

SAVE WALDEN TOWN CENTRE

Press Release
27 September 2010

Expert retail study confirms Saffron Walden does not have capacity for Tesco or Sainsbury's expansion plans

The retail appraisal commissioned by Save Walden Town Centre in relation to the proposed Tesco expansion plans has now been completed and submitted to Uttlesford District Council. The retail appraisal confirms that Tesco have hugely exaggerated likely retail spending growth in Uttlesford and have hugely understated the likely turnover of their extension. Their figures show that the likely spending growth in the Saffron Walden area in the near to medium future is considerably less than the likely turnover of the Tesco extension. **The main effect of the Tesco extension therefore would be to suck spending out of the Saffron Walden town centre, with a significant adverse effect on the vitality and viability of the town.** The projections of retail spending growth apply equally to the Sainsbury's proposal, whose turnover would be even greater than the Tesco extension.

In compiling their retail study, Save Walden Town Centre's experts, Roger Tym & Partners, have used the same projections that they used in their recent retail review commissioned by East Cambridgeshire District Council to analyse likely future retail demand in East Cambridgeshire.

The key findings of the retail study are:

- By using out of date pre-credit crunch projections, and over exaggerating those, Tesco claim that retail spending growth will be vastly higher than realistic. Since the credit crunch, both the leading retail economic forecasters have revised their growth projections downwards significantly - Tesco have ignored these;
- Tesco claim that total Saffron Walden non-food retail spending would increase by over 20% between 2008 and 2009 and by over 50% in the four years to 2012. The retail study shows that realistic growth over the period to 2012 is likely to be below 9%
- Tesco's claims of the turnover of their extension are unrealistically low. Tesco claim that their extension would have food turnover of £2.2m and non-food turnover of £3.1m; the retail study concludes that, on the basis of existing Tesco average sales densities, realistic turnovers would be in excess of £5m food and £8m non-food;
- There is no reasonable prospect that the extension would draw any significant level of trade to Saffron Walden;
- There is no need for the Tesco extension, and the extension is likely to have a significant impact on Saffron Walden town centre and serve to draw additional trade away from the town centre.

Paul Gadd, spokesman for Save Walden Town Centre, said "We are delighted that this retail report confirms what we have been saying to Uttlesford District Council for the last 6 months, and we hope that the planning officers and their retail consultants will now take proper account of it in their assessment of the Tesco and Sainsbury's applications. Roger Tym & Partners are a very well respected firm of retail consultants. In compiling their retail study they have applied the same methodology that they have recently used in preparing a district retail study for East Cambridgeshire District Council, and we therefore regard their findings as extremely robust. If anything, they are likely to underestimate the decline in retail spending, as the latest economic

forecasts which they use were prepared prior to the announcement of this year's drastic Government spending cuts and the increase in the rate of VAT from 17.5% to 20%, both of which are likely to depress retail spending still further.

We are extremely grateful to everyone who has supported our appeal to raise funds to pay for the independent report. We would be grateful for all further donations, which will allow us to commission further expert advice if required. Donations should be sent to Peter Riding, 30 Castle Street, Saffron Walden CB10 1BJ in favour of "Save Walden Town Centre".

The Roger Tym & Partners report is available online at www.savewaldentowncentre.org

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Notes for Editors

1. Save Walden Town Centre believes that amongst the most significant misleading claims in the Tesco planning application are:
 - Tesco claim that non-food retail expenditure from the Saffron Walden area would have increased from an estimated £117m in 2008 to £141m in 2009 and to £177m in 2012. This is set against the biggest recession for years, and very small population growth, yet Tesco claim that average retail expenditure last year increased by 20% and will continue to increase by an average of 8% per year for the next three years. We cannot see how these figures can possibly be true;
 - Tesco claim that based on their average store turnovers the extended store would increase its turnover by only £2.2m of food and related goods and by £3m of non-food goods. In other planning applications to other district councils, Tesco give completely different figures. In particular, if one applies the figures given by Tesco for a store which would be almost identical to the extended Tesco, the increases would be over £5m and £9m respectively * - and these figures are based on 2004 prices and therefore ignore 6 years of inflation; they also contain no uplift for the demographics of Saffron Walden, or the fact that new or newly refurbished stores are likely to have significantly greater sales than older ones.

** Based on Tesco stated average retail sales densities at 2004 prices of £12,538/sq.m for food and related goods and £9,704/sq.m for non-food goods.*
2. According to the Savills report, the total non-food retail sales of Saffron Walden in 2008 (the latest figures they give) was £48m. The increase in Tesco's non-food turnover would be more than 20% of the total Saffron Walden sales. Some of this increase will come from stores outside Saffron Walden, but it is likely that the majority will be drawn from existing Saffron Walden shops. Tesco claim that 50% of the extended store's trade will be diverted from the town centre, so one must assume that the real figure will be at least this and probably more. Even accepting Tesco's figure, this would mean 10% of total Saffron Walden turnover would be diverted to the extended Tesco. It should also be remembered that the total turnover of Saffron Walden includes many categories which Tesco will not sell, such as DIY and Decorating (which according to Tesco represents over £8m of sales), **so the trade loss of stores affected by the extended Tesco would be vastly higher.**
3. Experts calculate that a 10% reduction in turnover for a small shop equates to a 30% drop in their income due to their high fixed costs; this is likely to make the difference between survival and their being forced to close.

4. In 2000 the then proposed Tesco extension was rejected on appeal because of the significant impact it would have on the town centre. That appeal was decided on the basis of much lower percentage trade diversion figures than the ones we have calculated.

Further Information

Paul Gadd – info@savewaldentowncentre.org or 01799 521252