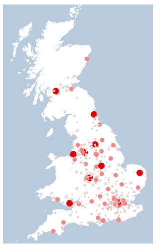


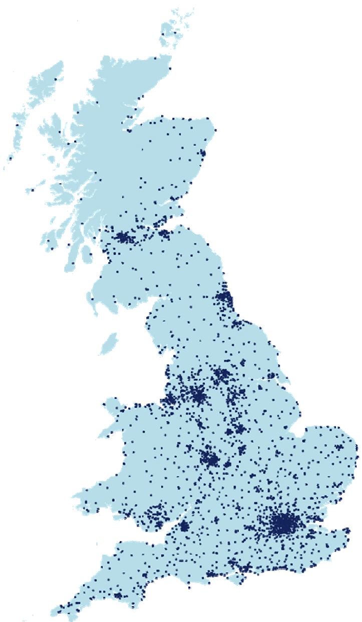
Network Planning: in Search of the Productivity Grail

The Society for Location Analysis

Wednesday 13th July 2011

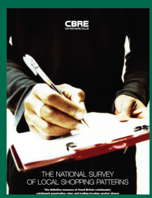
CBRE
CB RICHARD ELLIS

Presentation



- addresses change in **comparison goods** shopper populations
- **3,000+** trading locations nationally that attract comparison goods shoppers

NSLSP

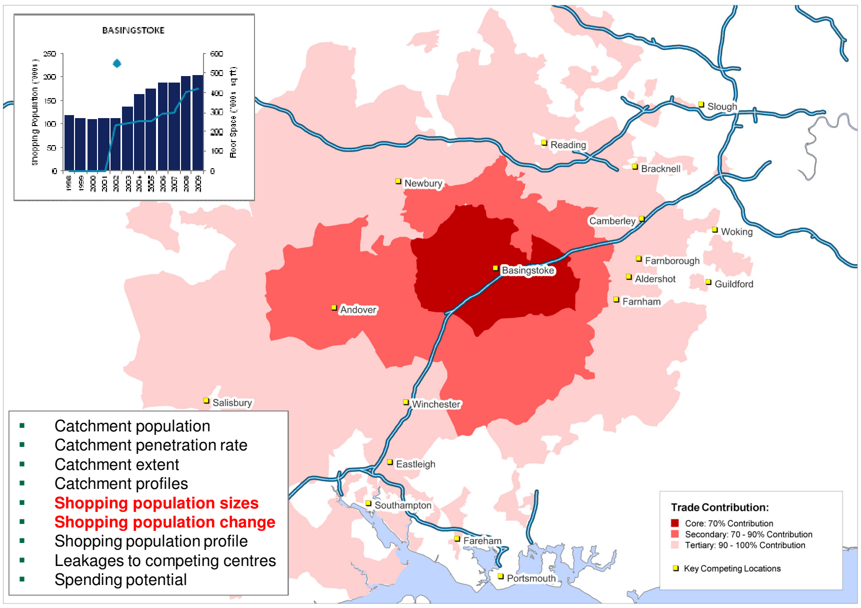


Household Survey
- National (GB)
- Continuous
- Established 1996
- No modelling of any kind

Covers
- Comparison
- Convenience
- Bulky
- 12,000+ locations

Sample
- Over 12 m respondent records
- Over 30m locational responses
- 1m additional records annually

Basingstoke Comparison Goods Catchment

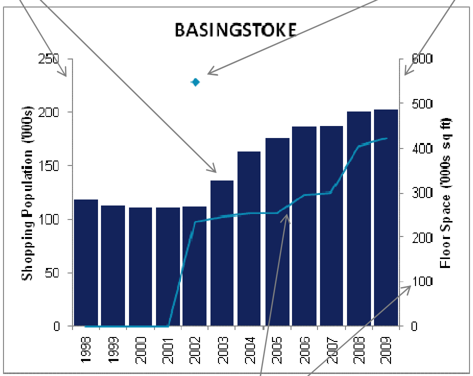


- Catchment population
- Catchment penetration rate
- Catchment extent
- Catchment profiles
- **Shopping population sizes**
- **Shopping population change**
- Shopping population profile
- Leakages to competing centres
- Spending potential

