



# SOUTH WEST WALES REGIONAL RETAIL STUDY

## FINAL REPORT

On behalf of Ceredigion County Council, Pembrokeshire County Council, & Pembrokeshire Coast National Park Authority

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## **EXECUTIVE SUMMARY**

The study has been prepared to help inform both plan-making and decision-taking across the three authority areas and assist in the development of planning policy; particularly in relation to future retail provision. Consideration has been given to recently updated national and local development plan policy guidance.

A household survey was commissioned as part of the study which involved a telephone interview of 1,600 households across the defined study area. The survey helped to identify shopping patterns for different types of retail categories. The results were used to identify where retail expenditure is directed to, including key foodstores and town centres in each of the Partner Authority areas.

The assessment of the need (or 'capacity') for new retail (convenience and comparison goods) floorspace up to 2036 has been carried out, identifying need at strategic level and for key centres in each authority area. Forecast capacity has been informed by 2014-based population projections derived from the Welsh Government.

This Executive Summary provides an overview of the key findings of the study, including the findings of the market share analysis (shopping patterns), health check assessment of the partner authority town centres and assessment of retail need for each authority.

### **Pembrokeshire County and Pembrokeshire Coast National Park**

The market share analysis in Section 4 shows almost all of resident catchment convenience expenditure is retained in Pembrokeshire County and Pembrokeshire Coast National Park as a whole. Key foodstores in Haverfordwest account for the majority of retained convenience expenditure. Smaller centres in Pembrokeshire County and Pembrokeshire Coast National Park attract a smaller proportion of convenience expenditure which reflects a more limited offer in convenience provision compared to larger centres. For comparison goods, the catchment for Pembrokeshire County and Pembrokeshire Coast National Park as a whole retains a relatively high proportion of expenditure for all comparison goods (60.1%). Leakage from the catchment is mainly directed to Carmarthenshire. At centre level, Haverfordwest attracts the greatest proportion of expenditure from the catchment, which reflects the centre's role as a sub-regional town centre. Within the Pembrokeshire Coast National Park area, Tenby attracts the greatest proportion of comparison goods expenditure.

A review of Special Forms of Trading (SFT), which includes online shopping sales shows that 4.5% of residents in the Pembrokeshire catchment area purchase convenience goods online. For comparison goods, SFT accounts for almost a quarter of all catchment expenditure. The SFT market share increases for the particular comparison goods such as recording media (e.g. CDs, DVDs, music downloads, etc.), audio visual, and books and stationary.

The market share analysis informed forecast need for new retail floorspace for Pembrokeshire County and Pembrokeshire Coast National Park and centres within. At strategic level, the capacity assessment identifies up 1,244 sqm net of new comparison goods retail floorspace in 2031, increasing to 4,973 sqm net by the end of the study period

(2036). The majority of the forecast capacity is directed to Haverfordwest (up to 2,916 sqm net by 2036). No forecast capacity is identified for new convenience floorspace over the study period due to committed retail floorspace, in particular the Sainsbury's scheme in Haverfordwest.

In terms of accommodating growth, the study concluded the following for centres in Pembrokeshire County:

**Haverfordwest** – there is no capacity for new comparison goods (including bulky goods floorspace) in the short to medium term (up to 2026). However, in the longer term to 2036, capacity emerges for up to 4,059 sqm net of new comparison goods, which accounts for the majority of forecast floorspace for Pembrokeshire County and Pembrokeshire Coast National Park. No capacity is identified for new convenience floorspace as result of the planned Sainsbury's. The health check assessment concludes that the town centre is vulnerable to changes in the retail market and from the pressures of out of centre development and leakage to online shopping and competitor centres (e.g. Carmarthen). Investment in the town centre is essential to secure the centre's future. However, continued pressure for further out of centre retail and leisure development (e.g. current proposals for Slade Lane) is likely to draw more expenditure away from the town centre and undermine investor confidence if approved. As such, identified capacity for new retail floorspace in Haverfordwest should be directed to the Haverfordwest Town Centre as a priority. This includes future proposals for bulky goods floorspace.

**Milford Haven** - no capacity is identified for new retail floorspace after taking account of pipeline development at Milford Haven Marina. The centre is not considered to be a particularly strong retail centre, which is evident from the market share analysis with out of centre foodstores serving Milford Haven are achieving a considerably higher market share than stores in the town centre. The town centre health check also confirms that Milford Haven Town Centre is struggling, particularly in terms of its retail function. Demand for new retail in Milford Haven is likely to be limited due to the proximity of Haverfordwest and its out of centre shopping offer, as well as out of centre shopping facilities in Pembroke Dock. Investment in the centre is critical and while the Marina offers the potential to develop Milford Haven's tourism economy, potential opportunities to promote the town centre should be supported. This could involve diversifying the offer towards the leisure sector or seeking to develop a specialist, complementary retail offer, for example antique sales

### **Pembroke Town and Pembroke Dock**

Pembroke Town and Pembroke Dock - the two centres are located in close proximity to each other but serve different functions in terms of their retail offer and customer base. This is reflected in the capacity assessment which identifies the balance of forecast retail floorspace towards Pembroke Dock. No capacity is identified in either centre for additional convenience floorspace as a result of low expenditure retention (Pembroke Town) or planned floorspace (Pembroke Dock). Forecast need for new comparison floorspace shows that some 217 sqm net of new floorspace is identified for Pembroke compared to 713 sqm net for Pembroke Dock by 2036. The health check assessments for the centres highlights key differences between the two centres but the close proximity of the two means that their futures need to be considered together. Hence the location of any further

retail development needs to be reviewed in the context of the wider plans for the towns and the availability of sites. While both centres are identified as Primary Key Settlements in the WSP alongside Haverfordwest and Milford Haven, it is evident that Pembroke Town Centre under-performs in terms of its comparative shopping function.

**Fishguard** - forecast need for new retail floorspace is largely confined to potential opportunities for new comparison goods floorspace. Demand for retail space is likely to be limited to independent retailers. The centre has clearly seen a number of closures in the town in recent years, particularly in the food and drink and hotel sectors, which are clearly important to the overall economy. There is therefore a qualitative need to maintain/improve the retail offer and leisure offer in the town to ensure it remains attractive to the tourist trade and support the overall vibrancy, attractiveness and viability of the centre. This highlights the potential to promote tourism, with priorities directed to bringing vacant units and sites back into use.

**Narberth** - No forecast need for new retail floorspace is identified for Narberth after taking account of planned development. The centre appears to be performing well with a higher market share in convenience goods expenditure than other centres in the same centre hierarchy position. The centre's niche comparison retail appeals to the visitor market, highlighting the importance of the tourism sector to the local economy.

In terms of accommodating growth, the study concluded the following for centres in Pembrokeshire Coast National Park:

**St Davids** - Forecast need for new retail floorspace is focused on comparison goods floorspace, with up to 293 sqm net identified over the study period (2036). Demand for new comparison floorspace is likely to attract tourist related comparison retailers. It will be important that any additional retail floorspace is provided in a format that is sensitive to the setting and character of the area. As such it is likely to be provided within small units and, given the nature of many of the current retail businesses may be linked to the provision of workspace for the craft sector.

**Saundersfoot** – the centre like other smaller centres in Pembrokeshire Coast National Park retain a small proportion of retail expenditure, which is reflected in limited forecast need for new retail development. Retail offer in Saundersfoot is largely aimed at the tourist market. As such, the retail shopping needs of local residents are largely being met by nearby Tenby. Therefore, it may be preferable to direct forecast capacity identified for Saundersfoot to be allocated to Tenby.

**Tenby** - Out of the National Park's four main centres, a higher quantum of forecast need is identified for Tenby, particularly for comparison goods floorspace (515 sqm net). While forecast need is influenced by visitor expenditure the centre is popular with catchment residents for convenience and comparison shopping. Forecast retail need could be accommodated through small scale retail and mixed use developments within or on the edge of the centre.

**Newport** - forecast need for additional floorspace is focused on new comparison goods floorspace. The health check assessment identified no vacancies in the centre and market demand for new retail has largely been met by changes of use. Due to the size and role of

the town centre there is unlikely to be market demand for new retail development in Newport.

## **Ceredigion County**

The market share analysis in Section 4 shows that a high proportion of resident catchment convenience expenditure is retained in the County. Key foodstores in Aberystwyth and Cardigan account for the majority of retained convenience expenditure. Lampeter attracts a reasonable proportion of convenience for a centre of its size, while market shares for the County's smaller centres is low and reflects their role and function in the retail hierarchy. For comparison goods, the centres in Ceredigion retain less than half of catchment expenditure with over a quarter of expenditure lost to competing centres outside of the County; in particular Carmarthen. At centre level, Aberystwyth attracts the greatest proportion of retail expenditure from the catchment followed by Cardigan.

A review of Special Forms of Trading (SFT), which includes online shopping sales shows that 4% of residents in the Ceredigion catchment area purchase convenience goods online. For comparison goods, SFT accounts for over a fifth of all catchment expenditure. The SFT market share increases for the particular comparison goods such as recording media (e.g. CDs, DVDs, music downloads, etc.), audio visual, and books and stationary.

The market share analysis informed forecast need for new retail floorspace for Ceredigion County and centres within. At strategic level, the capacity assessment identifies up 3,453 sqm net of new comparison goods over the study period (up to 2036). The majority of the forecast capacity is directed to Aberystwyth (up to 2,348 sqm net by 2036). There is limited capacity for new convenience floorspace over the study period due to committed retail floorspace, in particular planned retail schemes in Aberystwyth and Cardigan.

Based on alternative population projections (2011-based projections) from the Welsh Government, the assessment results in lower forecast need for new floorspace for Ceredigion and the centres within.

In terms of accommodating growth within the County, the study concluded the following for each centre:

**Aberystwyth** – the centre accounts for the majority of County-wide forecast capacity, which reflects Aberystwyth's role as the primary shopping destination for the County. The town centre health check confirms that Aberystwyth is vital and viable, which benefits from seasonal visitor trade and a large student population. It offers a wide variety of uses and a good range of independent and national multiple businesses. Carmarthen is a key competitor for the town. However, the presence of a new department store (Marks and Spencer) will help to strengthen Aberystwyth's competitive position and may increase interest from other retailers to locate to the town centre. Future development opportunities should be directed to the town centre and proposals for edge of centre and out of centre proposals should be resisted.

**Cardigan** - no capacity is identified for new retail floorspace after taking account of pipeline development; namely a proposed Sainsbury's foodstore. However, we understand that there is uncertainty as to whether the scheme will be delivered, which

releases capacity for new retail floorspace; particularly for comparison goods. The town centre health check confirms that the centre provide a good mix of uses with the comparison sector particularly well represented. However, the overall offer and variety is limited with a strong discount orientation

**Lampeter** - need for new retail floorspace in Lampeter is largely influenced by inflow from visitor expenditure, but also from the centre’s relatively high student population. As such forecast need for new retail is supported by students and visitor inflow. The Sainsbury’s foodstore serves as an important anchor for attracting shoppers and supporting linked trips with other services. The health check assessment identifies the centre ‘healthy’. However, vacancies have increased in recent year along with a decline retail offer. In addition, food & drink provision is also currently under-represented.

**Aberaeron and Llandysul** - centres are considered side by side due to their similarities in terms of retail capacity, town centre profile, and their market share of expenditure from the Ceredigion catchment. Aberaeron is a larger centre and is a popular tourist location. The range of retail and services on offer is markedly different to Llandysul, which serves a more local service function. Forecast retail need for both centres is focused on opportunities for new comparison goods provision; demand for which is likely to be limited to independent retailers.

## Changes to the Retail Hierarchy

The study examined the role and function of centres within the three authority areas, taking account of the findings of the market share analysis, health check assessment and capacity assessments. From this we have provided recommendations on a combined retail hierarchy for the three authorities.

A five tier hierarchy is proposed, which is summarised below:

Level 1 – Sub-Regional Centres:	Aberystwyth and Haverfordwest
Level 2 – Primary Town Centres:	Cardigan, Lampeter, Pembroke, Pembroke Dock and Tenby
Level 3 – Secondary Town Centres:	Fishguard, Milford Haven and Narberth
Level 4 – Tertiary Town Centres:	Aberaeron, Saundersfoot and St David’s
Level 5 – Local Service Centres:	Llandysul, Newport and Tregaron

## 1 INTRODUCTION

- 1.1 Carter Jonas (CJ) in partnership with Reeves Retail Planning Consultancy (RRPC) was commissioned by Pembrokeshire County Council, Pembrokeshire Coast National Park Authority, and Ceredigion County Council, working together as the 'Partner Authorities' in April 2016 to prepare a Regional Retail Study for the South West Wales area to help inform both plan-making and decision-taking across the three authority areas. The findings of the assessments for each authority will provide the robust evidence base required to inform the preparation of revised local development plans and supplementary planning for each Authority. The study findings will also assist in the development of planning policy, which promotes town centre environments, allowing for the growth of centres over the plan period and will assist in the determination of planning applications for main town centre uses.
- 1.2 The study has been prepared in the context of the recently updated national and local development plan policy guidance, as well as other key material considerations; principally Planning Policy Wales (PPW) Edition 9, and Technical Advice Note 4 (TAN4), both published in November 2016.
- 1.3 The assessment of the need (or 'capacity') for new retail (convenience and comparison goods) floorspace up to 2036 has been carried out at the strategic authority-wide level to help inform the likely scale, type, location and phasing of new retail development over the short (0-5 years), medium (6-10 years) and long term (11-20 years).
- 1.4 The Study Area defined principally covers the three authority areas, but also a wider area incorporating parts of neighbouring local planning authority areas. This Study Area has been sub-divided into 16 study zones that broadly reflect the local catchments of main centres within the three authority areas (see Appendix 1).
- 1.5 The defined Study Area and zones provide the framework for the new telephone interview survey of some 1,600 households conducted by NEMS Market Research (NEMS) in July 2016. The full (weighted) survey results are set out in Appendices 15a and 15b. The survey provides the most up-to-date and robust evidence on shopping patterns, leisure preferences and expenditure flows within the Study Area. In turn, this has informed the high level health check assessments for the main centres in each of the three authority areas, as well as the quantitative ('capacity') and qualitative need assessments for new retail (convenience and comparison goods) floorspace. However, it has to be recognised that retailing is a dynamic sector and retail provision is constantly changing. Therefore, to be consistent with the household survey date of July 2016, the main retail capacity analysis relates to this date. There are a number of new stores and extensions which have opened since that date and these are referenced within the report as necessary.
- 1.6 For ease of reference this report is structured as follows:
  - **Section 2** reviews the national and local planning policy context material to retail planning and town centres.

- **Section 3** highlights some of the key trends that are driving the dynamic changes in the retail sector at the national and local level, and how this has shaped (and is likely to shape) the UK's urban and retail landscape.
- **Section 4** sets out the results of the market share analysis for convenience and comparison goods retailing across the Study Area and 16 zones as based on the results of the household telephone interview survey (results are set out in Appendices 15a and 15b). The market share tabulations for convenience and comparison goods are set out in Appendix 2 and Appendix 3 respectively.
- **Section 5** provides an overview of the methodology used to inform the health check assessments of the Partner Authority town centres.
- **Section 6** sets out the key findings of the health checks for the town centres in Pembrokeshire County namely: Haverfordwest, Milford Haven, Pembroke, Pembroke Dock, Narberth and Fishguard. These assessments draw on recent research and the latest town centre audits for the centres, supplemented by site visits. The assessments also take account of shopper perceptions of each town centre from the household survey, where available. The results are summarised in 'proformas' for each centre in Appendix 12.
- **Section 7** sets out the key findings of the health checks for the town centres in Pembrokeshire Coast National Park Authority namely: Tenby, Saundersfoot, Newport, and St Davids. The results are summarised in 'proformas' for each centre in Appendix 13.
- **Section 8** provides on the key findings of the health check assessments for town centres in Ceredigion County namely Aberystwyth, Cardigan, Lampeter, Aberaeron, Llandysul, and Tregaron. The results are summarised in 'proformas' for each centre in Appendix 14.
- **Section 9** sets out the methodology of CJ's in-house CREATE (excel spreadsheet) model including baseline and forecast data as well as key assumptions, including assumptions on forecast population and expenditure (Appendix 4a) and committed retail floorspace across each authority area (Appendix 7).
- **Section 10** sets out the key outputs of the retail (economic) capacity assessment for comparison and convenience goods retailing for Pembrokeshire County and Pembrokeshire Coast National Park Authority and their main centres. Full tabulations are set out in the appendices on forecast turnover for convenience goods (Appendix 5) and comparison goods (Appendix 6), along with forecast capacity for convenience goods (Appendix 8a) and comparison goods (Appendix 10a).
- **Section 11** sets out the key outputs of the retail (economic) capacity assessment for comparison and convenience goods retailing for Ceredigion County and its main centres. Full tabulations are set out for forecast capacity for convenience goods (Appendix 9a) and comparison goods (Appendix 11a).
- **Section 12** provides high level advice on where new retail development could be accommodated in each of the authority areas in accordance with the main aims of national and local plan policy. This takes account of forecast capacity for the Partner Authorities' main centres and the physical capacity to support new development in the centres.

- 1.7 Finally, it is important to state at the outset that, in our experience, capacity forecasts beyond a five year time period should be interpreted with caution as they are subject to increasing margins of error. We therefore advise the Partner Authorities that although this updated study provides the robust evidence base required to help inform plan-making, site allocations and the determination of planning applications at the local level, the forecasts should be constantly monitored, and updated to take into account any significant new retail development and changes in the retail expenditure and population growth forecasts over time, as well as any potential impacts arising from other key trends in the retail sector (such as, for example, the growth in internet shopping).

## 2 PLANNING POLICY REVIEW

- 2.1 This section provides a high level overview of the relevant national and local development plan planning policy pertaining to retail and town centre uses, along with other material considerations.

### National Guidance

- 2.2 National policies and guidance on retail and town centre planning are set out in Planning Policy Wales (PPW) and Technical Advice Note 4 (TAN4). PPW is updated on a regular basis online and the most recent version is Edition 9 published in November 2016. It includes a major update to Chapter 10 which sets out the Welsh Government's objectives for retail and commercial centres and policies for Retail and Commercial Development TAN4 has also been revised.
- 2.3 The updated policies and guidance reflect the significant changes seen in centres and the retail sector during recent years (PPW, para 10.1.1) and recognises the need to identify appropriate responses to them (para 10.3.2). This means potentially planning for the expansion, regeneration or rationalisation of a centre depending on local circumstances. However PPW maintains the principle of 'town centre first' for retail and commercial development (PPW, para 10.1.4) whilst recognising the importance of achieving a diversity of uses (paras 10.1.5 and 10.3.3).

