# Herne Bay and Whitstable Retail Capacity Study

Canterbury City Council

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## Appendices

# 1. INTRODUCTION

1.1 In April 2011, DTZ were commissioned by Canterbury City Council to prepare a retail capacity study of Herne Bay and Whitstable. This study follows on from the commissioning of the Canterbury Retail and Leisure study in 2010 and is intended to act as an evidential base to inform and support the preparation of the Local Development Framework (LDF) for the local authority, and to assist in the review of retail proposals in the District.

1.2 Canterbury City Council is currently in the process of preparing a Local Development Framework (LDF) to replace the existing Local Plan which was adopted in July 2006. The main document of the LDF is the Core Strategy, which sets out the spatial vision and strategic policies for the area up to 2026. It is important therefore that the Council has a robust retail evidence base to support its strategy for the District as a whole, particularly in light of changed economic conditions as a consequence of the recession.

1.3 In 2006 Kent County Council (hereafter referred to as KCC) prepared retail capacity forecasts for the whole county, basing the forecasts on a specially commissioned Household Interview Survey undertaken in 2006. The forecasts were subsequently updated in December 2009 for Canterbury City, and also for Herne Bay and Whitstable utilising the household survey data from 2006. The new retail capacity forecasts set out in this study, and those set out separately for Canterbury City in the aforementioned study, therefore supersede and replace the earlier forecasts prepared by KCC.

1.4 The current forecasts are based both on the latest survey data of shopping patterns (September 2010) and take account of recent changes in retail expenditure and the potential for improvement in the productivity (sales density) of existing shop floorspace. The output from this forecasting work is a set of forecasts of the capacity for additional retail floorspace in the Herne Bay and Whitstable town centres and the out-of-centre food stores and retail warehouses in both centres at 5-yearly intervals from 2010 to 2026.

1.5 In the next section we describe in detail the capacity forecasts and our RECAP Retail Capacity Forecasting Model, and set out our forecasts of the additional retail floorspace which will be supportable by growth in available expenditure in the period up to 2026.

## 2. Quantitative Need for Retail Development

**Introduction and Background**

2.1    This section provides a full and current assessment of retail capacity forecasts for Herne Bay and Whitstable and out-of-centre retail locations in both these centres. The forecasts have been informed by a specially commissioned telephone based Household Interview Survey (September 2010) of some 1,500 households, providing an up to date review of shopping patterns in the area. This quantitative assessment will contribute to the evidential base to assist in the preparation of the Council's Local Development Framework (LDF).

### The DTZ RECAP Model

2.2    The retail capacity update has been prepared using our RECAP retail capacity forecasting Model, which has evolved over a number of years for retail capacity forecasting. One of the main inputs to the RECAP Model is the data on shopping patterns derived from the Household Interview Survey. Thus the data from the earlier DTZ commissioned household survey has been fed into the RECAP Model. The RECAP Model allocates available retail expenditure for convenience and comparison goods from each catchment Zone to Herne Bay and Whitstable town centres and to non central locations, on the basis of the results of the Household Interview Survey. It then compares inflowing expenditure (and hence retail sales) with existing shop floorspace to assess the capacity for additional floorspace, taking account of growth in population and expenditure and future changes in retailers' sales densities.

2.3    The effectiveness of the various existing forecasting methods varies considerably. Conventional gravity models base the extent of the trade draw of different centres on their size, and on theoretical measures of attractiveness and accessibility. In reality, other important factors, including the type and quality of retailers, shoppers' perceptions, the level of parking provision, and the retail environment, can also influence the trading pattern.

2.4    Forecasts based on driving time isochrones to determine catchment areas rely heavily on assumptions and judgement rather than measures of the actual pattern of shopping visits from residential areas to shopping centres, food stores and retail warehouses. Overall market share based methods are inherently unreliable because they rely on estimates derived from one location being applied to another with different catchment area characteristics; and because the result depends substantially on the assumptions about the extent of the catchment area in each location.

2.5    To overcome these and other problems of such approaches, DTZ uses its RECAP retail capacity forecasting Model. The main difference between this approach and conventional gravity models is that the RECAP Model uses the results of a Household Interview Survey to inform our view of shopping patterns in the catchment area. By this means, it is possible to model more realistically existing flows of catchment area expenditure to town centres, food

stores and retail warehouses; as the basis for predicting the existing and future capacity for further retail development.

2.6　Using the 2010 Household Interview Survey to inform shopping patterns for convenience and comparison goods, our work updates key data inputs used in the 2009 KCC update to prepare new capacity forecasts for convenience and comparison goods floorspace. In doing so, we have updated the following variables:

- Population growth
- Per capita expenditure forecasts
- Expenditure growth rates
- Allowance for Special Forms of Trading (SFT)
- Existing retail floorspace
- Retailers' and town centre sales densities
- Committed retail developments

2.7　In summary, the RECAP Model uses the results of the Household Interview Survey, as described in more detail below as guide to the 'baseline' scenario, using a conventional and widely accepted step by step approach, to complete the following tasks:

- Calculate the total amount of convenience and comparison goods expenditure which is available within the 14 survey Zones comprising the main retail centres catchment area in Canterbury District, and forecast future growth in this expenditure;

- Allocate the available expenditure to each main food store and retail warehouses in Herne Bay and Whitstable having regard to the Household Interview Survey of shopping patterns as a guide; so as to obtain estimates of current sales and forecast future sales in each; and

- Compare the estimated sales in the two town centres and non-central main food stores and retail warehouses, so as to assess the current trading performance of each shopping destination, and calculate the capacity to support further growth in floorspace, allowing for already committed developments.

2.8　The RECAP Model is a useful tool for retail planning and has been used and refined in a large number of retail studies on behalf of public sector clients. In particular, forecasts made using the method on which the RECAP Model is based have been accepted by Planning Inspectors and the Secretary of State at many Public Inquiries. The Model has been used to prepare the expenditure and retail capacity forecasts set out in this report.

2.9　When using the RECAP Model capacity forecasts as a guide to future planning policy, it is also important to remember that the further ahead the forecasting date, the less certain the forecast. Thus the forecasts for 2016 are more reliable than those for 2021 and 2026. In particular for these later dates, we suggest that forecasts such as these should be treated with

some caution, since they only indicate the broad order of magnitude of retail capacity at those dates, if all of the forecast trends occur. For this reason we recommend that the forecasts should be reviewed and revised at regular intervals (of not more than about 5 years) in the light of events, based on a new Household Interview Survey of shopping patterns, to take account of the effects of any development that has occurred in the meantime. Furthermore, the long term growth in the use of internet shopping is as yet unknown (although it has to a substantial degree been taken into account in this report), and reinforces the need to revise the forecasts of retail floorspace capacity well in advance of 2016.

2.10    The detailed RECAP Model tables are set out in **Appendices 2 and 3**, and this section should be read in conjunction with those Appendices.

## Principal Data Inputs

### Catchment Area and Household Interview Survey

2.11    In line with PPS4 (December 2009) requirements to use the most up-to-date survey data, DTZ commissioned an updated Household Interview Survey (September 2010) to inform the retail capacity forecasts. This same survey was used to inform the retail capacity forecasts detailed in the Canterbury Retail and Leisure Study 2010. The catchment area was informed by the earlier county wide Household Interview Survey undertaken by Kent County Council in 2006 with specific reference to where centres within the Canterbury District drew their trade for convenience and comparison goods. The resultant survey area was defined by reference to ward boundaries and covered some 14 survey zones. A survey area map is provided within **Appendix 1**. The survey area extends to the coast to the north and east; to Maidstone in the west; and to New Romney in the south.

2.12    The telephone interviews for the survey took place during August and September 2010 across 14 Zones. The survey covered a total of 1,500 telephone interviews split between the 14 survey zones with a minimum of 100 interviews for each survey zone. Each zone was subject to age profiling to ensure that the eventual sample of interviewees was representative of the age profile in that zone and the results were not skewed towards a particular age group. The survey results provide a detailed and current assessment of where the residents of the survey area shop for up convenience goods shopping and for comparison goods shopping.

2.13    For convenience goods, separate questions were asked of interviewees as to where they went for their main food and top up shopping. In the case of comparison goods, eight separate questions were asked of interviewees to ascertain where they shopped for various sub categories of comparison goods.

