East Devon Retail Study – Update
2011

East Devon District Council

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1. Introduction

1.1 This report has been prepared by GVA in response to an instruction by East Devon District Council (‘EDDC’) to prepare an update to our ‘Retail Needs Study & Town Centre Health Check’ (published in April 2008) (hereafter referred to as ‘the 2008 Study’) for the East Devon administrative area, in order to inform the emerging East Devon Local Plan (‘the Local Plan’).

1.2 The 2008 Study provided comprehensive review of retail and town centre health issues across East Devon and was commissioned to inform EDDC’s Local Development Framework (‘the LDF’). Since the completion of the 2008 Study a number of events have occurred which have prompted the need for an updated assessment of quantitative need for retail floorspace: the recent economic downturn and its implications for retail spending going forwards; the revised level of population growth for East Devon District; and, a number of new commitments for new retail floorspace across East Devon District.

1.3 As a consequence of these factors, a new set of quantitative need forecasts for retail floorspace have been prepared for the largest settlements in East Devon: Exmouth, Ottery St Mary, Sidmouth, Seaton, Axminster and Honiton. In preparing these forecasts we have taken account of and updated a number of data inputs and assumptions contained within the 2008 study. These include: per capita expenditure spending levels, forecasts for future growth in per capita expenditure, current and future population levels in the local area, retailers’ sales densities and changes in retail floorspace levels (where information is available), and the impact of committed new retail floorspace.

1.4 A key element of the 2008 Study was a survey of household shopping patterns across the whole of East Devon District. The survey was used to inform town centre health issues and the assessment of quantitative and qualitative need for additional retail floorspace across East Devon. The survey was conducted in 2007 and is therefore now four years old. At the time of commissioning this 2011 Study Update, EDDC and GVA gave consideration to whether there was merit in commissioning a new survey of household shopping patterns. In particular, consideration was given to the age of the survey and the potential trading effects of several commitments for new retail
floorspace across East Devon. Given that a number of the commitments had not commenced trading at the time of commissioning this work, it was ultimately decided that a new survey would not represent a useful tool at this stage as further manual adjustments to shopping pattern would still be required. Therefore, it is considered appropriate for this 2011 Study Update to continue to use the 2007 household survey, manually adjusted to take account of the trading effects of the various commitments, with future updates to the Retail Study recommended to use new household survey information.

1.5 The remainder of this report is structured as follows:

- Section 2 provides an overview of the changes in national planning policy since the completion of the 2008 study;
- In Section 3 we set out the basis for the updated quantitative need forecasts, including the data inputs and assumptions adopted.
- Section 4 outlines the updated quantitative need forecasts for convenience (food) and comparison (non-food) retail floorspace in Exmouth, Ottery St Mary, Sidmouth, Seaton, Axminster and Honiton over the period up to 2026
- Finally, in Section 5 we summarise the results of this updated quantitative assessment, including the principal conclusions and implications for retail planning and development across East Devon District.

1.6 All plans and statistical information referred to in the text of this report are contained in appendices found at the rear of this document.
2. Planning Policy Context

Introduction

2.1 Since the completion of the 2008 Study, Planning Policy Statement 4: Planning for Sustainable Economic Growth (‘PPS4’) has been published\(^1\). In order to set the context for this updated assessment of quantitative need/capacity, we summarise below the main aspects of national planning policy for retail development as contained in PPS4.

2.2 In addition, during the completion of this study, the Department of Communities and Local Government (‘DCLG’) published the Draft National Planning Policy Framework in July 2011. Whilst this remains a consultation document at the time of finalising this report and, therefore, subject to potential amendment, nevertheless it gives a clear indication of the Government’s ‘direction of travel’ in planning policy. Therefore, the Draft National Planning Policy Framework is capable of being a material consideration and those parts of the draft NPPF which are salient to this study are outlined below.

PPS4 (2009)

2.3 At the time of preparing its quantitative needs assessment in 2008, Planning Policy Statement 6: Planning for Town Centres (2005) (‘PPS6’) was in force. Section 2 of PPS6 outlined the five areas of analysis which should be undertaken in selecting sites for development, the assessment of need being the first step. With regard to the assessment of need, PPS6 made specific reference to both quantitative and qualitative considerations, with a request that local planning authorities should place greater weight on quantitative need for additional retail floorspace.

2.4 Whilst PPS4 changed the format of national planning policy for economic and town centre development, moving towards a set of specific policies rather than guidance, reference to the requirement to consider quantitative and qualitative factors of need remained. However, in a break from PPS6 guidance, the request to place greater weight on quantitative considerations was removed.
2.5 Policy EC1.4 of PPS4 provides the primary reference to the assessment of quantitative need in the development plan making context and repeats the reference made in PPS6 to take account of: existing and forecast population levels; forecast expenditure for specific classes of convenience and comparison goods; and forecasts improvements in retail sales density.

2.6 In addition to the development plan making policies in PPS4, DCLG published Practice Guidance on need, impact and the sequential approach which provides a considerable amount of information and guidance on the assessment of quantitative and qualitative elements of need, including a separate appendix on the quantification of retail need.

2.7 Whilst it is outside of the main area of interest for this study, it is useful to note that the requirement in PPS6 to demonstrate that a need exists for planning applications for retail development outside of town centre was removed by PPS4.

The Draft National Planning Policy Framework

2.8 The draft NPPF provides a significantly slimmed-down version of national planning policy and, as noted in the introductory section of this report, it is capable of forming a material consideration (although the weight to be given to it will be a matter for judgement in each individual case).