### Planning Policy Wales (PPW)

- 2.4 PPW Chapter 10 sets out the Welsh Government's objectives for retailing and town centres which are to:
- Promote viable urban and rural retail and commercial centres as the most sustainable locations to live, work, shop, socialise and conduct business;
  - Sustain and enhance retail centres' vibrancy, viability and attractiveness; and
  - Improve access to, and within, retail and commercial centres by all modes of transport, especially walking, cycling and public transport (PPW, para 10.1.2).
- 2.5 Local planning authorities are required, inter alia, to:
- Develop a clear strategy and policies for retail development which seek to achieve vibrant, attractive and viable centres (para 10.2.1);
  - Set out a framework for the future of retail and commercial centres in their area which promotes a successful retailing sector supporting existing communities (para 10.2.1);
  - Consider the most appropriate form and scale for new retail development if a need has been established (para 10.2.2);
  - Establish a hierarchy of centres using locally defined definitions; identify those which fulfil specialist functions and consider future roles and opportunities (para 10.2.3);
  - Encourage a diversity of uses in centres and mixed use development (para 10.1.5);
  - Consider the need for additional retail provision, giving precedence to quantitative need, particularly for development plan allocations, before considering qualitative need (para 10.2.9);

- Where a need has been identified, adopt a sequential approach to the selection of sites (PPW, paras 10.2.13 – 10.2.16), with consideration being given to the type of centre that is the most appropriate for the proposed use (para 10.2.14); and
- Undertake an impact assessment to determine how future development may affect existing centres (Para 10.2.15).

2.6 Development plans should:

- establish a local retail hierarchy which identifies the nature, type and strategic role to be performed by retail and commercial centres;
- set out measures to reinvigorate particular centres, as appropriate, including linking to centre-wide strategies, masterplans and place plans;
- promote vibrant, attractive and viable retail and commercial centres;
- identify the boundaries of retail and commercial centres contained within the hierarchy on the proposals map;
- allocate sites for retail and commercial centre uses where there is assessed to be a quantitative or qualitative need and where size and scale are in accord with the retail strategy. Sites should be identified using the sequential approach and, where appropriate, assessed for their impact on other centres;
- include a criteria based policy against which proposals coming forward on unallocated sites can be judged;
- set out policies for primary and secondary areas, where appropriate;
- develop policies which deal flexibly with changes to existing buildings;
- include policies relating to future development on existing retail sites to protect them from inappropriate development and to control and manage the release of unwanted retail sites to other uses; and
- monitor the health of retail centres to assess the effectiveness of policies (para 10.3.1).

2.7 In order to achieve this it is therefore necessary to have robust evidence on the existing use and performance of centres as well as an understanding of how the area which supports a centre is expected to change in the future. This includes understanding the role of the existing out-of-town retail offer and the importance of the internet as both have implications for the physical need for town centre retail floorspace.

2.8 The mix of uses within a centre also needs to be recognised as the diversity of activity contributes to the overall vibrancy and viability of a centre and thus its health and future success (para 10.3.3).

#### **TAN4**

2.9 TAN4 provides additional information on retailing and commercial development and should be read in conjunction with PPW and taken into account in the preparation of development plans (para 1.1). It includes additional information that may be useful as part of an area-ide study and provides general advice on what PPW is seeking to achieve and how retail policy can assist.

2.10 Of direct relevance to the current study TAN4 requires local planning authorities to:

- Develop their retail evidence base and plan positively to protect and enhance their retail and commercial centres through development plan policies and supplementary guidance (para 3.1);
  - Work together to establish their retail evidence base in order to be able to identify cross boundary issues and better understand the higher level retail hierarchies (para 3.2);
  - Develop a local hierarchy to classify their retail and commercial centres and apply appropriate policies to them (para 4.1);
  - Include a clear strategy for how centres will develop during the development plan period (para 5.1);
  - Determine how any need for further retail development should be accommodated (para 5.2) adopting a sequential approach to site allocation (para 5.3);
  - Manage change within any centres considered to be in decline (para 5.4);
  - Develop a vision for the centres setting out the land use implications (para 5.6); and
  - Undertake a quantitative assessment of retail need (para 6.1) before considering qualitative need (para 6.5).
- 2.11 Paragraph 6.3 outlines the usual approach to quantitative needs assessments, whilst paragraph 6.7 identifies possible cases where qualitative need may be justified. Section 7 provides further advice on the sequential test and Section 8 considers retail impact assessments.
- 2.12 Section 9 of the TAN provides additional information on defining primary and secondary shopping areas, the types of uses that may be appropriate and how flexibility in policies and uses may vary depending on the role of the centre. Section 13 considers possible indicators of vitality and viability, whilst emphasising the importance of monitoring changes over time (para 13.2).

### **The Wales Spatial Plan**

- 2.13 Although not a planning policy document the Wales Spatial Plan (WSP) is also relevant to any consideration of the town centres in South West Wales as it sets out the broad 20 year vision (2004 – 2024) for the delivery of sustainable development across Wales. It also sets out national and regional spatial priorities and provides the context for regional and local policies.
- 2.14 As part of this the WSP identifies six plan areas, two of which are relevant to the study area:
- **Central Wales** includes the whole of Ceredigion along with much of the area covered by Powys, Gwynedd and Carmarthenshire Councils and extending to the Brecon Beacons. Aberystwyth is identified as a Key Settlement of National Importance and this area is recognised as an important focus for tourism (WSP, page 38); and
  - **Pembrokeshire Haven** covers Pembrokeshire and extends east into Carmarthenshire. Three strategic hubs are identified as the focus for future investment – the Haven towns, Fishguard/Goodwick and Carmarthen (WSP, page 82).

- 2.15 It also defines a settlement hierarchy in which:
- **Aberystwyth** is identified as a Key Settlement of National Importance;
  - **Haverfordwest, Milford Haven, Pembroke and Pembroke Dock** are identified as Primary Key Settlements;
  - **Aberaeron, Cardigan, Fishguard, Lampeter, Narberth, Tenby and Tregaron** are identified as Key Settlements; and
  - **Llandysul, Newport, Saundersfoot, and St Davids** are identified as Local Centres.
- 2.16 It also recognises the importance of tourism and heritage in the study area (WSP, page 36), with National Park, Blue Flag beaches and Green Coast Award areas all present in the study area.
- 2.17 The Welsh Government is not updating the WSP, but is instead intending to replace it with The National Development Framework which will, inter alia, set out the Welsh Government's land use priorities and provide a national land use framework for strategic and local development plans.
- 2.18 This framework is at an early stage of preparation with a call for evidence and projects commenced on 7<sup>th</sup> December 2016. This will run until 7<sup>th</sup> March 2017.

### **Local Planning Policy Context**

- 2.19 The adopted local development plans (LDP) for South West Wales comprise:
- Ceredigion County Council LDP (2007 – 2022) adopted April 2013;
  - Pembrokeshire County Council LDP Planning Pembrokeshire's Future (up to 2021) adopted February 2013; and
  - Pembrokeshire Coast National Park Authority LDP adopted September 2010.
- 2.20 All have been developed within the context of the national planning and development objectives and policies outlined above and as such are consistent with national policy. However, the position of some of the centres within the retail hierarchy sometimes differs from the WSP settlement hierarchy, reflecting the different roles of places and centres within South West Wales and the country as a whole.

### **Ceredigion LDP**

- 2.21 The Ceredigion LDP includes a specific objective (No. 3) to
- “To encourage the growth of a sustainable retail sector to maintain and enhance vibrant town centres and to protect and develop local and community retail facilities throughout the County”.
- 2.22 To achieve this and the other policy objectives 22 Urban and Rural Service Centres and their associated Settlement Groups have been identified. Each of the Service Centres will take the majority of growth for its area, with Urban Service Centres (USCs) fulfilling the

role of both a local centre for the immediate population and providing higher level services for the wider area.

2.23 **Aberystwyth** is recognised as the largest town in Ceredigion with a national as well as a regional role for mid Wales. The Plan aims to maintain and enhance its status as a settlement of national importance and as a strategic centre for Mid Wales.

2.24 The remaining five main towns in the County - **Aberaeron, Cardigan, Lampeter, Llandysul and Tregaron** are defined as USCs and are the County's main shopping centres. They are identified as the location for any large retail developments and, as well as providing a good range of shops and goods should also act as the focus for cultural activity, tourism and service provision.

2.25 Policies related to retail and town centres are:

- **Policy S02 Development in Urban Service Centres** which seeks to permit development within the Centres provided it contributes to the role and regeneration aims for the centres;
- **Policy S03 Development in Rural Service Centres** which only permits retail development which will improve the convenience offer;
- **Policy LU18 Retail Proposals Countrywide** which sets out the requirements for applications for retail development or change of use;
- **Policy LU19 Retail Proposals in Urban Service Centres** which indicates retail proposals in USCs will be permitted if they satisfy policies LU19 and S01 and do not have a significant negative impact on the vitality and viability of the existing town centre;
- **Policy LU20 Retail Proposals in Rural Service Centres** which indicates retail proposals in RSCs will be permitted if they satisfy Policy LU18 and primarily serve local needs;
- **Policy LU21 Change of Use from an Existing Retail Use** which sets out the criteria to be used when assessing such a proposal;
- **Settlement Group Statement 02: Cardigan** which identifies a need for 1,275 sqm net of comparison floorspace and 1,199 – 1,631 sqm net of convenience floorspace between 2007 and 2016. An over-supply of Bulky Goods floorspace (724 sqm) is noted. A town centre boundary and Primary and Secondary Frontages are defined and a site at Pwlhai (MO201) is allocated for mixed use development including retail (subject to policy compliance);
- **Settlement Group Statement 03: Aberystwyth** which identifies a need for 8,228 sqm net comparison floorspace, 2,190 – 4,347 sqm net convenience and 1,938 sqm net bulky goods floorspace between 2007 and 2016. A town centre boundary and Primary and Secondary Frontages are defined and three sites (MO301 Old Post Office, MO302 Mill Street Car Park and MO303 Park Lane) are identified for redevelopment to include retail uses, all of which are considered to be key sites for regeneration. The role of other uses such as entertainment, restaurants and housing is recognised in helping promote lively centres;

- **Settlement Group Statement 05: Lampeter** which identifies a need for 352 sqm net of comparison floorspace, 548 sqm net of convenience and 548 sqm net of bulky goods floorspace between 2007 and 2016, although no specific sites are allocated;
- **Settlement Group Statement 07: Llandysul** which recognises the long tradition that Llandysul has of serving its hinterland and notes that the recent development of a supermarket at Pontwelly may help reduce trade leakage from the area. A town centre boundary is defined; and
- **Settlement Group Statement 07: Tregaron** which recognises that the designation of the settlement as an USC means it should retain and strengthen its convenience shopping facilities.

**Pembrokeshire County (excluding the National Park)**

2.26 The LDP vision for Pembrokeshire includes ‘creating a network of strong urban and rural communities in Hub Towns, Service Centres, Service and Local Villages and the Strategic Objectives to deliver this vision include *‘Regenerating town centres’* and *‘Supporting the development of the distinctive role of Pembrokeshire’s towns especially within the Haven Hub’*.

2.27 Haverfordwest, Milford Haven, Pembroke, Pembroke Dock, Fishguard and Goodwick are all defined as Hub Towns and the retail hierarchy is set out in **Policy SP4 Promoting Retail Development**:

Hierarchy Level	Centre
Sub-regional Town Centre	Haverfordwest
Town Centre	Pembroke Dock Pembroke Milford Haven Fishguard Narberth
Local Retail Centre	Goodwick Neyland Crymych Letterston Johnson Kilgetty

2.28 This policy requires that all new retail and leisure development should be consistent in scale and nature with the size and character of the Centre and its role in the retail hierarchy.

2.29 Other policies related to retail and town centres are:

- **Policy SP14 Hub Towns** which, inter alia, provides opportunities for new retail development;
- **GN12 Town Centre Development** which defines the town centre boundaries, Primary and Secondary frontages and provides support for retail or other town centre uses within the former subject to certain criteria being satisfied;
- **GN13 Retail Allocations** which allocates sites for development in Haverfordwest (Site RT/040/01 Fred Rees site – comparison uses), Pembroke Dock (Site RT/096/01 St Govan’s Centre – mix convenience/comparison), Fishguard (Site RT/034/01 The Old Primary School Site – convenience food store), Narberth (Site RT/088/01 The Old Primary School Site – mix convenience/comparison) and Kilgetty (RT/050/01 Kingsmoor – convenience food store);
- **GN14 Major Out-of-Town Centre Development Proposals** which sets out the criteria that need to be satisfied if out-of-centre development is to be permitted; and
- **GN15 Small Scale Retail** which permits small scale development inside a settlement boundary where it will not have a negative impact on town centre vitality and viability.

#### **Pembrokeshire Coast National Park**

2.30 The Pembrokeshire Coast National Park LDP seeks to balance the needs of development against the special circumstances in the national park and, with respect to retail “*to maintain a vital and viable retail sector at an appropriate scale and at appropriate locations throughout the National Park*”.

2.31 The policies relevant to retail and town centre uses are:

- **Policy 2 Tenby Local Service and Tourism Centre (Tier 2)** which designates Tenby as a Local Service and Tourism Centre where land use priorities will include protecting and enhancing the town’s facilities and town shopping centre;
- **Policy 3 Newport Local Centre (Tier 3)** which designates Newport as a Local Centre where land use priorities include protecting and enhancing the district shopping centre and community facilities;
- **Policy 4 Saundersfoot Local Centre (Tier 3)** which designates Saundersfoot as a Local Centre where land use priorities include protecting and enhancing the district shopping centre and community facilities;
- **Policy 5 St David’s Local Centre (Tier 3)** which designates St David’s as a Local Centre where land use priorities include protecting and enhancing the district shopping centre and community facilities;
- **Policy 49 Retail in the National Park** which defines the retail hierarchy as a) Tenby Town Centre then b) Newport, St David’s and Saundersfoot District Centres and c) Other smaller retail centres. It requires all new retail development to be consistent in scale with the size and character of the Centre and its role in the hierarchy and identifies specific areas within Tenby where non retail uses will not be allowed to dominate. Town and District Centre boundaries are also defined; and

- **Policy 50 Town and District Shopping Centres** which allows changes of use, redevelopment or development within Tenby, the district centres and other smaller centres subject to a number of criteria.

### **Summary**

- 2.32 All three local planning authorities within South West Wales have adopted Local Development Plans which have been prepared in accordance with national planning and spatial development guidance.
- 2.33 All areas have a clearly defined retail hierarchy which is largely but not completely consist with the settlement hierarchy set out on the Wales Spatial Plan and all have policies which support town centres.
- 2.34 Where the need for additional retail provision has previously been identified, sites have been identified and allocated for development. However, all the plans were prepared using a retail evidence base that is now some years old and thus a review of that evidence base, and the resulting policy implications is therefore appropriate.

### 3 RETAIL AND TOWN CENTRE TRENDS

3.1 This section summarises some of the key trends that have fuelled the changes in the retail sector over the last three decades, and the impact of these trends on the UK's town centres. It provides a commentary on the impact of the downturn in the economy since 2007 and the growth of internet ('multi-channel') retailing on consumer spending, retail development and retailers' business strategies. Drawing on the latest research it also describes how these trends may continue to shape changes in the future, and whether and how town centres can respond to help maintain and enhance their overall vitality and viability.

#### Retail Expenditure Growth

3.2 Following an unprecedented period of growth in consumer spending since the mid-1990s, the onset of the economic recession in 2007/08 had a dramatic impact on consumer spending and market demand. Business and consumer confidence was further weakened by public sector cuts, the rise in VAT, increasing unemployment, less expansionary consumer credit and the rising cost of living (including higher energy costs, petrol and housing prices). This has effectively reduced disposable income and retailers' margins are being squeezed further.

3.3 The table below shows the actual and forecast growth in retail (convenience and comparison goods) spending per head for the UK as identified by Experian Business Strategies in their latest Retail Planner Briefing Note 14 (November 2016).

**Table 3.1 Forecast year-on-year growth in retail expenditure per capita for UK**

Vol. Growth per head (%):	-----ACTUAL GROWTH %-----					FORECASTS %				
	2011	2012	2013	2014	2015	2016	2017	2018	2019-23	2024-35
Total Retail Spend (%)	-0.4	1.3	1.1	3.6	2.5	2.1	0.9	0.3	0.3	2.4
Convenience Goods (%)	-2.5	-0.5	-0.6	-1.7	-1.1	0.0	-0.2	-0.9	-0.9	0.1
Comparison Goods (%)	0.8	2.5	2.2	7.2	4.6	3.3	1.4	1.0	1.0	3.2
(Bulky Goods) (%)	2.2	4.5	1.1	7.9	6.1	4.9	0.7	1.0	1.0	3.8

Source: Experian Retail Planner Briefing Note 14 (November 2016); Figures 1a and 1b.

3.4 Convenience goods expenditure per capita levels have been in negative growth since the onset of the recession in 2008 with forecasts only showing a positive return to growth from 2024 onwards. For comparison goods the forecasts show that annual growth rates recovered recovering from a low of 0.8% in 2011 to a high of +7.2% in 2014, before falling back to +3.3% in 2016. Experian forecast that growth will further drop to an average +1% per annum for the period 2018 to 2023, increasing to +3.2% from 2024. This is well below historic trends of 8% per annum for the period 1997 to 2007. Growth forecasts for bulky goods have varied against those for general comparison retailing with growth peaking in 2014. From 2018, growth forecasts for bulky goods retailing are expected to be largely in line with annual growth for general comparison goods.

- 3.5 In general, growth in comparison expenditure has historically been higher than expenditure growth on convenience goods. Historical trends show that as people become wealthier, increased spending tends to be focused more on non-food/discretionary/luxury items. As such forecasts show higher growth in non-food spending.
- 3.6 In summary there are positive signs of improvement in the UK economy and consumer and business confidence since 2014/15, however this is largely focused on comparison goods. Notwithstanding this, it is clear that forecast growth in retail sales volumes will be much lower and slower than in recent history. Furthermore, the retail sector is still vulnerable to fluctuations in the UK economy, and how it responds in the future to changes in the global economies and the recent decision for Britain to leave the European Union.

