres/stores will always attract a number of trips out of the District for food shopping.
- 6.7 Accordingly, we have adjusted upwards the expenditure market shares of Sudbury and Hadleigh, which taken together increase the District's overall level of spend retention for convenience goods shopping by 8% points. This uplift from the current 65% rate to 73% reflects what we consider to be an appropriate, realistic and achievable target in planning terms.
- 6.8 The adjustments to the market shares are set out in **Appendix 5C, Table 7**. These directly impact on the need for additional convenience goods floorspace within Babergh District at each of the forecast years. The effects of the adjustments are two-fold:-

Fig. 6.1. Babergh District: Location of Major Competitor Food Stores



**Table 6.1. Details of Major Competitor Food Stores (those shown in Fig. 6.1)**

<b>FASCIA</b>	<b>TOWN</b>	<b>GROSS AREA (SQ M)</b>	<b>NET AREA (SQ M)</b>	<b>YEAR OF OPENING</b>
Tesco	Braintree	4,750	4,318	1976
J Sainsbury	Braintree	4,001	2,485	1982
Tesco	Braintree	3,507	2,219	2001
J Sainsbury	Bury St Edmunds	6,274	4,558	1987
Tesco	Bury St Edmunds	4,389	2,732	1996
Waitrose	Bury St Edmunds	n/a	1,952	1993
Tesco Extra	Colchester	10,831	7,501	1981
J Sainsbury	Colchester	10,003	6,165	1987
Tesco	Colchester	6,205	5,192	1993
Asda	Colchester	9,304	5,102	1997
Fiveways	Colchester	5,203	3,902	1984
Morrisons	Felixstowe	3,623	2,090	1990
Solar Superstore	Felixstowe	3,744	1,970	1985
Co-op	Halstead	2,955	1,970	1987
Morrisons	Harwich	4,524	1,881	1997
J Sainsbury	Haverhill	5,961	4,621	1990
Asda	Ipswich	8,733	5,106	1987
J Sainsbury	Ipswich	7,708	4,577	1985
J Sainsbury	Ipswich	7,247	4,166	1992
Tesco Extra	Ipswich	5,577	3,923	1994
Morrisons	Ipswich	7,675	3,639	2000
Asda	Stowmarket	5,027	2,853	1986
Tesco	Stowmarket	3,845	2,589	1994

Source: Institute of Grocery Distribution, 2008

- by increasing the District's overall retention rate, we increase the total requirement for additional convenience goods retailing provision in the District as a whole;
- by adjusting the market shares for Sudbury and Hadleigh within the District, as part of the process, we seek to allocate the available convenience goods spend to these towns in order to better reflect the Government's sustainability objectives and planning aspirations to provide food shopping facilities on a more localised basis to further reduce the need to travel by car. The adjustments for each town are described below in the relevant sections.

### ***Comparison Goods***

- 6.9 For comparison goods, the household survey indicates that £172 million of the £270 million of expenditure generated within Babergh leaks out of the District to competitor centres. Thus only 36% of spend is retained locally.
- 6.10 Although this looks to be a relatively low percentage, given the geographical configuration of the District and its close proximity to a number of major retail centres with a regional designation and role (eg. Ipswich, Colchester and Bury St Edmunds), this figure looks more acceptable. Moreover, unlike for food shopping, consumers are prepared to travel over longer distances to carry out a comparison shop which, in any event, is undertaken more infrequently. We therefore feel that the current level of expenditure retention for the District is broadly acceptable and largely consistent with regional planning policy.

## **Sudbury**

### ***Convenience Goods***

- 6.11 There is an estimated 7,540 sq m net of convenience goods floorspace currently trading in Sudbury generating an estimated (actual) turnover of £76.3 million (**Appendix 5C, Table 6**). This equates to an average sales density of £10,116 psm net, which, in our view, represents a modest level of over-trading.
- 6.12 The map at **Appendix 1B** shows the location of the convenience goods shops in the town centre (including edge of centre stores). Together these stores occupy some 4,894 sq m net of floorspace. The key occupiers are Somerfield, Marks and Spencer Simply Food, Aldi, Roys and Waitrose.
- 6.13 There is currently a large Tesco superstore trading out of town with an estimated convenience goods sales floorspace of 2,390 sq m. In addition, there is a 256 sq m net Farmfoods at the Shawlands Retail Park.
- 6.14 The existing edge of town centre Aldi food store is currently being extended by 213 sq m gross. We assume all of this additional floorspace will trade in convenience goods. This store extension is therefore included in our floorspace need assessment as a retail commitment. However, we understand the current extension to the out of town Tesco at Woodhall is likely to accommodate comparison goods. Accordingly, we do not include it as a commitment in quantifying the need for additional convenience goods floorspace.
- 6.15 The household survey indicates that Sudbury is already retaining 85% of available convenience goods expenditure within its own zone 4, which covers the town and its immediate shopping hinterland. We consider that there is only limited scope to increase this level of retention, since some spend will always leak out to other centres on the back of work and comparison goods shopping trips. Accordingly, we adjust Sudbury's expenditure market share upwards to 90%. In addition, we adjust upwards the town's market shares for convenience goods shopping in zones 3 and 5 (with Babergh District) from 41% and 48% to 50% and 60% respectively.

