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Planning. Design. Economics.

Powys Retail Study Addendum 2015

Powys County Council

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1.0 **Introduction**

Scope and Purpose of Addendum

- 1.1 Nathaniel Lichfield & Partners (NLP) was commissioned by Powys County Council (PCC) to prepare a County wide Retail Study in 2011/12.
- 1.2 The Powys Retail Study 2012 forms part of the evidence base for the Powys LDP.
- 1.3 Following consultation on the LDP Deposit Plan in July 2014, The Welsh Government has provided guidance to PCC on issues relating to the soundness of the Plan.
- 1.4 This Addendum is intended to address some of the issues raised by the Welsh Government, and to ensure that the retail evidence base is suitably in sync with other evidence based documents and the LDP growth strategy.
- 1.5 The Powys Retail Study still remains extant, however, this Addendum document updates and supersedes the assessment of need and floorspace recommendations. It also provides clarification on the Retail Strategy, and how this relates to the overall Growth Strategy in the LDP.
- 1.6 Section 2 of this report summarises recent relevant changes to the retail capacity assessments and outlines retail trends. Section 3 updates the retail capacity and quantitative need assessment. Section 4 reviews the Retail Strategy, and Section 5 provides the recommendations and conclusions.

2.0 **Recent Changes and Trends**

Introduction

2.1 The 2012 Retail Study provided projections up to 2026. The projections need to be updated in line with the latest population data from the 2011 Census and WG projections. Local expenditure data and growth projections also need to be reviewed, along with company average benchmark turnover figures. These changes need to be considered in the context of recent retail trends.

Retail Trends

2.2 It is important to consider changes in the retail sector nationally and the implications for Powys.

2.3 The economic downturn had a significant impact on the retail sector. A number of national operators have failed (e.g. Blockbuster, Comet, HMV, JJB Sports, Jessop's, Clinton Cards, Woolworths, MFI, Land of Leather, Borders, Game, Firetrap, Peacocks, La Senza, Past Times, Barratts and Habitat), leaving major voids within centres and retail parks. This trend has not had a significant impact on Powys, because most of the affected businesses did not have stores within the County.

2.4 Many town centre development schemes have been delayed and the demand for traditional retail warehouse operators has also been affected. Even some of the main food store operators have seen a reduction in growth.

2.5 Assessing future expenditure levels within this retail update needs to take into account the economic downturn and the likely pace of recovery. Careful consideration is needed to establish the appropriate level of expenditure growth to be adopted over the study period. This study takes a long term view, recognising the cyclical nature of expenditure growth. Trends in population growth, home shopping/internet sales and growth in turnover efficiency also need to be carefully considered and a balanced approach taken.

2.6 An overview of national trends within the retail sector is set out below.

Expenditure Growth

2.7 Historic retail trends indicate that expenditure has consistently grown in real terms in the past, generally following a cyclical growth trend. The underlying trend shows consistent growth and this trend is expected to continue in the future. However, following the economic downturn, the recovery is expected to lead to slower growth in the short term.

2.8 In the past, expenditure growth has fuelled growth in retail floorspace, including major out-of-centre development, particularly in the 1980s and 1990s. The economic downturn and current forecasts suggests that past rates of growth are unlikely to be achieved in the short term (next 5 years), but the underlying

trend over the medium (5 to 10 years) and long terms (beyond 10 years) is expected to pick up again.

- 2.9 Within Powys, expenditure per person on convenience goods has reduced between 2011 and 2014 (source: Experian adjusting for inflation). The 2012 study projected no growth in convenience goods expenditure per person between 2011 and 2016, but this has now been revised down to assume a contraction in spending during this period.
- 2.10 Over the longer term of the Plan period (2011 – 2026), convenience growth has also been revised down from 4.6% to 3.1%.
- 2.11 Comparison goods expenditure per person in Powys in the short term (2011 – 2016) remains similar to that estimated in the 2012 study, however the longer term forecasts to 2026 have been revised down.

