

## **Appendix 3 – Retail Impact**

On Behalf of:

**Derwent Holdings Ltd.**

In Respect of:

**Edge Lane Retail Park, Liverpool**

Reference:

**JB/MA/1003708/R003m APX 003**

Date:

**September 2010**

## 1.0 Retail Impact

- 1.1 In line with PPS4 Policy EC16.1, the impact assessment considers the impact (trade diversion) of the proposed development from stores and centres both within the identified PCA and outside the PCA. This impact assessment outlines the impact of the proposed redevelopment by itself; but also outlines cumulative impact of the proposed development and known key schemes within and beyond the PCA. The results of which are shown in Tables 10a, 10b and 11 of Appendix 5.
- 1.2 In line with the requirements of PPS4 Policy EC16.1 this sets out six tests. Of these 3 of them are not strictly relevant in this case specifically EC16.1.c which is concerned with impact on allocated sites is irrelevant because we understand that no such sites exist. In respect of EC16.1.e the application site is technically out of centre, and therefore the requirement is strictly irrelevant (as this policy is only relevant to in or edge of centre sites). Finally in respect of EC16.1.f no such locally important impacts have been identified by the local planning authority.
- 1.3 This assessment only focuses on implications of the residual EC16.1 tests i.e. EC16.1.a, EC16.1.b, and EC16.1.d.
- 1.4 It is important to note that the proposed development will divert the largest amount of its trade from other strategic retail parks, other out of centre facilities and the larger food superstores. To a lesser extent, there will be trade drawn from the city centre and other centres within the hierarchy.

### Cumulative Impact

- 1.5 The cumulative impact assessments for the design years of 2016 and 2019 are shown in **Table 10a** and **10b**. This takes into account the impact of current planning consents (commitments) within and closely related to the study area. Details of these commitments are contained at paragraph 1.19 of the capacity appendix (Appendix 2). The result of this Cumulative Impact Assessment can be seen at tables 10a and 10b of Appendix 5. These are:
- Project Jennifer, Great Homer Street;
  - Tesco, Park Road (Toxteth);

- St John's extension;
  - Kirkby Town Centre;
- 1.6 Initial impact work took account of the proposed Kirkby town centre redevelopment scheme which was refused by the Secretary of State in November 2009 (Call in Ref. APP/V4305/V/08/1203375). A revised planning application was submitted in September 2010 by Spenhill Regeneration Ltd. Although the planning application has not yet been validated the scheme has been built in as a commitment for robustness, based on recent press releases we have assumed the revised scheme will comprise of 43,500m<sup>2</sup> gross retail floorspace including a Tesco store of approximately 15,700m<sup>2</sup> (gross).
- 1.7 The nature of these schemes varies from a new foodstore to a town centre redevelopment. We have used the retail assessments undertaken for each of these schemes, where available, to determine the level of trade diversion expected from the facilities in the catchment area. In the case of the Kirkby Town Centre proposals in the absence of any application documents for the revised scheme, the trade diversion figures have been taken from the public inquiry proofs of evidence.
- 1.8 It is important to note, that whilst the impact assessment considers trade diversion and resultant impact on edge/out-of-centre stores, these locations are not afforded policy protection under PSS4. These figures are included to indicate where the proposal's turnover will be derived from.
- 1.9 The St John's Centre extension was expected to have a small turnover and draw limited amounts of trade from three main destinations; Edge Lane Retail Park, New Mersey Retail Park and Kirkby town centre. The overall turnover of Liverpool City Centre is due to increase with the opening of this scheme.
- 1.10 For the new Tesco store on Park Road, Toxteth there is little comparison trade diversion, and for convenience this is spread between a number of destinations. Some diversion of trade from convenience stores in Liverpool City Centre is expected, as well as minimal amounts from the out of centre Asda store at Breck Road, the Asda at Smithdown Road, and Edge Lane Retail Park. Old Swan District Centre, with its in-centre Tesco store is expected to provide the greatest amount of trade drawn to the Tesco in Toxteth, but this does not unduly affect the trade of the centre as a whole.