2.9 Paragraph 76 of the draft NPPF indicates that planning policies should be positive, promote competitive town centre environments and set out policies for the management and growth of centres over the plan period. Local planning authorities should:

- recognise town centres as the heart of their communities and pursue policies to support the viability and vitality of town centres
- define a network (the pattern of provision of centres) and hierarchy (the role and relationship of centres in the network) of centres that is resilient to anticipated future economic changes
• define the extent of the town centre and the primary shopping area, based on a clear definition of primary and secondary frontages in designated centres, and set policies that make clear which uses will be permitted in such locations

• recognise that residential development can play an important role in ensuring the vitality of centres and set out policies to encourage residential development on appropriate sites

• allocate a range of suitable sites to meet the scale and type of retail, leisure, commercial, community services and residential development needed in town centres. It is important that retail and leisure needs are met in full and are not compromised by limited site availability. Local planning authorities should therefore undertake an assessment of the need to expand town centres to ensure a sufficient supply of suitable sites

• allocate appropriate edge of centre sites where suitable and viable town centre sites are not available, and if sufficient edge of centre sites cannot be identified, set policies for meeting the identified requirements in other accessible locations; and

• set policies for the consideration of retail and leisure proposals which cannot be accommodated in or adjacent to town centres.

2.10 The draft NPPF goes on to note that local planning authorities should apply a sequential approach to planning applications for retail and leisure uses that are not in an existing centre and are not in accordance with an up to date Local Plan. It also notes that local planning authorities should prefer applications for retail and leisure uses to be located in town centres where practical, then in edge of centre locations and only if suitable sites are not available should out of centre sites be considered. In applying this sequential approach, local planning authorities should ensure that potential sites are assessed for their availability, suitability and viability and for their ability to meet the full extent of assessed quantitative and qualitative needs.

2.11 When assessing applications for retail and leisure development outside of town centres, which are not in accordance with an up to date Local Plan, the draft NPPF asks local planning authorities to require an impact assessment if the development is over a proportionate, locally set floorspace threshold. If there is no locally set threshold, the
default threshold is 2,500 sq m. In addition, planning policies and decisions should assess the impact of retail and leisure proposals, including:

- the impact of the proposal on existing, committed and planned public and private investment in a centre or centres in the catchment area of the proposal; and
- the impact of the proposal on town centre vitality and viability, including local consumer choice and trade in the town centre and wider area, up to ten years from the time the application is made.

2.12 Overall, the draft NPPF does not appear to alter the broad national planning policy landscape for retail planning to any significant extent. Planning applications are still required to be assessed against their compliance with the sequential approach to site selection and their impacts upon town centres.

2.13 In relation to development plan making process, the draft NPPF continues with the long-established requirement to consider the need for retail development and allocate sites accordingly (with regard to the sequential site assessment process). However, unlike PPS4 (and PPS6 before it), the draft NPPF document does not provide any further detail in terms of the assessment of ‘need’. Previously, reference was made to quantitative and qualitative factors of need, with further explanatory guidance provided in policies such as EC1.4 of PPS4. Such guidance is missing from the draft NPPF and it remains to be seen whether the Practice Guidance published alongside PPS4 remain in force (in either its existing or an amended format).
3. **Basis for the Updated Quantitative Need Forecasts**

**Introduction**

3.1 This section of the updated quantitative need assessment for retail floorspace in East Devon outlines the basis for the floorspace forecasts for both convenience (food) and comparison (non-food) retailing. It outlines the various assumptions and data inputs which have been adopted, including (where applicable) their source and/or justification. Where applicable, we also explain the differences in data sources/assumptions used by the quantitative need assessment in the 2008 Study and this current assessment.

**Principal Data Inputs and Assumptions Used**

*The Structure of the Quantitative Assessment Tables (Appendix B)*

3.2 The set of quantitative need assessment tables informing this study are contained in Appendix B at the rear of this report. They are structured in the following manner:

- Table 1 – population forecasts
- Table 2 – per capita expenditure forecasts
- Table 3 – total available retail expenditure forecasts
- Table 4 – market share of convenience shopping facilities
- Table 5 – study area derived turnover of convenience facilities (2011)
- Tables 6-13 – market share and study area derived turnover of comparison shopping facilities in East Devon
- Table 14 – benchmark turnover of convenience goods facilities in East Devon
- Table 15 – comparison goods turnover of main settlements in East Devon
- Tables 16a-16f – quantitative need/capacity forecasts for convenience retailing in East Devon
• Tables 17a-17f – quantitative need/capacity forecasts for comparison retailing in East Devon

Study Area

3.3 Given that this 2011 Update Study retains the same base household shopping patterns survey information, we have retained the same study area as the 2008 Study. This study area comprises 11 individual zones and covered a geographical area including the whole of the EDDC administrative area and also extending into parts of Exeter, Dorset and South Somerset. The zones were based on postcode sector geography.

3.4 A copy of the study area plan for this latest assessment is contained at Appendix A to this report.

Forecasting Dates

3.5 The start date for this quantitative assessment is 2011 (the current year) and which also matches the date of the latest survey of household shopping patterns. For the future, we have prepared forecasts for 2016, 2021 and 2026, in order to cover the period for the Local Plan. Beyond the start date for the assessment, these dates match the assessment years contained in the 2008 Study.

Catchment Population

3.6 We have obtained population forecasts for each of the 11 study area zones from Experian. These forecasts provide population forecasts for the present year (2011) and have been projected forward on the basis of the following information and assumptions:

• Zones 2-9 of the study area broadly fall within the East Devon District administrative area boundary. Data from the ONS’s 2008 sub-national population projections indicates an increase of 1,340 persons per annum in East Devon District up to 2026 and, therefore, we have applied this projected growth rate across Zones 2-9. For Zones 1 and 10-11 we have relied upon population projections from EBS.

• Once the District-wide population growth rate has been set, we have then considered how the growth should be apportioned between Zones 2-9. Using the same proportions as the 2008 Study, the global growth for East Devon has been split across Zones 2-9. Information on the District-wide growth rate and the
apportionment across the individual zones is clearly set out in the notes to Table 1 at Appendix B.

**Price Basis**

3.7 All monetary values in this report are in constant 2009 prices, unless otherwise stated, so as to exclude the effects of price inflation.

**Per Capita Expenditure**

3.8 For this updated assessment, we have obtained up-to-date estimates of per capita retail expenditure on convenience and comparison goods from Experian, for each of the study area zones. The data which has been obtained is for the year 2009, expressed in 2009 prices.