Basingstoke Shopping Population Change

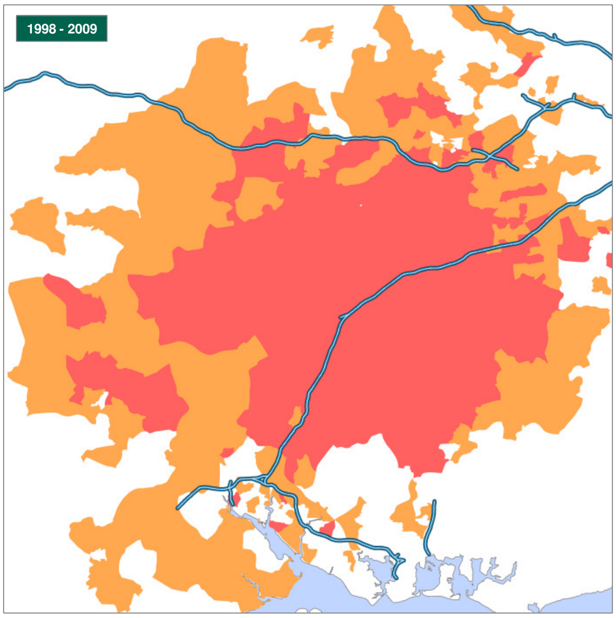
Shopping population change

Development : Festival Place (2002)



Accumulated lettings

Basingstoke Catchment Extent



Basingstoke

BASINGSTOKE CATCHMENT PENETRATION RATE CHANGE 1998-2009 Top 10 Competitors in 1998			
Competing Location	1998 Catchment Penetration Rate	2009 Catchment Penetration Rate	1998 - 2009 Catchment Penetration Rate Change %pt
Reading	13.00	14.08	1.08
Basingstoke	**6.39**	**9.39**	**3.00**
Southampton Central	9.25	9.26	0.01
Guildford	7.56	5.68	-1.88
Camberley	5.48	4.31	-1.17
Salisbury	4.17	3.69	-0.48
Newbury	3.54	3.56	0.02
Winchester	2.96	2.75	-0.21
Woking	2.26	2.31	0.05
Eastleigh	2.16	1.64	-0.52

Source: NSLSP 2011

Market concentration; market share shifts and trip frequencies

MARKET SHARE CHANGE

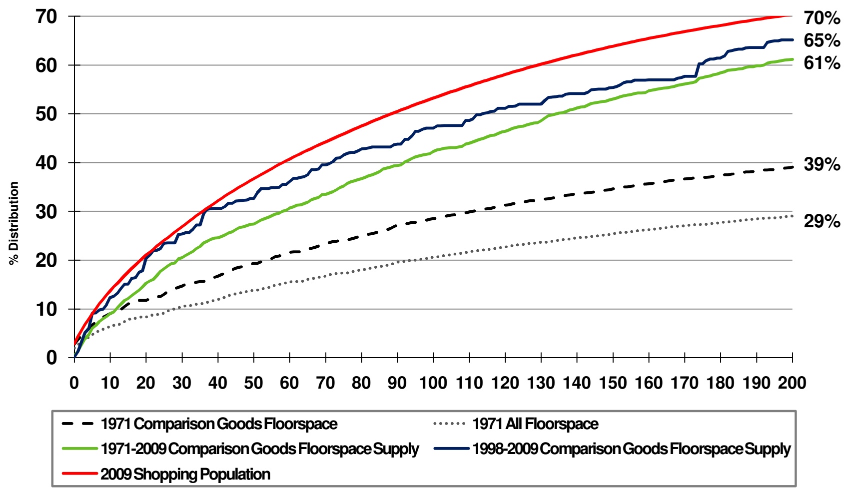
Development-Led Market Concentration

Fewer bigger shops; fewer bigger trading locations

50% of population shop* in about 90 locations: forty years ago was over 200	50% of population shop in just 10% of (the largest) main grocery outlets	Larger trading locations (and shops) capturing trade at expense of the small