### Special Forms of Trading and Internet Shopping

- 3.7 Special Forms of Trading (SFT) comprises all non-store retail sales made via the internet, mail order, stalls and markets, door-to-door and telephone sales. On-line sales by supermarkets, department stores and catalogue companies are also included in the data collected by the Office for National Statistics (ONS).
- 3.8 Based on ONS data, Experian Business Strategies (EBS) estimate that the current (2016) value of internet sales for the UK is £48.9bn (current prices) and other (non-internet) SFT sales stand at approximately £8.5bn. This results in total SFT sales of £57.4bn in 2016 (£56.2bn in 2012 prices), which represents a circa 235% increase from £17.1bn recorded in 2006. Separately, internet sales as a proportion of total retail sales has increased from 4.7% in 2008 to 11.7% in mid-2016.
- 3.9 Up to now, the impact of Internet shopping has been mainly concentrated on certain retail products and services (such as, for example, electrical goods, books, music and travel). In turn, this has resulted in a reduction in the number of retailers selling these types of products and services on the high street (recent examples being HMV and Blockbusters). However this does not mean that other comparison goods categories are immune to the impact of the internet, including clothing and footwear.
- 3.10 The table below sets out Experian's latest UK-wide forecasts of the growth in the total market share of SFT between 2016 and 2035, based on retail spending growth assumptions and predictions as to the future take-up and expansion of internet shopping .

**Table 3.2 SFT's market share of total retail sales for UK**

	2016	2021	2026	2031	2035
<b>TOTAL:</b>	<b>14.9%</b>	<b>18.2%</b>	<b>19.5%</b>	<b>20.4%</b>	<b>20.9%</b>
Comparison	17.6%	20.8%	21.5%	21.8%	22.0%
Convenience	10.0%	13.0%	15.4%	16.7%	17.5%

Source: Appendix 3 of Experian Retail Planner Briefing Note 14 (November 2016). Experian provide forecasts up to 2035.

- 3.11 EBS forecast that non-store retailing will continue to grow rapidly over the short to medium term, outpacing traditional forms of spending. They predict that this growth will be

sustained by new technology (such as browsing and purchasing through mobile phones) and the development of interactive TV shopping, but will slow after 2020. This largely assumes that this form of retailing will plateau. However, there is every possibility that online sales could increase further should online or multi-channel retail formats become more sophisticated.

- 3.12 However such forecasts need to be treated with caution, as according to Experian approximately 25% of all UK-wide SFT sales for comparison goods and some 70% for convenience goods are still sourced through traditional ('bricks-and-mortar') retail space, rather than from 'virtual' stores and/or distribution warehouses. On this basis Experian has adjusted the SFT market shares to reflect the proportion of internet sales sourced from existing stores.

**Table 3.3 SFT's revised market share of total retail sales for UK**

	2016	2021	2026	2031	2035
<b>TOTAL:</b>	<b>9.6%</b>	<b>11.7%</b>	<b>12.7%</b>	<b>13.3%</b>	<b>13.8%</b>
Comparison	13.2%	15.6%	16.1%	16.3%	16.5%
Convenience	3.0%	3.9%	4.6%	5.0%	5.3%

Source: Appendix 3 of Experian Retail Planner Briefing Note 14 (November 2016). Experian provide forecasts up to 2035.

Note: Separate SFT market share figures are not available for bulky goods.

- 3.13 Although the growth in online sales will inevitably continue to impact on the need for traditional shops, some commentators believe that the development of multi-channelling as part of retailers' business models will result in internet shopping actually driving demand for 'bricks-and-mortar' stores. This may be due to the need for 'click-and-collect' facilities in easily accessible locations (for example, on the high street, in existing out-of-centre stores or at important transport nodes), or for 'showrooms' where customers can view and test products in store before purchasing online. This co-ordinated multi-channel strategy should therefore help to support demand for retail space over time.

### Floorspace 'Productivity' Growth

- 3.14 Floorspace 'productivity' (or turnover 'efficiency') growth represents the ability of retailers to absorb higher than inflation increases in their costs over time (such as rents, rates and service charges) to help maintain their profitability and viability. It is standard practice for retail planning assessments to make an allowance for the year-on-year growth in the average sales densities of existing comparison and convenience goods retail floorspace.
- 3.15 However there is limited evidence detailing actual changes in the turnover and profitability of retailers over time. Furthermore analysis of past data and trends is complicated by the fact that sales density increases have been affected by changes in the use of retail floorspace over the last 20 years; such as, for example, the growth in out-of-centre retailing; Sunday-trading; longer opening hours; and the very strong growth of retail expenditure relative to the growth in floorspace. However following the recession many retailers struggled to increase or even maintain sales density levels and, together with other financial problems, this resulted in some retailers going out of business.

- 3.16 The table below sets out the latest UK sales density growth forecasts for comparison and convenience goods floorspace published by EBS, based on predicted changes in retail floorspace over time and after making an allowance for non-store retailing.

**Table 3.4 Forecast 'productivity' growth rates (% per annum) for UK**

	2015	2016	2017	2018	2019-23	2023-35
Convenience	-1.2	-0.3	-0.1	-0.4	-0.1	+0.1
Comparison	+5.3	+2.7	+1.5	1.0	+2.3	+2.2

Source: Figures 4a and 4b, Experian Retail Planner Briefing Note 14 (November 2016)

- 3.17 The forecasts show that the scope for sales density growth is very limited for convenience goods retailing and in practice sales densities are likely to decline over time. This is mainly due to slow growth in sales volumes and limited additions to the floorspace stock. For comparison goods retailing, the trends towards more modern, higher density stores and the demolition of older inefficient space is forecast to continue, resulting in average growth rates of close to +2.2% per annum over the next two decades. However, this is still well below the rate seen during the boom of the early years of this century. The above trends ultimately impact on demand and capacity to support new retail floorspace.

### Retail Development Pipeline

- 3.18 The retail development pipeline slowed dramatically during the economic downturn compared with the shopping centre 'boom' experienced in the ten year period up to 2007. One of the key impacts has been to 'weed out' some of the more expensive and unviable development schemes that were in the pipeline before the economic downturn.
- 3.19 The latest Shopping Centre Development Pipeline Report published by the British Council of Shopping Centres (BCSC) indicated that in 2012 the quantum of completed new shopping centre floorspace in the UK was at its lowest level since the 1990s. Following the development of circa 260,000sqm in 2009, 232,000sqm in 2010 and 280,000sqm in 2011, no new shopping centre floorspace opened in 2012. Notwithstanding this, the BCSC research also identified the first significant signs of new development activity in 2013 following the opening of circa 140,000sqm of new retail floorspace (including Trinity Leeds). This is set to continue with a number of major schemes opening in 2015, including Grand Central in Birmingham and Old Market in Hereford. There are also positive signs that new investment is returning to the shopping centre market from UK-based and international funds seeking assets in prime and secondary locations that offer the potential for growth.
- 3.20 For Wales, this has included the opening of the £117m Friars Walk Shopping Centre in Newport (Gwent) in November 2015. The development was promoted as a joint venture between the Council and Queensbury Estate. The 36,230 sqm (390,000 sqft) scheme has since been hailed as a great success and functions as a centrepiece for ongoing regeneration in the city, attracting an average weekly footfall of 220,000 (approximately 33,000+ per day). The retail scheme is situated above a 350 space car park and is anchored by a 8,360 sqm (90,000 sqft) Debenhams department store with an additional 30

shops including a range of national multiples such as M&S Foodhall, River Island, Next, Topshop, H&M and Mothercare. The scheme's leisure offer is anchored by an eight screen Cineworld and twelve restaurants including Prezzo, TGI Friday's, Frankie and Benny's, Nandos, Zizzis and Gourmet Burger Kitchen. The scheme also includes a bowling alley (Superbowl UK) and laser quest.

- 3.21 In Swansea, following an OJEU selection process, it was announced by the City and County Council that Rivington Land and Acme were appointed as the preferred development manager for the former St David's Shopping Centre and multi-storey car park site along with the leisure centre car park south of Oystermouth Road. The development proposal includes 15,580 sqm of retail and leisure uses. This will incorporate a hotel, a 3,500 seated arena, cinema and residential tower. The scheme aims to complement Trebor Developments mixed-use scheme on the Civic Centre site fronting Swansea Bay. Both regeneration projects aim to improve links between the city centre and the waterfront.
- 3.22 St David's Shopping Centre and The Hayes remain the prime retail destination in Cardiff city centre. In 2015 the largest H&M store outside of London opened on the first floor of the shopping centre. This H&M relocation enabled Intu and Land Securities to agree a letting with jewellery and accessory retailer Michael Kors. American burger chain Shake Shack also opened on the first floor of the centre, occupying a 560 sqm unit. This is the chain's first UK restaurant location outside of London<sup>1</sup>.
- 3.23 However, it is also the case that a relatively large number of consented retail schemes have not come forward as planned since the recession and planning permissions are being allowed to lapse or new schemes are being brought forward with a smaller retail but higher leisure content. This applies to both larger scale shopping centre schemes and retail developments aimed at providing space for a particular retailer and reflect both reduced retailer demand and a more difficult funding environment.
- 3.24 Examples of such schemes can be found across the UK in both rural and urban areas. However, where retailer demand is the major constraint this is most likely to be seen in lower order and smaller centres where the market potential is restricted by population levels or existing competition. With the largest centres continuing to benefit from an increasing draw and very local centres from the increasing trend towards more regular convenience shopping, it is the middle tier of centres both rural and suburban which are seeming to struggle the most.
- 3.25 In the context of South West Wales this means that in centres such as Aberystwyth development proposals by both Tesco and Marks & Spencer have been progressed as the retailers are expected to secure substantial increases in their market share by trading in an area where their representation was previously limited and where the catchment area they can serve is relatively large. In lower order centres with a more restricted catchment population or in locations where retail competition is already strong, it is less likely that consents will be implemented, at least in the originally envisaged form.

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<sup>1</sup> JLL (2016), South Wales Report

## Retailer Requirements

- 3.26 The economic downturn, in combination with other trends (such as changes in customer requirements, planning legislation and the growth in internet shopping), has created a need for retailers to review and rapidly adapt their business strategies, requirements and store formats. In general terms those retailers with strong brands and loyal customers, trading from the right stores in the right locations, and with a good online facility have managed to weather the economic storm. The following highlights some of the key trends that are occurring in the convenience and comparison goods retail sectors.

### Convenience Goods Retailing

- 3.27 The changes in the food and grocery sector over the last decade illustrate the dynamic changes in the retail industry. Some of the key UK trends include:

- The move by all the major national grocery retailers into the smaller convenience store sector in order to increase market share further, including for example the Tesco 'Express', Sainsbury's 'Local' and 'Little Waitrose' formats.
- The growth of European 'deep discount' food operators (such as Aldi and Lidl) has also continued during the economic downturn. In response, this has resulted in the expansion of own-brand 'value' ranges by the established grocers.
- The 'race for more space' and new store openings over the last decade resulted in extensions to existing stores and/or new mezzanine space, and the growth of online shopping, and associated click and collect services.
- However, more recently retailers have been looking to reduce the floorspace in their larger units and in-store concessions are becoming more popular with grocery retailers including partnering with non-food retailers. For example, Sainsbury's intend to include Argos and Habit concessions in their larger stores.

- 3.28 Over the last 12-18 months, however, the focus for the main foodstore operators has shifted to opening more convenience store formats, and growing their market shares of online sales. At the same time applications for large store formats have slowed significantly and permissions are not being built out in some cases. For example Tesco and Morrisons are disposing of some of their under-performing superstores, including those in Tredegar and Caerphilly (both in Gwent). Tesco is also in the process of selling some 49 sites with permissions for new foodstores, although it is noted that they are still going forward with their planned foodstore in Aberystwyth. Similarly, Sainsbury's are also abandoning major store permissions across the UK, with a more local example being the permitted store at Slade Lane in Haverfordwest. We understand that the Council is now considering an alternative developer proposal for a retail and leisure scheme for the site. Overall, the current retreat of major foodstores will inevitably have implications for the scale and type of new floorspace required by foodstore operators across the UK in the future.

### Comparison Goods Retailing

- 3.29 In the non-food sector, those retailers that experienced significant growth up to 2007 have had to adapt to the very different market conditions. The retailers that have not been flexible enough to respond to changing consumer needs, or are being squeezed in the

increasingly competitive 'middle ground' between high-end and value retailing, have largely struggled to maintain market share over recent years. In some cases, this has resulted in a series of high profile 'casualties' and a number of key retailers have either disappeared from our high streets altogether (e.g. BHs, Austin Reed, Woolworths, TJ Hughes, and Jane Norman), or have gone into administration and been forced to reduce their representation in centres across the UK (e.g. HMV, Jessops, Blockbusters, etc.).

- 3.30 Some traditional high street multiple operators are also changing their formats and requirements. For example, key town centre anchor retailers such as Boots, Next, Mothercare, TK Maxx, John Lewis and Marks & Spencer are actively looking for larger format new-build or existing stores in out-of-centre locations to accommodate new retail formats (such as John Lewis at Home) and display their full range of products. These changes in retailer requirements and market demand will continue to have a significant impact on the UK's town centres and high streets, particularly in those cases where retailers make the decision to relocate from town centres to out-of-centre locations, or even out of the area altogether.
- 3.31 Research also shows that there is an increasing polarisation of development activity and investment interest in the larger regional and sub-regional centres (i.e. the 'top 100' centres), which includes Cardiff, Swansea and Wrexham. This is because these centres usually have large and established catchment areas, and therefore represent less 'risky' investments in the current uncertain economic climate. These larger centres have also generally benefitted from recent new shopping centre development and investment over the last decade, and are therefore better placed than smaller and medium sized centres to accommodate retailers' requirements for modern larger format units. The continuation of these trends will impact on future operator requirements, with retailers looking to satisfy their demand for larger modern premises in prime shopping locations, with strong catchment areas and a good supply of appropriate retail space.
- 3.32 In the case of Wales, the last two years has seen significantly strong investor demand for prime retail pitches. This demand shows no sign of subsiding, with the difference in value between prime and secondary yields increasing (South Wales Report, 2016). In 2015, Cardiff and prosperous market towns within Wales continued to attract investors however traditional retailing centres such as Swansea and less affluent towns still suffered from a lack of occupier and investor interest<sup>2</sup>. In other words, prime pitch retail areas within stronger centres will dominate demand for new retail space.
- 3.33 The out-of-centre sector has also not been immune to change. Since 2007 there has been a notable downturn in the demand from traditional 'bulky goods' retailers for new space. For example, during the late 1990s both B&Q ('Warehouse') and Homebase were rolling out very large out-of-centre retail warehouses (some exceeding 10,000sqm gross) in an attempt to dominate market share. However, these same operators are now looking to close or scale down their under-performing stores in certain areas. Other 'bulky goods' operators have simply gone out of business (such as Focus DIY) while many traditional operators are scaling back portfolios. Notwithstanding this, out-of-centre retailing still accounts for a significant proportion of existing and new retail floorspace and sales in the

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<sup>2</sup> JLL (2015), South Wales Report

UK. For example recent research highlighted the fact that of the new retail developments approved since March 2012, 72% were in out of town locations, 16% were edge of centre and just 12% were in town centres.

### **Independent Retailers**

- 3.34 Changes in the economy and the move to online shopping have also affected the independent retail sector and the smaller, regional operators, although published information about such operators is limited. Importantly however, the sector has been growing and increasing demand for retail services and food and drink has assisted in reducing vacancy levels in many locations.

### **Town Centre Futures**

- 3.35 In England, the Portas Review focused on the high street, and in Wales the Welsh Government has recognised that successful town centres are just one of three key priorities necessary to creating ‘vibrant and viable places’ and prosperous communities. The Welsh Government has adopted regeneration policies that focus on attracting town centre investment, including regeneration schemes in Bridgend, Merthyr Tydfil and Wrexham. City centre regeneration schemes for Swansea and Newport are also proposed. The Government’s Town Centre Loan Scheme is helping to support town centre regeneration in 11 areas of Wales, including in Milford Haven and Pembroke town centre. The scheme is aimed at bringing vacant, underused sites and premises in town centres back into use through their redevelopment as shops, homes, and leisure facilities. The initiatives will somewhat act as pilot projects. Less visible initiatives include the introduction of town teams and the High Street Heroes awards to showcase the range of shops and services on the Welsh High Street. Underpinning these policies and investments is the ideas that town centres must explore alternative futures, including a diversification away from retail and a direction towards other uses such as accommodation, cultural and leisure activities and local service delivery. Town centres must discover their unique selling point<sup>3</sup>.
- 3.36 A number of high profile research reports have been commissioned over recent years that set out recommendations and guidance on how to maintain and enhance the future vitality and viability of the UK’s town centres. These include:
- The Portas Review (2011) reports on the findings and recommendations of research led by Mary Portas into the future of the High Streets. The report presented 28 key recommendations for government, local authorities and businesses to help high streets respond to the current challenges facing them and to prevent further decline.
  - The Grimsey Review (2013) addresses the continuing decline of many local high streets. The review highlights the dramatic impact that recent technological changes have had on consumer behaviour and the knock-on effects for high streets. It suggests that the Portas recommendations failed to adequately account for this.
- 3.37 The Distressed Town Centre Property Taskforce (DTCP) report (November 2013) was produced by an industry-led cross sector taskforce, assembled in response to the Portas

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<sup>3</sup> Local Data Company (2015), Retailing in Wales’ Largest Towns and Cities

Review. While this report was focused on centres in England, it provides insight on the role that property ownership, investment, development and occupation can have on town centre viability, and provides recommendations on how the property sector can act to leverage in investment for town centres and support their ongoing viability. This can apply to town centres in Wales. The table below provides an overview of some of the common themes and recommendations identified by the different research in support of town centre revitalisation, including the Portas Review.