3.9 In order to bring the per capita spending levels up to the base year for the assessment (2011) and then across the assessment period (2011-2026) we have followed these assumptions:

- **Convenience goods expenditure.** Assumed that per capita convenience goods spending would grow at 0.3% between 2009-2010, with no growth between 2010-2011. From 2011 until 2016, per capita expenditure is assumed to grow by 0.6% per annum, with 0.7% growth per annum from 2017-2026.

- **Comparison goods expenditure.** We have assumed that per capita expenditure on comparison goods grew by 0.4% between 2009-2010, with 1.2% growth between 2010-2011. Between 2011-2016, per capita expenditure on comparison goods is forecast to grow by 2.9% per annum, followed by 3.7% per annum between 2017-2026.

3.10 The above forecasts are the ‘GVA house view’ based upon data supplied by Experian and Oxford Economics.

3.11 Per capita expenditure data for convenience goods shopping and the eight different categories of comparison goods shopping are contained in Table 2 at Appendix B.

**Special Forms of Trading (including internet shopping)**

3.12 Given that this assessment of quantitative need for retail floorspace is designed to concentrate upon physical retail floorspace across East Devon District, it is appropriate
to remove retail expenditure not made in retail shops. This element of expenditure is commonly known as ‘special forms of trading’ and includes mail order, internet shopping and temporary market stalls.

3.13 Internet sales are growing strongly and affecting how and where we shop, although the growth rate has slowed in recent years. In the early days of internet retailing, or e-tailing, back in the late 90’s dot.com boom, this growth was due to the emergence of virtual retailers, which led to predictions about the death of traditional retailing and the end of town centres. Things have moved on in recent years and recent research indicates that much of the growth in internet sales has been from sites of established retailers (such as Tesco, Argos, Next, John Lewis etc), who are creating “virtual outlets” to expand their market shares of retail spend. Also relevant is that some of the growth of internet sales has been at the expense of mail order sales.

3.14 High Street retailers have particularly benefited from the growth of internet shopping as their brands are widely recognised and trusted by consumers. Furthermore, they also benefit from their greater buying power, which means that they are often able to offer discounts. Price-comparison sites have also increased the trend towards price cutting on the internet, particularly in relation to small electrical products, CDs and software. This has generally led to intense price competition amongst retailers and is one factor behind price deflation in the retail sector.

3.15 Nevertheless, despite this growth, e-commerce still only accounts for a small part of total sales for mainstream retailers in the UK. Furthermore, sales on the internet have to some extent been a switch from mail order and for some retailers, like Tesco, involve sales from retail, rather than warehouse, floorspace (i.e. entire orders are processed through local stores). Even where sales are from warehouses, retail floorspace may still be required to fulfil a showroom function. Non-store retailing is, therefore, a complex subject.

3.16 For these reasons the potential impact of the internet on the retail and leisure sectors, and more specifically on the vitality and viability of Britain’s town centres, is difficult to predict. Accurate data is hard to come by and can easily be misinterpreted. For example figures from the Interactive Media Research Group (IMRG) include travel agents within their definition of retail, and monthly retail sales figures published by ONS are for all non-store retailing, i.e. excluding internet sales from bricks and mortar
retailers. However, starting in 2007 the ONS now publish a separate more detailed monthly series identifying sales over the internet.

3.17 This new ONS series suggested that in mid 2009 internet sales were about 3.5% of total retailing sales, but revisions in early 2010 resulting from a new expanded survey suggest the figure is double this with an end 2009 figure of 7.3% and mid 2010 figure of 7.9%. IMRG and ONS figures suggest that internet sales are increasing at about 15% pa, a lower annual growth rate than that achieved a few years ago (30%+ pa). Experian provide forecasts to 2027 which take into account the impact of broadband technology, speed of access to the internet, problems of delivery and receipt of goods when away from home at work etc.

3.18 Non-store retail sales (or sales by special forms of trading) comprise more than just sales on the internet, or e-tailing. They include e-tailing and mail order and street market stalls. Internet retail sales comprise sales by bricks and mortar retailers and sales by wholly internet-based businesses. Experian expect non-store retail sales, excluding e-tailing, to decline over the next ten years (due to the effects of the internet), but to be more than offset by the growth of e-tailing (as discussed above). This is reflected in the forecasts shown below.

3.19 Total non-store convenience retail sales (including e-tailing) are expected to increase from 5% of total convenience retail sales in 2008 to 9.6% in 2016 and then increase more slowly to 10.8% in 2027. Total comparison non-store retail sales (including e-tailing) are expected to increase from 8.2% of total comparison retail sales in 2008 to 13.9% in 2016 and then decline marginally to 13.2% in 2027. These figures are higher than the forecasts produced by Experian in Autumn 2009 but more similar to forecasts in previous Briefing Notes as they reflect more recently available data from ONS.

3.20 It is clear from the above that:

- Non-store retailing excluding all e-tailing (i.e. mainly mail-order etc) is declining, but that this is more than offset by strong growth in e-tailing. Overall non-store retailing
is, therefore, expanding in absolute terms and as a percentage of total retail expenditure.

- E-tailing is increasing strongly by both bricks and mortar retailers and non-store or virtual retailers, but the rate of growth now seems to be slowing.

3.21 However, consideration needs to be given to a number of points:

- the figures should arguably be adjusted to reflect that, for convenience goods in particular, part of the above figures includes e-tailing expenditure which actually occurs in food stores (e.g. as for Tesco) rather than in warehouses. This is likely to continue in the short term at least, although there are now some examples from ASDA and Tesco of using dedicated warehouses rather than food stores to service internet orders.

- the above figures should arguably be adjusted to reflect that even where the eventual purchase may occur on the internet, this may involve seeing and touching the goods in retail stores and discussing the pros and cons of alternative products with shop assistants (i.e. using shops as showrooms). It may also involve picking up goods from stores if that is more convenient than having them delivered, or returning them to stores if they are not suitable. The growth of internet sales may not lead to a corresponding equivalent decrease in retail floorspace requirements (although it may affect the increase in sales densities).