* For comparison goods

Market Concentration



175 of the top 200 in 2009 were also in the top 200 in 1971

Source: CB Richard Ellis; 1971 Census of Distribution

Market Concentration – Opposing Trends

Town Centre

Out-of-Town

Town centre	Out-of-town	Small Towns
• Migration of comparison goods retailers to larger towns and cities	• Non-food merchandising by grocers • Proliferation of A1 in retail parks	• Caught in the middle

Market Concentration – Opposing Trends

Diversion to larger towns and cities

- **Diverts trade from smaller towns**
- **Increases travel distances**
- **Reduces shopping frequency**
- **Non-local trip generator**

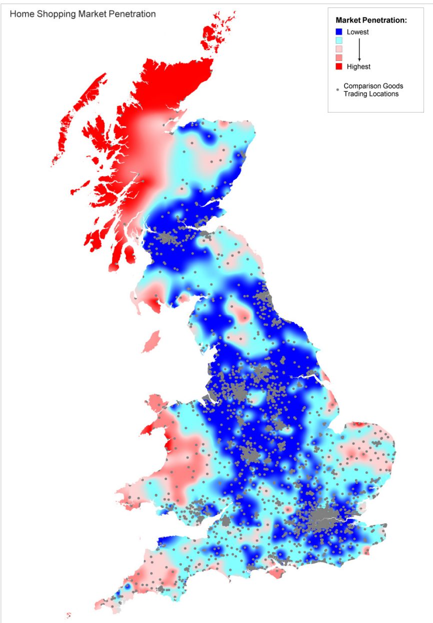
Out-of-town diversion

- **Diverts trade from town centres**
- **Reduces travel distances**
- **Reduces shopping frequency (one-stop clusters)**
- **Local trip generator: retains non-food shopping in local catchments**

Non-Food Sales Diversion

- Grocers share of non-food sales up from 8.4% in 2003 to 14.6%
- 12.5% of non-food sales captured by non-shop channels (internet etc)
- Grocery + non-shop channels have diverted over 25% of non-food sales

Shopping from Home



HOME SHOPPING: COMPARISON GOODS

Respondents reporting non-shop channels as their primary source of comparison goods

Income Band	% of Total Non-Shop Channel Sample	% of Total Sample	Index (GB = 100)
Up to £5,000	17.27	11.01	**157**
£5,000 - £9,999	24.72	16.13	**153**
£10,000 - £14,999	18.22	15.81	**115**
£15,000 - £19,999	10.93	12.49	**88**
£20,000 - £24,999	8.09	10.89	**74**
£25,000 - £29,999	5.88	9.07	**65**
£30,000 - £39,999	7.03	11.16	**63**
£40,000 - £49,999	3.79	6.40	**59**
Over £50,000	4.06	7.04	**58**
TOTAL	**100**	**100**	100

Source: NSLSP 2011

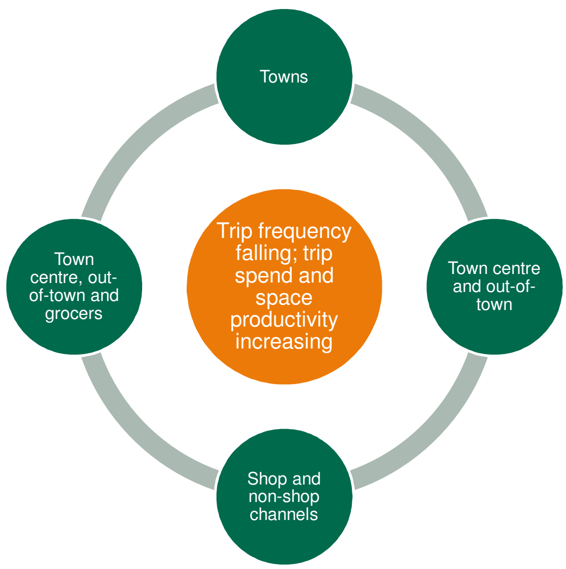
Trip Frequency

The average number of shopping trips per person fell by 18% between 1995/1997 and 2009 (NTS)

The underlying trend is reported to be *'associated with a switch from more frequent, short shopping trips on foot, to longer, less frequent car trips'*

This trend is consistent with market share shifts to out-of-town trading locations (food and non-food) and the migration of (car-borne) shoppers to larger towns and cities

Market share shifts occurring between:



Town centre and out-of-town

TOP-LINE RESULTS

Winners and Losers

1998-2009 population growth	• 3.3m (5.83%) • Additional spending £10bn p.a.
60% of trading locations gained	• +7m shoppers • Additional spending £23bn p.a.
40% of trading locations lost	• -4m shoppers • Loss of spending £13bn p.a.