**Catchment Population**

2.14  Updated population forecasts for each of the 14 Zones were provided by Kent County Council. These have been prepared on a ward basis and for Canterbury District (i.e. Zones 1-6) covering two scenarios. The two scenarios are detailed below:

**Scenario 1a** - A strategy-based forecast based on building an additional 9,200 dwellings between 2006 and 2026 in Canterbury District (i.e. Zones 1-6). This forecast looks at the future population growth of the District if this quantity of housing is built.

**Scenario 1b** - A strategy-based forecast based on building an additional 10,200 dwellings between 2006 and 2026 in Canterbury District (i.e. Zones 1-6) as was previously set out in the South East Plan. This forecast looks at the future population growth of the District if this quantity of housing is built. In the case of the Herne Bay and Whitstable, the main survey zones from which these centres draw both convenience and comparison goods trade are Zones 5 and 6.

2.15  For the remainder of the survey area (i.e. Zones 7-14), the population forecasts are the same in both scenarios 1a & 1b.

2.16  For **Scenario 1a**, the resulting catchment area population forecasts by Zone are set out in RECAP Model Table 1 in **Appendix 2**.  Table 1 shows the population of the Canterbury District (i.e. Zones 1-6) increasing from 143,832 in 2010 to an estimated 145,446 by 2016.  A long term trend projection shows that the population could reach 149,226 by 2026. In terms of the catchment area as a whole, Table 1 also shows the population increasing from 1,056,075 in 2010 to an estimated 1,094,086 by 2016.  A long term trend projection shows that the population could reach 1,158,883 by 2026. This is an increase of 9.7% over the period 2010 to 2026.

2.17  By contrast, for **Scenario 1b**, the resulting catchment area population forecasts by Zone are set out in RECAP Model Table 1 in **Appendix 3**.  Table 1 shows the population of the Canterbury District (i.e. Zones 1-6) increasing from 143,832 in 2010 to an estimated 146,367 by 2016.  A long term trend projection shows that the population could reach 151,670 by 2026. In terms of the catchment area as a whole, Table 1 also shows the population increasing from 1,056,076 in 2010 to an estimated 1,095,007 by 2016.  A long term trend projection shows that the population could reach 1,161,331 by 2026. This is an increase of 10 % over the period 2010 to 2026.

**Forecasting Dates**

2.18  We have prepared base year estimates of retail sales as at 2010 (the base year). Our forecasts have been prepared for the years 2016, 2021 and 2026. We would, however, reiterate that the longer ahead of these forecasts should be treated as a broad guide only, and reviewed and updated well before that date.

**Price Basis**

2.19   All monetary values in this report are in 2008 prices, unless otherwise indicated.

**Per Capita Expenditure**

2.20   In September 2010, we obtained from Pitney Bowes average per capita expenditure on convenience and comparison goods in the catchment area in 2008.  The average per capita expenditure for the catchment area as a whole before deducting expenditure on special forms of trading is £1,889 for convenience goods and £3,123 for comparison goods.  These base figures are set out in RECAP Model Table 2 in **Appendices 2 & 3**. Table 2 indicates the breakdown of the comparison goods figure into the six different categories of comparison goods expenditure covered by questions in the Household Interview Survey.

2.21   The base figures for the year 2008 in Table 2 have been increased to allow for actual and expected growth over the forecasting period to 2026. These increases are based on the forecasts by Oxford Economics set out in Table 3.3 of 'Retail Expenditure Guide 2010/2011' by Pitney Bowes, and are thus compatible with the 2008 figures.  Oxford Economics' forecasts are for the periods 2009 to 2010, 2009 to 2015 and 2009 to 2020.  They take account of the recent recession, and forecast slow but accelerating growth in the next few years.  We have therefore interpolated them for our base year of 2010 and intermediate forecasting date of 2016.  For our longer term forecasts to 2021 to 2026, we have projected forward the forecast by Oxford Economics.  In doing so, we have assumed that after 2020, growth in per capita convenience goods expenditure will have reached 0.4% pa; and for comparison goods growth will have reached a level of 3.8% pa.

2.22   This growth profile assumed indicated the growth rates set out in Table 2.1 and used in RECAP Model Table 2. We consider that these growth profiles are realistic.  However, periodic review of the forecasts will enable the assumed growth rates to be adjusted as necessary in the light of actual growth in overall per capita expenditure, and the forecasts revised accordingly.

**Table 2.1:  Average annual growth in per capita expenditure**

| Period | Average Annual Growth Rate | |
|---|---|---|
| | Convenience Goods | Comparison Goods |
| 2009 to 2010 | 0.1% | 1.3% |
| 2009 to 2016 | 0.4% | 3.7% |
| 2009 to 2026 | 0.4% | 3.8% |

Source:  Pitney Bowes/Oxford Economics 'Retail Expenditure Guide 2010/11', with interpolation and projection by DTZ.

**Special Forms of Trading**

2.23    We have made deductions from the per capita expenditure figures supplied by Pitney Bowes to allow for expenditure via special forms of trading (SFT). This includes mail order, vending machines, party plan retailing, on-line shopping via the internet or interactive TV, and expenditure at temporary market stalls, and is therefore expenditure not made in or available to retail shops.

2.24    Over the past decade forecast growth in internet sales has provoked some debate. This new and quickly evolving market has made it inherently difficult to predict the future growth of SFT market shares. RECAP Model Table 2 shows the growing deductions which we have made, based on information for the UK published by Verdict on growth in internet shopping and forecast trends. Table 2.2 below shows Verdict's estimates for the proportion of all retail sales in the UK in 2009 accounted for by internet shopping, and its trend-based forecasts for 2014. This shows the proportion of sales taking place via the internet growing substantially over the 5 years to 2014. For some categories of comparison goods, the internet proportion is already substantial and is expected to become much more so. Based on these, we have judged the deductions for SFT shown in RECAP Model Table 2. Our deductions:

- Assume a flattening of the growth trend after 2014;

- Allow for the fact that some internet purchases of food are sourced and delivered from food stores rather than separate warehouses (and should therefore be included in the Model);

- Allow for the fact that internet shopping sales are included in the retail sales densities of some retailers which operate multi-channel retailing;

- Allow for internet shopping to supplant traditional mail order retailing to some degree; but include other SFT apart from the internet, in particular sales from temporary markets such as Farmers' Markets and other periodic street markets.

**Table 2.2: UK Internet Shopping Estimates and Forecasts**

| Goods Type | Online sales as proportion of all UK retail sales (%) | |
| --- | --- | --- |
| | **2009** | **2014** |
| **Food & grocery** | **4.5** | **4.8** |
| Comparison goods: | | |
| Music & video | 45.5 | 76.7 |
| Electrical goods | 23.8 | 38.3 |
| Books | 18.9 | 33.7 |
| Homewares | 8.7 | 12.2 |
| DIY & gardening goods | 5.2 | 5.6 |
| Clothing & footwear | 6.7 | 12.2 |
| Furniture & floor coverings | 4.1 | 5.2 |
| Health & beauty | 3.2 | 5.6 |
| Other comparison goods | 6.6 | 12.2 |
| **All Comparison Goods** | **9.5** | **15.4** |

Source: 'UK e-Retail 2010', Verdict Research Limited (2010)

2.25 Thus in the case Scenario 1a (i.e. additional 9,200 dwellings in Canterbury District between 2006 and 2026), the combined effect of the forecast growth in population and in per capita expenditure (minus SFT expenditure) is that we expect total catchment area expenditure on convenience goods (set out in Table 3 in **Appendix 2**) to increase by about £264m (14.3%) over the period 2010 to 2026; and total catchment area expenditure on comparison goods to increase by £2,580m (i.e. 86%) over the same period. This compares with growth in total catchment area population of just under 10% over the period. This means that the retail capacity forecasts for convenience goods are only moderately sensitive to the population growth assumptions. For comparison goods, the capacity forecasts are very insensitive to the population growth assumptions and much more sensitive to the assumptions about growth in per capita expenditure, particularly in the later part of the forecasting period.