3.22 Taking all these factors into account, there is a case to be made that slightly lower forecasts than Experian’s forecasts may be more realistic for retail capacity assessment purposes. The GVA house view is, therefore, that the following deductions from expenditure should be made for non-store trading or special forms of trading for the period 2011-2026:

- Convenience goods shopping – 5% of total per capita expenditure
- Comparison goods shopping - 10.3% of total per capita expenditure

3.23 For the avoidance of doubt, the per capita expenditure estimates shown in Table 2 at Appendix B exclude expenditure devoted to special forms of trading.
3.24 Tables 3a-3h at Appendix B show total available expenditure within each of the eleven study area zones, totals which are calculated by multiplying the resident population data in Table 1 with the per capita expenditure data within Tables 2a-2h.

**Shopping Patterns in the Study Area**

3.25 For the reasons outlined in Section 1 of this report, the household shopping survey commissioned for the 2008 Study continues to be used for the 2011 Update. A copy of the results tabulations is contained at Appendix B of the 2008 Study and the study area plan is contained at Appendix A to this document.

3.26 The survey has been structured in order to obtain information on the following types of shopping in the eleven study area zones:

- For convenience (food) goods shopping, separate information on main food and top-up food shopping trips has been obtained.
- Comparison goods shopping has been split up into seven different categories (to match the 2008 study) including: clothes/shoes, furniture/floorcoverings/textiles, DIY, Domestic appliances, smaller electrical goods, chemist/medical/beauty/luxury goods, and books/recreation goods. Separate shopping patterns information has been obtained for each of these categories.

3.27 The ‘raw’ shopping patterns information from the household survey (contained at Appendix B to 2008 Study) has been summarised and arranged into the main settlements in East Devon District. This ‘summarised’ information is contained within Table 4 at Appendix B for convenience goods shopping and Tables 6-12 at Appendix B for comparison goods shopping.

3.28 Within Table 4 (Appendix B) the market shares for convenience goods stores in each of the main settlements have been grouped together, with main food and top-up food shopping market shares within each of the eleven study area zones shown separately. For the avoidance of doubt, the market shares are prior to the influence of the various retail commitments across the District. Table 5 at Appendix B turns these pre-commitment market share levels into study area derived turnover estimates for 2011. This is accomplished by applying the market shares in Table 4 to the total available expenditure estimates in Table 3 (Appendix B) for each zone. In order to take account
of the split between main food and top-up food expenditure, we have applied a split for each of the 11 zones and these are shown in the notes to Table 5.

3.29 A similar approach is taken in relation to comparison goods shopping, with data contained in the left-hand side of Tables 6-12 showing the market shares of the main settlements in East Devon District. Like the convenience goods assessment, these market shares are prior to the impact of the various retail floorspace commitments across East Devon District.

3.30 Using a similar approach to the convenience goods assessment, Tables 6-12 translate the market shares into study area derived turnover levels for each settlement, broken down into the seven comparison goods categories.

Visitor Expenditure from outside the Catchment Area

3.31 Within the previous quantitative capacity study in 2008, an allowance was made for spending at retail facilities across all of the main centres in East Devon by visitors travelling from outside of the study area. In our view, this is a reasonable approach to take given the attractiveness of the District to residents across the South West of England and also UK / international tourists.

3.32 This approach continues within the 2011 Update and takes into account tourism expenditure data provided by South West Tourism for B&NES District, which is then distributed across the main centres in the District.

Existing Shop Floorspace

3.33 We have obtained details of existing shop floorspace within the main centres in East Devon. For the main foodstores and supermarkets in each settlement, data has been obtained from the Institute of Grocery Distribution (IGD) database, supplemented by information from EDDC, GOAD and planning application data. For comparison goods floorspace in the main town centres, data has been obtained from GOAD, plus GVA’s own data on retail warehousing and the comparison goods elements of the main foodstores/supermarkets. For the avoidance of doubt, our instructions from EDDC for this study update did not extend to the collection of updated town centre floorspace data.
3.34 For those retail commitments included in the study, floorspace information has been obtained from planning application forms and supporting information, plus data held by EDDC.

**Sales Densities & Benchmark Turnover Levels**

3.35 A key component of the quantitative assessment of retail floorspace is the need to set benchmark turnover levels. Within the convenience floorspace assessment in the 2008 Study, company average performance levels were used for individual foodstores and supermarkets and assumptions made for other convenience goods floorspace in the main town centres. The same approach is followed in this 2011 Update, using the latest data provided by Verdict for national grocery operators, and based on the average performance level of each retailer’s convenience goods floorspace stock, rather than its overall retail floorspace offer.

3.36 Within the comparison floorspace assessment in the 2008 Study benchmark turnover levels in 2007 were assumed to match current total turnover levels for each settlement, given the absence of any other credible data. For this 2011 Update, we have selected an approach which aims for consistency (as far as is possible) with the previous assessment. Therefore, we have taken the 2007 benchmark turnover levels from the previous study for each settlement and projected these forward to 2011 (on the basis of increases in floorspace efficiency).

3.37 For both convenience and comparison goods floorspace capacity assessments an allowance has been made for increasing efficiency within existing and new retail floorspace. For the convenience assessment an allowance of +0.2% per annum up to 2016 and then +0.3% pa between 2017-2016 has been made. Within the comparison assessment, an allowance of +1.2% pa up to 2016 and then +2% pa has been made.

**Commitments**

3.38 Since the completion of the 2008 Study, there are a number of commitments for new retail floorspace across East Devon. These can be listed as follows:

- **Waitrose extension, Sidmouth.** In 2008, EDDC approved an application to extend the out-of-centre Waitrose store in Sidmouth. The extension provides an additional 648 sq m of net sales area.
• Lidl, Exmouth. In 2008 EDDC gave planning permission for a new Lidl discount foodstore on Salterton Road in Exmouth. The store has a net sales area of 1,272 sq m.

• Lidl, Honiton. A Lidl discount foodstore has also been permitted on Heathpark Way in Honiton. This store extends to 1,196 sq m net.

• Aldi, Honiton. An Aldi discount foodstore has also been permitted in Honiton. This store will be provided on the Countrywise site on Exeter Road and will extend to 1,075 sq m net.