New Forms of Retailing

- 2.12 New forms of retailing (multi-channel shopping) have continued to grow, as an alternative to more traditional shopping. Home/electronic shopping has increased with the growth in the use of personal computers, smart phones and the internet. Click and collect shopping has become more popular. The future growth of multi-channel retailing including home computing, internet connections and interactive TV will continue to have an effect on retailing in the high street and from traditional stores.
- 2.13 On-line shopping has experienced rapid growth since the late 1990s but in proportional terms the latest available data suggests it remains a relatively low percentage of total retail expenditure (about 12% of all retail expenditure). Recent national trends suggest continued strong growth in this sector. Experian's Retail Planning Note 12.1 (Oct 2014) states:
- “Non-store retailing continues to grow rapidly, outpacing traditional forms of spending. We retain our assumption that non-store retailing will increase at a faster pace than total retail sales well into the long term. There were 52.7 million internet users in the UK (representing 84.1% of the population) in mid-year 2012 according to Internet World Stats. So growth of the internet user base will be less of a driver than in the past decade. But growth momentum will be sustained as new technology such as browsing and purchasing through mobile phones and the development of interactive TV shopping boost internet retailing. We expect that the SFT market share will continue to increase over the forecast period, although the pace of e-commerce growth will moderate markedly after about 2020. Our forecast has the SFT share of total retail sales reaching 18.5% by 2020 rising to 20.3% by the mid-2030s.”*
- 2.14 This retail update makes an allowance for future growth in e-tailing based on Experian's latest projections, however the allowances have not changed significantly since the 2012 Study. The implications on the demand for retail space need to be carefully considered. For example, some retailers operate on-line sales from their traditional retail premises e.g. food store operators and

click and collect operations, therefore growth in on-line sales may not always mean there is a reduction in the need for retail floorspace.

3.0 **Retail Capacity**

Introduction

3.1 This section assesses the quantitative scope for new retail floorspace in Powys up to 2026. It sets out the methodology adopted for this analysis and provides a quantitative capacity analysis in terms of levels of spending for convenience and comparison shopping.

3.2 All monetary values expressed in this analysis are at 2013 prices unless stated otherwise. The previous 2012 Study was based on 2010 prices and therefore the figures are not directly comparable, particularly for convenience goods figures, where inflation has been significant.

Methodology and Data

3.3 The quantitative analysis is based on a study area that covers the whole of Powys as defined in the 2012 Retail Study, as shown in Appendix 1.

Consumer Expenditure

3.4 The level of available expenditure to support retailers is based on first establishing per capita levels of spending for the study area population.

3.5 Experian's latest (2014) local consumer expenditure estimates for comparison and convenience goods for the study area have been obtained.

3.6 Experian's latest EBS (Experian Business Strategies) national expenditure information has been used to forecast expenditure within the study area. Experian's forecast growth rates suggest convenience goods expenditure will decrease slightly during 2014, but will grow in 2015. In the longer term an average growth rate of 0.6% per annum for convenience goods is predicted.

3.7 Experian's forecast growth rates suggest comparison goods expenditure will increase on average by 3.3% per annum.

3.8 The EBS growth rates reflect the likely rate of recovery from the economic downturn, with lower growth up to 2015. The longer term growth rates for comparison goods are lower than projections based on past trend lines, but in our view are more realistic and sustainable.

3.9 Expenditure projections per person are shown in Table 2 in Appendix 2 and 3.

Population

3.10 Experian now provides 2011 Census based population figures, which have been adopted in this update. The 2012 study was based on data from the 2001 Census and therefore less accurate.

- 3.11 In order to be consistent with the LDP and its evidence base, the new 2011 base population figures have been projected using the Welsh Government's 2011 principal projection of population to 2026. (Table 1 in Appendix 2). The population projection at 2026 in the study area is 188,561, which is 4.8% lower than the 2026 projection (198,162) within the 2012 Study.