Strategy	Description
Reforming the management of town centres	<p><b>Improving the ways in which town centres are managed</b> was a key recommendation made by the Portas Review. In response, the Government has set up 27 'Portas Pilots' and 333 Town Teams, which bring together local councils, retailers and businesses to try out new ideas to drive their local economy. Strategies to deliver change are formulated in recognition of the particular strengths of each local area. It may be too early in the process to comment on the success of these, however a recent thought piece published by Portas (May 2014) has suggested that progress has been slow. There is also <b>increasing financial support for Business Improvement Districts (BIDs)</b>, which enable local businesses to take on responsibility for realising improvements in their local area. The Government has launched a BID Loan Fund to help those wishing to set up a BID in their area. <b>Support for local (street) markets</b> is also increasing, as a way to increase footfall and enhance the vibrancy of local centres. This was also a key recommendation in the Portas Review.</p>
Making use of the planning system to protect and enhance town centres	<p><b>The planning system is being used</b> in various ways to enhance and protect local centres where possible. This includes maintaining use of '<b>town centres first</b>' policies in order to protect town centres from unnecessary competition from out-of-town developments. Where BIDs are in place, the improved planning conditions may also facilitate development. More stringent protection has been advocated by some sources. The Portas Review included a recommendation to introduce 'exceptional sign off' for all new out-of-centre retail development in order to protect existing centres. However, this was one of the few Portas recommendations that was not taken on by the Government. <b>LPAs are also being encouraged to make use of CPOs</b> in order to address issues of fragmented ownership and to facilitate comprehensive development across a centre.</p>
Engaging communities	<p><b>Encouraging communities to support their local high streets</b> and town centres is essential and was a key recommendation in the Portas Review. Recent strategies to promote community participation in the development of local centres have included government support for communities wishing to take on the responsibility for ownership and management of assets of community value, such as their local pub or shop. A £19 million fund has been set up and more than 300 assets have already been listed under the Community Right to Bid.</p>
Leveraging investment and funding	<p>There are a number of <b>new sources of public sector investment</b> now available to facilitate improvements to local centres. These include £3.6m of funding via the Town Teams, a High Street Innovation Fund worth £10m and High Street renewal awards to date worth £1m. The DTCP suggestion that a workable <b>Tax Increment Finance (TIF)</b> model be put in place has since been actioned by the government. This will allow LPAs to raise finance to fund development and infrastructure based on the projected future increase in business rates resulting from investment. The DTCP report has also recommended <b>greater engagement between LPAs and the private sector</b> in order to tackle the challenges faced by town centres proactively. They support the use of joint venture partnerships between the public and private sector to facilitate development. A recent report by Peter Brett<sup>4</sup> suggested a new method that would involve the selection of a Property Company Partner (possibly private sector) who will then fund future investment in the centre. The Property Company would be assisted by the LPA through use of CPOs and restricting leases to de-fragment the ownership of the high street.</p>

<sup>4</sup> Peter Brett (2013): Investing in the High Street: Town Centre Investment Management & its role in delivering change

<p>Adapting to take on the threat from increasing internet sales</p>	<p>Recent research has highlighted the importance of <b>recognising the threat from increasing internet retailing</b> as an important trend that will continue over the short term. Some centres are adapting better than others for example, the incorporation of Click &amp; Collect (delivery and returns) points into centres. Other more general strategies include ensuring adequate parking and accessibility to improve the general accessibility of the centre. The Grimsey Review recommends that <b>town centres focus on their role as a community hub</b>, where retail is just one element, creating a diverse offer which will help local centres to compete more effectively with online retailers. The DTCP recommends adapting retail capacity models in order to account for the erosion of the physical retail space requirement in the face of competition from online retail. LPAs in many secondary town centres will need to <b>actively plan for this future loss of retail space requirement</b>, particularly from the larger retailers.</p>
<p>Encouraging a mix of uses</p>	<p>A recent trend has been the growing presence and proportion of food and beverage (F&amp;B) units within shopping centres and high streets. A BCSC report<sup>5</sup> suggests that there are various benefits that may result from this, and recommends that <b>shopping centre development include a mix of retail, F&amp;B and leisure which are generally mutually supportive</b>. However, there are also warnings that this is not the whole solution to filling current vacancies left by retail decline. The BCSC recommends that F&amp;B units in retail centres should be targeted appropriately according to the likely consumer profile. <b>Conversion from shops to residential uses</b> is also becoming one way for LPAs to make better use of underused retail space and prevent unwanted vacancy. Increased residential populations living in or near to the town centre will also improve footfall and potentially spend in these areas. However, with high levels of pressure due to national housing shortages, there is a danger that the influx of residential development into town centres could undermine the retail and leisure functions of the centre. This is true for centres across the UK including in Wales where many centres are vulnerable to further losses in retail floorspace.</p>

3.38 Although there are positive signs that the UK is finally beginning to emerge from the economic downturn, it is clear that our town centres and high streets post-recession will be very different to the ‘boom’ years of the last decade. Over the short to medium term at least the economy is forecast to experience a sustained period of lower growth in consumer spending, reduced bank lending, limited access to credit and cuts in public sector expenditure. This presents significant challenges for all those involved in town centre management, development and investment.

3.39 Town centres in Wales are recognised as being possibly more vulnerable than other parts of the UK because of its lower economic base. This vulnerability is reflected through the current town centre vacancy rates for Wales in comparison to the rest of Great Britain. The number of retail premises in Welsh town centres has on average decreased. The current Welsh vacancy rate in town centres is 16.5% which is above town centre vacancy rates in England (11.3%). The Local Data Company (LDC) record that 6% of vacant units in Wales have been vacant for more than 3 years; this is above the total figure for Great Britain which is 4.9%. Newport, Monmouthshire is identified by LDC as being one of the worst performing town centres with a vacancy rate of above 25%<sup>6</sup>. However retail parks and shopping centres perform better in Wales than in the other home nations, with the Welsh shopping centre vacancy being the lowest across Great Britain.

3.40 JLL’s 2016 South Wales Report highlights that recent retail openings in Wales have been focused in shopping centres rather than on the high street in town centres. The growth of

<sup>5</sup> BCSC (2014), Food and Beverage: A solution for shopping centres?

<sup>6</sup> Local Data Company (2016), H1 2016 Retail and Leisure Report

online shopping is also impacting on the vitality and viability of many of Britain's centres and high streets. This is placing pressures on rental growth and market demand in many centres; particularly the smaller secondary centres and market towns outside the 'top 100' shopping locations. This has been further compounded by rising vacancy levels and the loss of key retailers. As a result, the share of non-food retail sales conducted through town centre shops has declined; from 64% in 2002 to just over 40% by 2013. In our opinion, a far more uncertain future awaits the next wave of new retail investment and development. The evidence suggests that high quality schemes in the strongest prime shopping locations will continue to prosper. In contrast, the weaker secondary centres and shopping locations with a more limited offer, smaller catchments and negligible market demand will struggle to attract market interest and investment.

- 3.41 Notwithstanding the threat of online shopping, industry experts still predict that the demand from major retailers for new space will continue as it remains the primary mechanism for retailers to 'reach' their customers and grow their businesses. Over the short to medium term any increased demand for space from retailers will have to be met by the current retail stock (i.e. existing shopping centres, the high street and out-of-centre facilities), as there is limited new retail floorspace in the pipeline in town centres. With increased demand and the lack of supply over the short to medium term, research for the British Council of Shopping Centres (BCSC) predicts that this will effectively 'push up' rental levels for the larger modern desirable units until a significant amount of new development reaches completion. As a result, over the medium term, retailers will be competing for limited available space. Therefore those centres that are able to accommodate and deliver new developments over the next 5-10 years should be in a good position to attract operator interest. However, this will depend on the new retail floorspace being in the right location (i.e. preferably prime shopping locations) and having the right size, format and specification to meet the needs of modern retailers.
- 3.42 Research by the BCSC has also identified an increased emphasis on asset management, as owners and developers invest in the expansion or refurbishment of existing shopping centres to increase their investment value and turnover. In the current economic climate this investment in existing assets is less risky and financially onerous than new build projects. However, as the supply of suitable units "dry up" in prime locations, so retailers will also look at alternative options for delivering growth, such as through new out-of-centre openings, increasing sales through the internet, and/or expanding internationally.
- 3.43 Finally, although national policy promotes development and investment in town centres first, the market appetite for new and extended shopping facilities in out-of-centre locations shows no signs of slowing. The lack of available, suitable and viable sites in town centres to meet the demands of modern retailers and commercial leisure operators for larger format units will inevitably result in an increase in new out-of-centre applications and/or applications to widen 'bulky conditions' conditions on existing retail parks. While bulky goods retail is viewed as suitable for out of centre locations, it still results in the loss of trade from town centres and reduces the potential for linked trips. With many bulky goods retailers broadening their offer to include general comparison goods this places even further pressure on town centre retailers.
- 3.44 In this context, it is clear that the 'top 50-100' prime centres and shopping locations in Britain should continue to flourish once the economy recovers. The greatest challenge

facing local planning authorities will be how to revitalise the fortunes of struggling small and medium sized centres and market towns that do not have the critical mass of retail, leisure and other uses to compete for more limited investment and development; including the centres in each of the Partner Authority areas.

### **Implications for South West Wales**

- 3.45 The various trends in the retail sector, the economy and the property sector outlined above will affect retail centres to differing degrees across the UK and Wales and South West Wales will be no exception. However, the characteristics of the towns and their predominantly rural catchments means certain changes are likely to be more influential than others:
- The concentration of greater retail spend in the very largest centres is unlikely to include the highest order centres in South West Wales but a certain degree of resilience can be expected in such locations given their distance from competing centres, As a result the largest centres such as Aberystwyth are likely to continue to be target locations for retailers and increasingly leisure operators wanting to serve the extensive rural catchment;
  - The relative remoteness of smaller service centres with their largely distinct catchments also have the potential to benefit from the trend towards more local shopping patterns. Such centres have the potential to benefit from investment by national convenience retailers where they are not already represented. They also have the potential to increase local service provision. This in turn could be linked to developing complementary collection/distribution networks for online retailing to improve local choice and access; and
  - The high proportion of independent retailers in all the South West Wales towns already provides variety and adds to the character of the centres. It also means such centres are less reliant on decisions made at a national level often in a location remote to the outlet. The potential to expand the independent sector to meet changing customer demands for new retail services, local/ethically produced products and variety is likely to be good, particularly in areas where tourist trade can also be attracted.
- 3.46 The centres most likely to struggle to adapt to change will be those medium sized centres with limited variety or which lack a Unique Selling Point, particularly where they are located close to or have good access to other larger or more distinctive centres. In such cases consumers are likely to be drawn to the locations that provides something different.

## 4 STUDY AREA & SHOPPING PATTERNS

- 4.1 This section first defines the catchment/study area that provides the basis for the quantitative and qualitative needs assessment. It then describes the household telephone interview survey and summarises the key headlines of the survey-derived market share analysis for convenience and comparison goods retailing.

### Study Area

- 4.2 The definition of an appropriate study (catchment) area is an important starting point for any retail and town centre assessment. In this case the study area has been defined using postcode geography and includes the three Partner Authority areas, as well as some outlying areas including parts of Carmarthenshire, and Gwynedd (see Plan 1, Appendix 1).
- 4.3 The study area has been sub-divided into sixteen zones based on postcode geography, and taking into account the location of the main centres and shopping facilities across the three authority areas. These zones provide the sampling framework for the household telephone interview survey (see Table 4.1). This zone-by-zone approach also enables more detailed analysis of shopping patterns and expenditure flows both within and outside the Study Area for the purpose of the retail capacity assessment, in accordance with good practice.
- 4.4 Zones 1 to 9 broadly correlate to the combined administrative area for Pembrokeshire County and Pembrokeshire Coast National Park Authority, while Zones 10 to 16 broadly reflect the administrative boundary for Ceredigion County. These aggregated zones are used to provide more detailed analysis of market shares achieved by stores in each authority area and to take account of catchments for competing centres outside of the study area. It should be noted that while study zones have been grouped to reflect as best as possible the partner authority administrative boundaries, the population obtained for the study zones reflect postcode based retail catchments rather than local authority populations.

**Table 4.1 Study Area – Zones, Postcode Sectors, Retail Catchments and Population**

Zones	Broad Geographic/ Catchment Areas	Postcode Sectors	2016 Population
1	Haverfordwest	SA16 1/2	14,427
2	Wiston	SA62 4, SA63 4	5,942
3	St Davids/ Marloes	SA62 3/6	11,355
4	Milford Haven	SA73 1/2/3	20,590
5	Pembroke	SA71 4/5, SA72 4/6	21,095
6	Tenby	SA68 0, SA69 9, SA70 7/8	17,774
7	Narberth	SA66 7, SA67 7/8	10,066
8	Fishguard	SA62 5, SA64 0, SA65 9	12,327
9	Newport	SA41 3, SA42 0	4,237
10	Cardigan	SA35 0, SA36 0, SA37 0, SA38 9, SA43 1/2/3	20,219
11	Llandysul and Aberporth	SA44 4/5/6	11,311
12	Lampeter	SA40 9, SA48 7/8	12,552
13	Central Coast incl. Aberaeron & New Quay	SA45 9, SA46 0, SA47 0, SY23 5	8,739
14	Aberystwyth Rural South incl. Tregaron	SY23 4, SY25 6	10,023
15	Aberystwyth	SY23 1/2	11,259
16	Aberystwyth Rural North	SY20 8, SY23 3, SY24 5	16,622
<b>Total Study Area</b>			<b>209,538</b>
<b>Pembrokeshire County and Coast National Park (Zones 1 to 9)</b>			<b>117,538</b>
<b>Ceredigion County (Zones 10 to 16)</b>			<b>90,725</b>

Source: Population figures based on 2014-based Welsh Government forecasts

## Household Survey

- 4.5 NEMS Market Research was commissioned to carry out a household telephone interview survey (HTIS) across the defined Study Area and zones in June 2016. The questionnaire was designed by Carter Jonas (CJ) in collaboration with the Partner Authorities. The questionnaire and full 'weighted' survey results are set out in Appendices 15a and 15b. A copy of the survey questionnaire is provided in Appendix 15c.
- 4.6 In total, some 1,600 interviews were conducted across sixteen zones, which involved structured interviews by telephone with the person responsible for the main household shop. A number of measures were put in place by NEMS to ensure each sample was representative of the profile of the person responsible for shopping in the household. Responses across the Study Area were weighted by the population in each zone to ensure that the results of respondents in more sparsely or heavily populated areas were not under or over represented in terms of the market share assessment. This is a standard

approach that helps to ensure the survey results provide a robust and realistic picture of shopping and leisure patterns.

- 4.7 The survey results help to identify broad patterns and preferences for different types of convenience and comparison goods shopping purchases, as well as leisure use across the study area. The key findings are used to inform the baseline market share analysis<sup>7</sup> and turnover estimates that underpin the quantitative retail capacity assessment, as well as the qualitative needs assessment.
- 4.8 However, it has to be borne in mind that the results relate to a specific point in time, in this case July 2016. As such the opening of Aldi in Pembroke Dock is not reflected in the results as summarised below. Instead allowance is made for the store opening as part of the consideration of committed developments.

### **Convenience Goods – Market Share Analysis**

- 4.9 Convenience goods<sup>8</sup> retailing is generally defined as comprising everyday essential items (including food, drinks, newspapers/magazines and confectionery), as well as an element of non-durable housing goods (such as washing up liquid, kitchen roll, bin bags, etc.).
- 4.10 The survey-derived market share (%) analysis for all convenience goods shopping is set out in Table 1 of Appendix 2. It should be noted that for this stage of the analysis the market shares for both convenience and comparison goods retailing include expenditure on Special Forms of Trading<sup>9</sup> (including internet sales), but exclude ‘null’ responses (such as ‘don’t knows’, etc.) in accordance with good practice.
- 4.11 The overall market shares in Table 1 have been derived from the analysis of the responses as to where people normally shop for their main (‘bulk’) and ‘top up’ grocery purchases. The market shares for these different types of food shopping are set out in detail in Tables 2-3 of **Appendix 2**.
- 4.12 In order to avoid the market share analysis of food shopping patterns being ‘skewed’ by larger superstores and foodstores in the study area, the survey also asked respondents where else they normally shop (if anywhere) for their ‘main’ and ‘top up’ purchases in addition to the first store identified. The market shares are set out in Table 4 for ‘top up food purchases’ and Table 5 for ‘other top up food purchases’ (Appendix 2).
- 4.13 The responses for ‘primary’ and ‘secondary’ food shopping purchase have then been merged through the application of a weighting based on judgements as to the proportion of household expenditure normally accounted for by each type of convenience goods shopping. Assumptions are informed by Question 6 of the household survey which identifies the proportion of expenditure spent on main food shopping. In this case we have

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<sup>7</sup> It is common practice in retail assessments to deduct special forms of trading (i.e. purchases over the internet, mail order shopping and market stalls) from average expenditure per capita figures at the outset according to UK forecasts derived from Experian Business Strategies. Internet shopping and special forms of trading have therefore been filtered out from the survey results before undertaking the market share assessment.

<sup>8</sup> For the purpose of this retail assessment ‘convenience goods’ and ‘food’ shopping have the same meaning.

<sup>9</sup> A more detailed explanation of SFT is set out in Section 3.

applied a weighting of 65% for main 'bulk' shopping; 10% for secondary main 'bulk' shopping; 15% for primary 'top-up' shopping; and 10% for secondary 'top-up' shopping.