2.26 In the case Scenario 1b (i.e. additional 10,200 dwellings in Canterbury District between 2006 and 2026), the combined effect of the forecast growth in population and in per capita expenditure (minus SFT expenditure) is that we expect total catchment area expenditure on convenience goods (set out in Table 3 in **Appendix 3**) to increase by about £269m (14.5%) over the period 2010 to 2026; and total catchment area expenditure on comparison goods to increase by £2,592m (i.e. 86%) over the same period. This compares with growth in total catchment area population of 10% over the period.

**Shopping Patterns in the Catchment Area**

2.27 We have used the results of the recent Household Interview Survey (September 2010) as a key input to our RECAP Model. Within the RECAP Model we have combined the results of the question about main food shopping with those of the question about top up food and convenience goods shopping, to provide a weighted average market share of total **convenience goods** expenditure in each Zone which is attracted to main food stores and

other convenience goods shops in each of the town and district centres observed within this study (Table 5, **Appendices 2 & 3**). These weighted averages are then rounded to the nearest integer and used (with a market share correction factor described below) in Table 7 (**Appendices 2 & 3**) to indicate the pattern of attraction of convenience goods expenditure to shops and stores in Herne Bay and Whitstable.  A similar approach has been used for the main food stores in the non central stores in both centres (Tables 15 and 32).

2.28   In the case of **comparison goods** for Herne Bay and Whitstable, we have applied the results of the Household Interview Survey for each of the eight categories of comparison goods, weighting the market shares for each according to per capita expenditure on each category (as indicated by Pitney Bowes); to provide a weighted average market share of all comparison goods expenditure which is attracted from each Zone by shops and stores in both centres. For example, the market shares for each individual goods category and the weighted averages are set out in Table 6; the final column (weighted average), of which is rounded to the nearest integer, and applied (with the market share correction described below) in Table 7 to indicate the market shares of all comparison goods expenditure attracted from each Zone by shops in Herne Bay. Similar tables apply to Whitstable and to the out of centre stores in both centres.

**Market Share Corrections**

2.29   In some cases we have deemed it necessary to apply market share correction factors to the results of the 2010 Household Interview Survey. The market share correction factors correct anomalies which occur as a result of respondents' interpretation of the Household Interview Survey questions. The application of the correction factors bring sales densities of shops and stores to more realistic levels than those which are obtained from applying uncorrected results of the Household Interview Survey.

2.30   For example, in the case convenience goods retailing in Herne Bay Town Centre, we have made a modest adjustment by applying a market share correction factor of 120% (RECAP Model Table 7, **Appendix 2**) (from the default 'no change' factor of 100%). We have also made a similar scale of adjustment for convenience goods in Whitstable Town Centre (120%) (RECAP Model Table 24, **Appendix 2**). For non central locations, an adjustment of 150% was considered necessary for Herne Bay, whilst a modest adjustment of 90% for non central food stores was deemed appropriate in Whitstable (from the default 'no change' factor of 100.  We consider that these adjustments provide for a more accurate assessment of shopping patterns. Our visits to the stores concerned have also informed these judgements.

2.31   In the case of **comparison goods**, using the results of the Household Interview Survey for both Herne Bay and Whitstable town centres in the RECAP Model without any adjustment would result in unrealistically low sales densities for the town centres, which in our view would be below the sales densities which we would expect for such locations. There is an approximate correlation between centre size and average sales density, with larger town

centres generally having higher sales densities than smaller centres. This is the main reason why shop rental values are higher in larger centres than in smaller. We have, therefore, increased accordingly the market shares indicated by the Household Interview Survey for both Herne Bay and Whitstable town centres (i.e. 140%). Conversely, it should be remembered that a downward adjustment was made to the comparison goods market shares for Canterbury City Centre recorded in the Household Interview Survey (see Canterbury Retail and Leisure Study, 2011). This reflects the fact that unadjusted market shares would have resulted in a turnover higher than would be expected.

2.32    The wording of the questions also means that all such surveys tend to over-represent shopping in larger centres and under-represent it in the smaller centres. In addition, the limited sample sizes of all such surveys mean that they do not pick up all users of the smaller centres, because of the lesser numbers of such users than users of the larger centres.

**Visitor Expenditure**

2.33    For **comparison goods** shopping we have allowed for 5% additional expenditure to account for the net inflow of expenditure in Herne Bay and Whitstable town centres by visitors who live outside the catchment area covered by the Household Interview Survey. We have also allowed for a 5% increase in expenditure to account for visitor expenditure on **convenience goods**. Based on our experience of undertaking studies in similar centres, we feel that this is a realistic level of net additional expenditure from visitors.

**Existing Shop Floorspace**

2.34    For main food stores in Herne Bay and Whitstable town centres and non-central main food stores, we have used updated floorspace data published by the Institute of Grocery Distribution (IGD), supplemented where necessary with information from Experian Goad and from Kent County Council's and Canterbury City Council's latest surveys. For example, details of the shops and stores in Herne Bay are set out in RECAP Model Table 10 (town centre) and Table 18 (non-central) and in Whitstable are set out in RECAP Model Table 27 (town centre) and Table 35 (non-central).

2.35    For comparison goods floorspace we have used the results of the most recent Experian Goad surveys, together with the latest centre surveys from Kent County Council. To this we have included upper floors where appropriate (e.g. department stores) and added the net comparison good sales area in the relevant main food stores. The resulting total comparison goods shop floorspace in Herne Bay Town Centre is estimated as 12,132 sq m net. This figure is included in RECAP Model Table 12, **Appendix 2**. Similarly, for Whitstable Town Centre, we estimate that the comparison goods floorspace equates to a net area of 9,514 sq m (RECAP Model Table 29, **Appendix 2**).

2.36    In the case of the main retail warehouses that we modelled for non-central Herne Bay and Whitstable, we have used floorspace data provided by Kent County Council. For both centres the amount of non central retailing is limited, especially in comparison with that provided in nearby Canterbury. In the case of Herne Bay, this is estimated to equate to a total of 3,421 sq m and for Whitstable to be 5,700 sq m.  As appropriate, we have sought to exclude retail warehouse floorspace used for trade and other non-retail sales (e.g. Halfords at Eddington Business Park in Herne Bay).

**Sales Densities for Main Food Shops and Retail Warehouses**

2.37    For the existing main food stores in Herne Bay and Whitstable and the non-central stores, we have applied estimated company average space allocations and convenience goods sales densities based on information published by Verdict Research Limited. In the case of retail warehouses, we have used estimated company average sales densities obtained from The UK Retail Rankings 2011, published by Mintel.  Where these are not available for individual operators, we have made our own estimates, based on the figures for similar companies and retail sectors in Retail Rankings. The 'benchmark' company average sales densities are set out in Tables 10, 18 and 19 for Herne Bay and in Tables 27, 35 and 36 for Whitstable.

## Development Scenarios Assessed

2.38    We have assessed two scenarios for in order to assess the retail capacity position within the study centres.  The two scenarios are as follows:

1.    **Scenario 1a & 1b** – The 'baseline' scenario (using both population forecasts, as detailed in paragraphs 2.16 & 2.17), which assumes that there will be no change in the market shares of available expenditure attracted from the catchment area throughout the period to 2026.

2.    **Scenario 2a & 2b** – Again using both population forecasts, this scenario relates to Herne Bay being able to retain a higher proportion of both convenience and comparison goods trade than it currently achieves. At present, for example, the town only retains less than half the available convenience goods spend in its core catchment zone (i.e. Zone 5 – see plan in **Appendix 1**). This scenario examines opportunities for Herne Bay to achieve higher trade retention for both convenience and comparison goods and has been guided by the scale of additional floorspace currently identified in the Herne Bay Area Action Plan (April 2010) and in the Adopted Masterplan for the Herne Bay Central Development Area (February 2011). We also consider what impact the additional floorspace might have on the nearby centre of Whitstable.

2.39    Scenarios 1a & 1b set a useful baseline position which establishes in broad terms how much additional floorspace could be supported assuming no uplift or diminution in both Herne Bay and Whitstable's market shares.

2.40 Scenarios 2a & 2b assume that the proposed new development in Herne Bay Town Centre effects once and for all changes in shopping patterns, which persist thereafter. In practice, some settling down and rebalancing of market shares may occur in the years following the initial impacts, as population and expenditure grows and shopping destinations find new natural levels.