Available Spending

- 3.12 The levels of available spending are derived by combining the population in Tables 1 with per capita spending figures in Table 2 for convenience goods in Appendix 2 and comparison goods in Appendix 3.
- 3.13 For both convenience and comparison spending, a reduction has been made for special forms of trading such as mail order, e-tail (non-retail businesses) and vending machines.
- 3.14 "Special Forms of Trading" (SFT) and non-store activity is included within Experian's Goods Based Expenditure (GBE) estimates. SFT includes other forms of retail expenditure not spent in shops e.g. mail order sales, internet sales, vending machines, party plan selling, market stalls and door to door selling. SFT needs to be excluded from retail assessments because it relates to expenditure not spent in shops and does not have a direct relationship to the demand for retail floorspace.
- 3.15 Experian provide projections for e-tailing and other SFT. These projections have been used to exclude expenditure attributed to e-tailing through non-retail businesses, which will not directly impact on the demand for retail floorspace. Experian's projections separate e-tailing through retail and non-retail businesses. Retail businesses are operators whose sales are predominantly through traditional shops/stores, but they may also offer a home shopping/delivery or click and collect service (e.g. Argos, Tesco, Next and John Lewis). Non-retail businesses are companies whose sales are predominantly through mail order/home deliver, where growth in their sales is unlikely to affect the demand for traditional retail space. Only expenditure attributed to these non-retail businesses should be excluded from the retail capacity analysis.
- 3.16 Based on Experian data, SFT (including non-retail e-tailing but excluding e-tail through retail businesses) is projected at 3.1% and 13.2% of total convenience and comparison goods expenditure respectively in 2016.
- 3.17 The latest projections provided by Experian suggest that these percentages will increase to 5.0% and 15.9% by 2026. The sales density figures used to access retail floorspace capacity in this report are inclusive of SFT through retail businesses. In order to reflect this growth, we have assumed the turnover efficiency of retail businesses will increase in real terms, reducing the need for new floorspace.
- 3.18 In total, Experian predict that retail expenditure per person will grow by 6.6% between 2013 and 2026 for convenience goods and by 57.3% for comparison

goods. This equates to approximately £61 additional expenditure per person per annum on convenience goods and £1,010 of additional comparison goods expenditure within the Powys study area by the end of the LDP period.

- 3.19 As a consequence of growth in population and per capita spending (retail businesses only), baseline convenience goods spending within the study area is forecast to increase by 3.1% from £318.6 million in 2011 to £328 million in 2026, as shown in Table 3 in Appendix 2. Over the same period the 2012 study suggested higher expenditure growth of 12.1%. This difference is due to lower expenditure and population forecasts.
- 3.20 Baseline comparison goods spending is forecast to increase by 57.4% from £366 million in 2011 to £576 million in 2026, as shown in Table 3 in Appendix 3. Over the same period (2014 to 2026) the 2012 study suggested much higher expenditure growth of 89%. This difference is due to much lower growth in expenditure per capita now predicted by Experian, together with the lower population growth described above.

Existing Spending Patterns 2011

Convenience Shopping

- 3.21 Base year 2011 food and grocery market shares are shown in Table 4 in Appendix 2. These shares are based on the 2011 Household Survey undertaken by NEMS Market Research with NLP adjustments to reflect recent changes.
- 3.22 Table 5 in Appendix 2 indicates that the base year level of convenience goods expenditure attracted to shops/stores in Area Retail and District centres in 2011 was estimated to be £165.47 million. Whilst there have been some foodstore closures since 2011 such as the Co-op and Spar in Welshpool, it is assumed that this expenditure has been retained within the town and redistributed to other existing stores in the County.
- 3.23 Company average turnover to sales floorspace densities are available for major food store operators and are compiled by Verdict (2013). Company average sales densities (adjusted to exclude petrol and comparison sales and include VAT) have been applied to the sales area of the large food stores listed in Table 10 in Appendix 2, and a benchmark turnover for each store has been calculated. This benchmark turnover is not necessarily the actual turnover of the food store, but it does provide a useful benchmark for assessing existing shopping patterns and the adequacy of current floorspace in quantitative terms.
- 3.24 Estimates for comparison sales floorspace within large food stores has been deducted from the figures in Table 10 in Appendix 2, for consistency with the use of goods based expenditure figures.
- 3.25 Average sales densities are not widely available for smaller convenience shops, particularly independent retailers. An average sales density of £3,500

per sq.m has been adopted for small convenience shops. The total benchmark turnover of existing convenience sales floorspace within Powys centres is £175 million, as shown in Table 10 in Appendix 2.