• Tesco extension, Axminster. In 2010, EDDC permitted an extension to the Tesco store in Axminster. This store lies in an edge-of-centre location and the extension will provide for an additional 1,148 sq m of net sales area.

• Tesco extension, Exmouth. The Tesco store in Exmouth is the largest foodstore in the town. The approved extension will provide an additional 1,480 sq m net retail sales area.

• Tesco, Seaton. Following a long history of foodstore proposals on the eastern side of Seaton town centre, planning permission was given for a 3,140 sq m net Tesco store in 2009.

• Sainsburys, Ottery St Mary. This store lies on the northern edge of Ottery St Mary town centre and provides a net sales area of 1,858 sq m net. This store was approved by EDDC in 2010.

• Former RoyAir unit, Honiton. Planning permission has also been granted to change the use of the former RoyAir employment unit in Honiton to allow for retail sales. The permissions allow for the sale of furniture, floorcoverings, DIY, garden, cycle, vehicle, homeware, electrical and pet related goods.

3.39 It should also be noted that, following the completion of the 2008 Study, an application for a replacement (larger) Tesco store in Honiton was refused by EDDC. Tesco appealed against this refusal, but the appeal was dismissed by the presiding Inspector in early 2009.

3.40 These commitments will, when constructed and trading, have an impact upon shopping patterns across East Devon District. In order that the impact of the committed retail floorspace can be taken into account in the quantitative assessment,
we have undertaken a detailed analysis of trade draw and trade diversion using the results of the household shopping survey plus the particular trading style of each commitment. The pattern of trade diversion for each particular commitment is based on existing shopping patterns, weighted to take account of the trading overlap of the commitment with the range of existing stores, having regard to the principle that larger foodstores and supermarkets will trade on a like-for-like basis although not excluding the possibility that smaller stores will also receive an impact (particularly those which lie in close proximity to a particular proposal).

3.41 The results of this analysis are used to inform future turnover and market share levels for each settlement in the quantitative need assessment contained in the next section of this report. It will also be useful in the assessment of cumulative impact for development management decisions in the future.
4. Assessment of Quantitative Need

Introduction

4.1 In this section we set out and describe our updated quantitative need forecasts for convenience and comparison goods retail floorspace for the main settlements in East Devon. The 2008 Study provided forecasts for Exmouth, Ottery St Mary, Seaton, Sidmouth, Honiton and Axminster and these same settlements benefit from update forecasts for both convenience and comparison goods floorspace. The forecasts are based on statistical analysis contained at Tables 16a-16f at Appendix B for convenience floorspace and Tables 17a-17f at Appendix B for comparison floorspace.

4.2 However, before we outline our quantitative need forecasts, some general points should be noted.

4.3 In order to translate surplus expenditure capacity levels in each of the main settlements in East Devon, we have used indicative sales densities for convenience and comparison goods floorspace. For new convenience goods floorspace, we have adopted a sales density of £12,000/sq m, which is assumed to rise in relation with increases in floorspace efficiency. For new comparison goods floorspace, we have assumed a sales density of £5,000/sq m (again, assumed to rise in relation to increases in floorspace efficiency).

4.4 The convenience goods floorspace density adopted should be used as a guide and is more in line with the larger grocery operators such as Tesco, Sainsburys, ASDA, Waitrose and Morrisons. These retailers generally trade either in line or above this level. In contrast, other types of grocery retailer, such as discount retailers, trade at levels well below the level used in our quantitative assessment. 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. It will therefore be necessary to review the implications for retail capacity in each location as and when specific proposals for new

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3 As outlined in Section 3 of this report
4 Using the same increases in efficiency outlined in Section 3 of this report
floorspace come forward, taking account of the format of the proposed store and their likely occupiers and sales densities.

4.5 Similar principles apply for certain types of comparison goods floorspace. Some types of retail warehouse format, due to the need for large units and bulky goods, can have lower sales densities than high street style retailers. Therefore, the principles outlined in the paragraph above will apply.

4.6 Beyond the impact of committed development, our forecasts assume that the market shares for convenience and comparison goods shopping in each of the main settlements in East Devon remains constant. This is a sensible starting point for the analysis of overall need for retail floorspace across East Devon District, as it indicates what will happen if existing shopping patterns remain the same. However, it should be acknowledged that shopping patterns do have the potential to change, as a result of future changes in shopping behaviour and changes in the occupation of existing retail floorspace which can be outside the control of the planning system. In addition, changes could occur as a result of new retail development, which will need to be assessed as and when planning applications come forward and are assessed by EDDC in relation to its development management function.

4.7 Changes to the market share of shopping facilities in a particular settlement can also occur as a consequence of pro-active interventions by EDDC and its retail strategy in the Local Plan. The decision to pursue a revised market share for a particular type of shopping in any given settlement will be based on a number of factors, including quantitative and qualitative needs plus other factors including the availability of sites and development opportunities and impact considerations. Given that a number of these factors are outside of the remit of this particular piece of work, our quantitative analysis provides a useful starting point for the overall assessment of need and the ability/desirability of planning to change retail market shares.

Axminster

Convenience goods floorspace

4.8 Table 16a at Appendix B outlines the quantitative capacity for convenience goods floorspace within Axminster. The 2011 column in Table 16a provides the market share of convenience goods stores in Axminster prior to the impact of the Tesco extension and the impact of other commitments in other towns. It indicates that Axminster has a
(2011, pre-impact) market share of 6.3% in the study area and a total turnover of £28.0m.

4.9 Taking into account the impact of the Tesco extension and commitments in other settlements, the convenience goods shopping market share of Axminster actually falls, from 6.3% (in 2011) to 5.9% in 2016. This fall is despite the positive impact on the town’s market share by the Tesco extension and is due to the greater impact of commitments in other settlements in East Devon. The main reason why Axminster’s convenience goods market share falls is due to the impact of the new Tesco store in Seaton. Prior to this store opening, convenience goods stores in Axminster were benefiting from expenditure leaking from Seaton. Clearly, once the Tesco store opens, a significant proportion of this expenditure will stop and will have a consequential effect upon turnover levels within Axminster, particularly the Tesco store.

