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UTT/1323/09/FUL

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9 November 2010

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Dear Sir/Madam,

APPLICATION FOR EXTENSION TO TESCO, RADWINTER ROAD, SAFFRON WALDEN

Roger Tym & Partners act on behalf of Save Walden Town Centre. We have previously (September 2010) submitted an objection to planning application UTT/1323/09/FUL to extend the Tesco store at Radwinter Road, Saffron Walden. In this letter we make some additional comments and provide updated calculations.

Expenditure growth assumptions

The expenditure growth assumptions used in our analysis (Chapter 3 of our objection) are the yearly growth figures as set out in Experian Retail Planner Briefing Note 7.1. We have recently obtained a copy of the latest Experian Retail Planner Briefing Note – 8.1, August 2010 (attached). This shows slightly more conservative growth assumptions, as shown in the table below.

Table A: Experian growth rates for spend per head (%)

	Convenience		Comparison	
	Experian 2009	Experian 2010	Experian 2009	Experian 2010
08-09	-0.5	-2.9	1.1	-0.6
09-10	-0.2	0.3	-0.4	0.4
10-11	0.6	0	1.1	1.2
11-12	0.8	0.4	2.5	2.4

This reinforces the point that Tesco's application of long term growth rates (0.7% per annum for convenience and 4.6% per annum for comparison) is completely unrealistic in the current economic conditions.

Given that Experian's 2010 growth rates are available, we thought it would helpful to update our calculations accordingly. Applying the latest growth rates to the 2008 expenditure per capita results in the following figures for 2012.

Table B: Study area spend per head 2008-2012 (£)

	Convenience	Comparison
2008 (1)	1,792	3,605
2009	1,740	3,583
2010	1,745	3,598
2011	1,745	3,641
2012	1,752	3,728

1. From Retail Assessment, Tables 1 and 10, Appendix D

Population estimates

The applicants use population estimates from Experian. Table 1, Appendix D of their Retail Assessment shows a study area population of 30,347 at the base year (2008) and 31,836 at the forecast year (2012). The population therefore grows by 4.9% 2008-2012.

Uttlesford District Council (Stephen Rhenius) have supplied Save Walden Town Centre with their most up-to-date population estimates. These show a lower increase of 4.02%. Again, we thought it would be helpful to update the study area population estimate accordingly. Using this increase would make the study area population at 2012 only 31,567, as shown in the table below. The applicants have therefore over-estimated population growth.

Table C: Study area population

	Population
2008 (1)	30,347
2012	31,567

1. From Retail Assessment, Table 1, Appendix D

Total expenditure at 2012

It has come to our attention that Table 14, Appendix D of the Retail Assessment, which sets out comparison capacity, contains errors. The total expenditure at 2008 is stated as £116.6 million when according to Table 10 it should be £109.41. The stated figure for 2009 is then claimed to be £140.58, a growth of almost £30 million in just one year, which is clearly incorrect. Total comparison expenditure at 2012 according to our analysis should be £117.68.

Updated convenience and comparison expenditure totals for the study area at 2012 are shown in the table below.

Table D: Study area expenditure at 2012

	Convenience	Comparison
Expenditure per head (£) (1)	1,752	3,728
Population (2)	31,567	31,567
Total (£m)	55.30	117.68

1. From Table B, above
2. From Table C, above

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Special Forms of Trading

The Retail Assessment states that no deduction has been made to the comparison expenditure per head for Special Forms of Trading (SFT) which comprises spend via the internet and catalogues. Instead, spending made by households through these channels (as shown by the results of the household survey) is excluded from the capacity calculations. Table 14, Appendix D, shows the market share for internet shopping as being 7.34% at March 2008.

Experian's latest guidance on SFT is found at Appendix 3 of their Retail Planner Briefing Note 8.1, August 2010. This shows that spend on SFT has grown rapidly since March 2008 and is expected to continue to grow in future. It is usual practice when undertaking capacity calculations to make an allowance for this, however this has not been done in Table 14; the applicants have kept the market share constant at 7.34% at the forecast years.