Town Centre vs Out-of-Town

Town Centres

- 47.9m (80%) of population
- 1998-2009 increase: 1.64%
- Market-share loss: -4.08%

Out-of Town

- 5.7m (9%) of population
- 1998-2009 increase: 61.11%
- Market-share gain: **53.37%**

Major gains and losses quite rare…

Town Centres

- 38% of towns lost 3.4m shoppers
- 50% of loss: 32 towns (1.3%)
- 75% of loss: 84 towns (3.5%)

Out-of Town

- 6.6% of O-O-T locations lost 663k shoppers
- 90% of loss accounted for by just 5 post-maturity regionals

Development Impact

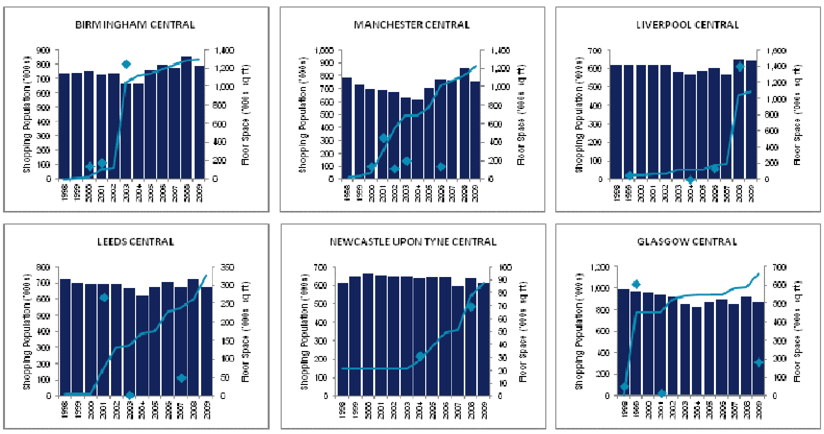
11% of town centres subject to shops development over 1998-2009 period

- Captured more than 1m shoppers
- Bulk diverted from other towns

But development does not always increase market penetration…

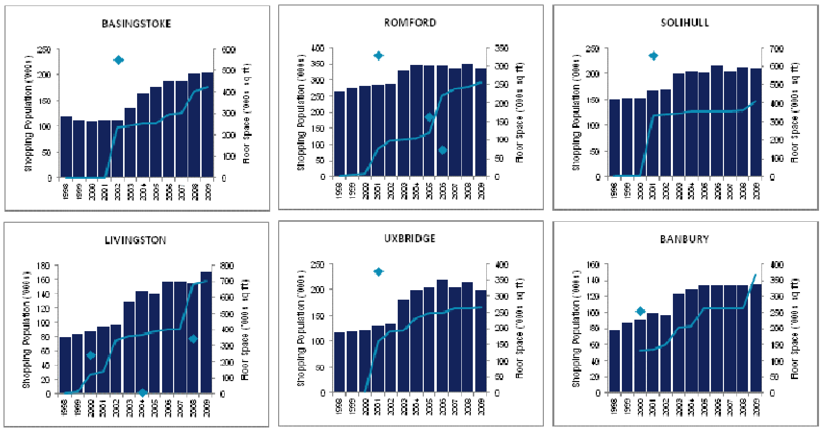
- Internal trade diversion
- Changes in trip frequency and trip spend