- 4.14 The key findings of the market share analysis are briefly described below.
- 4.15 In terms of the market share of Special Forms of Trading (SFT), and principally internet shopping, Table 1 (Appendix 2) shows that the share of all food shopping across the study area (i.e. Zones 1-16) is 4.3%; increasing to 4.5% based on Pembrokeshire-wide catchment area zones (Zones 1-9). The SFT market share is lower for Ceredigion County catchment zones (Zones 10-16) at 4.0%. This could reflect less access to home delivery services compared to Pembrokeshire. The SFT's share varies across the Study Area zones with market shares lowest in zones that comprise larger centres Haverfordwest (Zone 1 - 1.4%), Cardigan (Zone 10 - 2.1%) and Milford Haven (Zone 4 - 2.2%), which reflect better choice and access to food shopping. In contrast SFT market share is highest in more rural areas including Zone 7 (11%) and Zone 13 (8.5%) which includes Narberth (Zone 7) and Aberaeron and New Quay (both in Zone 13), and surrounding rural areas. Higher SFT market shares in rural areas correlates to a greater reliance on online grocery shopping where there is less access to foodstore provision compared to more urban areas.
- 4.16 In comparison, Experian's latest Retail Planning Briefing Note 14 (November 2015) shows that the UK average market share for non-store (SFT) convenience goods retail sales is 10.1% (see Section 3). This is considerably higher than the market share for the Study Area (4.3%). This highlights the potential for SFT market penetration to increase in the future as online grocery shopping becomes more popular and convenient. If this was to occur, then it would potentially reduce the expenditure available to support the need ('capacity') for new ('physical') retail floorspace over the forecast period to 2036 (see Section 10).
- 4.17 Turning to the market share analysis for the main centres and stores in the three authority areas, Table 1 shows that they are achieving an overall market share ('retention level') of 88.9% within the study area (Zones 1-16). Looking at the catchment for Pembrokeshire County and Pembrokeshire Coast National Park (Zones 1-9), convenience expenditure is particularly strong with 91% retained by stores in the catchment. For Ceredigion, stores in the catchment retain of 79.2% of the catchment's total convenience expenditure, which while lower than Pembrokeshire, it is still considered reasonably strong.
- 4.18 Of the total retention across the study area the survey shows that convenience market shares derived from convenience expenditure for many of the study zones is supported by the anchor foodstore(s) serving the local population. They include the following:

Store/ location	Study Area	Pembrokeshire Catchment	Constituent Zone
Tesco Extra, Haverfordwest	6.5%	11.6%	Zone 1 – 33.3% (Zone 2 – 20.7%)
Morrisons, Haverfordwest	6.4%	11.3%	Zone 1 – 26.8% (Zone 2 – 30.1%)
Aldi, Haverfordwest	6.2%	11.1%	Zone 1 - 20.6% (Zone 2 – 20.6%)
Tesco, Milford Haven	2.6%	4.6%	Zone 4 – 26.8%
Lidl, Pembroke Dock	3.4%	6.1%	Zone 5 – 21.3%
Asda, Pembroke Dock	3.1%	5.5%	Zone 5 – 22%
Tesco, Pembroke Dock	5.4%	9.6%	Zone 5 – 35.5%
Store/ location	Study Area	Ceredigion Catchment	Constituent Zone
Morrisons, Aberystwyth	8.6%	19.5%	Zone 15 – 37.8% (Zone 16 – 37.8%)
Lidl, Aberystwyth	3.5%	8.0%	Zone 15 – 20.3% (Zone 16 – 17.7%)
Tesco, Cardigan	5.4%	10.5%	Zone 10 – 32.0% (Zone 9 – 28.6%)
Aldi, Cardigan	5.3%	10.8%	Zone 10 – 38.2% (Zone 11 – 14.5%)
Sainsbury's, Lampeter	2.8%	6.4%	Zone 12 – 36.2%
Co-op, Lampeter	1.5%	3.5%	Zone 12 – 21.3%

Source: Table 1, Appendix 2

- 4.19 The table compares the proportion of expenditure drawn by key foodstores from total Study Area expenditure, catchment area expenditure, and from the store's surrounding or constituent zone.
- 4.20 Expenditure retained by stores in Pembrokeshire County and Pembrokeshire Coast National Park is largely confined to out of centre foodstores in Haverfordwest (Tesco Extra, Morrisons, and Aldi), Milford Haven (Tesco) and foodstores in and outside of Pembroke Dock (Asda, Lidl and Tesco). Focusing on Haverfordwest, the three out of centre foodstores account for over a third (34%) of total convenience expenditure in the Pembrokeshire catchment (Zones 1-9), which highlights how Haverfordwest out of centre foodstores are supporting main food shopping in the catchment. Pembroke Dock follows; with the centre's one town centre (Asda) and two out of centre foodstores (at the time of the survey) together accounting for over a fifth (21.2%) of the Pembrokeshire catchment area expenditure.
- 4.21 Within Ceredigion County, foodstores in Aberystwyth (Morrisons and Lidl) and Cardigan (Aldi and Tesco) attract a high proportion of convenience expenditure, with the out of centre Morrisons in Aberystwyth accounting for almost a fifth (19.5%) of total convenience expenditure in the Ceredigion catchment area (Zones 10-16). The market share of all food shops in Aberystwyth, including town centre shops account for 37.3% of catchment expenditure. Key foodstores in Cardigan (Aldi and Tesco) attract 21.3% of total catchment expenditure while foodstores in Lampeter (Sainsbury's and Co-op) account for 9.9%.
- 4.22 Looking at retention levels for key centres, the survey results show that Haverfordwest (23.1%) and Aberystwyth (17.8%) are achieving the highest study area market share of all the centres, which is accounted for by the aforementioned market shares for out of centre foodstores serving both centres.

- 4.23 Pembroke Dock and Cardigan are achieving the next highest study area market shares of 12% and 11.3%, respectively. Market shares for both centres are largely supported by key foodstores located out of centre. For Cardigan, this suggests that the centre is functioning beyond its role as a Key Settlement. Convenience market shares for Milford Haven (4.9%), identified as a Hub Town, is much lower; which may be a result of competition from foodstores in Haverfordwest. Market share is notably lower in Pembroke Town (0.4%), which is likely influenced by both a lack of foodstore provision in the Pembroke Town Centre and the proximity of key foodstores in neighbouring Pembroke Dock. Tenby retains 2.9% of study area expenditure, which is higher than some of the other Key Settlements in the study area including, Llandysul 0.7%, Aberaeron 0.9%, Narberth 1.3%, Fishguard 2% and Tregaron 0.2%.
- 4.24 For Partner Authorities' smaller settlements, these centres account for an even smaller proportion of total study area expenditure. Typically, smaller centres have much lower market shares for food shopping; reflecting the relatively limited convenience goods floorspace and offer and the size, role and function of the centre.
- 4.25 In terms of 'leakage' to online sales and other competing stores outside of the study area, leakage is more prominent for the Ceredigion area catchment (20.8%). The survey results show that foodstores in Carmarthen (7.1%) are the main draw for convenience expenditure leakage from the catchment, increasing to 26.6% from Zone 11. Stores in Machynlleth also attract expenditure from the Ceredigion catchment (1.8%), but this is mainly focused on Zone 16 (10.4%) where the catchments will overlap. Stores in Pembrokeshire account for 3.4% of expenditure from the catchment area, with leakage from Ceredigion to Pembrokeshire greatest in Zone 10 (8.8%), where the catchments for both counties overlap.

### **Comparison Goods – Market Share Analysis**

- 4.26 Comparison goods<sup>10</sup> are generally defined as items not obtained on a frequent basis and include clothing, footwear, household and recreational goods (also see Glossary of Terms). The household survey comprised questions on the main groupings of non-food expenditure, as defined by Experian in the latest Retail Planner Briefing Note, including: 'clothing and footwear'; recording media<sup>11</sup>; electrical goods; books; and medical goods. Comparison goods also includes 'bulky goods' such as furniture and carpets; DIY and garden products. Bulky goods market shares are considered separately later in this section.
- 4.27 Table 1a (Appendix 3) shows the market shares (%) for all comparison goods shopping purchases made both within and outside the Study Area, and catchments within. These total market shares have been informed by the shopping patterns for the different types of comparison goods expenditure set out in Tables 2-12. The market share analysis (%) takes account of the distribution and weight of spend (£) by households on the different comparison goods categories. This ensures that that the resultant shares are not 'skewed'

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<sup>10</sup> Please note that comparison goods and non-food shopping have the same meanings.

<sup>11</sup> Recording media includes records, pre-recorded tapes and CDs, pre-recorded videotapes and DVDs, floppy disks, videotapes, CD Rs, unexposed film, etc.

by any particular comparison goods expenditure category. This is a standard approach for retail assessments.

- 4.28 As for the analysis of convenience goods, the market shares include expenditure on Special Forms of Trading (SFT) but exclude all 'null' responses. The key findings of the market share analysis are briefly described below.
- 4.29 Table 1 (Appendix 3) shows that SFT's share of all non-food shopping across the total study area (i.e. Zones 1-16) is 23.2%. As with convenience SFT market shares, SFT market share for comparison goods increases to 24.3% for the Pembrokeshire catchment area (Zones 1-9), while the corresponding market share is lower (21.8%) for the Ceredigion catchment area (Zones 10-16). The market share varies across the different study areas. Again, like the results for convenience, SFT is lowest in zones served by the region's main shopping centres; Haverfordwest (Zone 1 - 20.3%, Zone 2 – 19.7%) and Aberystwyth (Zone 15 – 15.8%). SFT market shares are highest in more rural areas or areas that are not immediately served by key shopping centres, such as Zone 3 (30%), which includes the coastal settlements between St Davids and St Brides. SFT market share is also high in Zone 13 (24.8%) and Zone 14 (26.6%), which make up Aberaeron, New Quay, and Tregaron surrounding rural areas.
- 4.30 In comparison, Experian's latest Retail Planning Briefing Note 14 (November 2016) shows that the UK average market share for non-store (SFT) comparison goods retail sales is 17.6% (see Section 3). While SFT for the study area is above the UK average, there is still potential for SFT to increase its market share penetration in the future, with Experian forecasting average SFT market share to increase to 20% by 2021. If the SFT market share for the study was to increase by the same rate (proportionally), then it would potentially reduce the expenditure available to support the need ('capacity') for new ('physical') retail floorspace over the forecast period to 2036 (see Section 11).
- 4.31 Turning to the market shares for the main centres and out-of-centre stores and shopping facilities in the region, Table 1 (Appendix 3) sets out retention achieved by key centres. As the table shows, stores across the three authority area are achieving a combined 'retention level' of 56.8% within the total study area (Zones 1-16). Retention for stores in Pembrokeshire County and the Pembrokeshire Coast National Park increases to 60.1% when based on total expenditure for the Pembrokeshire catchment area (Zones 1-9). Stores in Ceredigion retain just under half (49.3%) of total expenditure from the Ceredigion catchment area (Zones 10-16).
- 4.32 Looking at expenditure retention for the region's main centres, the table below sets out key market share results:

Shopping Centre	Study Area	Pembrokeshire Catchment
Haverfordwest Town Centre	13.8%	24.4%
Withybush Retail Park Haverfordwest	5.8%	10.1%
Milford Haven Town Centre	1.0%	1.8%
Pembroke Town Centre	0.3%	0.5%
Pembroke Dock Town Centre	3.0%	5.4%
Fishguard	0.7%	1.2%
Tenby	1.8%	3.4%
Shopping Centre	Study Area	Ceredigion Catchment
Aberystwyth Town Centre	12.0%	27.3%
Parc Y Llyn Retail Park, Aberystwyth	1.2%	2.7%
Cardigan Town Centre	3.5%	7.0%
Lampeter	2.3%	5.2%
Aberaeron	0.7%	1.5%

Source: Table 1, Appendix 3

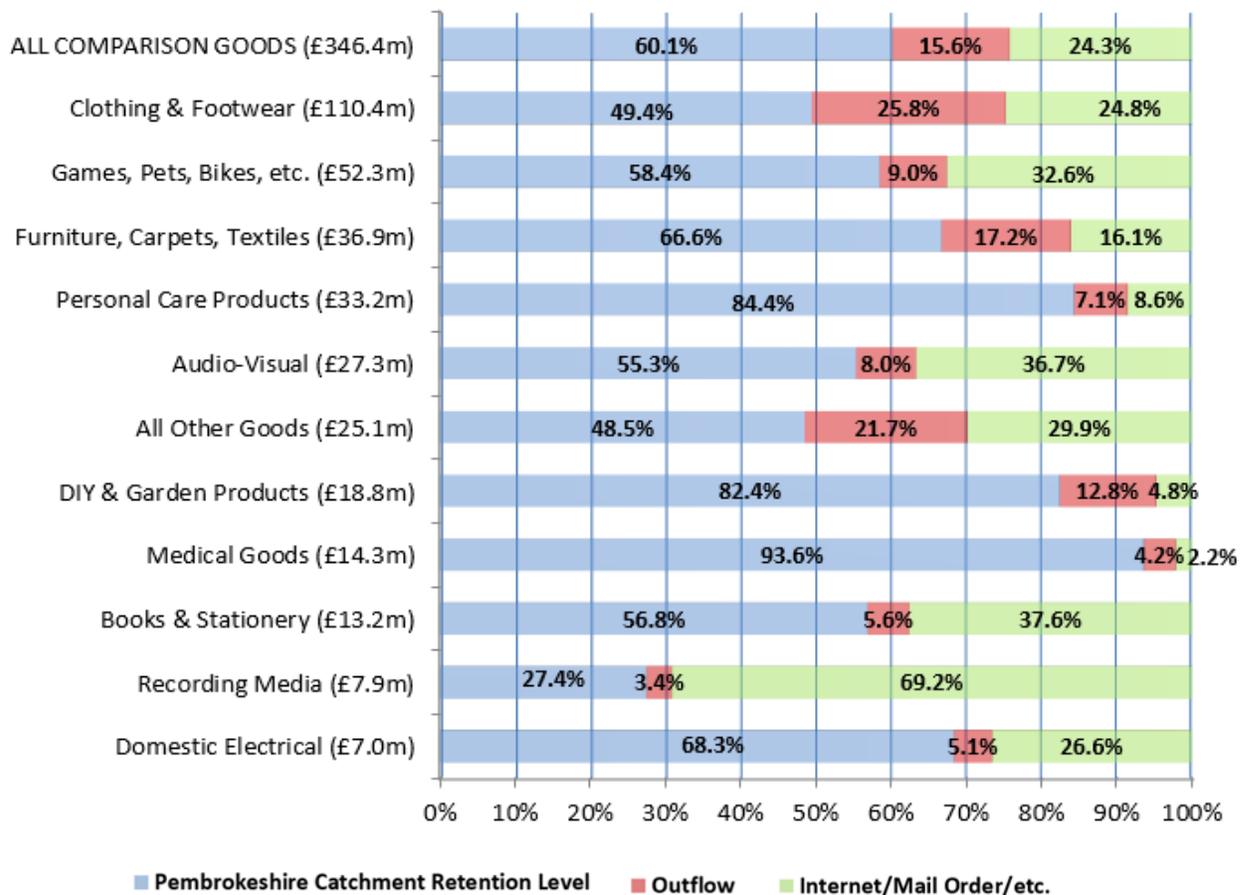
- 4.33 Stores in Haverfordwest Town Centre attract the greatest proportion of comparison goods expenditure, accounting for 13.8% of study area expenditure and almost a quarter (24.4%) from the Pembrokeshire catchment area. As Table 1 (Appendix 3) shows, within surrounding zones to the Haverfordwest (Zones 1 to 3) retention increases further. Out of centre retail destinations, such as Withybush Retail Park and Springfield Retail Park account for 9.7% of total study area expenditure or 16.9% from the Pembrokeshire catchment area.
- 4.34 Retention levels for other town centres in Pembrokeshire County and Pembrokeshire Coast National Park are considerably lower reflecting a more limited comparison goods offer. Market share retention is stronger for Pembroke Dock Town Centre, which attracts 3% of total study area expenditure, or 5.4% for the Pembrokeshire catchment area. The town centre retains over a quarter (25.3%) of expenditure from its surrounding zone (Zone 5). Out of centre shopping facilities in Pembroke Dock account of 1.8% of catchment expenditure and 4.8% from Zone 5. By comparison, stores in Pembroke Town Centre retain just 0.3% of study area expenditure or 2.7% from Zone 5. A review of retail offer in Pembroke Dock town centre identifies very limited comparison good provision, which does not marry with the market share results. It is possible that respondents may not have distinguished between in centre and out of centre, where there is more comparison goods retail. As such, the household survey may over estimate that attraction of Pembroke Dock Town Centre as a comparison goods retail destination.
- 4.35 Market shares reduce further for Pembrokeshire and Pembrokeshire Coast National Park's smaller centres including Fishguard, Narberth, Newport, Saundersfoot, and St Davids, which is expected, as comparison offer is typically limited. However, it is noted that stores

in Tenby attract the greatest market share of the smaller centres; accounting for 1.9% of total study area expenditure or 3.4% based on the Pembrokeshire catchment area. For Zone 6, Tenby retains almost a fifth (19.4%) of the zone's expenditure. The higher retention level of Tenby may be explained by its relative isolation from the County's larger centres and relatively good choice of comparison retail offer for a centre of its size, which would help to contain expenditure.

- 4.36 Stores in Aberystwyth Town Centre attract a similar retention level as Haverfordwest Town Centre, attracting 12% of total study area expenditure. The level of retention increases to 27.3% when based on expenditure from Ceredigion catchment area. The town centre serves a key role in supporting comparison goods expenditure from surrounding zones with retention levels ranging from 34.5% for Zone 13 (Central Coast), 49.2% for Zone 14 (Aberystwyth Rural South), 54.8% for Zone 16 (Aberystwyth Rural North), and 61.2% for Zone 15 (Aberystwyth). Out of centre destinations, such as Parc Y Llyn Retail Park attracts a combined market share of 4.4% of catchment expenditure.
- 4.37 Stores in Cardigan Town Centre retain 3.5% of total study area comparison expenditure, with market share almost doubling to 7% for the Ceredigion catchment area. The town centre accounts for over a fifth (25.6%) of total expenditure from Zone 10 (Cardigan), while also attracting a reasonable proportion of expenditure from neighbouring zones (e.g. Zone 9 – 10.8%; and Zone 11 – 7%). As with market share findings for convenience, the results for Cardigan suggest the centre out performs its role and function as a Key Settlement in the WSP hierarchy.
- 4.38 Stores in Lampeter retain some 2.3% of total study area expenditure or 5.2% from the Ceredigion catchment area. However, the town centre attracts a reasonably strong market share of 30.4% of comparison goods expenditure from its surrounding zone (Zone 12 Lampeter).
- 4.39 Market share retention for Ceredigion's smaller centres, including Aberaeron, Tregaron and Llandysul is much lower reflecting the more limited comparison goods offer available in these centres and the catchment draw of larger centres (e.g. Aberystwyth and Cardigan).
- 4.40 In terms of expenditure leakage, the results show that the loss of comparison goods expenditure is more pronounced for Ceredigion County with over half of expenditure from the catchment area (Zones 10-16) is lost to centres outside of the County, compared to 39.9% for Pembrokeshire.
- 4.41 For Ceredigion, the main competing centre is Carmarthen which attracts 21.9% of total expenditure from the Ceredigion catchment area. To a lesser extent, Cardiff attracts 1.8% of expenditure. Excluding SFT, stores in Carmarthen also account for the highest proportion (9.4%) from Pembrokeshire County catchment area, while stores in Cardiff and Swansea each attract 1.9% of expenditure from the catchment area. For both Pembrokeshire and Ceredigion, competition from larger centres is to be expected to an extent. In this case, Carmarthen Town Centre provides a much stronger comparison goods retail offer compared to Haverfordwest and Aberystwyth, while the centre's surrounding retail parks provide convenient access for shoppers traveling in from Pembrokeshire and Ceredigion.