## Format of the RECAP Model Tables

2.41 The detailed RECAP Model Tables for all scenarios are set out in **Appendix 2** (i.e. population increase for Canterbury District set at 9,200 dwellings) and in **Appendix 3** (i.e. population for increase for Canterbury District set at 10,200 additional dwellings). Aside from this different assumption in respect of population levels, both sets of RECAP tables are exactly the same in **Appendix 2 and 3**. Table 1 sets out the population forecast for each of the 14 survey Zones.

2.42 Table 2 indicates per capita expenditure, and growth in that expenditure. Table 3 shows total catchment area expenditure by Zone for convenience and comparison goods over the period 2010 to 2026. Table 4 indicates total catchment area expenditure by Zone in 2010 on each of the 8 categories of comparison goods, based on the average per capita expenditure for each category for the catchment area as a whole.

2.43 In Scenario 1a & 1b, for Herne Bay Town Centre, Tables 5 and 6 set out the pattern of weighted average market shares of catchment area convenience and comparison goods expenditure respectively, which is attracted from the catchment area to that destination. These market shares exclude 'Don't do', mail order and internet sales responses to the Household Interview Survey. The market shares in Table 7 are based on the detailed results by goods category obtained from the Household Interview Survey in Tables 5 for convenience goods and 6 for comparison goods – after application of the market share adjustments described above. Table 8 is the product of Tables 4 and 6. It shows the attraction of expenditure on each of the 6 comparison goods categories by Herne Bay Town Centre (taking account of the market share correction factors); together with the resulting overall market shares of such expenditure currently attracted by the town centre. Table 9 is the product of Table 3 (catchment area expenditure) and Table 7 (corrected market shares). It indicates the convenience and comparison goods expenditure attracted from each catchment Zone by Herne Bay Town Centre at each date. Table 10 sets out the sales potential of the existing main food stores at estimated company average levels. Table 11 indicates the sales potential of any committed developments in the town centre.

2.44 Table 12 compares the expenditure attracted by Herne Bay Town Centre and hence sales, with existing shop floorspace and the sales potential of any committed development, indicating the resulting capacity for additional shop floorspace. The top line of Table 12 (spending by catchment area residents) is taken from the bottom line of Table 9. As appropriate, an allowance is made for the average comparison goods sales density of the existing shops to increase in real terms from 2010 onwards, following the long term trend towards higher

comparison goods sales densities in Town Centres. In Table 12, the retail capacity forecast for comparison goods is for further floorspace additional to any committed developments included in Table 11.

2.45    A similar arrangement of tables for Scenario 1a & 1b applies to non-central main food stores and retail warehouses in Herne Bay (Tables 13 to 21 in **Appendices 2 & 3**).

2.46    Likewise, exactly the same approach has been adopted for Whitstable Town Centre (Tables 22 to 29) and for non central retailing in Whitstable (Tables 30 to 38, **Appendices 2 & 3**).

2.47    The Tables for Scenario 2a & 2b are simpler. Tables 39 (Herne Bay) and 45 (Whitstable) in both population forecasts (**Appendices 2 & 3**) indicate the revised pattern of market shares of convenience and comparison goods expenditure attracted. Tables 40 (Herne Bay) and 46 (Whitstable) are the products of Table 3, and Tables 39 and 45 respectively, and indicate the revised amounts of expenditure attracted to Herne Bay and Whitstable town centres at each date. Tables 41 (Herne Bay) and 47 (Whitstable) compare this with existing and committed shop floorspace to indicate the revised capacity for additional shop floorspace in the town centres.

2.48    Table 51 summarises the market shares of catchment area expenditure on each sub-category of comparison goods attracted by each shopping location in the base year of 2010. Tables 52 and 53 indicate the total market shares of convenience and comparison goods expenditure attracted by all the shopping locations combined under Scenarios 1 and 2 respectively.

## The RECAP Model Retail Capacity Forecasts

2.49    In the remainder of this section, we set out our retail capacity forecasts for Herne Bay and Whitstable town centres and the non-central stores in both centres. The forecasts are summarised in Table 2.3 for Scenario 1a & 1b and Scenario 2a & 2b. In setting out our forecasts, we distinguish between convenience goods and comparison goods, defined as follows:

- **Convenience goods**: Food, alcoholic drink, tobacco products, newspapers and periodicals, non-durable household goods.

- **Comparison goods**: Clothing and footwear; household textiles and soft furnishings; Furniture and floor coverings; household appliances; audio visual equipment; hardware, DIY goods, decorating supplies; chemist and medical goods, cosmetics and beauty products; books, jewellery, watches, china, glassware and kitchen utensils, recreational, personal and luxury goods.

**Table 2.3: Summary of Retail Capacity Forecasts (sq m net)**

| Goods/Scenario/Location | 2016 | 2021 | 2026 | RECAP Model Table (Appendices 2 and 3) |
|---|---|---|---|---|
| **Scenario 1a:** | | | | **Appendix 2:** |
| *Convenience Goods:* | | | | |
| Herne Bay Town Centre | 150 | 200 | 300 | Table 12 |
| Non central stores in Herne Bay | 0 | 0 | 0 | Table 21 |
| Whitstable Town Centre | (200) | (150) | (100) | Table 29 |
| Non central stores in Whitstable | 1,100 | 1,250 | 1,450 | Table 38 |
| *Comparison Goods:* | | | | **Appendix 2:** |
| Herne Bay Town Centre | 800 | 1,700 | 2,850 | Table 12 |
| Non central stores in Herne Bay | 200 | 450 | 700 | Table 21 |
| Whitstable Town Centre | 850 | 1,550 | 2,500 | Table 29 |
| Non central stores in Whitstable | 800 | 1,700 | 2,850 | Table 38 |
| **Scenario 1b:** | | | | **Appendix 3:** |
| *Convenience Goods:* | | | | |
| Herne Bay Town Centre | 150 | 250 | 400 | Table 12 |
| Non central stores in Herne Bay | 0 | 0 | 0 | Table 21 |
| Whitstable Town Centre | (150) | (150) | (100) | Table 29 |
| Non central stores in Whitstable | 1,150 | 1,300 | 1,550 | Table 38 |
| *Comparison Goods* | | | | **Appendix 3:** |
| Herne Bay Town Centre | 850 | 1,800 | 3,000 | Table 12 |
| Non central stores in Herne Bay | 200 | 450 | 750 | Table 21 |
| Whitstable Town Centre | 850 | 1,650 | 2,650 | Table 29 |
| Non central stores in Whitstable | 850 | 1,750 | 2,950 | Table 38 |
| **Scenario 2a:** | | | | **Appendix 2:** |
| *Convenience Goods:* | | | | |
| Herne Bay Town Centre | 2,300 | 2,450 | 2,600 | Table 41 |
| Non central stores in Herne Bay | 0 | 0 | 0 | Table 44 |
| Whitstable Town Centre | (250) | (200) | (150) | Table 47 |
| Non central stores in Whitstable | (450) | (350) | (200) | Table 50 |
| **Scenario 2a:** | | | | **Appendix 2:** |
| *Comparison Goods* | | | | |
| Herne Bay Town Centre | 3,850 | 5,100 | 6,650 | Table 41 |
| Non central stores in Herne Bay | (150) | 50 | 300 | Table 44 |
| Whitstable Town Centre | 700 | 1,400 | 2,350 | Table 47 |
| Non central stores in Whitstable | 450 | 1,300 | 2,400 | Table 50 |
| **Scenario 2b** | | | | **Appendix 3:** |
| *Convenience Goods* | | | | |
| Herne Bay Town Centre | 2,350 | 2,500 | 2,700 | Table 41 |
| Non central stores in Herne Bay | 0 | 0 | 0 | Table 44 |
| Whitstable Town Centre | (300) | (250) | (200) | Table 47 |
| Non central stores in Whitstable | (450) | (300) | (150) | Table 50 |

| Scenario 2b | | | | Appendix 3: |
|---|---|---|---|---|
| **Comparison Goods** | | | | |
| Herne Bay Town Centre | 3,900 | 5,250 | 6,900 | Table 41 |
| Non central stores in Herne Bay | (150) | 50 | 350 | Table 44 |
| Whitstable Town Centre | 750 | 1,500 | 2,450 | Table 47 |
| Non central stores in Whitstable | 500 | 1,400 | 2,550 | Table 50 |

**Source:** RECAP Model Tables in Appendices 2 and 3 as indicated, rounded to the nearest 50 sq m net.

**Notes**: The forecasts in Table 2.3 are cumulative, i.e. the forecasts for each date include the forecasts for the previous dates and are not additional to those earlier forecasts.