- 3.26 These figures suggest that collectively convenience retail facilities in the centres are trading slightly below national average levels.

Comparison Shopping

- 3.27 Powys attracted £104.25 million of comparison goods expenditure in total in 2011.
- 3.28 Company average sales densities are only available for a selection of multiple retailers. Available information indicates that the sales densities amongst comparison retailers vary significantly. There is limited information available for independent retailers.
- 3.29 Based on this expenditure estimate, the average sales density for existing comparison sales floorspace (excluding builders merchants) (38,715 sq.m net) is £2,598 per sq.m net. This is at the low end of the range that can be achieved in town centres, however, it is reflective of the rural and limited catchment area of settlements in Powys.
- 3.30 The analysis of existing comparison shopping patterns in 2011 suggests the following average sales density figures for the centres in the County shown in Table 3.1.

Table 3.1: Defined Centres Comparison Average Sales Densities

Centre	Average Sales Density 2011 (£ per sq.m net)
Welshpool	£3,469
Newtown	£2,729
Llanidloes	£1,582
Machynlleth	£978
Builth Wells	£2,113
Llandrindod Wells	£3,168
Rhayader	£2,028
Knighton	£3,079
Presteigne	£3,403
Ystradgynlais	£2,432
County Average	£2,598

- 3.31 Table 3.1 indicates that trading levels amongst comparison facilities in the County vary significantly from area to area. The average sales density figures should be viewed in the context of the type of floorspace in each area. Comparison facilities in Welshpool and Presteigne are trading at the highest

densities, and Llandrindod Wells, Newtown, Knighton and Ystradgynlais are also trading above the County average figure. However, Machynlleth, Rhayader, Llanidloes and Builth Wells all have average sales densities below the County average. This difference in sales densities between the centres is primarily due to the type of retail floorspace/offer of the centres. The centres with the lowest sales densities predominantly contain a higher proportion of small independent shops, which have lower sales densities than national multiples.

- 3.32 Overall comparison shopping facilities within the County appear to be trading satisfactorily, primarily providing a lower order comparison retail offer than larger centres outside of the County. There is no evidence of over-trading in any part of the County. Where stores are trading at a level above expected company average turnover (over-trading), this is an indication that there is a qualitative need for additional floorspace.

Quantitative Capacity for Convenience Floorspace

Constant Market Shares

- 3.33 The total level of convenience goods expenditure attracted to shops in the County between 2011 and 2026 is summarised in Table 9B (Appendix 4). Convenience expenditure attracted to shopping facilities in the County is expected to increase from £180 million in 2011 to £185 million in 2026.
- 3.34 Table 9B (Appendix 4) subtracts the benchmark turnover of existing floorspace from available expenditure to calculate the amount of surplus expenditure that may be available for further new development in the Area Retail and District Centres during the Plan period. Within the County, there is a deficit of convenience goods expenditure in 2011, as a number of centres are trading at below benchmark levels.
- 3.35 However, for individual centres, the figures vary considerably, with some centres showing a negative requirement for additional floorspace during the plan period and some showing demand. This is addressed in the next section.
- 3.36 The surplus expenditure projections have been converted into potential new floorspace estimates in Table 9B (Appendix 4). Surplus expenditure is converted into floorspace estimates based on an assumed average sales density figure, which is based on the current mix of food stores and small shops in the County. An average sales density of £8,000 per sq.m net has been adopted.

Adjusted Market Shares

- 3.37 Table 10B (Appendix 4) estimates adjusted market shares from 2016 onwards. These have been estimated to take into account the recent Tesco foodstore developments at Llandrindod Wells and Welshpool. Although these stores were open and trading at the time of the household survey, we do not consider that they will have achieved a settled shopping pattern in 2011. We have also

adjusted the shares to take into account the convenience goods commitments at Machynlleth and Ystradgynlais, as identified in Table 3A, Appendix 2.