4.10 Based upon the fall in Axminster’s convenience goods market share to 5.9%, and assuming that it remains constant over the period to 2026, Table 16a at Appendix B indicates that there will not be any surplus convenience goods expenditure to support new convenience floorspace in Axminster over the assessment period.

4.11 This is not a significantly different situation to the contents of the 2008 Study, which indicated that there would be only minimal surplus expenditure capacity in the medium term: 57-219sq m net by 2016 and 169-338sq m net by 2021.

Comparison goods floorspace

4.12 Turning to comparison goods floorspace in Axminster, the relevant analysis is contained in Table 17a at Appendix B. Based upon the trading impact of the Tesco extension, we consider that the comparison goods market share of Axminster in the study area will rise very slightly from 1.1% in 2011 to 1.2% in 2016 as the Tesco extension is successful is attracting small levels of additional comparison goods expenditure to the town.

4.13 Based upon this (1.2%) market share continuing over the assessment period (2016-2026), Table 17a (Appendix B) predicts that there will be capacity for an additional 86sq m net of comparison goods floorspace by 2016, rising to 340sq m net by 2021 and 610sq m net by 2026.
4.14 Compared with the results of the 2008 Study, the amount of surplus capacity for additional comparison goods floorspace has reduced slightly, although this is to be expected due to the impact of the Tesco extension.

4.15 However, in line with the recommendations in the 2008 Study, there is the opportunity for further increases in Axminster’s comparison goods market share which could boost the amount of available additional capacity. However, given the size and role of Axminster in the retail hierarchy, such increases are likely to be, in our opinion, modest.

**Exmouth**

*Convenience goods floorspace*

4.16 Within the 2008 Study, it was predicted that Exmouth would have quantitative capacity for an additional 2,636sq m of net convenience goods floorspace by 2016, rising to 2,960sq m net by 2021. Since that time, EDDC has given approval to a large extension to the out-of-centre Tesco store in the town and there have also been other retail commitments, in other towns, which will have had an effect on Exmouth’s overall convenience goods market share.

4.17 Table 16b at Appendix B takes account of all of these commitments by showing that, despite the extension to the Tesco store, Exmouth’s market share within the study area will fall from 19.7% to 18.9%. The reasons for this reduction in market share are due to the impact of the new Sainsburys store in Ottery St Mary. In addition, and in line with the 2008 Study, we have also reduced the market share of stores in Exmouth to allow for the impact of new retail provision within the new community at Cranbrook.

4.18 Overall, based upon the continuation of a 18.9% market share for convenience goods shopping facilities in Exmouth, Table 16b at Appendix B indicates that there will be around £22.2m of surplus convenience goods expenditure at 2016, rising to £28m at 2021 and £34m at 2026. Using an indicative sales density of £12,000/sq m at 2011 these surplus expenditure levels can be translated into indicative floorspace capacity levels of 1,830sq m net at 2016, 2,276sq m net at 2021 and 2,749sq m net at 2026.
These capacity levels are lower than forecast in 2008, which is unsurprising given that the Tesco extension and new Lidl store will have soaked up some of the previous capacity and also new stores such as the Sainsburys in Ottery St Mary will have removed some of the available expenditure.

However, whilst there has been a reduction in quantitative capacity levels, there remains capacity for a relatively significant amount of new convenience goods floorspace in Exmouth. The forecast short to medium term capacity is equivalent to a medium-sized foodstore and EDDC will need to consider whether there are any in-centre or edge-of-centre locations within the town which can accommodate this level of floorspace.

Comparison goods floorspace

Turning to comparison goods capacity for Exmouth, this is set out in Table 17b at Appendix B. Table 17b indicates that between 2011 and 2016 the comparison goods market share of Exmouth will have risen slightly due to the comparison goods floorspace elements of the Tesco extension and new Lidl store, from 7.5% in 2011 to 7.9% in 2016. This increase in market share results in an indicative surplus floorspace capacity of 1,229sq m net by 2016, rising to 2,804sq m net at 2021 and 4,591 sq m net at 2026.

Comparing these new forecasts with the 2008 Study, surplus capacity levels have fallen, due to the Tesco extension and new Lidl store, although there remains sufficient surplus quantitative capacity to support new comparison goods floorspace in Exmouth town centre in the medium to longer term. Indeed, the levels of capacity outlined in this updated assessment are based upon constant market share levels and, as outlined in the 2008 Study, there is the potential for capacity levels to increase further should new floorspace in Exmouth be able to attract additional comparison goods expenditure to the town (i.e. via clawback of expenditure which is currently lost to Exeter).

Like our updated convenience goods assessment, whilst quantitative capacity has reduced since the completion of the 2008 study, there remains a relatively significant amount of scope for new floorspace provision in Exmouth and the level of identified capacity is the highest across the District. Taking into account the need to also provide for the identified convenience goods floorspace capacity, EDDC will now need to
consider how to appropriately plan for this additional floorspace capacity within town centre locations.

Honiton

Convenience goods floorspace

4.24 Within the 2008 Study, Honiton was forecast to provide limited levels of quantitative capacity for additional convenience goods floorspace. Based upon a constant market share, after taking account of the effect of new retail floorspace within the new community at Cranbrook, additional floorspace capacity was predicted to be 421sq m net at 2016, 603sq m net at 2016 and 832sq m net at 2021. However, the 2008 Study also noted that new foodstores in Ottery St Mary and Seaton could eliminate this additional capacity.

4.25 Taking into account the effect of the new Aldi and Lidl discount foodstores in Honiton, plus the effect of the new Sainsburys and Tesco stores in Ottery St Mary and Seaton, plus the Tesco extension in Axminster and the effect of the new community at Cranbrook, Table 16c predicts that the market share of convenience goods facilities will fall to 10.3% by 2016. When compared against the benchmark turnover of existing and committed facilities in Honiton, this level of market share would leave an oversupply of convenience goods floorspace by 2016, with surplus capacity for additional floorspace only returning after that date. However, even by 2021 surplus capacity will only reach 204sq m net, rising to 461sq m net by 2026.