- 6.16 The effect of making these adjustments to the target market shares is that Sudbury's overall market share of available convenience goods expenditure in the District will increase a little. Our assessment indicates that Sudbury's market share of spend for convenience goods shopping will increase from 34% now (2008) to 37% by 2011.
- 6.17 In terms of qualitative need, we consider that Sudbury already offers a comparatively wide range of food store operators and convenience goods from an out-of-centre superstore, through a number of town centre supermarkets, including a food discounter, to numerous town centre top-up convenience shops and food specialists.
- 6.18 Reflecting these many quantitative and qualitative assumptions, our estimates of the need for additional convenience goods floorspace in Sudbury are set out in **Table 6.2**.

**Table 6.2 Additional Convenience Goods Floorspace Need in Sudbury**

Forecast Year	Floorspace Need (sq m net)
2011	1,470
2016	1,760
2021	2,000

- 6.19 The assessment indicates a need for additional convenience goods shopping floorspace of some 1,500 sq m net at 2011, increasing to around 2,000 sq m net by 2021. In broad terms, around one-third of the quantitative need arises from the estimated over-trading in the town at the present time with the balance generated by the modest growth in population and spend per head.
- 6.20 It should be borne in mind that the floorspace need identified in **Table 6.2** is based on the application of a mid-range sales density. However, if the need was



met, in practice, by a leading multiple grocer<sup>1</sup> then the sales density to be applied would be up to 50% higher resulting in a floorspace need up to 50% lower than that set out in **Table 6.2**. Alternatively, if the need was met through the provision of food specialists, discounters or perhaps the Co-op, the sales density would be up to 50% lower, producing a floorspace need up to 50% higher.

### ***Comparison Goods***

- 6.21 Sudbury contains an estimated 18,180 sq m net of comparison good floorspace and, according to the household survey, this is currently generating an annual turnover of some £112 million. This equates to an extremely healthy average sales density of £6,157 psm net which, in our view, is well above the town's benchmark turnover level. (see **Appendix 5B, Table 8**). Thus we feel the town is currently over-trading in comparison goods.
- 6.22 The town centre contains a reasonably wide choice of comparison goods shops, mainly clustered around North Street and Market Hill (see map in **Appendix 1B**). In addition, there is a range of non-food products in the edge of town centre Roys and a number of out of town retail warehouses, including Homebase, Focus and Currys. Lastly, the out of town Tesco at Woodhall currently devotes a small proportion of its sales space to comparison goods, although the scale of non-food provision will increase significantly once the present extension to the store is completed. We include this extension as a retail commitment.
- 6.23 Unlike for convenience goods, we feel that Sudbury's existing market share in its own zone 4 of 70% for comparison goods shopping, is highly respectable, especially given the relative close proximity of much larger centres such as Ipswich, Colchester and Bury St Edmunds. In addition, its market shares of close to 40% in zones 3 and 5 are also acceptable in our view. Accordingly, we do not feel that it is realistic for the town to increase its market shares and we therefore do not make any adjustments to them in forecasting the need for additional comparison goods floorspace. However, because we estimate that

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<sup>1</sup> For example, Tesco, Sainsbury, Asda, Morrisons or Waitrose.

Sudbury is currently over-trading in comparison goods, there is a pre-existing need for more floorspace even before the requirements deriving from population growth and increasing consumer spend per head are taken into account.

6.24 In terms of qualitative need, we feel that there is some scope to further improve the range of multiples in the town centre and therefore extend the choice of stores and goods available to shoppers.

6.25 Reflecting the quantitative and qualitative assumptions, our estimates of the need for additional comparison goods floorspace in Sudbury are set out in **Table 6.3**.