3.38 Applying these adjusted market shares, Table 14B (Appendix 4) shows that the total level of convenience goods expenditure attracted to shopping facilities in the County is expected to increase from £180 million in 2011 to £205.47 million in 2026. The commitments have been added into the benchmark turnovers for Machynlleth and Ystradgynlais. Even with the adjustments, the requirement for net additional floorspace during the Plan period remains largely unchanged as shown in Table 14B (Appendix 4).

3.39 The comparable projections within the 2012 study were slightly higher, and there is therefore no quantitative need to revisit the Deposit LDP approach of not allocating sites for convenience goods floorspace (See Section 4).

Qualitative Need for Convenience Goods Floorspace

3.40 Where quantitative capacity is shown for convenience goods floorspace, it is important to consider in qualitative terms, where the best location to accommodate the need is.

3.41 Most of the identified centres are considered to be the most appropriate location to accommodate need on a status quo basis. One exception to this is Presteigne and Knighton, which serve overlapping catchment areas within Zone 5.

3.42 In qualitative terms, Knighton benefits from a main foodstore in the form of Harry Tuffins on the edge of the town centre. Presteigne, on the other hand, does not have a large foodstore. This qualitative deficiency could be addressed by clawing back leakage from Knighton to Presteigne. This is discussed further in Section 4.

Quantitative Capacity for Comparison Floorspace

3.43 The household survey suggests that the County's retention of comparison goods expenditure is lower than for convenience goods. The lower level of comparison expenditure retention is due to the strength of competing comparison goods facilities in neighbouring authorities, particularly Shrewsbury, Swansea and Hereford.

3.44 Future improvements to comparison retail provision within the County could help to claw back some additional expenditure leakage from the study area. However major developments in neighbouring authorities will limit the ability of shopping facilities in the County to increase their market share of expenditure. Indeed retail development will be necessary in Powys in order to maintain existing market share in the future. An appropriate strategy for Powys should be to maintain existing 2011 market share in the face of increasing future competition, whilst maintaining the vitality and viability of centres.

3.45 The retail capacity projections in this report assume centres within Powys can maintain their market share of comparison expenditure in the future.

- 3.46 Available comparison goods expenditure has been projected forward to 2016, 2021 and 2026 based on 2011 penetration rates (i.e. assuming that comparison retail facilities will maintain their current market share) in Tables 4C, 5C and 6C in Appendix 5, and summarised in Table 7C. Total available comparison expenditure is expected to increase from £366.29 million in 2011 to £576.69 million in 2026.
- 3.47 Future available expenditure is compared with the projected turnover of existing comparison retail facilities within the County in order to provide estimates of surplus expenditure, as shown in Table 7C (Appendix 5). Table 7C assumes that the benchmark turnover of comparison floorspace will not increase between 2011 to 2013 due to the recession and limited projected expenditure growth. As demonstrated in Table 3.1, none of the centres are considered to have overly high benchmark turnovers, and treating existing turnover densities as the equilibrium level for future needs going forward is appropriate.
- 3.48 In the longer term existing floorspace within the County is expected to increase its benchmark turnover in real terms. A growth rate of 2% per annum is adopted, which we believe is realistic if an expenditure growth rate of 3.3% per annum is achieved. Trends indicate historically that comparison retailers will achieve some growth in trading efficiency. This is a function of spending growing at faster rates than new floorspace provision and retailers' ability to absorb real increases in their costs by increasing their turnover to floorspace ratio.
- 3.49 Population and expenditure growth will result in a comparison goods expenditure surplus in some town centres during the Plan period, however, comparison goods retail commitments at Welshpool, Machynlleth and Ystradgynlais, which are estimated to have a combined benchmark turnover of £21.98 million in 2011 (Table 3A, Appendix 2), will result in no further quantitative need for allocations in these centres. This is addressed in the next section.
- 3.50 Overall, the floorspace projections in this Study Update are lower than those in the 2012 study, and therefore there is no need for the deposit LDP to allocate additional sites for retail floorspace.

4.0 **Strategy for Accommodating Growth**

4.1 Having assessed which centres will have quantitative expenditure capacity to accommodate new retail floorspace, this Section considers how that quantitative need could be addressed through the local plan, in accordance with para 10.2.10 of PPW.