4.26 This updated assessment reaffirms the conclusions of the 2008 study whereby there is limited capacity for additional convenience goods floorspace in Honiton. Whilst two small discount foodstores, with limited turnover levels have been approved by EDDC, the provision of additional (and larger scale) convenience goods floorspace is likely to cause significant harm to the town centre, as demonstrated by the appeal decision relating to the proposed replacement Tesco store.
Comparison goods floorspace

4.27 Table 17c sets out the level of quantitative capacity for additional comparison goods floorspace within Honiton over the period to 2026. Within the 2008 study, additional capacity for 1,105sq m net by 2016 and 2,052sq m net by 2021 was established, based upon a constant market share for Honiton\(^7\). Table 17c at Appendix B indicates that similar levels of additional comparison goods floorspace are likely to remain, based on a combination of Exeter city centre drawing trade from Honiton plus new comparison goods retail floorspace commitments in Honiton\(^8\) rebalancing this loss of expenditure. The result of these impacts is that Honiton is likely to achieve a 5% market share in the study area for comparison goods shopping. Based on this level of market share remaining constant over the assessment period, there will be capacity for 948sq m of new net comparison goods floorspace by 2016, rising to 1,951sq m net by 2021 and 3,077sq m net by 2026.

4.28 The level of quantitative capacity for additional comparison goods floorspace in Honiton is the third highest in the District, behind Sidmouth and Exmouth, reinforcing Honiton’s role as an important comparison shopping destination. We recommend that EDDC continue to explore opportunities for this additional floorspace to be provided within Honiton town centre.

Ottery St Mary

Convenience goods floorspace

4.29 Since the completion of the 2008 Study, EDDC has granted planning permission for a new edge-of-centre Sainsbury’s store in Ottery St Mary. Within the previous study, a quantitative capacity for up to 1,000sq m of new net convenience goods floorspace was forecast and this quantitative need has now been met by the new Sainsbury’s facility. This is demonstrated by the contents of Table 16d at Appendix B which indicates that the market share of Ottery St Mary in the study area has increased significantly from 1.8% to 4%. However, even with this large increase in the town’s market share, the level of floorspace provided within the new Sainsbury’s store means

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\(^7\) After the effects of the Princeshay development in Exeter city centre had been taken into account.
that there is no capacity for any additional convenience goods floorspace within Ottery St Mary over the assessment period (2011-2026).

**Comparison goods floorspace**

4.30 In relation to comparison goods floorspace capacity in Ottery, the 2008 Study indicated only very small amount of surplus expenditure arising from 2016 and beyond. Within the updated assessment contained in Appendix B, Table 17d indicates a similar picture, with short term capacity soaked up by the affects of the Princesshay development in Exeter city centre⁹ and also the small comparison goods floorspace element of the new Sainsburys store. By 2021, there will be surplus capacity for 185sq m net of new comparison goods floorspace, rising to 375sq m net by 2026.

**Seaton**

**Convenience goods floorspace**

4.31 Like Ottery St Mary, a clear recommendation in the 2008 Study was the provision of convenience goods floorspace, in the form of a new main/bulk food shopping destination, in order to claw back expenditure which was being lost to other settlements. Following competing applications from Tesco and Sainsburys, the Tesco proposal received planning permission and has recently opened for trade.

4.32 Table 16e contained at Appendix B indicates the effect which the new Tesco store will have on the convenience goods market share of Seaton, raising it from 3.4% to 6.6% by 2016. Unsurprisingly, due to the size of new Tesco store, which is larger than the identified quantitative need, short to medium term quantitative capacity for convenience goods floorspace in Seaton has been eliminated, with Table 16e indicating that surplus capacity will only return at 2026 (and even then capacity is minimal).

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⁸ Comparison goods floorspace elements of the Aldi and Lidl stores, plus the conversion of the former RoyAir unit to bulky comparison goods retail use

⁹ Which is a common assumption with the 2008 Study
**Comparison goods floorspace**

4.33 In relation to comparison goods floorspace, Table 17e at Appendix B indicates that there remains modest amounts of quantitative capacity for additional comparison goods floorspace within Seaton. Table 17e indicates that, as a result of the impact of the large new Tesco store on shopping patterns, and assuming a constant market share over the assessment period, the comparison goods market share of Seaton will rise from 0.7% to 1.7%, resulting in a surplus capacity of 129sq m net by 2016, rising to 524sq m net by 2021 and 906sq m net by 2026. This should be compared against the forecast capacity of between 236-1,186sq m net by 2016 and 450-1,530sq m net by 2021, with the decrease between the 2008 and latest assessments attributable to the Tesco store.

4.34 Given the amount of comparison goods floorspace provided within the new Tesco store, along with the overall significant impact that the Tesco store will have on local shopping patterns, we do not consider that there is an urgent need to plan for additional comparison goods floorspace within Seaton. However, were new provision is promoted, it will be important that it is provided within the town centre in order to provide an appropriate balance with the large edge-of-centre Tesco store.

**Sidmouth**

**Convenience goods floorspace**

4.35 Within the 2008 Study, Sidmouth was forecast to benefit from capacity for an additional 89-486sq m net by 2016 and 209-625sq m net by 2021. Since the completion of that study, EDDC has granted planning permission for an extension to the out-of-centre Waitrose store in the town, whilst the grant of permission for the new Tesco in Seaton and new Sainsburys in Ottery St Mary will also have had an impact upon shopping patterns in the local area.

4.36 Table 16f at Appendix B indicates that the new Sainsburys and Tesco stores in Ottery and Seaton will have reduced Sidmouth’s convenience goods market share and the extension to the Waitrose store in Sidmouth is not large enough to arrest this fall. Table 16f indicates that the fall in market share will be from 7.6% to 6.6%. As a consequence of this fall in market share, plus the additional convenience goods floorspace provided by the Waitrose extension, the level of quantitative capacity for additional convenience goods floorspace is minimal, at 33sq m net at 2016, rising to 188sq m net
by 2021 and 353sq m net by 2026. This modest level is commensurate with the findings of the 2008 Study.