- 1.11 The Great Homer Street proposal is due to take the greatest proportion of trade from Aintree Retail Park, namely the Asda store there. This is followed by a small amount of trade from Edge Lane Retail Park and a negligible amount from Old Swan district centre. The remaining trade for this development was expected to come from outside of the study area.
- 1.12 The Kirkby town centre proposals are expected to take the highest proportion of its comparison goods trade from Liverpool City Centre with a high proportion also being drawn from Aintree Retail Park. A small proportion of trade is also expected to be drawn from Edge Lane Retail Park. The remainder of the trade is expected to be drawn from centres and retail parks outside our study area.
- 1.13 None of these commitments, and equally the proposed scheme, take trade from smaller centres. This is because the offer is so different so one is unlikely to divert a trip from a store in a local or district centre to a retail park as the purpose of this trip is likely to be vastly different. Therefore impacts on these centres are likely to be minimal, if at all.
- 1.14 The Council's retail consultants, GL Hearn, advise that the extent of retail impact can be mitigated through proper controls in terms of phasing and restrictions on the net floorspace and ensuring the right mix of the types of retail uses within the development site. This three-pronged approach provides safeguards which address residual concerns in respect of the vitality and viability of defined centres more generally.
- 1.15 In consideration of cumulative impact resulting from the extant retail consents within the catchment area, the capacity assessment (appendix 2) shows that there will be an increase in overall turnover within the study area; thus resulting in a net increase in trade. These will provide an additional £1.76m comparison goods expenditure and £8.69m convenience goods expenditure being retained by 2019. Specifically, these commitments are comprised of the extension of the Asda at Breck Road, Aldi at Broad Green Road (09F/0326) and the recently determined application on the former Kwik Save site in Old Swan District Centre (10F/1756). The Asda Breck Road extension has recently had an extension of time application (10F/0785) approved at planning committee subject to the signing of a s106 agreement, it is understood that this decision notice has now been issued.

- 1.16 **Tables 10a and 10b** provide an impact assessment of four known major retail schemes outside our catchment area. These are listed at paragraph 1.5 of this appendix. Centre turnovers have been derived from 2010 money flows with annualised turnover efficiencies (1.5% comparison goods and 0.2% convenience goods) then applied to the 2016 and 2019 design years.
- 1.17 Column 12 of **Table 10a** shows the cumulative monetary impact on convenience and comparison goods retailers in the design year of 2016 (the same being the case for 2019 within **Table 10b**). Furthermore, Column 12 of **Table 10b** indicates that the cumulative post impact turnovers for all District Centres within the study area will be higher than the existing (2016) turnovers for these centres as shown at column 4 of **Table 10a**. This will either be due to the natural increase of turnover between 2016 and 2019, or as a result of commitments being implemented.
- 1.18 The impact of these commitments has been considered ahead of the proposed as with the exception of Kirkby, these are all permitted schemes. Even with Kirkby there appears to be no landownership issues to resolve with the applicant owning the entire application site. Edge Lane, as a phased development, is therefore expected to be developed after these commitments.

### **Edge Lane Development**

- 1.19 The applicant has been involved in detailed pre-application discussions with the council and its agents in order to assemble the most suitable and acceptable form of development for both the developer and the local area. The proposed development is planned to be constructed in two phases, as detailed above in section four. Therefore the retail impact of the proposal will be spread over these two phases; representative of the design years of 2016 and 2019. The majority of Phase 1 of the development is A1 retail, with a comparison turnover of around £75m and convenience turnover of £14.2m at the design year of 2016. Phase two is expected to come on stream three years later giving the retail park a total comparison turnover of around £148.3m and convenience turnover of around £14.3m, both at the second design year of 2019.
- 1.20 In order to determine the impact of the proposals we have first identified the true uplift of the proposals at the design years of 2016 and 2019. This takes into account

the expected impact of the commitments on Edge Lane Retail Park (as existing) identified in Table 10a when comparing the base turnover at 2016 of Edge Lane Retail Park (£54.48m – column 4) to the post impact turnover at 2016 (£46.45m – column 12).