Floorspace Projections

4.2 The floorspace projections below assume that new shopping facilities within Powys can maintain their current market share of expenditure within the study area, recognising that other competing centres will improve in the future. There are a number of issues that may influence the scope for new floorspace and the appropriate location for this development, as follows:

- major retail developments in competing centres;
- the re-occupation of vacant retail floorspace;
- the availability of land to accommodate new development;
- the reliability of long term expenditure projections, particularly after 2021;
- the effect of Internet/home shopping on the demand for retail property;
- the level of operator demand for floorspace in Powys;
- the likelihood that Powys' existing market share of expenditure will change in the future in the face of increasing competition;
- qualitative deficiencies in certain centres; and
- the potential impact new development may have on existing centres.

4.3 Projections up to 2021 are realistic and are based on up to date forecasts, which take into account the effects of the recession. The long term floorspace projections (2021 and beyond) shown in Section 3.0 should be treated with caution and should only be used as a broad guide, particularly when translated into the development plan allocations or when used to guide development control decisions. Long term forecasts may be subject to change due to unforeseen circumstances. Projected surplus expenditure is primarily attributable to projected growth in spending per capita. If the growth in expenditure is lower than that forecast then the scope for additional space will reduce.

4.4 For these reasons we recommend that the Local Plan should not look to make any retail allocations which are based on quantitative capacity established for beyond 2021. Longer term need up to 2026 can be considered as part of a Local Plan Review, and will be the most robust way of planning for future needs.

4.5 The quantitative and qualitative assessment of the potential capacity for new retail floorspace within the previous sections suggests that there is some scope for new retail development within Powys within certain town centres. This

section examines the requirements and opportunities for accommodating growth.

- 4.6 These projections relate to Class A1 retail uses only. There may be scope for a further 20% floorspace that can be occupied by Class A2 to A3 uses and Class A1 non-retail services.

Accommodating Future Growth

- 4.7 The sequential approach suggests that designated town centres should be the first choice for retail and leisure development. In considering this important issue the following factors should be assessed:

- What is the locational area of need the development seeks to serve and what existing centre could potentially fulfil the identified area of need?
- Is the nature and scale of development likely to serve a wide catchment area eg. a large part of Powys?
- Is a site available in one of the designated centres, including vacant premises and will this site meet the identified need?
- If the development has a more localised catchment area, is a site available in a local centre and will this site meet the identified need?

- 4.8 All development should be appropriate in terms of scale and nature to the centre in which it is located.

Retail Hierarchy and Growth Strategy

- 4.9 The Deposit LDP and Retail Study 2012 set out a three tier retail hierarchy across Powys.

- 4.10 Representations were made to the deposit plan regarding the status of Knighton as a retail centre. It was suggested that the Harry Tuffins store and WE Price had been omitted from the 2012 Retail Study and that Knighton should be re-classified as an Area Retail Centre. Along with all other healthchecks set out in Appendix 3 of the Retail Study 2012, only those stores within the retail centre boundary were included within the town centre healthcheck.

- 4.11 In terms of the quantitative assessment, however, the stores have been included, and the assessment demonstrates that the convenience and comparison goods retention rate of expenditure within Knighton's Zone (Zone 5) are relatively low. For example, only 12% of comparison goods expenditure from its local catchment is retained within Knighton, compared to 45% retention achieved in Newtown and 25% achieved in Llandrindod Wells. Similarly only 28% of convenience goods expenditure is retained in Knighton, compared to 73% in Newtown and 66% in Llandrindod Wells.

- 4.12 We therefore consider it reasonable for the LDP to designate Knighton as a District Retail Centre within the retail hierarchy.