Metropolitan Regionals



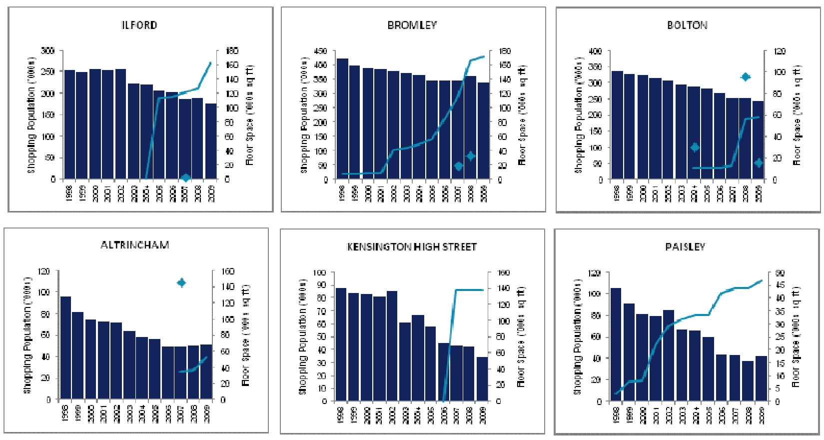
Limits to growth once full-range shopping is reached: internal vs external trade diversion; new development increases stock productivity

Smaller centres…



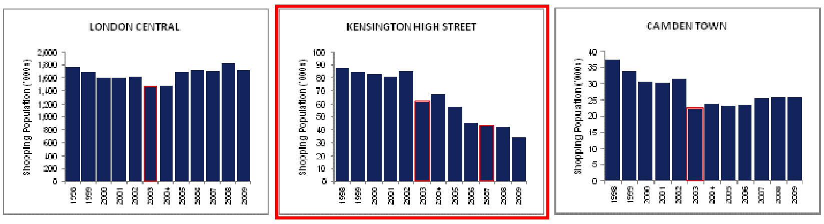
Adding space to part-range centres increases catchment penetration, sometimes markedly…

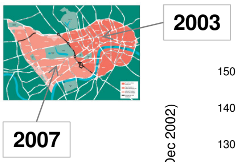
If one gains another loses…

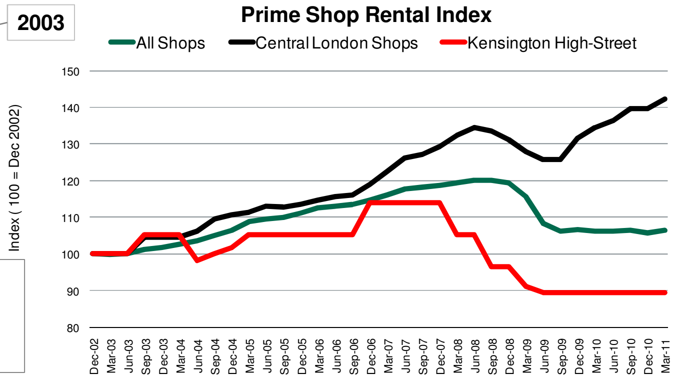


Not responding to competing development can result to significant losses; the weaker the offer relative to competitors the greater the vulnerability to impact…