## Convenience Goods

2.50    Before we comment on the convenience goods retail capacity forecasts in Table 2.3, some general points should be noted. First, the forecasts are all based on the assumption that where retailers are shown by the RECAP Model to be trading at above or below the level based on estimated company average levels, their sales densities will fall or rise to that company average based level. This is a conventional assumption in retail studies of this type. However, some stores may well continue to trade successfully at above or below their company average sales density. The retail capacity forecasts should therefore be seen as realistic maxima, rather than targets which must be achieved through new development.

2.51    Second, the convenience goods forecasts are all on the assumption that potential new floorspace will be provided in the form of new food superstores, trading at a 'generic' average sales density for such stores of £12,000 per sq m net. Some food superstore operators trade above this level (Asda, Tesco and Morrisons) and some below (Waitrose). Further, other types of supermarket, in particular discount supermarkets, trade at far below £12,000 per sq m net. Thus the format in which new floorspace is provided will affect the amount of such floorspace which can be supported in terms of retail capacity. If it is provided only in the form of discount supermarkets, for example, the forecast growth in expenditure would be sufficient to support substantially more floorspace than indicated in Table 2.3. It is of course not possible to predict over a 16 year period the format in which potential food store developments might come forward. It will therefore be necessary to review the implications for retail capacity in each location when specific proposals for new stores come forward, taking account of the format of the proposed stores and their likely occupiers and sales densities.

2.52    Third, we have made no allowance for increases in sales densities of convenience goods floorspace over the forecasting period. This is because convenience goods sales densities have not been rising across the board over the last few years. For some retailers they have risen but for others they have fallen. However, at the next review of the forecasts, the most up-to-date sales densities should be used, so as to take account of any changes in real terms.

2.53    Fourth, although we have forecast capacity for additional non-central convenience goods floorspace in some cases, this has been calculated separately from that in the identified centres merely for forecasting reliability and convenience. It does not mean that any such

capacity should be accommodated in the form of out-of-centre development. Rather, the sequential approach should be applied, and new developments to accommodate any of the forecast need should be located in or on the edge of the centres, in preference to out-of-centre locations, if at all possible.

**Herne Bay Town Centre**

2.54    Scenario 1a, Recap Model Table 12 shows that in 2010, we estimate that the main food stores and other conveniences goods shops in Herne Bay Town Centre were achieving combined sales of approximately £37.2m; at a combined average sales density of £10,653 per sq m net. Table 10 shows that based on estimated 2008 company average sales densities, the combined sales density of these stores in 2010 was £10,322 per sq m net. Thus, these stores as a group are estimated to be trading very close to the level based on published company averages.

2.55    In Table 12, we have allowed for sales in the existing convenience goods shops as a group, to maintain at the level based on estimated 2008 company averages. This is a conventional approach in retail studies of this type and on this basis summary Table 2.3 above shows that there will be modest levels of capacity to support additional convenience goods floorspace in Herne Bay Town Centre during the forecasting period - 150 sq m net by 2016; rising to 200 sq m net by 2021; and increasing to 300 sq m net by 2026. These comparatively low levels of capacity reflect the low levels of expenditure growth forecast for convenience goods over the forecasting period and that there does not appear to be any significant overtrading on the part of existing convenience goods stores in the town centre. The main food store in the town centre is the Morrisons store on Beach Street, which has a net sales area of approximately 1,928 sq m.

2.56    The equivalent capacity figures for scenario 1b (i.e. the slightly higher population forecast) suggest a very modest increase in capacity over and above that highlighted in scenario 1a for convenience goods – i.e. 150 sq m net by 2016; increasing to 250 sq m net by 2021; and rising to 400 sq m net by 2026. Again, these low levels of capacity reflect the low levels of expenditure growth forecast for convenience goods over the forecasting period.

2.57    In Scenario 2a and 2b, we have explored the implications of Herne Bay Town Centre being able to retain a higher proportion of the convenience goods market share in its core catchment area (from 2016), and examined what level of additional convenience goods floorspace this would generate as a consequence. We have been guided by the size of store identified in the Adopted Masterplan Herne Bay Central Development Area (2011). This refers to a food store of 5,110 sq m gross. Applying a net to gross ratio of 65%, and assuming the store devotes an average of 30% to comparison goods (a reasonable working assumption), this equates to a food store with a convenience goods area of approximately 2,320 sq m net.

2.58    By increasing the market share retention of convenience goods expenditure within core Zone 5 (see Household Interview Survey plan in **Appendix 1**) from 50% to 75% and more modest

uplifts in Zones 4 and 6, this increases the capacity for convenience floorspace to 2,300 sq m net by 2016; to 2,450 sq m net by 2021; and 2,600 sq m net by 2026. In other words, under this scenario there would be sufficient capacity to support the size of food store envisaged by 2016. Under the higher population scenario detailed in **Appendix 3**, these uplifts would equate to a very slight increase in capacity over and above that detailed in **Appendix 2**; i.e. 2,350 sq m net by 2016; rising to 2,500 sq m net by 2021; and increasing to 2,700 sq m net by 2026.

2.59    However, we would caveat the above by noting that the scale of uplift in Zone 5 required to accommodate this quantum of development is significant. In order for the development to achieve this level of uplift would require a major improvement within the Central Development Area of the town centre, not only in terms of its overall retail provision, but also in terms of its public realm quality and access and movement arrangements.

2.60    The uplifts in market shares required to support the additional capacity in Herne Bay Town Centre will largely be at the expense of the out-of-centre food stores in Whitstable. The details of the reduction in market shares are detailed later in this section.

**Herne Bay Non-central Stores**

2.61    Food stores in non-central areas of Herne Bay are strictly limited (e.g. Co-op stores on Sea Street and on Reculver Road). In scenario 1a, RECAP Model Table 21 shows that in 2010, these two main non-central food stores were estimated to be achieving combined sales of almost £2.7m; at a combined average sales density of £8,903 per sq m net.  This is very much on a par with the level based on published 2008 company average sales densities of £8,873 per sq m net, indicated in Table 18. Thus, these stores are estimated to be collectively trading reasonably well which was evidenced also by our site visits to both stores in question.

2.62    Again, using the same process as for the town centre, as described above, Table 21 allows sales in the existing convenience goods shops to fall to the level based on estimated 2008 company averages. On this basis, summary Table 2.3 above shows that there will be no capacity for additional floorspace during the forecasting period.

2.63    The effect of the increase in trade retention in Herne Bay Town Centre, described above in paragraph 2.57, would have a limited impact on the non central stores in Herne Bay. This is because the non central stores are both limited in size and to a large extent perform a different role to the new store envisaged in the town centre. (i.e. a store focussed mainly on main food shopping).

**Whitstable Town Centre**

2.64    Scenario 1a, Recap Model Table 29 shows that in 2010, we estimate that the main food stores and other conveniences goods shops in Whitstable Town Centre were achieving combined sales of approximately £12.3m; at a combined average sales density of £4,637 per sq m net. Table 10 shows that based on estimated 2008 company average sales densities; this is lower

than the combined sales density of these stores in 2010 which was estimated to be £5,558 per sq m net.

2.65    In Table 29, we have allowed for sales in the existing convenience goods shops as a group, to increase to the combined company average sales density of these stores in 2008.  This is a conventional approach in retail studies of this type and on this basis summary Table 2.3 above shows that there will be no theoretical capacity for further convenience goods floorspace in the town centre during the forecasting period. This reflects the limited convenience goods provision in the town centre and the strong provision of food stores in non central locations in Whitstable (see below). It also reflects the low levels of expenditure growth forecast for convenience goods over the forecasting period.