**Comparison goods floorspace**

4.37 With the Waitrose store extension providing very little in the way of additional comparison goods floorspace, the updated quantitative capacity analysis contained in Table 17f (Appendix B) predicts a similar level of capacity to the 2008 Study. Within this latest assessment, we predict that there is quantitative capacity for an additional 1,235sq m of net comparison goods floorspace by 2016, rising to 2,131sq m net by 2021 and 2,974sq m net by 2026. These forecasts are based upon constant market share levels, in order to match the predictions made in our 2008 Study.

4.38 Sidmouth has the second largest amount of quantitative capacity for additional comparison goods floorspace in East Devon, reinforcing its popular role with both local residents and tourists alike. One the particular strengths of Sidmouth is the concentration of comparison goods floorspace within the town centre and EDDC should continue to investigate ways of providing this additional capacity either within the existing town centre boundary, or as part of an extended town centre.
5. Summary and Conclusions

Scope and Purpose

5.1 This report has been prepared by GVA in response to an instruction by East Devon District Council (‘EDDC’) to prepare an update to the quantitative need assessment for retail floorspace across the East Devon administrative area, in order to inform the emerging East Devon Local Plan (‘the Local Plan’).

5.2 The previous assessment of quantitative need for retail floorspace in East Devon District was contained in the ‘Retail Needs Study & Town Centre Health Check’ by GVA (published in April 2008). Since the completion of the 2008 Study a number of events have occurred which have prompted the need for an updated assessed of quantitative need for retail floorspace: the recent economic downturn and its implications for retail spending going forwards; and, several additional commitments for new retail floorspace across East Devon.

5.3 For the preparation of these updated forecasts, up to date population, per capita expenditure and retail sales density information has been obtained. Due to the fact that a number of the retail commitments in East Devon had not commenced trading at the time of commissioning this work, it was decided by EDDC and GVA that the 2007 survey of household shopping patterns would be used (including manual amendments by GVA to show the effects of each commitment on convenience and comparison shopping patterns across the District).

Summary of Quantitative Need Forecasts

5.4 A summary of the quantitative need forecasts for convenience and comparison goods floorspace in Axminster, Exmouth, Ottery St Mary, Honiton, Seaton and Sidmouth are summarised in Tables A and B below.
### Table A: Summary of Convenience Goods Floorspace Capacity, 2011-2026 (sq m net)

<table>
<thead>
<tr>
<th>Centre</th>
<th>2011</th>
<th>2016</th>
<th>2021</th>
<th>2026</th>
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<tr>
<td>Axminster</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
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<td>1,830</td>
<td>2,276</td>
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<td>-</td>
<td>-</td>
<td>204</td>
<td>461</td>
</tr>
<tr>
<td>Ottery St Mary</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Seaton</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>38</td>
</tr>
<tr>
<td>Sidmouth</td>
<td>-</td>
<td>33</td>
<td>188</td>
<td>353</td>
</tr>
</tbody>
</table>

Notes: Conversion of surplus expenditure into floorspace capacity based on £12,000/sq m in 2011 and increasing in line with floorspace efficiency increases over the period 2011-2026. It should be noted that the floorspace capacity levels outlined in the table above are based upon an indicative sales density for new retail floorspace and when planning for new retail floorspace regard some also be had to the surplus expenditure levels outlined in Tables 16 & 17 at Appendix B to this document.

### Table B: Summary of Comparison Goods Floorspace Capacity, 2011-2026 (sq m net)

<table>
<thead>
<tr>
<th>Centre</th>
<th>2011</th>
<th>2016</th>
<th>2021</th>
<th>2026</th>
</tr>
</thead>
<tbody>
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<td>Axminster</td>
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<td>Ottery St Mary</td>
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<td>375</td>
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<tr>
<td>Seaton</td>
<td>-</td>
<td>129</td>
<td>524</td>
<td>906</td>
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<tr>
<td>Sidmouth</td>
<td>-</td>
<td>1,235</td>
<td>2,131</td>
<td>2,974</td>
</tr>
</tbody>
</table>

Notes: Conversion of surplus expenditure into floorspace capacity based on £5,000/sq m and increasing in line with floorspace efficiency increases over the period 2011-2026. It should be noted that the floorspace capacity levels outlined in the table above are based upon an indicative sales density for new retail floorspace and when planning for new retail floorspace regard some also be had to the surplus expenditure levels outlined in Tables 16 & 17 at Appendix B to this document.

5.5 It is clear from Table A above that there has been a general reduction in quantitative capacity levels for convenience goods floorspace across East Devon District since the 2008 Study. Permissions for new stores in Seaton and Ottery St Mary have eliminated surplus capacity in those towns, whilst there has also been reducing levels of capacity in Axminster, Honiton, Exmouth and Sidmouth. The only town with an significant remaining capacity is Exmouth, where there remains capacity for a medium sized foodstore in the short to medium term. We therefore recommend that EDDC continue its consideration as to how best to plan for this additional convenience goods.
floorspace in Exmouth, alongside the need to plan for additional comparison goods provision in the town centre.

5.6 Within the comparison goods sector across East Devon, relative capacity levels remain similar although there has been a reduction in capacity due to the worsening economic outlook and also due to various modest additions in comparison floorspace across most of the main settlements. Exmouth, Sidmouth and Honiton remain the three centres where quantitative capacity is the greatest, reflecting their role at the top of the shopping hierarchy in the District. In order to accommodate these levels of additional capacity, we recommend that EDDC continue to investigate appropriate town centre retail development sites across all of the main settlements.

5.7 Finally, it should be noted that the quantitative capacity levels outlined in this update to the 2008 Study are based upon a continuation of current market shares after the implementation of the various retail commitments across the District. As noted in the 2008 Study, there is the potential to increase the market share of some towns, particularly for comparison goods shopping via the clawback of expenditure which is being lost to facilities in, for example, Exeter. This general approach remains valid for the results of this study update and reference should be made back to the qualitative need assessments and policy options analyses in the 2008 Study for further information.
Appendix A
Study Area Plan
Appendix B
Quantitative Need Assessment Tables