- 1.21 This is a cautious "real world" approach which effectively increases the uplift of the proposals and such the impact modelled at phase 1 is similarly inflated but nonetheless would be a reflection of the "on the ground" trading effects.
- 1.22 **Table 11** outlines the envisaged trade diversion from stores and centres within and outside the PCA, building upon the cumulative impacts of commitment schemes.
- 1.23 Column 2 of **Table 10a** outlines the overall pre-impact turnover of all developments at the design year of 2016, whilst column 2 of **Table 11** provides the position post-effect of the cumulative developments dealt with at **Table 10a**. The figure in column 2 of **Table 11** is therefore consistent with the equivalent figures at column 12 of **Table 10a** whilst the figure in column 6 of **Table 11** is consistent with the equivalent figures at column 12 of **table 10b**.
- 1.24 The estimated trade diversion from stores and centres at the first design year (2016) is shown at column 3 of **Table 11**. This only builds in phase 1 of the proposed development. Column 4 shows post impact turnovers for each identified store and centre, with impact referred to in monetary terms. Column 5 shows the impact of the proposals in percentage terms.
- 1.25 The same exercise is undertaken for phase 2 (as a standalone phase) at 2019 with estimated trade diversion shown at column 7. Column 8 shows post impact turnovers for each identified store and centre with impact referred to in monetary terms. Column 9 shows the impact of the proposals in percentage terms.
- 1.26 Column 10 onwards builds in both phases of the development at 2019. Column 10 provides base level turnover for 2019 consistent with those figures at the end column in **Table 10c**. Estimated trade diversion is shown at column 11, with post impact turnovers shown in monetary terms in column 12. Column 13 outlines the trade diversion (impact), in percentage terms, from existing floorspace. The cumulative impact of the proposals and commitments is shown in the final column of **Table 11**.

### **Summary of Proposal's Impact - Convenience & Comparison Goods**

- 1.27 The proposed development will divert £5.06m from locations within local and district centres, including standalone stores within centres. This represents an overall impact on local and district centres of 0.2%, based on these centres and existing stores trading at existing levels.
- 1.28 There will inevitably be a degree of trade diversion from pass-by trips, with customers therefore living further afield. It is estimated that these, alongside residents that would currently shop further afield or on-line, would be in the order of 15-20% of the overall trade to be drawn to the development.
- 1.29 Due to its regional significance and extensive comparison goods offer, this assessment also considers trade diversion from Liverpool City Centre, given a proportion of its estimated £788.78m convenience and comparison turnover (at 2019) (following commitments) will be derived from within the study area. It is estimated that £12.46m (by 2019) would be diverted towards the proposed development. Resultant impact would therefore be 1.58%.

#### *First phase*

- 1.30 First phase trade is expected to be drawn primarily from New Mersey Retail Park, at £18.36m, and lesser amounts from other locations. This phase includes the potential for ancillary convenience floorspace within Unit 13 and as such some trade is drawn from nearby foodstores as well as the existing Marks & Spencer Simply Food Unit at New Mersey Retail Park. In respect of Aintree Retail Park and Liverpool City Centre, it is anticipated that the development will absorb trade in the order of £5.12m and £5.11m from these facilities respectively. It should be recognised that these two facilities are located out of centre (and therefore have no policy protection), and in the case of New Mersey Retail Park is heavily overtrading. In respect of Liverpool City Centre, impact is anticipated to be 0.68% and almost indiscernible in practice.
- 1.31 Some trade is expected to be drawn from the smaller centres of Edge Hill, Kensington, London Road and Old Swan, simply because these are located close to the proposed development and some of those living near to these centres will naturally be attracted to a new development. Minimal amounts of trade are expected

to be drawn from Cheshire Oaks Outlet Village and Kirkby Town Centre should it be developed as proposed by Spen Hill Developments Ltd. This is because these destinations will offer similar shopping experiences, albeit on a different scale. Impact on these centre are expected to be around 0.46% on Cheshire Oaks and 2.03% on Kirkby.