4.42 Figure 4.1 below summarises the market shares for Pembrokeshire, competing centres and SFT/internet shopping for residents in the Pembrokeshire catchment area (Zones 1-9) for different categories of comparison goods expenditure, based on the survey-derived results set out in Tables 2-12 (Appendix 3).

**Figure 4.1: Pembrokeshire Catchment Area - Market Share Summary by Comparison Goods Categories**



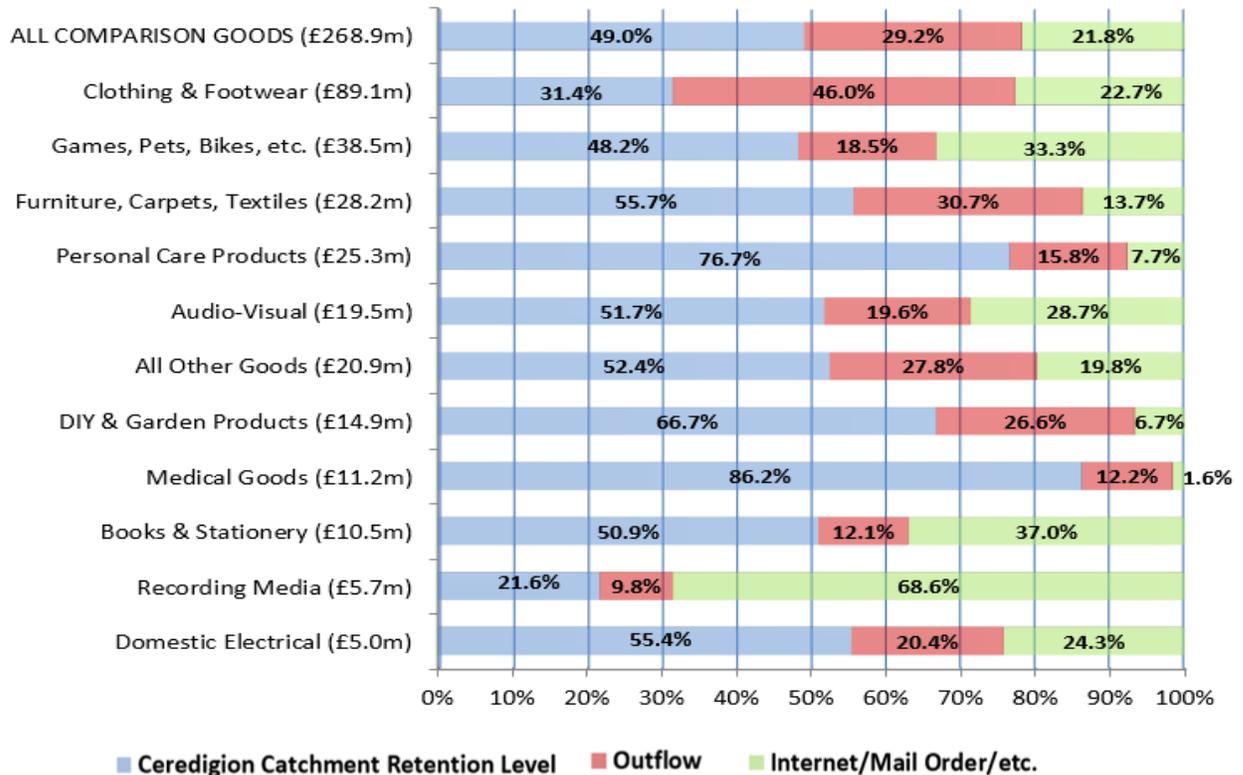
4.43 The figure shows the relatively strong competition from other centres and shopping facilities located outside the Pembrokeshire catchment area for different types of comparison goods expenditure. For example, over a quarter (25.8%) of expenditure on clothing and footwear purchases in the catchment area is going to centres outside; principally Carmarthen (18.1%). This reflects the scale, range and quality of fashion offer in Carmarthen Town Centre and its retail parks compared to Haverfordwest, Pembrokeshire’s principal shopping destination.

4.44 The figure also confirms the high market share of SFT, and principally internet shopping, on certain categories of comparison good expenditure from the catchment area; specifically recording media (69.2%); books and stationery (37.6%); audio visual (36.7%), and toys, games, bikes, pet products, etc. (32.6%). SFT also accounts for a reasonable market share of clothing and footwear purchases (24.8%). In contrast, SFT’s market share of other non-food categories is more limited, including medical goods (2.2%); DIY (4.8%);

personal care products (8.6%); and furniture and carpets (16.1%). However, this does not necessarily mean that these specific sectors will be ‘immune’ from the growth in internet shopping over the medium to long term.

4.45 Figure 4.2 below shows the distribution of market shares for different comparison goods categories for the Ceredigion catchment area (Zones 10-16).

**Figure 4.2: Ceredigion Catchment Area - Market Share Summary by Comparison Goods Categories**



4.46 The analysis shows a similar pattern between the breakdown of retention and leakage for the different comparison goods categories. However, as highlighted before, total comparison goods expenditure retention is lower for the Ceredigion catchment area at 49% compared to Pembrokeshire’s 60%. Leakage to centres outside of Ceredigion County stands at 29.2%, with the greatest proportion of leakage directed to Carmarthen (21.9%).

4.47 Looking at the individual comparison goods categories, like Pembrokeshire, stores in Carmarthen account for the greatest share of outflow (36.2%) of the clothing and footwear expenditure lost to competing centres outside of the county (46%). Again, this reflects the scale and quality of fashion offer in Carmarthen compared to Ceredigion’s main shopping destination, Aberystwyth.

4.48 The distribution of SFT expenditure also follows a similar pattern to that identified for Pembrokeshire, with SFT commanding a greater share of expenditure on recording media (68.6%); books and stationery (37%); and games, pets and hobbies (33.3%). SFT expenditure on clothing and footwear is lower at 22.7% compared to 24.8% for

Pembrokeshire. SFT market shares remain low for other comparison goods categories, particularly medical goods (1.6%), DIY and garden products (6.7%) and personal care products (7.7%).

### **Bulky Goods – Market Share Analysis**

- 4.49 Bulky goods items are traditionally associated with large comparison goods purchases such as furniture, flooring, carpets, large domestic appliances, DIY and garden items, which are generally sold from retail warehouse locations. Many of these retailers also include a proportion of floorspace in their stores for the sale of ancillary non-bulky goods such as homewares and soft furnishings. However, it should be noted that bulky goods are also sold from town centre locations and are not strictly reserved for retail warehouse accommodation. Furthermore, the definition of bulky goods is becoming somewhat blurred in recent years with traditional bulky goods retailers extending their range to include general comparison retailing including clothing and footwear. The definition of bulky goods identified by Experian classify bulky goods as including: DIY goods; furniture and floor coverings; major household appliances (whether electrical or not); audio visual equipment; remaining 10% of non-durable household goods; and bicycles.
- 4.50 In assessing bulky goods market shares for this assessment, we have based bulky goods on the following categories identified from the household survey:
- Audio visual
  - Domestic electrical appliances (small and large)
  - Furniture, carpets, floor coverings and soft furnishings
  - DIY and gardening products
- 4.51 The above categories are combined to estimate a total market share for bulky goods comparison retail. The results for bulky goods market shares for key centres and zones across the study area are set out in Table 1c (Appendix 3).
- 4.52 The results show that 19.3% of total study expenditure on bulky goods retail is spent online. For Pembrokeshire County, SFT market share is higher at 20.8%, while the corresponding market share for Ceredigion County is 17.3%.
- 4.53 While bulky goods retail is generally associated with out of centre retail locations, the market share results show that the balance of bulky goods expenditure retained in the town centres; including for Milford Haven, Aberystwyth and Cardigan. It is only in Haverfordwest where the town centre (13.8%) and out of centre retail parks (13.1%) attract a similar proportion of bulky goods expenditure.
- 4.54 What this tells us is that bulky goods retail provision is still an important retail sector for town centres and is not just suitable for edge or out of centre locations.
- 4.55 In terms of the level of bulky goods expenditure retained for each County, expenditure retention is higher within the Pembrokeshire County catchment area; retaining 66.6% of bulky goods expenditure. Pembrokeshire's main competing destination for bulky goods shopping is Carmarthen, attracting 6.8% of Pembrokeshire's catchment expenditure. For Ceredigion County, 56.9% of bulky goods expenditure is retained in Ceredigion's catchment area, with 17.1% lost to Carmarthen.

## 5 TOWN CENTRE HEALTH CHECKS METHODOLOGY

- 5.1 Sections 6 to 8 provide detailed health check updates for main centres across each of the Partner Authority areas. The centres assessed for each authority area as part of this study are set out in the table below.

**Table 5.1: Town Centres Assessed**

Ceredigion	Pembrokeshire (excl. National Park)	Pembrokeshire Coast National Park
Aberystwyth	Haverfordwest	Tenby
Cardigan	Milford Haven	Saundersfoot
Lampeter	Pembroke	Newport
Aberaeron	Pembroke Dock	St David's
Llandysul	Narberth	
Tregaron	Fishguard	

- 5.2 Health checks are recognised as important planning ‘tools’ for appraising and monitoring the changes in the overall vitality and viability of town centres, and informing both plan-making and decision-taking at the local level.
- 5.3 TAN4 is clear that the use of regular health checks provides both a means of monitoring change over time and informs the understanding of a centre’s resilience to change as well as the impact of new development (para 13.1 -13.2).
- 5.4 TAN4 also provides some advice on possible indicators that may be useful in measuring the vitality, attractiveness and viability of established centres (para 13.3), although local planning authorities are invited to use their own, locally specific measures.
- 5.5 This is considered particularly relevant in South West Wales where a number of traditionally accepted indices are not available for many of the smaller centres or will be based on too small a sample size to be reliable. It also means that a consistent set of indicators can be identified that are relevant to all centres in the hierarchy and which can utilise the already extensive time series data held by the planning authorities.
- 5.6 The following indicators have therefore been identified as the most relevant for the current study:
- changes in the retail offer over time (2011 to 2016);
  - the diversity of uses: how much space is in use for different functions and how that balance has been changing;
  - the proportion of vacant street level property, its location and length of time it has been vacant;
  - retailer representation and change including present representation by national multiples and demand from retailers wanting to come into the town;
  - customer views of the centre and the extent of the catchment area;
  - accessibility;
  - environmental quality: and

- the perception of safety/occurrence of crime, including information on safety and security.
- 5.7 Other indicators set out in TAN4 are considered to be less relevant for this particular study, as their relevance may differ where tourism is an important contributor to centre turnover. Most obviously pedestrian flows will be influenced by the time of year a study is undertaken as may property occupancy levels.
- 5.8 Therefore, the health check assessments of the town centres have been informed by an analysis of current and historic centre data provided by the local authorities, supplemented by site visits of the centres in each authority area during the summer period (June to August 2016). Importantly, the views of local residents have also been sought on all the centres, through the inclusion of relevant questions in the recently commissioned household survey. This provides information on the views of both those using and not using their local centre(s), in contrast to a street survey which can only reflect the views of those already choosing to visit a centre.
- 5.9 The health checks provide an effective ‘gap’ analysis tool to help identify retail types and categories that are under or over represented in centres, benchmarked against UK averages which are based on Experian Goad’s analysis of approximately 1,950 centres and shopping locations in the UK.
- 5.10 The UK averages referred to are set out below:

**Table 5.2: Diversity of Uses – UK Average**

	<b>% Units</b>	<b>% Floorspace</b>
Comparison	32.0%	35.9%
Convenience	8.6%	15.2%
Retail Services (A1)	13.9%	6.7%
Financial and Business Services (A2)	10.6%	8.0%
Food & Drink Services (A3)	18.9%	14.7%
Other Leisure Services	4.5%	9.8%
Miscellaneous (Sui Generis/Other retail)	0.1%	0.1%
Vacant	11.2%	9.0%

Source: Experian Goad June 2016

- 5.11 However, it must be noted that the Goad National Average is deduced from aggregate town centre data collected by Experian Goad across the UK, having no regard to the size, type and function of locations. Therefore in assessing the health of town centre, it should be applied with caution, with consideration given to local circumstances.
- 5.12 It should be noted that commercial property indicators would usually entail Prime Zone A Rents and Yields assessment. However the size of many of the centres, here means reliable comparable evidence on yield data is not available due to limited transactions taking place.

## 6 HEALTH CHECKS: PEMBROKESHIRE COUNTY

- 6.1 This section sets out the key findings of the health check assessment for the main centres in Pembrokeshire County. The more detailed health check summaries for each centre are provided in Appendix 12.

### Haverfordwest

- 6.2 Haverfordwest is the largest centre in Pembrokeshire with a good range of retail and other services. It has a wide catchment and is visited regularly, but the centre has struggled to achieve its potential for a number of years. This is for a variety of reasons, including the historic nature of much of the centre, topography and competition from out of centre retailing. This has been recognised by the Council and efforts are continuing to regenerate the centre, the most recent being the preparation of a Masterplan, but wider changes in the retail sector and in shopping habits are not assisting.
- 6.3 The centre is continuing to struggle to adapt to changing retail and service demand and the high levels of vacancies, including long-term vacancies suggest the centre remains vulnerable. Current and future proposals are already seeking to address this but the need to ensure the centre maintains/improves its attractiveness for local residents and tourists will be vital for its future. Thus it is important that its current strong comparison, financial and retail service offer is complemented by an improved food & drink offer in the future to reflect changing shopping habits and known demand, in order that it is better able to serve its catchment population and meet visitor requirements.
- 6.4 The convenience offer within the centre is limited and opportunities to improve the range of specialist/independent retailers should be explored. The overall offer however is complemented by the edge-of-centre national multiples.

### Milford Haven

- 6.5 Milford Haven is clearly a popular shopping destination for both local residents and tourists but the evidence suggests that the out-of-centre retail park and Marina development are the greatest draws.
- 6.6 The linkage from these areas to the historic town centre is not particularly attractive and the centre does not appear to be benefitting from spin-off trade. Instead it appears to have a different retail offer and one which is likely to have a restricted appeal.
- 6.7 Charles Street in particular is continuing to struggle, resulting in above average levels of vacancy and a number of units that have been vacant for a considerable time. Hamilton Terrace seems to be faring slightly better with evidence of recent investment but neither location is likely to be able to attract the types of occupiers currently looking for space in the area. Instead it would be expected that such operators would look to the marina.
- 6.8 This suggests that the high level of vacancies recorded in the original centre are likely to continue reflecting both their location and the unsuitability of much of the older space for modern retailer requirements. Some redevelopment/replacement may therefore be required even if the overall provision does not increase, with the reuse of the vacant

properties at the western end of Hamilton Terrace likely to offer the greatest potential for improved integration of the historic centre with the more recent development.

### **Pembroke Dock**

- 6.9 Pembroke Dock is a key service, employment and retail centre in south Pembrokeshire.
- 6.10 Although much of the retail offer is out-of-centre, the Asda foodstore is a major draw and key anchor for the town centre and the eastern part of Dimond Street appears to be trading well. There is also evidence that some of the currently vacant units on the street are the subject of investment or reoccupation.
- 6.11 St Govan's Shopping Centre represents an important link between the Asda and the traditional retail centre and offers the potential for an interesting range of shops and mix of units which complements both. However the entrance from the Asda direction is not inviting and footfall appears to be insufficient to maintain the retail businesses within the centre, with a number appearing to be struggling. The physical appearance of the centre and links to it from Asda are also likely to be reducing potential footfall.
- 6.12 There is no identified demand from national multiples for new properties within the town and the number of vacancies is likely to exceed any locally generated demand at the present time. However, there may be potential to improve the local food & drink offer given this growing sector is currently under-represented in the town.

### **Pembroke**

- 6.13 The historic town of Pembroke is an important tourist destination, offering an attractive and high quality town centre with a significant retail and service offer.
- 6.14 The town centre is generally healthy, with its complementary role to Pembroke Dock reflected in the retail and service offer. The financial services sector is strong and there is on-going retailer demand for space within it.
- 6.15 However, the importance of the centre for the local population is reduced by the low levels of convenience provision, resulting in less frequent visits and a relatively constrained catchment area.
- 6.16 The through traffic supports the centre in terms of generating awareness and passing trade but has a detrimental effect on the environmental quality. The western end of the centre close to the castle appears to be trading relatively well but the more recent developments off the main road appear to be less successful. Ensuring the centre achieves its role as a local centre as well as one meeting tourist needs is therefore the key challenge going forward.

### **Fishguard**

- 6.17 Fishguard is an important centre for North Pembrokeshire and offers a good range of retail, service and leisure facilities in an attractive setting. The town centre is generally healthy but has struggled in recent years and is continuing to experience above average vacancy levels and a relatively high number of charity/community shops.

- 6.18 However, there is also evidence of new investment and the centre has a large range of non-retail services and facilities that ensures it continues to attract local residents. The development/re-occupation of key units and sites, particularly the Primary School site and Abergwaun Hotel, will therefore be important to maintain confidence in the centre and support what recent investment has occurred.
- 6.19 The potential to strengthen the retail offer to better meet local residents' needs also needs to be considered, although the current lack of demand from national multiples does not assist.

### **Narberth**

- 6.20 Narberth is an attractive market town in east Pembrokeshire with a niche retail offer that attracts visitors from a wide catchment area.
- 6.21 There are currently just two vacant units in the centre and it continues to be a successful, vital and viable town centre that appeals to residents and visitors alike.
- 6.22 Whilst the current permission for the Primary school site may not be implemented and there are currently no stated retailer requirements from the national multiples, the lack of vacant space and popularity of the town suggests there is likely to be demand for further retail provision in the centre. If so, the school site remains a good one to increase the attractiveness of the centre.

## **7 HEALTH CHECKS: PEMBROKESHIRE COAST NATIONAL PARK**

- 7.1 This section sets out the key findings of the health check assessment for the main centres in Pembrokeshire Coast National Park. The more detailed health check summaries for each centre are provided in Appendix 13.