**Table 6.3 Additional Comparison Goods Floorspace Need in Sudbury**

Forecast Year	Floorspace Need (sq m net)
2011	8,860
2016	12,470
2021	15,270

6.26 Our assessment points to a need for around almost 9,000 sq m net of additional comparison goods shopping by 2011, rising steadily to 15,300 sq m net by 2021. This quantum of floorspace is in addition to that to be provided by the present extension to Tesco. In line with the sequential approach, we would recommend that this retail floorspace is ideally located within Sudbury town centre or failing this, as an extension to the existing town centre.

**Hadleigh**

6.27 On our estimates there is currently 2,624 sq m net of convenience goods floorspace in Hadleigh generating (actual) sales of £10.3 million. This is equivalent to an average sales density of £3,914 psm net, which suggests the

town's food retailing offer is under-trading a little (**Appendix 5C, Table 6**). The survey suggests this is because of major leakage not only outside of the District to Ipswich, but also to the Tesco Extra at nearby Copdock Mill.

6.28 The map at **Appendix 1B** shows the location of the seven convenience goods shops in Hadleigh town centre. The main trader is the Co-op with an estimated sales area of 862 sq m net, which accounts for around 60% of the town centre convenience goods floorspace. Out of town, there is the Buyright superstore which has an estimated convenience goods sales area of 1,186 sq m. We understand there are currently no convenience goods retail commitments in Hadleigh.

6.29 The household survey indicates that Hadleigh is retaining just 38% of the convenience goods expenditure generated within its own zone 6. Thus 62% of spend is flowing to other centres, including 14% to Copdock Mill. Most of the balance flows to various stores in Ipswich, most notably the Sainsbury's at Hadleigh Road (**Appendix 2D**). Clearly, there is considerable potential for Hadleigh to improve its expenditure retention rate, which would mean many fewer car journeys being made Copdock Mill and even further to Ipswich for main food shopping.

6.30 We believe that a maximum retention rate of 80% could be achievable for Hadleigh within its own zone 6, since this would still allow for a realistic leakage of 20% of available spend to other centres, including smaller centres and shops within the Hadleigh area (zone 6). This adjustment to Hadleigh's market share is set out in **Appendix 5C, Table 7**. Since the market shares for any zone must continue to sum to 100%, because we have adjusted upwards Hadleigh's from a current low of 38% to a target of 80%, we have had to adjust downwards the market shares for Copdock Mill, Sudbury and other centres/stores located outside of Babergh District. The effect of increasing Hadleigh's target market share in zone 6 to 80% will be to produce a higher total of quantitative need for additional convenience goods floorspace in the town in the future.

6.31 In terms of qualitative need, we believe there is considerable scope for extending retail choice to the residents of Hadleigh and the surrounding

hinterland, since the current main food offer consists of just a Co-op and a relatively basic range of food products at the out of town Buyright superstore.

- 6.32 Reflecting the quantitative and qualitative considerations described above, our estimates of the need for additional convenience goods floorspace in Hadleigh are set out in **Table 6.4**.

**Table 6.4 Additional Convenience Goods Floorspace Need in Hadleigh**

Forecast Year	Floorspace Need (sq m net)
<b>2011</b>	<b>950</b>
<b>2016</b>	<b>990</b>
<b>2021</b>	<b>1020</b>

- 6.33 We conclude that there is potentially a need for an additional 950 sq m net of convenience goods shopping in Hadleigh by 2011, rising to 1,020 sq m net by 2021. Once again, we would stress that this level of quantitative floorspace need is dependent on the application of a mid-range sales density. For an operator with a higher than average sales density, the associated floorspace need would be lower than the figures set out in **Table 6.4**, whilst for retailers with lower than average store productivities, the required quantum of additional sales floorspace would be higher.

- 6.34 We understand that a planning application has recently been submitted to the Council for a new Tesco supermarket of 3,055 sq m gross and an adjoining unit of 142 sq m gross at Brett Works and adjoining land. This site lies to the rear of 73-133 High Street and extends from the rear of the High Street frontages westwards to the River Brett. Assuming a net to gross ratio of 65:100, the proposed main store would have a sales area of some 1,986 sq m net, although Tesco claim that the sales floorspace would be less than this because of the inclusion of a number of bespoke elements. Even allowing for the inclusion of a

small amount of comparison goods floorspace, it is clear that the existing proposal exceeds the quantitative floorspace need for convenience goods shopping estimated in this study.

6.35 Moreover, Tesco achieves one of the highest average sales densities amongst the food store retailers and its average store productivity therefore exceeds the “industry average” mid-range benchmark used at paragraph 6.33 for converting available headroom expenditure into floorspace need. Accordingly, if Tesco’s company average sales density was applied to the estimated headroom expenditure available to Hadleigh, then the scale of floorspace need would be lower than that set out on **Table 6.4**.