- 4.13 A drivetime map has been produced in Appendix 6 of this update, mapping each centre within the retail hierarchy and a drive time catchment for each, extending to 20 minutes for Area Retail Centres 15 minutes for District Centres and 10 minutes for Local Centres. As can be seen, these tiers of centres, when considered alongside retail centres in neighbouring authorities such as Aberystwyth, Shrewsbury and Swansea, represent a good geographic spread across the County. It is therefore considered that the existing retail hierarchy is adequate and the Council do not need to proactively plan to raise the level of any particular centres, nor plan for the decline of any centres.
- 4.14 Nonetheless, as described in Section 3, there is a qualitative deficiency within the District centre of Presteigne in terms of foodstore provision, compared to the District Retail Centre of Knighton. This deficiency is likely to lead to a leakage of expenditure from Presteigne to Knighton for convenience goods shopping. Therefore some of the capacity identified for Knighton in Table 4.1 below derives from this leakage. There would be sustainable benefits from providing a more local foodstore provision in Presteigne, rather than reinforcing the foodstore dominance in Knighton. The retail growth strategy therefore follows the 'pro rata approach' of the housing growth strategy, with growth based on existing market shares (except where there are already known commitments which are likely to affect market shares in the future), and with the exception of Knighton and Presteigne. It is appropriate to claw back leakage from Presteigne that is currently spent in Knighton, so that the future expenditure growth is more closely aligned to the area from whence it has been generated. This will also be of qualitative benefit to Presteigne.

Utilising the Existing Stock

- 4.15 The existing stock of premises will have a role to play in accommodating projected growth. The retail capacity analysis in this report assumes that existing comparison goods retail floorspace can, on average, increase its turnover to sales floorspace densities. For comparison goods, a growth rate of 2% per annum is assumed after 2013 in line with the expenditure growth rate of 3.3% per annum. The adoption of these growth rates represents a balanced approach. No growth in convenience turnover efficiency is assumed, due to low growth and past trends. The floorspace projections reflect these assumptions. In addition to the growth in sales densities, vacant shops could help to accommodate future growth.
- 4.16 There were 76 vacant shop units within the ten area and district retail centres in the County, which equates to an overall vacancy rate of 9.8%, which is below the Goad national average (13.1%, May 2014). The vacancy rate is particularly high in Rhayader (18.8%) and lowest in Ystradgynlais (6.1%) and Builth Wells (6.3%). The total amount of vacant floorspace is approximately 8,500 sq.m gross.
- 4.17 Vacant premises should help to accommodate future growth. As a maximum target the current vacancy level could fall from 9.8% to 5% then the number of reoccupied units would be about 36 units, which could accommodate about

4,000 sq.m gross of Class A1 to A3 floorspace. Based on existing vacancy levels, this potential re-occupied space could be distributed as follows:

- **Newtown:** 1,370 sq.m gross;
- **Welshpool:** 910 sq.m gross;
- **Builth Wells:** 120 sq.m gross;
- **Llandrindod Wells:** 240 sq.m gross;
- **Machynlleth:** 430 sq.m gross;
- **Knighton:** 200 sq.m gross;
- **Ystradgynlais:** 140 sq.m gross;
- **Llanidloes:** 180 sq.m gross;
- **Presteigne:** 160 sq.m gross;
- **Rhayader:** 290 sq.m gross.

- 4.18 If this reduction in vacant units can be achieved then the overall retail floorspace projection up to 2021 would reduce. Table 4.1 below summarises the floorspace requirements by centre taking into account the inclusion of A2 and A3 space and a reduction in vacancy rates.

Table 4.1: Floorspace requirements by centre, 2021 (sq.m gross)

Centre	A1 Conv	A1 Comp	A2-A3	Vacant	Total
Zone 1					
Welshpool	n/a	n/a	n/a	-910	0
Zone 2					
Newtown	n/a	2,007	502	-1,370	1,139
Llanidloes	n/a	330	83	-180	316
Zone 3					
Machynlleth	n/a	n/a	n/a	-430	0
Zone 4					
Builth Wells	n/a	227	57	-120	284
Llandrindod Wells	n/a	595	149	-240	504
Rhayader	82	137	55	-290	0
Zone 5					
Knighton	914	333	312	-200	1,359
Presteigne	298	168	117	-160	423
Zone 6					
Ystradgynlais	n/a	n/a	n/a	-140	0

- 4.19 The short term priority post-recession should be the reoccupation of vacant floorspace, but this should not preclude investment within appropriate town and village retail centre locations.