### **Tenby**

- 7.2 Tenby is the largest retail centre within the National Park and provides important shopping facilities for both local residents and those in the surrounding area, supplemented by the Sainsbury's store just outside the town centre boundary and the recently opened out-of-centre Co-op convenience store at Heywood Lane. The town is also a major tourist centre, its strengths including both its coastal setting and its attractive, historical environment.
- 7.3 The units within the historic centre are generally well occupied and there is evidence of recent investment on the periphery of the centre including at White Lion Street where Poundland and Premier Inn have recently opened, improving the representation of national multiples within the town and improving facilities for tourists.
- 7.4 Vacancies have been falling over recent years and the low vacancy rates, arrival of new retailers and on-going investment within and on the edge of the centre, suggest the retail market is strong and the centre is healthy, although demand for space for national multiples is limited.

### **Saundersfoot**

- 7.5 Saundersfoot is currently a healthy, attractive centre that serves local and tourist needs. This role has been strengthened by the opening of Tesco Express, but otherwise national multiple representation is low and the centre remains primarily a tourist centre.
- 7.6 The environment is generally of a high quality and the shops and parking benefit from good accessibility and proximity to the key attractors, namely the beach and harbour.
- 7.7 The majority of retail units are small but are suitable for the tourist orientated trade seen in the centre and vacancies are low. The lack of demand for space from the national multiples is not surprising and it would be expected that independent retailers would continue to dominate the centre.

### **St David's**

- 7.8 The physical location of St David's and relatively low population levels within its natural hinterland, mean that the centre primarily caters for the significant numbers of visitors seen each year whilst providing a convenience and service offer for residents within its catchment area. The attraction of the Cathedral has been supported by the development of the centre as a specialist location for arts and crafts.
- 7.9 The centre is healthy with few vacancies and the number of national multiples present despite the restricted population in the hinterland, reflects the popularity of this tourist centre. There has been a recent loss of financial and service businesses but there appears

to be sufficient remaining within the centre to meet existing needs. There is also evidence of the flexible use of properties, with businesses operating from residential properties and some changes of use from business to residential. This helps the centre adjust to short-term and seasonal changes in demand.

- 7.10 The environment is generally of a high quality but through traffic and narrow pavements impacts on this at busy times.

### **Newport**

- 7.11 Newport is a small but popular local centre that serves the needs of both local residents and tourists. It currently offers a good mix of community and visitor facilities and is considered to be very healthy with no current vacancies. However, it suffers from a dispersed layout and through traffic which detracts from the overall high quality environment and is detrimental to pedestrian accessibility.

## 8 HEALTH CHECKS: CEREDIGION COUNTY

- 8.1 This section sets out the key findings of the health check assessment for the main centres in Ceredigion County. The more detailed health check summaries for each centre are provided in Appendix 14.

### Aberystwyth

- 8.2 Aberystwyth is the largest town in Ceredigion and is identified in the WSP as a Settlement of Primary Importance. It is an attractive, historic town which serves an extensive rural area but also benefits from an established tourist trade and a large student population. As a result the centre has a diverse offer with a good range of national multiples and independents.
- 8.3 The main retail offer is provided within the town centre with larger, more modern units developed in the vicinity of the railway station, and the older, smaller units located closer to the sea front. There are also a number of large retail units on the outskirts of the town.
- 8.4 The Centre is generally healthy and benefits from an extensive and varied offer that is likely to cater for the majority of local, student and tourist needs. The development of the larger units near the station has increased the attractiveness of the centre for the national multiples who are concentrated here or along Great Darkgate Street. This in turn strengthens the overall offer and ensures an extensive trade draw.
- 8.5 The development of the in-centre Tesco (opening 24<sup>th</sup> November 2016) and Marks & Spencer (opening early 2017) will strengthen the centre overall and can be expected to increase footfall. However, the development will increase the current physical divide between the larger, modern retail units located around the railway station and the older historic shopping area centred around Great Darkgate Street and Terrace Street. This means the links between the two areas are important if the centre is to maximise the overall benefits of the new development.
- 8.6 It is also likely to lead to some changes within the older part of the centre. Demand for space closer to the new development may improve, for instance on Chalybeate Street and the southern part of Terrace Street, with the shopping areas closer to the sea front becoming more tourist and leisure orientated.

### Cardigan

- 8.7 Cardigan is the second largest settlement in Ceredigion and an important cultural, heritage and tourism centre. Its town centre includes Cardigan Castle, with the main shopping street extending northwards from the castle. Additional retail provision is provided along the side roads to the east and west, although development to the west is constrained by the topography and changes in levels.
- 8.8 Cardigan is an attractive, historic centre which benefits from the central location of the castle to provide a clear identity and draw, as well as a relatively extensive catchment area. The overall mix of units and vacancies is close to the national average and the centre appears to be healthy.

- 8.9 The comparison sector is particularly well represented and includes a number of national multiples and a variety of independents. However, the overall offer and variety is limited, with a strong discount orientation. The market does not appear to be as much of a draw as it could be and expected closures will further reduce local choice. The current levels of vacancy and limited variety also makes the centre vulnerable to further closures, particularly of the national multiples.

### **Lampeter**

- 8.10 Lampeter is a university town that also has an important role as the main retailing, administration, educational and business centre for a large rural area within both Ceredigion and Carmarthenshire Counties.
- 8.11 The centre is focused around the main road junction of A475 and A482 and is generally an attractive and successful centre. It offers a good mix of independent retailers, many of who have been trading in the town for many years and national multiples. There is evidence of some investment and new openings, particularly in the convenience sector. However, vacancies have been increasing and the number of comparison retailers has declined. The food & drink sector is also under-represented.

### **Aberaeron**

- 8.12 Aberaeron is a historic town situated on the A487 coastal road. The main retail provision is located along this road but also extends northwards to include the harbour and river frontage and southwards to include the buildings surrounding Alban Square.
- 8.13 It is an attractive and very successful tourist centre that also meets the daily shopping requirements of its catchment population. It has a good mix of units and services for both local residents and visitors and vacancies are low suggesting it is healthy and performing well. This is assisted by its food & drink offer which attracts its own visitors, meaning the centre is not entirely reliant on the retail offer.
- 8.14 Maintaining this balance is important for the long term, year-round health of the centre.

### **Llandysul**

- 8.15 Llandysul is a market town that provides for the retail, educational and other community needs of its rural hinterland. The town centre is a traditional linear high street, with a small amount of additional retail located along the pedestrianised link road to car park.
- 8.16 The centre is currently considered to be relatively healthy and meeting most of the needs of its immediate catchment area. There have been a number of recent changes in occupation, but the overall mix remains good. Vacancies are above average however and demand from occupiers appears to be limited. The opening of the Llandysul through School may improve footfall within the centre and counter any reduction in trade seen as a result of the by-pass opening but the increased distance from the centre may counter this.. As a result, the draw of the centre is likely to remain limited. It is also likely to be vulnerable to further closures of the national multiples for whom this location is likely to be

marginal. Its location and offer means tourist trade is likely to be limited and there may be a need to reduce the size of the centre in the future, to consolidate its offer and appeal.

### **Tregaron**

- 8.17 Tregaron is a small historic town with its centre focused around the junction of the A485 and B4343 and the slightly separate main square, resulting in a linear centre but with commercial uses interspersed with residential.
- 8.18 It is an attractive centre and one which offers a range of facilities including both independent and national multiple retailers and financial service providers, and a range of food & drink facilities. It appears to be healthy. However, it has relatively high levels of vacancy and a decreasing comparison offer making it vulnerable to closures of the national multiples for whom this location is likely to be marginal.
- 8.19 The catchment population is restricted in terms of numbers and the retail offer is relatively dispersed. The town's location and offer means some tourist trade can be expected and the new car park seeks to provide the necessary facilities to meet visitor requirements. However, the resulting trade would be expected to be limited and insufficient to support businesses in isolation.

## 9 QUANTITATIVE RETAIL NEEDS ASSESSMENT METHODOLOGY, BASELINE & FORECAST ASSUMPTIONS

- 9.1 This section sets out the methodology and baseline data used to inform the assessment of quantitative need (capacity) for new retail (comparison and convenience goods) floorspace across each of the Partner Authority area.

### The CREATE Model: Key Assumptions & Forecasts

- 9.2 The CREATE<sup>e</sup> model has been specifically designed and developed by Carter Jonas over a number of years to assess the capacity for, and impact of new retail (convenience and comparison goods) development and investment. The (Excel-based) model adopts a transparent ‘step-by-step’ approach in which all the key assumptions and forecasts can be easily tested, in accordance with good practice advice. The model draws on the market share analysis derived from the household telephone interviews to help inform the assessment of the current turnover and trading performance of existing centres, shops and stores at the base year.
- 9.3 In simple terms the quantitative capacity for new retail floorspace is broadly derived from the forecast growth in population and expenditure, after making an allowance for new commitments, and the increased ‘productivity’ (or ‘efficiency’) of all existing and new floorspace. In certain cases capacity can also occur where there is a clearly identified ‘imbalance’ (or ‘over-trading’) between the turnover of existing facilities at the base year (2016), and the total available expenditure in the defined study/catchment area.
- 9.4 The assumptions and forecasts underpinning the CREATE<sup>e</sup> model are based on robust evidence, research and best practice (also see Section 3):
- The 2016 base year population and projections to 2036 are based on 2014-based forecasts published by the Welsh Government, which are derived from the 2011 Census. A note on how Welsh Government population projections have been applied to the study area is set out in Appendix 4a. Alternative population projections have been tested based on 2011-based forecasts from the Welsh Government have also been considered and are presented in Appendix 4b.
  - The average retail (convenience and comparison goods) expenditure per capita levels by zone at the base year have also been sourced from Experian’s MMG3 GIS (please note all expenditure and turnover figures are expressed in 2014 prices).
  - The annual growth forecasts for (convenience and comparison goods) expenditure per capita have been informed by Experian’s November 2016 Retail Planner Briefing Note 14 (see Section 3, Table 3.1).
  - The survey-derived market shares for ‘non-store’ retail sales (otherwise referred to as Special Forms of Trading) have been deducted from the expenditure per capita figures at the outset for the purpose of the retail capacity assessment. The forecast growth in SFT up to 2036 is in line with the UK forecasts set out in Experian’s latest Briefing Note, based on data published by the Office for National Statistics (ONS) (see Section 3, Table 3.2)
  - An allowance for the increased ‘productivity’ of existing and committed retail (convenience and comparison goods) floorspace over the forecast period has also been informed by Experian’s latest Briefing Note (see Section 3, Table 3.4).

- 9.5 At the outset the Partner Authorities should be aware that long-term forecasts should necessarily be treated with caution, as they will be influenced by changes in economic, demographic and market trends. As a result we advise that greater weight should be placed on the short term forecasts carried out over a five year period
- 9.6 The capacity forecasts are therefore intended as a guide to enable the Partner Authorities to assess the broad strategic options for the spatial distribution of new retail-led development over the plan period, and make informed policy choices about where any forecast need should be met. It follows that the allocation of sites to meet any identified need over the next five years and over the lifetime of the development plan will depend on a range of key considerations, including the suitability, viability and availability of sites in or on the edge of existing centres, and the potential to expand existing centres to accommodate the forecast needs.
- 9.7 The capacity tabulations for convenience goods and comparison goods are set out in **Appendix 8a** and in **Appendix 10a** respectively for Pembrokeshire County and Pembrokeshire Coast National Park. Corresponding capacity tabulations for Ceredigion County are set out in **Appendix 9a** and **Appendix 11a**. The key steps in the retail capacity assessment, and the main assumptions and forecasts underpinning the CREAT<sup>e</sup> Model are described in more detail below.

## Population & Expenditure Forecasts

### Population Projections

- 9.8 Table 1 (**Appendix 4a**) sets out the base year population for the defined study area and sixteen study zones based on 2014-based population projections derived from the Welsh Government. As explained above, the study zones have been defined to reflect County boundaries but do not coincide exactly. As a result some zones, such as Zone 10 may include areas in both Pembrokeshire and Ceredigion Counties, whilst others may extend beyond or cover an area slightly smaller than the County boundaries. A methodology note is provided in Appendix 4a on how the 2014-based population projections have been estimated for the study zones.
- 9.9 The population 2014-based figures show that there are 209,386 persons resident in the wider study area in 2016. Of this total, some 118,226 (56.5%) reside in the Pembrokeshire catchment area, which comprises Zones 1 to 9, and includes Pembrokeshire County and Pembrokeshire Coast National Park. Within the Ceredigion catchment area, which includes Zones 10-16, some 91,160 persons are resident in the catchment.
- 9.10 The study area population is projected to increase by +2.8% between 2016 and 2036 (by 5,863 people). In comparison, the Pembrokeshire catchment area is projected to increase by 1.6% to 120,110 over the same period. Population projections for the Ceredigion catchment area are higher at 4.4%, with the population increasing to 95,139 by 2036.
- 9.11 As part of this study we assessed forecast capacity based on 2011-based population projections derived from the Welsh Government, which are set out in Appendix 4b. The

table below compares the 2011 and 2014 based population projections for the Pembrokeshire and Ceredigion catchments.

**Table 9.1: Population – Comparison of 2014 and 2011-based projections**

	2016	2021	2026	2031	2036	Growth 2016-36
<b>2014-based Population Projections</b>						
Pembrokeshire Catchment	117,813	118,261	118,487	118,110	117,119	-694
Ceredigion Catchment	90,725	92,031	93,538	94,992	96,285	5,560
Study Area	208,538	210,292	212,025	213,102	213,404	4,866
<b>2011-based Population Projections</b>						
Pembrokeshire Catchment	118,226	119,667	120,481	120,555	120,110	1,884
Ceredigion Catchment	91,160	92,480	93,750	94,643	95,139	3,979
Study Area	211,300	214,085	216,109	217,017	217,136	5,836

Source: Table 1 Appendix 4a and Appendix 4b

- 9.12 As the table shows, the 2011 and 2014 based projections vary between Pembrokeshire and Ceredigion. While the 2011-based projections show a higher population figure for forecast years, actual growth in population is higher for Ceredigion against the 2014-based projections. For the purpose of the capacity study we have applied the more up to date 2014-based Welsh Government figures.

### **Expenditure Per Capita and Special Forms of Trading (SFT)**

- 9.13 Average expenditure per capita estimates for convenience goods are set out in Table 2 (**Appendix 4a**) and Table 4 (**Appendix 4a**) for comparison goods in 2016 for each of the sixteen study zones. An allowance is made for Special Forms of Trading (SFT)<sup>12</sup>. As described above, the 2016 average expenditure per capita figures have been derived from our in-house Experian MMG3 GIS.
- 9.14 Our assessment of a robust and appropriate allowance for SFT at the local level has been informed by the results of the household survey. The survey-derived shares have necessarily been adjusted downwards to reflect the fact that a proportion of online sales are still sourced from traditional stores rather than from dedicated ('dotcom') warehouses<sup>13</sup>.
- 9.15 The adjusted market share analysis shows that SFT's current share of available expenditure in the total study area is 16.3% for comparison goods, which is above the UK

<sup>12</sup> SFT comprises non-store sales via the internet, mail order, stalls and markets, door-to-door and telephone sales.

<sup>13</sup> Drawing on Experian's latest research we have assumed that some 25% of SFT comparison goods sales and 70% of convenience goods sales are sourced from traditional ('physical') retail space.

average figure of 12.4% identified by Experian. For convenience goods the locally adjusted SFT market share is 1.1%, which is well below the 2016 UK average of 3.0%.

9.16 Our forecasts of the potential growth in SFT's market share up to 2036 for both convenience and comparison goods retailing are in line with the year-on-year forecasts published by Experian, and indicate:

- SFT's market share of comparison goods expenditure will increase to 18.8% in 2036, which is slightly above the Experian UK average figure of 14.3%; and
- for convenience goods the forecast market share of 2.3% in 2036 is lower than Experian's figure of 6.4%.

9.17 Clearly if the growth in SFT is higher across the Partner Authorities than the UK projections, then this will effectively reduce the total available expenditure to support existing and new floorspace over the forecast period.

### **Average Expenditure Growth Forecasts**

9.18 The growth in average expenditure per capita levels up to 2036 has been informed by the forecasts set out in Experian's latest Briefing Note (see Section 3). Experian forecast more limited year-on-year growth in convenience and comparison goods expenditure than previous (pre-recession) forecasts and their historic 'ultra' long (1974-2014) and 'medium' term (1997-2007) trends.

### **Total Available Expenditure**

9.19 The total available convenience and comparisons goods retail expenditure in the Study Area (Table 3 and Table 5; **Appendix 4a**) is derived by multiplying the population (Table 1) and average expenditure per capita (Table 2 and 4) levels together.

9.20 For the study area (Zones 1-16) there is a forecast +1.7% (+£7.5m) growth in total convenience goods expenditure, from £438.9m in 2016 to £446.4m by 2036; and a +68.1% (+£410.9m) growth in total comparison goods expenditure, from £554.5m to £965.4m.

9.21 Within the Pembrokeshire catchment area (Zones 1-9) the tables show a fall in convenience expenditure of -1.2% (-£3m) growth in convenience goods expenditure between 2016 and 2036; from £246.2m to £243.2m. This correlates with a decline in the catchment's population and a reduction in convenience expenditure per head over the study period. Total available comparison goods expenditure is forecast to increase by +69.1% (+£215.9) from £312.3m in 2016 to £528.2m by 2036. As highlighted in Section 3, the higher growth in comparison expenditure corresponds to an expected improvement in personal income, while convenience goods expenditure growth is inelastic to changes in income.

9.22 Corresponding growth for the Ceredigion catchment area (Zones 10-16) show growth in convenience goods expenditure linked to growth in the catchment population. Available convenience expenditure for the catchment is forecast to increase by +5.4% (+£10.5m) between 2016 and 2036; from £192.7m to £203.2m. Total available comparison goods

expenditure is forecast to increase by +80.5% (+195m) from £242.2m in 2016 to £437.2m by 2036.

- 9.23 For both catchments and the study area as a whole the scale and growth in comparison goods expenditure significantly outstrips convenience goods spend up to 2036. This effectively means that there should be greater capacity potential for new comparison goods floorspace over the forecast period than for convenience goods retailing, although this will be dependent on the level of retail commitments in the pipeline.