Experian find that in 2008, SFT accounted for 8.2% of comparison goods expenditure. They forecast that this will rise to 13.1% by 2012, an increase of 4.9 percentage points. As the 2008 market share in the study area, according to Tesco's household survey, was a little low at only 7.34%, it would not seem reasonable to increase it to 13.1% by 2012. However, it would seem realistic for it to rise, in line with the national average, by 4.9 percentage points.

SFT spend on convenience goods is not usually taken into account in capacity calculations, because goods ordered tend to be shelf-picked from local stores, meaning that spend still contributes to local "bricks and mortar" floorspace.

Sales density changes

Experian's latest note provides projected sales density changes at Figures 3a and 3b. In the table below, we apply these to the current study area comparison and convenience turnover, so that changing sales efficiency can be taken into account.

Table E: Turnover growth of existing centres / stores 2008-2012

	Convenience		Comparison	
	Growth (%) (1)	T/over (£m) (2)	Growth (%) (3)	T/over (£m) (4)
2008	-	43.10	-	48.63
2009	-3.4	41.63	-0.5	48.61
2010	-1.3	41.09	0.4	48.80
2011	0.7	41.38	1.9	49.73
2012	1.1	41.84	3.2	51.32
Incr. 2008-2012	-	0*	-	2.69

1. From Figure 3a, Experian Retail Planner Briefing Note 8.1, August 2010
2. From Table 9, Appendix D, Retail Assessment
3. From Figure 3b, Experian Retail Planner Briefing Note 8.1, August 2010
4. From Table 14, Appendix D, Retail Assessment

*When sales density % change estimates are negative, it is standard practice to assume zero growth.

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Available expenditure

The table below shows expenditure available, at 2012, to Study Area centres and stores, after allowing for the projected growth in SFT and sales efficiency changes. We assume that the proportion of expenditure available to Study Area centres and stores stays constant in future years, at 79.24% for convenience and 41.84% for comparison.

Table F: Study area available expenditure at 2012 (£m)

	Convenience	Comparison
Total expenditure 2008 (1)	54.39	109.41
Total expenditure 2012 (2)	55.30	117.68
Increase in SFT of 4.9% (3)	-	5.77
Increase in turnover of existing centres/stores (4)	0	2.69
Total expenditure 2012 minus increase in SFT & turnover	55.30	109.22
Surplus expenditure 2008-2012	0.91	-0.19
Available to study area stores (5)	0.72	0

1. From Retail Assessment, Tables 1 and 10, Appendix D
2. From Table D, above
3. In line with Appendix 3 of Experian's Retail Planner Briefing Note 8.1, August 2010
4. From Table E, above
5. As per Retail Assessment Tables 9 and 14, Appendix D, 79.24% of surplus convenience expenditure is available to study area centres/stores, and 41.85% of surplus comparison expenditure.

These updated calculations show that convenience expenditure available to support new floorspace in the study area at 2012 will be only £0.72 million, lower than our original analysis of £2.4 million (para. 3.9 of our objection) and certainly not enough to support the estimated turnover of £5.08m for the 388 sq m net convenience element of the proposal.

Comparison expenditure available to support new floorspace in the study area at 2012 will actually be negative, because growth is likely to be taken up by the projected increase in SFT and by sales efficiency growth of existing comparison floorspace. This is lower than our original analysis of £4.35 million (para. 3.19 of our objection) and considerably different to the applicant's claim of £60 million.

In our view there will no capacity at 2012 to support either the convenience or comparison elements of the proposed extension.

It is worth repeating that our analysis is prepared purely on the basis of Tesco's baseline figures, applying the most up-to-date population projections from Uttlesford District Council and Experian's latest estimates of expenditure growth, SFT growth and sales efficiency changes.

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Please acknowledge this letter as a further objection duly made, and do not hesitate to contact me if you have any queries.

Yours faithfully,

Suzanne Asher

Associate

cc Save Walden Town Centre