2.66    The equivalent capacity figures for scenario 1b (i.e. the slightly higher population forecast) (see Table 29, **Appendix 3**) similarly suggest no capacity for further convenience goods floorspace in the town centre during the forecasting period.

2.67    The effect of increasing the convenience goods trade retention in Herne Bay Town Centre to allow for a new large food store would have a limited impact on the town centre convenience goods provision in Whitstable Town Centre. The slight fall in market share in Zone 5 (see Table 45, **Appendix 2**) would, in our view, have no material adverse impact on the trading viability of these stores.

**Whitstable Non-central Stores**

2.68    For non-central stores in Whitstable, in scenario 1a, RECAP Model Table 38 shows that in 2010, the main non-central food stores were estimated to be achieving combined sales of almost £75.7m; at a combined average sales density of £14,698 per sq m net.  This is higher (almost 18%) than the level based on published 2008 company average sales densities of £12,472 per sq m net, indicated in Table 35. Thus, these stores (i.e. in particular, the Tesco at Millstrood Road and Sainsbury's store at Chesterfield) are estimated to be collectively trading well which was evidenced also by our site visits to both of these stores.

2.69    Again, using the same process as for the town centre, as described above, Table 38 allows sales in the existing convenience goods shops to fall to the level based on estimated 2008 company averages.  On this basis, summary Table 2.3 above shows that there will be capacity for about 1,100 sq m net additional floorspace in 2016. In 2021 the forecast capacity for new floorspace is estimated to be 1,250 sq m net, and rising to 1,450 sq m net by 2026. Similarly, for scenario 1b, the equivalent forecasts are as follows – there could be capacity for about 1,150 sq m net additional floorspace in 2016; by 2021 this will have increased to 1,300 sq m net; and rising to 1,500 sq m net by 2026.

2.70    Should provision be made for a new large food store in Herne Bay Town Centre, as part of a major redevelopment of the Central Development Area, then it is anticipated the market shares, especially in Zone 5, for the non central food stores in Whitstable will be reduced. The

extent of the possible impact on these stores is detailed in Table 48. Collectively, the impact on market shares, as a consequence of a new food store of approximately 2,320 sq m net convenience floorspace, would remove any capacity for further non central floorspace in non central Whitstable during the forecasting period. This would be consistent with PPS4 which unequivocally promotes town centre development in preference to less central locations. It also means that Herne Bay would become more self sufficient in convenience goods terms, and less reliant upon large non central food stores in an adjoining centre.

## Comparison Goods

### Herne Bay Town Centre

2.71    Scenario 1a, Table 12 (RECAP Model) shows that we estimate Herne Bay Town Centre to be achieving an average sales density for comparison goods in 2010 of about £3,040 per sq m net. Notwithstanding our upward adjustment to the market shares, as recorded by the Household Interview Survey, we consider this level to be below that which we would expect a town centre of Herne Bay's size to achieve. Table 2.3 shows that in Scenario 1a (i.e. constant market shares), the capacity for additional comparison goods floorspace in Herne Bay Town Centre will limited to approximately 800 sq m net by 2016, rising to about 1,700 sq m net by 2021 and to about 2,850 sq m net by 2026, if forecast trends occur.

2.72    For scenario 1b, the equivalent forecasts are as follows – there could be capacity for about 850 sq m net additional floorspace in 2016; rising to 1,800 sq m net by 2021, and increasing to 3,000 sq m net by 2026 (see Table 12, **Appendix 3**).

2.73    Within its core catchment area (principally confined to Zone 5 – see plan of Household Interview Survey area in **Appendix 1**), it is estimated that the town centre is achieving a comparatively limited market share of 28%.  This low level of trade retention reflects both the limited range of comparison goods retailing in the town centre and also the proximity and strength of Canterbury as the District's dominant retail centre. Outside of this 'core' catchment area, the town centre retains only 6% in Zone 4 (to the south of Herne Bay) and 3% in Zone 6 (Whitstable's core zone).

2.74    As detailed in the Herne Bay Area Action Plan (April 2010), the town centre's retail offer needs to be improved if it is to retain a higher proportion of available retail expenditure from nearby residents. Scenario 2a and 2b look at the realism of increasing the core catchment area market share for comparison goods and consider what level of additional floorspace this might generate.

2.75    As with our convenience goods capacity forecasts, we have been guided by the indicative scale of floorspace set out in the Adopted Masterplan Herne Bay Central Development Area (2011). It is understood that the CDA Masterplan identifies scope for approximately 5,000 sq m gross of comparison goods retailing. In addition, the Area Action Plan refers to 2,500-3,000 sq m gross of comparison goods retailing at the Bus Depot site. However, it is not clear

whether these are net additional floorspace figures, or whether some existing retail floorspace would need to be demolished to facilitate their redevelopment.

2.76    As an explorative exercise, we have investigated increasing the market shares at 2016 within the core Zone 5, together with marginal uplifts in the adjoining Zones 4 and 6. By increasing the market share retention in Zone 5 from 28% to 38% and by increasing market shares by 2% in Zones 4 and 6, generates capacity for 3,850 sq m net in 2016; rising to 5,100 sq m net in 2021; and increasing to 6,650 sq m net by 2026 (see Table 41, **Appendix 2**). If these figures are converted to gross areas to enable comparison with those floorspace figures in paragraph 2.75 (assuming a net to gross ratio of 75%) generates 5,150 sq m gross at 2016; 6,800 sq m gross by 2021; and 8,850 sq m gross by 2026.

2.77    Similarly, looking at the higher population scenario in **Appendix 3**, Table 41 suggests the following capacity figures – 4,000 sq m net by 2016; 5,250 sq m net by 2021; and 6,900 sq m net by 2026. Again, converting these figures to gross areas generates the following: 5,350 sq m gross by 2016; 7,000 sq m gross by 2021; 9,200 sq m gross by 2026.

2.78    In other words, the broad scale of new floorspace envisaged in the Herne Bay Area Action Plan and the CDA Masterplan could be supported by the higher levels of market retention detailed in paragraph 2.75. However, as was noted in the case of the uplifts in convenience goods market shares, these are not insignificant increases and the extent to which they can be achieved will depend on the quality of the developments and their ability to generate additional footfall in the town centre. Encouraging people over the longer term to alter their shopping patterns will be a challenge.

### Non Central Herne Bay Stores

2.79    Non central comparison goods retailing in Herne Bay is strictly limited. It is confined principally to the Eddington Business Park (i.e. Homebase and Halfords (latter previously occupied by Peter Newman)) and to the Trading Park on Sea Street. Table 2.3 shows that under Scenario 1a, i.e. no increases in the market shares, there would be a theoretical capacity for about 200 sq m net of comparison goods floorspace in 2016, rising to 450 sq m net by 2021, and to 700 sq m net by 2026. Similarly, the equivalent forecasts for Scenario 1b would be approximately 200 sq m net of capacity for comparison goods floorspace in 2016, rising to 450 sq m net by 2021, and to 750 sq m net by 2026. In other words, the slightly higher population forecast of Scenario 1b does not generate significant additional floorpsace capacity over and above that identified in Scenario 1a.

2.80    In the event that the redevelopment of the Central Development Area (CDA) comes forward in the town centre, then we estimate that there would be a very modest loss of trade from the non central retail warehousing in Herne Bay. The effect on capacity is summarised in Table 2.3.

2.81 It is also important to note that the capacity for non-town centre floorspace was forecast separately from that for the town centre merely for forecasting convenience. In deciding how these forecast needs should be accommodated therefore, the sequential approach should be applied as indicated in PPS4 (December 2009). This gives priority to town centre and edge-of-centre locations over out-of-centre locations. Thus some or all of the forecast capacity for additional non-central floorspace should wherever be accommodated by means of town centre or edge-of-centre development, if a suitable site or sites exist or could be assembled (e.g. the CDA in Herne Bay Town Centre). However, it should also be noted that out-of-centre capacity cannot simply be added to the town centre capacity to produce a global figure because lower sales densities have been used for out-of-centre retail floorspace. In other words, should out-of-centre capacity be delivered in the format of town centre floorspace, that floorspace will be likely to operate with a higher sales density, meaning that it will absorb more expenditure thus reducing forecast capacity.