6.36 However, some measure of flexibility should be adopted by the Council when interpreting the quantitative floorspace need figures set out in **Table 6.4**, not least because of the inclusion of the out of town Buyright Superstore in the current retail supply figures, whose convenience goods sales floorspace and store productivity are particularly difficult to estimate. The need totals should therefore not be adopted as precise ‘caps’ but rather be used as a guide to what future levels of additional convenience goods provision could be supported in Hadleigh by the projected available headroom expenditure. In assessing the Tesco application, the Council should take into account the full range of potential retail, economic, social and environment benefits and disbenefits of the proposal in reaching a decision.

### ***Comparison Goods***

6.37 Hadleigh contains some 7,496 sq m net of comparison goods floorspace, although an estimated 4,743 sq m net of sales area is located in the out of town Buyright superstore. This makes quantifying the performance of Hadleigh in non-foods difficult, since a large amount of floorspace is supplied by one operator for which no hard data is available. Although we have assumed a low sales density for the Buyright store, the overall benchmark turnover for Hadleigh in comparison goods is still well in excess of estimated (actual) turnover. Thus we conclude that the existing comparison goods retail offer in the town as a whole is under-trading.

- 6.38 Hadleigh contains very few multiple traders, but this is not surprising, given the town's small size and close proximity to Copdock Mill and Ipswich. Its strength is its range of smaller independent shops and historic character. Nevertheless, the town retains just 9% of the comparison goods spend generated within its own zone 6, meaning more than £9 in every £10 flows out of the zone to other centres, with almost 80% leaking out of Babergh District altogether.
- 6.39 For this reason, we feel there must be limited scope to increase Hadleigh's local market share through improvements to the quality and attractiveness of its retail offer, if not the quantum of provision. The main driver here is qualitative need. Therefore, we adjust upwards the town's market share in its zone 6 from 9% to 20%, well short of the 70% that Sudbury is already achieving. As a counterbalance we reduce the leakage out of the District from zone 6 from 78% to 67%. It should be noted that making this small upwards adjustment in market share for Hadleigh has an almost negligible impact on the market share of Babergh District as a whole.
- 6.40 **Table 6.5** sets out the results of our comparison goods floorspace need assessment for Hadleigh.

**Table 6.5 Additional Comparison Goods Floorspace Need in Hadleigh**

Forecast Year	Floorspace Need (sq m net)
2011	(1,500)
2016	(1,120)
2021	(800)

**Note:** Figures in brackets denote a negative floorspace need.

- 6.41 Our assessment indicates that there is no quantitative need for more comparison goods floorspace in Hadleigh. In fact, we forecast an over-supply to 2021 and beyond. This is because the scale of the present under-trading -

which requires a claim on future expenditure growth to bring turnover up to benchmark levels - exceeds the forecast increase in available spend, even after adjusting upwards the town's market share to 20%. In practice, however, we would support any small scale improvements to the town centre's retail offer which focus more on improving quality and improving choice than adding quantity. The aim of any retail intensification would be to drive up average sales densities in the town centre, thereby ensuring it remains viable and attractive to independent traders if not the multiples.

## 7.0 CONCLUSIONS AND RECOMMENDATIONS

- 7.1 Since our previous retail study of Babergh District was published in 2002, there has been a huge growth in real comparison goods expenditure per head and a much lower increase in per capita convenience goods spend. When these demand – side changes are combined with actual changes in floorspace supply on the ground within Babergh District a number of key differences emerge in our findings.
- 7.2 In **Sudbury**, the supply of **comparison goods** floorspace has increased little over the past six years, whilst the volume of expenditure generated by a steadily rising local population has risen sharply. With the town continuing to be an attractive and popular place to shop, we estimate that average (actual) sales densities have risen and now comfortably exceed benchmark turnover levels. Thus Sudbury is now over-trading in non-food retailing.
- 7.3 As a result, we conclude that there is now a pre-existing need for further comparison goods floorspace and that the requirement for more floorspace will then rise steadily through to 2021 on the back of a rising local population and further real increases in spend per head. We recommend that any new retail provision is located within and/or adjoining the town centre and should focus primarily on non-bulky comparison goods. There is also a qualitative requirement for making available larger units which are most in demand from multiple retailers. This supply could potentially also be met through amalgamating existing shops and small scale redevelopment or intensification of present buildings, although we recognise there are important constraints, such as listed buildings and the conservation area, which make this difficult to achieve in practice.
- 7.4 In relation to **convenience goods**, there has only been a moderate growth in available spend in real terms since 2002, whilst the amount of expenditure potentially available to support new shops has been hit by the growth in e-tailing and increasing store productivities. Running parallel to this, Sudbury has benefited from extensions to Waitrose, a new M & S Simply Food (which replaced an Iceland) and (currently) an extension to the edge of town centre



Aldi. Thus, compared to 2002, supply has to some extent caught up with need, which means that the requirement for additional convenience goods floorspace in Sudbury is now more modest – up to c.2,000 sq m net by 2021.