Congestion Charging





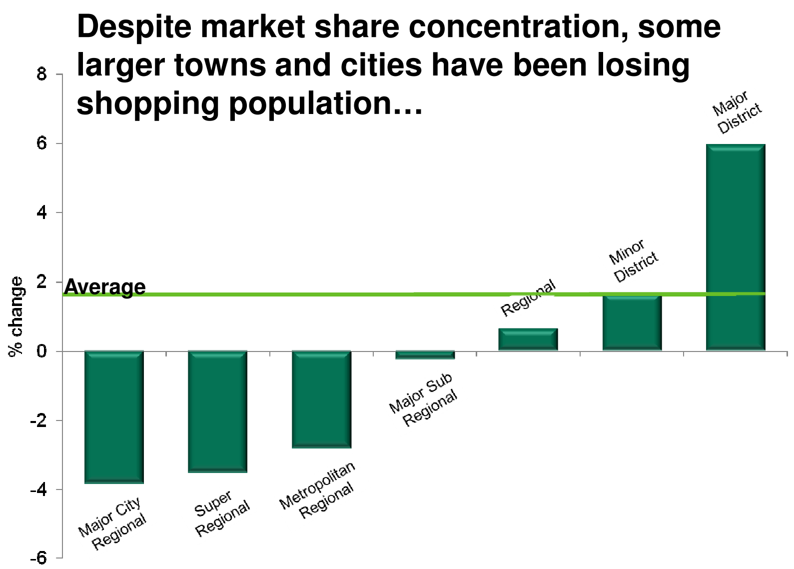


- Traffic (-18%)
- JLP (-11%)
- Footfall down

Town centre and out-of-town

CATEGORY GAINS AND LOSSES

Town Centre % Shopping Population Growth

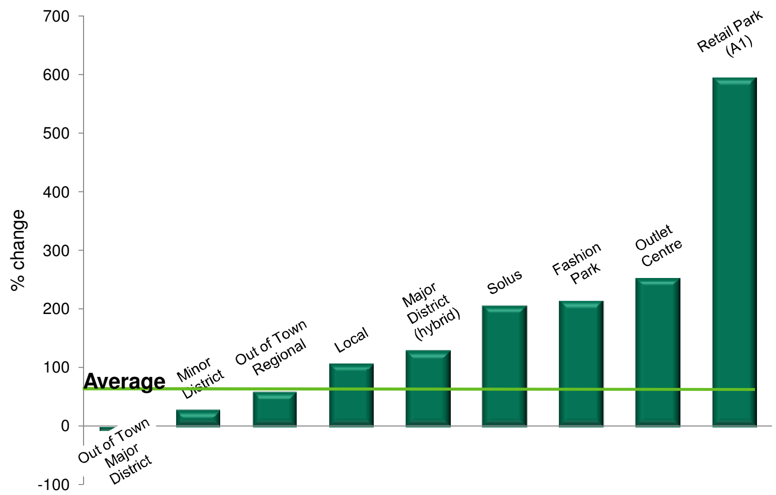


Town Centre

Category	Locations 2009	1998-2009 Locations (Change)	1998-2009 Shopping Population Change %	2009 Average Shopping Population
Town Centre	2,118	-25	1.64	22,629
Super Regional	1	-	-3.51	1,710,236
Metropolitan Regional	6	-	-2.81	722,585
Major City Regional	6	-	-3.83	525,775
Regional	23	-	0.65	339,011
Major Sub Regional	68	-	-0.25	196,654
Major District	204	-	5.95	59,897
Minor District	161	-	1.66	16,256
Local	1,648	-25	14.3	1,648

Out-of-Town % Growth

Out-of-town has been gaining rapidly…but still only 9% of total…



Out-of-Town

CATEGORY	Locations 2009	1998-2009 Locations (Change)	1998-2009 Shopping Population Change %	2009 Average Shopping Population
Out-of-Town	665	324	61.1	8,630
Major Out of Town Regional	9	2	11.4	326,720
Out of Town Regional	1	-	58.8	218,430
Out of Town Sub Regional	2	1	3,755.1	115,517
Out of Town Major District	7	1	-8.3	27,218
Fashion Park	41	21	214.1	19,153
Major District (hybrid)	1	-	128.6	13,548
Minor District	2	-	27.5	12,568
Outlet Centre	34	20	252.6	6,619
Solus	8	2	205.6	4,873
Retail Park (A1)	437	255	594.4	1,973
Local	120	22	106.8	1,579

Summary

Town Centres		
Boosted by shopping population growth but smaller centres still losing market share	Towns with development diverting trade from towns without	Not so much a diversion from town centre to out-of-town as from old shopping stock to new and from small space to big

Summary

Out-of-Town		
Growing rapidly, particularly on A1 side and grocery (non-food), but still only 9% of total	Speculative non-food development at a low ebb (town centre and out-of-town); grocery development accelerating	Major gains and losses limited to a very small proportion of trading locations (same for town centres)

Summary

Shopping Frequency

Shopping frequency falling as consumers migrate to larger towns and cities or opt for out-of-town	Shopping trip spend increasing; trip distances increasing	Space productivity increasing as development delivers larger unit space