**Whitstable Town Centre**

2.82 Scenario 1a, Table 12 (RECAP Model) shows that we estimate Whitstable Town Centre to be achieving an average sales density for comparison goods in 2010 of about £3,252 per sq m net. As was noted in the case of Herne Bay, notwithstanding our upward adjustment to the market shares, as recorded by the Household Interview Survey, we consider this level to be below that which we would expect for a town centre of Whitstable's attractiveness to achieve. Table 2.3 shows that in Scenario 1a (i.e. constant market shares), the capacity for additional comparison goods floorspace in Whitstable Town Centre will be quite similar to those in Herne Bay: 850 sq m net by 2016; rising to about 1,550 sq m net by 2021; and to about 2,500 sq m net by 2026, if forecast trends occur.

2.83 For scenario 1b, the equivalent forecasts are as follows – there could be capacity for about 850 sq m net additional floorspace in 2016; rising to 1,650 sq m net by 2021, and increasing to 2,650 sq m net by 2026.

2.84 If the additional scale of comparison goods retailing in Herne Bay, as envisaged in the Area Action Plan, takes place then we would expect there to be only a very modest effect on Whitstable Town Centre. To a large extent, Whitstable and Herne Bay's catchment areas are tightly defined and self contained. Capacity could reduce very slightly to 700 sq m net by 2016; to 1,400 sq m net by 2021; and to 2,350 sq m net by 2026 (see Table 47, **Appendix 2**).

**Non-central Stores**

2.85 As was noted in the case of Herne Bay, non central comparison goods retailing in Whitstable is limited. It is confined in the main to a B&Q store at Chestfield and to the non food elements of both the Tesco superstore (Millstrood Road) and the Sainsbury's superstore at Chesterfield. Table 2.3 shows that under Scenario 1a, i.e. no increases in the market shares, there would be a theoretical capacity for about 800 sq m net of comparison goods floorspace in 2016, rising to 1,700 sq m net by 2021, and to 2,850 sq m net by 2026. Under the slightly higher

population scenario, these forecasts rise very slightly to 850 sq m net by 2016, rising to 1,750 sq m net by 2021, and to 2,950 sq m net by 2026.

2.86    As was noted in the town centre, we do not anticipate that there would be a significant impact on non central comparison goods retailing in Whitstable should the scale of retailing envisaged in Herne Bay Town Centre be developed.  A summary of the effects can be seen in Table 2.3.

## Effects of Applying the Sequential Approach

2.87    We stress above that new convenience and comparison goods retail development for which we have forecast capacity under the heading of non-central shops and stores in Herne bay and Whitstable should in fact be located in accordance with the sequential approach wherever possible, and in retail formats appropriate to town centre or edge-of-centre locations.  For convenience goods, sales densities between retailers and store formats vary widely, and as discussed above, the format of new stores affects forecast capacity.  For this reason, our forecasts are all on the basis of a 'generic' sales density for new superstores of £12,000 per sq m net.  For comparison goods, 'Town Centre' formats typically have higher sales densities than those applicable to retail warehouses, which we assumed for the non-central forecasts.  Thus if the comparison goods capacity which we have forecast as non-central (at low sales densities) is developed in or on the edge of town centres (at higher sales densities), the amount of comparison goods floorspace which will be required for the same level of sales will be less.

2.88    In Table 2.4, we indicate how much new convenience and comparison goods floorspace would be supportable in or on the edge of Herne Bay and Whitstable, if all capacity for new convenience and comparison goods floorspace, forecast as town centre and non-central, is in fact located in or on the edge of the Herne Bay/Whitstable town centres, in 'town centre' format shops and stores.

**Table 2.4: Herne Bay and Whitstable Town Centres and Non Central Combined Maximum Capacity (sq m net)**

| Scenario | 2016 | 2021 | 2026 |
|---|---:|---:|---:|
| **Convenience Goods (sq m net)** | | | |
| *Scenario 1a:* | 1,050 | 1,300 | 1,650 |
| *Scenario 1b:* | 1,150 | 1,400 | 1,850 |
| **Comparison Goods (sq m net)** | | | |
| *Scenario 1a:* | 2,650 | 5,400 | 8,900 |
| *Scenario 1b:* | 2,750 | 5,650 | 9,350 |
| **Convenience Goods(sq m net)** | | | |
| *Scenario 2a* | 1,600 | 1,900 | 2,250 |
| *Scenario 2b* | 1,600 | 1,950 | 2,350 |
| **Comparison Goods (sq m net)** | | | |
| *Scenario 2a* | 4,850 | 7,850 | 11,700 |
| *Scenario 2b* | 5,000 | 8,200 | 12,250 |

**Source**: RECAP Model Tables in Appendices 2 and 3 as indicated, rounded to the nearest 50 sq m net.

**Notes**:

1) The forecasts in Table 2.4 are cumulative, i.e. the forecasts for each date include the forecasts for the previous dates and are not additional to those earlier forecasts

2. The convenience goods forecasts assume that all new floorspace trades at a 'generic' average sales density for superstores of £12,000 per sq m net throughout the forecasting period.

## Use and Review of the Forecasts

2.89 Finally, and in accordance with our usual practice, we must emphasise that all expenditure based forecasts of future shop floorspace capacity are based on imperfect data and contain a number of assumptions. Our forecasts set out in this report are based on the most up-to-date and reliable information currently available to us. However, they are intended as an indication of the likely order of magnitude of future shop floorspace capacity (if forecast trends are realised) rather than as growth targets or rigid limits to future growth. The forecasts should be periodically revised as necessary in the light of actual population and expenditure growth, and as development proceeds and its effects become measurable.

# 3.    Summary and Conclusions

3.1    In the last 2-3 years, the impact of the credit crunch and the subsequent economic downturn has affected investment, development prospects, consumer demand, and future planning. Lower recent actual expenditure growth rates, more conservative future expenditure growth estimates, and stronger internet shopping growth forecasts confirm that it is appropriate and timely to prepare updated retail capacity forecasts for Herne Bay and Whitstable.

**Population and Development Scenarios**

3.2    The retail capacity forecasts have been undertaken on the basis of two population forecasting scenarios. **Scenario 1a** assumes a strategy-based forecast based on building an additional 9,200 dwellings between 2006 and 2026 in Canterbury District (i.e. Zones 1-6). This forecast looks at the future population growth of the District if this quantity of housing is built. **Scenario 1b** - a strategy-based forecast based on building an additional 10,200 dwellings between 2006 and 2026 in Canterbury District (i.e. Zones 1-6) as was set out in the South East Plan. This forecast looks at the future population growth of the District if this quantity of housing is built.

3.3    In practice, the slightly higher population forecast for Canterbury District (i.e. 10,200 as opposed to 9,200 additional dwellings between 2006 and 2026) does not affect the broad scale of capacity, either for convenience or comparison goods.

3.4    We have assessed two development scenarios – the first of which assumes constant market shares; and the second which examines the scope for increased market shares for both convenience and comparison goods in Herne Bay Town Centre. In this regard, we have been informed by the scale of additional retailing identified in the Herne Bay Area Action Plan (April 2010) and in the Adopted Masterplan for the Herne Bay Central Development Area (February 2011).

**Convenience Goods Capacity**

3.5    In terms of **convenience goods** floorspace it is evident that there is no overriding need for new floorspace in the immediate future. On the basis of maintaining constant market only very modest levels of capacity for new floorspace in Herne Bay Town Centre will emerge during the forecasting period (i.e. 150 sq m net by 2016 rising to 300 sq m net by 2026). With regard to non central convenience goods retailing in Herne Bay, given the very limited provision of this type of retailing, we have not identified any need for additional floorspace during the forecasting period. The limited level/absence of capacity for the town centre and non central areas of Herne Bay reflect the low levels of expenditure growth forecast for convenience goods over the forecasting period.