7.5 In **Hadleigh**, we conclude that there is potential for additional **convenience goods** in the form of a new food supermarket in or adjoining the town centre. Given the Government's sustainability objectives, there is considerable scope to retain a much higher proportion of locally generated food spend in the town. The key issues in planning for a new food store in Hadleigh are as follows:-

- **Format** – any new food store in Hadleigh must be capable of attracting the main food shopping trips of local residents; thus any new provision will largely complement many of the existing food shops in the town, which cater primarily for top-up food shopping.
- **Size** – our view is that any new store in Hadleigh should have a minimum (convenience goods) sales floorspace of c.1,000 sq m net in order for it to be of a sufficient scale to attract main food trips (this equates to c.1,500-1,600 sq m gross). This would make any new store almost 20% larger than the present Co-op in Hadleigh (c.862 sq m net). Moreover, because regional planning policy states that retail provision should reflect the hierarchy of centres, any new food store which is developed in Hadleigh should not be of a size (or level of attraction) that attract trips from people living in larger centres (eg. Sudbury or Ipswich). We therefore recommend that any new food store in the town should ideally have a maximum floorspace of the order of 1,500 sq m net (c.2,300 sq m gross), even after allowing for the inclusion of some non-convenience goods floorspace. However, in practice the maximum size of any store which may be permitted will depend on the operator taking the space, its likely sales density and trading mix, and the view taken by the Council towards the levels of trade diversion and retail impact which may be considered to be acceptable. Therefore, to assist the Council, any application for a new food supermarket in Hadleigh should ideally be supported by a comprehensive and up to date retail need and impact study.

- **Mix** – we would recommend that any new food store is ideally restricted to selling convenience goods; this maximises the food product range for any size of store and limits the availability of comparison goods which could impact on existing town centre shops. For the same reason, we recommend that service uses (eg. post office, dry cleaners, photo copying and pharmacy) do not form elements of any new store.
- **Location** – ideally, and in line with the sequential approach, any new large food store should be located within the primary shopping area of Hadleigh town centre. However, given the historic nature of Hadleigh, it is unlikely that, in practice, appropriate sized sites can be identified in this area. In these circumstances the sequential approach should be applied to site selection. PPS 6 states that any site within 300 metres of a primary shopping area is defined as edge of centre, with any site beyond this classified as being out centre.
- **Impact** – the potential negative impact of any new large food store not located in the primary shopping area of Hadleigh must be carefully considered. However, the household survey indicates that many of the existing food shops located within the town are essentially performing a top-up food shopping role for local residents, whilst the vast majority of main food shopping is undertaken at much larger food stores in Copdock Mill or outside the District. Therefore, we believe that if any new food store is of sufficient size to cater for, and attract, main food shopping trips, its sales will be derived primarily from the clawback of expenditure to the town and its impact on the existing retail provision will be limited.
- **Linked trips** – the provision of a new food store catering for main food shopping will clawback to Hadleigh shoppers who currently carry out their bulk food shop at other centres. It is likely that at least some of these shoppers will go on to support shops and services in the town centre, since they will not be travelling out of the area to do their main food shop. Moreover, the potential for linked trips will also increase

amongst shoppers living within the hinterland of Hadleigh, whilst an enhanced food retail offer in the town could attract a modest amount of additional in-flow expenditure from people living beyond its immediate hinterland (zone 6).

- 7.6 If the Council were to receive any applications for a large food store in Hadleigh, we would therefore recommend that a rigorous retail impact assessment is carried out in order to establish the scale and the pattern of any adverse effects.
- 7.7 In relation to **comparison goods**, we do not forecast any material quantitative need for additional floorspace in Hadleigh. Nevertheless, we believe there are qualitative reasons to support small scale redevelopments (or retail intensifications) within the town centre which are aimed at improving quality rather than simply adding to quantity. The objective should be to widen retail choice and drive up sales productivities so as to ensure Hadleigh continues to offer a viable and attractive trading environment to retailers.