### *Second Phase*

- 1.32 For the second phase, the trade draw characteristics will reflect the slightly different retail offer. Greater impact will be felt by the large retail parks as the offer is more bulky and part-bulky-oriented. This phase is also expected to take more expenditure from outside the catchment area, due to the attractiveness of the proposal coupled with its location on a major route into and out of the centre. Monetary diversions range from £0.07m from Kensington Local Centre (with a 0.82% impact) to £31.08m, from New Mersey Retail Park (resulting in a 16.49% impact).
- 1.33 Phase 2 of the proposal is expected to divert some trade from Liverpool City Centre and Aintree Retail Park, as with Phase 1. These are likely to be slightly higher, due to the cross-over in the offer, at £7.11m and £8.98m respectively. The resultant impacts from this are relatively low, at 0.9% and 12.75%. Further trade drawn from the smaller centres has little impact, ranging from 0.82% for Kensington and 1.26% for Old Swan.
- 1.34 The District Centre of Old Swan in particular has been considered in detail. The centre has a slight bias towards convenience floorspace, and is strongly anchored by the in-centre Tesco store. The store provides a vital facility for the centre and its car park serves many of the other uses. The centre accommodates a range of service and comparison facilities, many multiple retailers, which are well-frequented by residents and passers-by. Whilst the range of comparison goods to be sold within the Retail Park will inevitably have some overlap with that at Old Swan, in reality it is anchored by the Tesco store which only provides for impulse non-food shopping requirements. With that in mind, there is unlikely to be any material overlap in respect of the offer and the propensity for adverse levels of retail impact. Vacancies in the centre are amongst the lowest in Liverpool and the centre shows considerable signs of vitality and viability.



- 1.35 The health of each of these centres has been considered in detail and a health check has been undertaken (see appendix 4). Although the impact on these centres is not considered to be materially harmful to any extent we have still considered how far it might go. By bringing forward the development in two discrete stages this lessens the impact of each of them on surrounding centres and facilities. It also allows the 'settling' period to happen more smoothly so the transition of visitors to Edge Lane from elsewhere does not cause undue levels of not only trade diversion, but also traffic diversion.
- 1.36 Notwithstanding this, it is felt that even if the development were to come forward in one go there would not be any adverse impact on the affected centres. It is felt that bringing forward the development in phases is an extremely cautious approach. It is likely however, to even further mitigate the potential for material adverse impacts on the ongoing vitality and viability of the affected centres. Consequently, as none of the stores and centres will trade below the benchmark turnover as a result of the proposal, there is no likelihood of any shops closing as the impact will be so minimal.

### **Sensitivity Testing**

- 1.37 As has been requested by LCC we have undertaken a number of sensitivity tests to provide further confidence to the local planning authority on the impacts of the proposals. This has included testing the impact of both phases of the proposals at 2014 and an increased impact scenario on Liverpool City Centre (25%). We have also accounted for 100% of Unit 13 to be used solely for the sale of comparison goods and accounted for 25% of Unit 13 being used for the convenience goods. It is also worth noting all impact work has been based on 100% of phase 1 being built out over the same period which in practice may not happen with some units possibly forming part of phase 2.
- 1.38 The 2014 design year and 25% impact on Liverpool City Centre scenarios are outlined in Table 12b with Table 12a assessing the cumulative impact of commitments at the same year (giving the post-commitments turnover in columns 2, 6 and 10 of Table 12b). In summary in this scenario the combined cumulative impact on Liverpool City Centre is 6.15% (3.88% solus impact) taking account of the proposals and commitments along. Because of the higher percentage of impact on Liverpool City Centre the cumulative impact on New Mersey Retail Park falls to 25.82% (21.47% solus impact). Even with the sensitivity testing and taking into

account committed retail floorspace, including the Kirkby Town Centre scheme which has not yet been determined, the cumulative impact on Liverpool City Centre is minimal and as such it is not considered that the proposals would have any material harm on the future vitality and viability of the centre.

## **Conclusions**

- 1.39 In conclusion the proposals comply with PPS4 policies EC16.1.a, EC16.2.b and EC16.2.d. This is clarified within the PPS4 Assessment section of the main body of the Assessment at paragraphs 7.100-7.128. In relation to EC16.1.a and the implications of the proposals on committed and planned investment to centres, in this case Great Homer Street, this is further dealt with in the Capacity Appendix (**Appendix 2**).