3.6    By increasing Herne Bay Town Centre's market share for convenience goods expenditure from 2016 within core Zone 5 from 50% to 75% and more modest uplifts in Zones 4 and 6, this

increases the capacity for convenience floorspace to 2,300 sq m net by 2016; to 2,450 sq m net by 2021; and to 2,600 sq m net by 2026. In other words, there would be sufficient capacity to support the size of food store envisaged in the Adopted Masterplan for the Herne Bay Central Development Area (i.e. 2,320 sq m net convenience goods). Under the higher population scenario, these uplifts would equate to a very slight increase in capacity; i.e. 2,350 sq m net by 2016; rising to 2,500 sq m net by 2021; and increasing to 2,700 sq m net by 2026.

3.7     However, it should be noted that the scale of uplift in market shares (i.e. Zone 5 in particular) required to accommodate this quantum of development is significant. In order for the development to achieve this level of uplift would require a major improvement within the Central Development Area of the town centre, both in terms of retail provision, public realm and access and movement arrangements.

3.8     The effect of the increase in trade retention in Herne Bay Town Centre would have a limited impact on the non central stores in Herne Bay. This is because the non central stores are limited in size and to a large extent perform a different role to the new store envisaged in the town centre. (i.e. a store focussed mainly on main food shopping.

3.9     Our analysis of food stores in Whitstable Town Centre suggests that they are trading slightly below their collective company average levels. On this basis, we do not consider that there will be theoretical capacity for further convenience goods floorspace during the forecasting period (i.e.to 2026). This reflects the limited convenience goods provision in the town centre and the strong provision of food stores in non central locations in Whitstable. It also reflects the low levels of expenditure growth forecast for convenience goods over the forecasting period.

3.10    In contrast, the main non central stores in Whitstable (i.e. in particular, the Tesco at Millstrood Road and Sainsbury's store at Chestfield) are estimated to be collectively trading above their company average levels. Our site visits to both of these stores confirmed that they appear to be trading well. On this basis, we estimate that there will be capacity for about 1,100 sq m net additional floorspace in 2016; 1,250 sq m net by 2021; 1,450 sq m net by 2026. Similarly, for scenario 1b (higher population scenario), the equivalent forecasts are as follows: 1,150 sq m net additional floorspace in 2016; 1,350 sq m net by 2021; and 1,500 sq m net by 2026.

3.11    Should provision be made for a new large food store in Herne Bay Town Centre, as part of a wholesale redevelopment of the Central Development Area, then it is estimated that this would remove any capacity for further non central floorspace in non central Whitstable. This would be consistent with PPS4 which through the sequential approach unequivocally promotes town centre development in preference to less central locations. As a consequence, Herne Bay Town Centre would become more self sufficient in convenience goods terms, and less reliant upon large non central food stores in an adjoining centre.

3.12    We would reiterate that the format in which new convenience goods floorspace is provided will affect the amount of such floorspace which can be supported by forecast growth in

expenditure, because different types of food stores trade at very different sales densities. It is of course not possible to predict over a 16 year period the format in which potential food store developments might come forward; or how the Council may wish to accommodate the need for more such floorspace.

**Comparison Goods Capacity**

3.13    In the case of comparison goods, we consider that Herne Bay Town Centre is underperforming as evidenced by its comparatively low sales density (£3,040 per sq m). The comparatively poor performance reflects both the limited range of comparison goods retailing in the town centre and also the proximity and strength of Canterbury as the District's dominant retail centre. Based on constant market shares, we estimate the capacity for additional comparison goods floorspace could be limited to approximately 800 sq m net by 2016, rising to about 1,700 sq m net by 2021 and to about 2,850 sq m net by 2026, if forecast trends occur. For scenario 1b, the equivalent forecasts are 850 sq m net additional floorspace in 2016; rising to 1,800 sq m net by 2021, and increasing to 3,000 sq m net by 2026.

3.14    In examining opportunities to increase the market shares in the town centre, we have been guided by the indicative scale of floorspace set out in the Adopted Masterplan Herne Bay Central Development Area (2011). It is understood that the CDA Masterplan identifies scope for approximately 5,000 sq m gross of comparison goods retailing. In addition, the Area Action Plan refers to 2,500-3,000 sq m gross of comparison goods retailing at the Bus Depot site.

3.15    By increasing the market share retention in Zone 5 from 28% to 38% and by increasing market shares by 2% in zones 4 and 6, generates capacity for 3,850 sq m net in 2016; rising to 5,100 sq m net in 2021; and increasing to 6,650 sq m net by 2026.  If these figures are converted to gross area to enable comparison with those floorspace figures in paragraph 3.14 (assuming a net to gross ration of 75%) generates 5,150 sq m gross at 2016; 6,800 sq m gross by 2021; and 8,850 sq m gross by 2026. The higher population scenario suggests slightly higher capacity figures: 4,000 sq m net by 2016; 5,250 sq m net by 2021; and 6,900 sq m net by 2026. Again, converting these figures to gross areas generates the following: 5,350 sq m gross by 2016; 7,000 sq m gross by 2021; 9,200 sq m gross by 2026.

3.16    However, the increases in market shares required to support this level of floorspace are not insignificant, and the extent to which they could be achieved will depend on the quality of new retail floorspace; its attractiveness to retailers; and its ability to generate additional footfall over a sustained period of time in the town centre.

3.17    Non central comparison goods retailing in Herne Bay is strictly limited. It is confined principally to the Eddington Business Park and to the Trading Park on Sea Street. Assuming no increase in the market shares, there would be a theoretical capacity for about 200 sq m net of comparison goods floorspace in 2016, rising to 450 sq m net by 2021, and to 700 sq m net by 2026. Similarly, the equivalent forecasts for the higher population scenario are approximately

200 sq m net of capacity of comparison goods floorspace in 2016; rising to 450 sq m net by 2021; and to 750 sq m net by 2026.

3.18  In the event that the redevelopment of the Central Development Area (CDA) comes forward in the town centre, then we estimate that there would be a very modest loss of trade from non central retail warehousing in Herne Bay.

3.19  Our analysis suggests that Whitstable Town Centre is achieving a comparison goods sales density of about £3,250 per sq m net. Notwithstanding that we consider this level to be below that which we would expect for a town centre of Whitstable's attractiveness, we estimate that there will be capacity of 850 sq m net of additional comparison goods floorspace by 2016, rising to about 1,550 sq m net by 2021 and to about 2,500 sq m net by 2026, if forecast trends occur.  On the basis of the higher population scenario, the equivalent forecasts are 850 sq m net additional floorspace in 2016; rising to 1,650 sq m net by 2021, and increasing to 2,650 sq m net by 2026.

3.20  If the additional scale of comparison goods retailing in Herne Bay, as envisaged in the Area Action Plan, takes place then we would expect there to be only a very modest effect on Whitstable Town Centre. To a large extent, Whitstable and Herne Bay's catchment areas are reasonably tightly defined and self contained.

3.21  The non central comparison goods retailing in Whitstable is limited and confined in the main to a B&Q store at Chesterfield and to the non food elements of both the Tesco superstore (Millstrood Road) and the Sainsbury's superstore at Chestfield. Assuming constant market shares, we estimate that there will be theoretical capacity for about 800 sq m net of comparison goods floorspace in 2016; rising to 1,700 sq m net by 2021; and to 2,850 sq m net by 2026. Under the slightly higher population scenario, these forecasts rise very slightly to 850 sq m net by 2016; rising to 1,750 sq m net by 2021; and to 2,950 sq m net by 2026.

3.22  As was noted for the Whitstable Town Centre, we do not anticipate that there would be a significant impact on non central comparison goods retailing in Whitstable should the scale of retailing envisaged in Herne Bay Town Centre be developed.

## Use and Review of the Forecasts

3.23  Finally, and in accordance with our usual practice, we must emphasise that all expenditure based forecasts of future shop floorspace capacity are based on imperfect data and contain a number of assumptions. Our forecasts set out in this report are based on the most up-to-date and reliable information currently available to us.  However, they are intended as an indication of the likely order of magnitude of future shop floorspace capacity (if forecast trends are realised) rather than as growth targets or rigid limits to future growth.  The forecasts should be periodically revised as necessary in the light of actual population and expenditure growth, and as development proceeds and its effects become measurable.

**Appendix 1**

**Pitney Bowes MapInfo Report including
Catchment Area Map (September 2010)**

**Appendix 2**

**RECAP Model for Scenarios 1a and 2a**

**Appendix 3**

**RECAP Model for Scenarios 1b and 2b**