- 4.20 However, there may be difficulties in seeking to reoccupy vacant units that are listed buildings or located within a conservation area due to associated

overheads. Older properties are less efficient in terms of their layout than modern retail units. The Council may wish to introduce measures to assist with the reoccupation of vacant units, which may include shop improvement grants or discounted business rates, potentially subsidised by s.106 Agreements associated with new retail developments. We note from the business occupier survey (Appendix 7 of the 2012 Retail Study) that the majority of respondents stated that there were no particular issues that affected their premises being in a listed building or conservation area, and this may therefore be more of an issue in terms of bringing vacant shops back into use.

- 4.21 Nonetheless, we consider that the quantitative need to 2021 identified above is not significant such that major retail allocations would be necessary in any one centre. Centres where capacity for new floorspace is identified as 500 sq.m gross or less (including Llandrindod Wells at 504 sq.m gross), this is likely to be able to be accommodated within the existing town centre boundary, either through further increases in turnover efficiency of the existing floorspace, infill or conversion of non-A1 floorspace such as pubs or clubhouses.
- 4.22 Only two centres have floorspace requirements in excess of 500 sq.m gross – Knighton and Newtown.
- 4.23 In Newtown, there is underutilisation of floorspace within the town centre, such as the Pryce Jones Royal Welsh Warehouse. There are also a range of small potential development sites within the town centre, such that allocation of additional retail sites beyond the Newtown town centre boundary is not considered necessary in the Local Plan.
- 4.24 In Knighton, the town centre is constrained and the identified capacity is unlikely to be accommodated within the town centre boundary. As discussed above, it is considered that there is a qualitative and sustainability argument to accommodate the identified need within Presteigne. The LDP allocates a mixed use scheme at the Kaye Presteigne Premises, an edge of centre location, which includes 0.4ha of the site area to accommodate retail floorspace. This site area is of sufficient size to accommodate the identified combined retail needs for Knighton and Presteigne (1,782 sq.m gross) as identified in Table 4.1 above.

5.0 **Conclusions**

5.1 This report provides an update of the County wide needs assessment for retail development in Powys. There have been a number of changes that have affected the retail floorspace capacity projections, including lower population estimates, lower expenditure growth during the recession, lower forecast future growth in expenditure and proportionally higher expenditure via special forms of trading. These changes have been assessed and the principal conclusions of the analysis contained within this study are summarised below.

5.2 It should be noted that the Retail Study and this update cover the Local Plan period to 2026, however, it would not be appropriate to seek to plan to meet all the identified need, and the deposit LDP should focus on the period to 2021, with longer term need being addressed in subsequent Local Plan reviews.

Convenience Goods

5.3 Expenditure projections for convenience goods have reduced since the 2012 study.

5.4 The revised figures suggest existing convenience goods sales floorspace in the County as a whole is trading slightly below national average levels.

5.5 Not all centres will have a quantitative need for convenience goods provision during the Plan period, and only Knighton, and Presteigne have floorspace requirements sufficient to justify consideration of new floorspace proposals. It is recommended that the need is consolidated into a single allocation in Presteigne to improve the qualitative deficiency for convenience goods shopping in the town and to improve the self-sufficiency of the town.

Comparison Goods

5.6 Expenditure projections for comparison goods have reduced since the 2012 study.

5.7 There will be floorspace requirements for comparison goods in all of the Area and District Centres to varying degree, except for Welshpool and Ystradgynlais where existing commitments will absorb all the quantitative need.

5.8 The comparison goods need is greatest in Newtown followed by Llandrindod Wells. It is considered that both centres will be able to accommodate the identified level of need within existing town centre boundaries, and allocations beyond the town centre are not required.

Retail Hierarchy and Strategy

5.9 The existing retail hierarchy is considered appropriate for the geographic and socio-economic context of Powys.

5.10

The retail strategy assumes that all centres will maintain their status quo of market shares and will accommodate growth in expenditure on a pro rata basis. This is consistent with the housing strategy for the County.



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