## Market Share Analysis

- 9.24 Section 4 described the headline results of the survey-derived (%) market share analysis, including SFT, based on the detailed tabulations set out in **Appendix 2** for convenience goods and **Appendix 3** for comparison goods. For the purpose of the retail capacity assessment (in accordance with good practice as described above<sup>14</sup>) the market share analysis (including SFT) has been adjusted for both convenience goods (Table 1, **Appendix 5**) and comparison goods (Table 1, **Appendix 6**) retailing to exclude SFT.
- 9.25 The next key stage in the capacity assessment involves allocating the baseline convenience and comparison expenditure (£ million) within the Study Area and zones to the identified centres, stores and floorspace based on the survey-derived market shares (%). This helps to establish the current 'baseline' (2016) trading performance for the main centres and stores across the Pembrokeshire and Ceredigion catchment areas based on expenditure drawn from the Study Area zones.
- 9.26 It should be noted that no allowance is made at this stage for any potential "inflow" (trade draw) of expenditure to centres and stores from outside the defined Study Area.
- 9.27 For both convenience and comparison goods the 'baseline' turnovers are projected forward to 2021 (Table 3, **Appendix 5 & 6**), 2026 (Table 4), 2031 (Table 5), and 2036 (Table 6), assuming no changes in market shares. This so-called 'constant market share approach' is standard practice, and is widely used and accepted for strategic retail assessments. However, the Partner Authorities will be aware that it is a highly theoretical in that it does not, for example, take account of the potential impact of new retail investment and development (both within and outside the Partner Authority areas) on existing shopping patterns and market shares over time.

## 'Inflow' and Base Year Turnover Estimates

- 9.28 In addition to assessing the available retail spend within the study area it is also important to recognise the contribution made by visitors to the area. This trade is likely to consist of two main types, that coming from residents living outside the study area but choosing to shop in Ceredigion or Pembrokeshire centres because of geographic proximity, employment or other reasons, and those visiting the area whilst on holiday.

<sup>14</sup> This is in accordance with the standard approach for retail assessments, which make a deduction for SFT at the outset from the expenditure per capita figures.

- 9.29 Estimates for the former for the 16 centres is considered below, based on an analysis of HTIS data from the neighbouring authority studies, particularly Carmarthenshire. Percentage estimates of convenience and comparison expenditure inflow are set out in Table 7 in Appendix 5 and Table 6, Appendix 6, respectively.
- 9.30 Information on retail spend by tourists is more difficult to estimate as there is very little published data on the types of goods bought by holidaymakers and the amount spent. However the information that is available and how it can be used is considered below.

### **Trade from Residents Outside of the Study Area**

- 9.31 As set out above it is normal for any study area to see some degree of expenditure inflows and outflows as decisions on where residents choose to shop depends on many factors. These will include, but are not limited to proximity, place of employment and the ability to undertake linked trips with other activities, as well as preference for, or the location of a specific retailer.
- 9.32 In the case of the current study area, it is possible that residents in Carmarthenshire, Powys and Gwynedd may be attracted to shopping destinations in the South West Wales study area for any of these reasons. Therefore, in order to seek to quantify the level of such expenditure inflows we have reviewed the relevant retail studies for these authorities.

### **Carmarthenshire**

- 9.33 The most recent retail study for the Carmarthenshire area was undertaken by Nathaniel Lichfield & Partners (NLP) in 2015 on behalf of the County Council (NLP Retail Study Update 2015) and included a new household survey across a wide area including parts of the current study area.
- 9.34 In order to consider the levels of potential inflow from this area, the starting point has been to compare the study areas for the two studies. This shows that seven of the nine NLP zones are outside the SW Wales area (Zones 1 – 6 and 9) and thus the household survey results for these areas has been considered in more depth (NLP, Appendix 4a).
- 9.35 The survey indicates that the Carmarthenshire area contributes a small amount of trade to convenience shops in Lampeter, given its location close to the County boundary. A small amount of main food shopping is undertaken at the Sainsbury's and Co-op stores by residents in NLP Zone 6, but this amounts to just 0.5% of the total available main food spend. There is also a very small use of local shops for top-up shopping (0.1%) but the combined is likely to result in less than a £2m convenience inflow in 2016 (NLP, Table 5, Appendix 2). Translating this expenditure to Ceredigion this equates to an uplift of 7.4% (£1.7m) on top of study area expenditure retained by stores in Lampeter.
- 9.36 In terms of non-food purchases Table 5 of the NLP study (NLP, Appendix 3) identifies inflow from the Carmarthenshire study area of £16.6m, although the majority comes from the zones also included within the current study area. Only £2.05m comes from the zones outside. This equates to an uplift of 12.9% on locally generated expenditure for Lampeter Town Centre identified for this study (£2.1m).

- 9.37 Other towns in South West Wales that attract trade from the Carmarthenshire area are Haverfordwest for clothing and footwear, electrical appliances, DIY and health and beauty purchases; Aberaeron for electrical goods; Cardigan for DIY purchases and Pembroke Dock for health and beauty goods and 'other' goods. However, in all cases the number of survey respondents is low and any resulting inflow is likely to be minimal in monetary terms.
- 9.38 As a result no additional inflow other than to Lampeter is proposed from the Carmarthenshire area.

### **Gwynedd**

- 9.39 The most recent retail study for Gwynedd Council was undertaken in 2013 as part of a joint study with the Isle of Anglesey. This suggests that 4.8% of comparison expenditure from the study area is attracted to Aberystwyth (para 1.13). This includes the area around Borth which has also been covered in this study.
- 9.40 In the absence of detailed household survey results, which are not included in the Gwynedd study, it is not possible to ascertain how much of this inflow comes from the area not covered by the current survey. However, Borth is likely to be the main source of such spend and any additional inflow is likely to be small. Therefore, no further allowance has been made for inflow from the Gwynedd retail study area to Ceredigion

### **Powys**

- 9.41 The most recent retail study for Powys County Council is the Retail Study Addendum prepared by NLP in February 2015. This is an update to their original 2012 report which included a household survey undertaken in October 2011.
- 9.42 The study includes a Zone (Zone 3) centred on Machynlleth but extending westwards to include both Borth and Tywyn. The 2015 retail study analysis by NLP (Appendix 3, Tables 4B & 5B) shows that almost a third of convenience trade (£8.21m) from this zone is going to facilities outside Powys County, presumably to Aberystwyth, including some from the area around Borth which is within the current study area. However, the extent of the outflow from the NLP zone suggests significant levels of additional inflow to Aberystwyth, given the population distribution.
- 9.43 Whilst some reduction to this could be expected if convenience provision were to be improved in Machynlleth, the regional role of Aberystwyth is likely to mean that a large proportion of this inflow will be retained in the future and thus it is appropriate to adjust the turnover of the convenience outlets accordingly. As such, we have assumed that 80% (£6.6m) of the convenience expenditure inflow identified in the NLP 2015 retail study is diverted to Aberystwyth. Of this we have assumed that 50% comes from the area outside the current Zone 16 (£3.3m). This has then been split between in and out of centre stores in accordance with the current use of the stores by residents within the study area.
- 9.44 The NLP Study (Appendix 5, Table 3C) confirms that their Zone 3 also sees comparison leakage from the area, although to a lesser extent (13.1% or £4.60m at 2011 and £5.33m in 2016). Again it is reasonable to assume that much of this is going to Aberystwyth, and thus allowance is again made for this level of inflow within the attached analysis.

9.45 Again we have assumed that 50% of this inflow would come from areas outside the current study area and that 80% of the overall total would go to Aberystwyth. This equates to £1.8m. We have then assumed that the expenditure split between the town centre and the out of centre facilities is the same as for the residents within the study area, to an uplift of 2.1% for each.

**Trade from Tourists**

9.46 The main source of information on tourist numbers and spend comes from STEAM (Scarborough/Scottish Tourism Economic Activity Monitor) reports prepared by Global Tourism Solutions (GTS). STEAM is a tourism economic impact modelling process which quantifies the local economic impact of tourism from both staying and day visitors and GTS have undertaken a number of studies for the South West Wales authorities in recent years.

9.47 The most recent studies comprise the following reports:

- Pembrokeshire County Council – STEAM Final Trend Report for 2004 – 2015
- Pembrokeshire Coast National Park - STEAM Final Trend Report for 2004 – 2015; and
- Ceredigion County Council – STEAM Draft Trend report for 2004 - 2015

9.48 These indicate the levels of visitor spend on the two key areas relevant to the current study:

- Food and Drink which includes spending on convenience goods from supermarkets and specialist food retailers as well as expenditure on eating out at cafes, restaurants and public houses; and
- Shopping which includes non-food purchases.

9.49 The table below summarises the food and drink and shopping spend identified for the three authority areas:

**Table 9.2: STEAM Visitor Expenditure**

Area	Food and Drink Spend (£m) incl. VAT	Shopping Spend (£m) incl. VAT
PCC All	£133.31m	£72.17m
Pembrokeshire Coast National Park	£63.22m	£33.60m
PCC Excluding NP	£70.09m	£38.57m
Ceredigion	£76.41m	£43.09m

9.50 Given that spend on ‘shopping’ relates to non-food items this can be seen as a direct uplift in available expenditure for comparison retailers within the study area. Compared with resident comparison spend of £254.2m in 2016 within Pembrokeshire and £156.9m in

Ceredigion (Table 2, Appendix 6), the spend from tourists represents an uplift of £115.3m or an additional 27.9% of the actual comparison expenditure within the three authority areas.

- 9.51 However, it is unlikely that the distribution of tourist spend would be the same as that of residents. Holiday purchases are unlikely to include bulky goods in significant quantities whilst out-of-centre locations generally are less likely to be visited incidentally to a day out. Thus it is reasonable to expect that the majority of tourist sales will be made in town and/or resort centres.
- 9.52 Therefore, for the purposes of this analysis the available tourist expenditure has been split between town and resort centres only i.e. including Milford Marina but excluding the retail parks within the study area, based on the amount of comparison floorspace in each location.
- 9.53 The table below provides a breakdown of the resulting shopping spend for tourists and visitors across the centres in the three authority areas.

**Table 9.3: Comparison Shopping Spend by Centre**

Location	Comparison Floorspace *	% Floorspace (exc retail parks)	Tourist Spend Inflow (£m) exc retail parks
<b>Pembrokeshire Coast National Park</b>			
<b>£33.60</b>			
Newport	663	7%	£2.19
Saundersfoot	1,919	19%	£6.35
St Davids	2,299	23%	£7.60
Tenby	5,280	52%	£17.46
<b>Pembrokeshire exc National Park</b>			
<b>£38.57</b>			
Fishguard	5,468	13%	£4.97
Haverfordwest Town Centre	17,126	40%	£15.56
Haverfordwest other	11,069	n/a	
Milford Haven Town Centre	3,827	9%	£3.48
Milford Marina	897	2%	£0.81
Milford Haven Other	4,520	n/a	
Narberth	3,334	8%	£3.03
Pembroke	5,916	14%	£5.37
Pembroke Dock Town Centre	5,886	14%	£5.35
Pembroke Dock Town Other	5,280	n/a	
<b>Ceredigion</b>			
<b>£43.09</b>			
Aberaeron	2,465	6%	£2.78
Aberystwyth	18,338	48%	£20.68
Cardigan	11,291	30%	£12.73
Lampeter	4,489	12%	£5.06
Llandysul	755	2%	£0.85
Tregaron	870	2%	£0.98

\*Floorspace figures exclude Bulky Goods retailers in out-of-centre locations

\* Data from 2016 analysis; Figures for Ceredigion and PCNP are net floorspace

- 9.54 In terms of future expenditure by tourists this will clearly depend on visitor numbers and potentially the types of visits made. The STEAM data for the last 11 years suggests there has been some variation over the period but that 2015 has seen a general upturn in visitor numbers and spend. However, for the current assessment it is assumed that expenditure will remain unchanged in the future, with any increase balanced against the potential for some sales to take place in locations other than town centres.
- 9.55 In terms of convenience sales, the STEAM data is less helpful in that purchases of groceries by visitors is not separated from those offering food and drink for consumption on the premises. As such there is no information from the STEAM reports as to the value of the former, except that it must be less than the £209.72m total and would be expected to be significantly less given the frequency with which tourists tend to eat out.
- 9.56 In the absence of such information therefore we have looked to see whether there is any other information that may assist in estimating the convenience inflow from tourists, and in particular have reviewed the results of a tourist survey from West Somerset, commissioned by Reeves Retail Planning Consultancy in relation to a supermarket proposal in Williton.
- 9.57 The survey was specifically undertaken to try to find out the amount visitors staying in self-catering accommodation spent on food and grocery shopping whilst on holiday. Appendix 16 provides an extract of key findings from the survey.
- 9.58 In summary however, the survey concluded that:
- 46% of respondents were staying in a static caravan/lodge or hostel; 22% in a cottage, 10% were camping and 17% in a touring vehicle;
  - 40% of respondents were staying less than a week and 35% a week. Of the remainder only 7% were staying more than 2 weeks;
  - The composition of the holiday group was most likely to be a family with 1-2 children (47%) or an adult couple (30%); and
  - The average food and grocery spend per group was £106.74, or £4.35 per visitor per night.
- 9.59 The survey also indicated that shoppers were likely to use the main food stores in the area for their shopping.
- 9.60 The available STEAM data for South West Wales suggests that Pembrokeshire had 4.39m visitors in 2015, of which 2.30m were staying visitors who together contributed to 12.07m visitor days. A small proportion of these (stayed in serviced accommodation or with friends/relatives, but the majority (10.58m), were in non-serviced, i.e. self-catering accommodation of some form.
- 9.61 If it is assumed that they spent a similar amount on food and grocery shopping as those staying in similar accommodation in West Somerset, the uplift in turnover within Pembrokeshire would be £46m per annum (i.e. £4.35 spend per visitor multiplied by 10.58m visitor days).

- 9.62 This would represent just over a third of total expenditure on food and drink spend by visitors during their stay and an additional 19.0% uplift on the available convenience spend for local residents (Tables 2 and 7, Appendix 5).
- 9.63 The equivalent STEAM data for Ceredigion suggests the County had 2.74m staying visitors in 2015 spending a total of 8.30m visitor days. Of these 6.20m stayed in non-serviced accommodation, which would suggest convenience sales of £27m assuming the average spend of £4.35 per person per night.
- 9.64 This would represent 35% of total food and drink spend, or an uplift of 16.2% on convenience expenditure from local residents within Ceredigion.

### **Conclusions on Inflow**

- 9.65 The above analysis of potential expenditure within the study area by those other than the resident population has shown that the most significant additional trade will come from staying visitors to the area. This is likely to benefit the town centres across the study area and adjustments to centre turnover for comparison goods have been made accordingly.
- 9.66 The uplift for convenience sales from tourism spend is more difficult to quantify and is considered less likely to be of direct benefit to town centres, given the distribution of the main food stores.
- 9.67 However, if it is assumed that visitors would shop in a similar way to residents, the information suggests an uplift of around 19% on resident spend for all existing foodstores in Pembrokeshire and 16.2% for those in Ceredigion. The available spend figures are therefore adjusted accordingly with the resulting uplifts set out in Table 7 of Appendix 5 and Table 6 of Appendix 6.

### **Retail Commitments**

- 9.68 Based on our discussions with the Partner Authorities we have identified key retail commitments in the pipeline at the time of preparing this report. A quantitative assessment of committed retail development and forecast turnover is set out in **Appendix 7**.
- 9.69 A summary of planned schemes considered as part of capacity assessment are set out in the table below:

**Table 9.4: Planned retail floorspace**

Scheme	Floorspace sqm		Description
	Gross	Net sales	
Sainsbury's foodstore, Slade Lane, Haverfordwest	-	5,580	Out of centre foodstore with petrol filling station. The site is currently subject to an application for an alternative retail and leisure scheme
Sainsbury's foodstore and retail units, Land at Bathhouse Farm, Cardigan	6,263*	3,994*	The proposed foodstore comprises circa 2,230 sqm net while the three planned ancillary retail units extend to 1,764 sqm net.
Mixed-use development, Milford Marina	3,530	2,471	The retail element considered for this assessment comprises an unnamed foodstore.
Aldi, London Road, Pembroke Dock	1,804	1,443	The foodstore is located out of centre and was under construction at the time the household survey was undertaken. It has since opened..
Convenience store and other retail units, former Narberth CP school, Narberth	1,130	791	Part of a wider scheme that includes a new school and housing. No named grocery retailer is attached to the scheme.
Tesco Extra, Mill Street car park, Aberystwyth	-	2,068	Anchor for a major redevelopment of the former Mill Street car park. Store opened November 2016.
Marks and Spencer, Mill Street car park, Aberystwyth	-	3,214	The anchor unit will trade as a general merchandise store and will include a Foodhall. Store due to open early 2017.
Extension to existing Lidl foodstore, Perrots Road, Haverfordwest	-	551	Permission for a replacement store resulting in additional floorspace.
Aldi, Park Avenue, Aberystwyth	1,501	976	Permission was granted in April 2011 for the foodstore - part of a mixed use scheme.
Mezzanine floor, Pets at Home, Springfield Retail Park, Haverfordwest	238	238	Provision of a mezzanine floor within an existing retail unit. Work completed after the household survey was undertaken.
Retail units, Saundersfoot Harbour	196	137	Refurbishment of existing units to provide comparison retail.
Retail units, St Catherine's Island, Tenby	500	350	Change of use to create mixed uses including retail and leisure.

Notes: Where net sales is not available it is assumed as 70% of gross floorspace.

\* Floorspace of proposed foodstore is an estimation

Source: derived from gross floorspace figures provided by the Partner Authorities or from supporting planning application documents

## 10 QUANTITATIVE RETAIL NEED ASSESSMENT: PEMBROKESHIRE COUNTY & PEMBROKESHIRE COAST NATIONAL PARK

- 10.1 This section sets out the results of the quantitative retail need (capacity) assessment for new retail (comparison and convenience goods) floorspace for Pembrokeshire County, including Pembrokeshire Coast National Park area, covering the period from 2016 (the 'base year') to 2036 (the 'design year'), broken down into five year periods. This assessment updates and supersedes the findings of previous Pembrokeshire-wide evidence-based studies.
- 10.2 The 'global' capacity forecasts for new retail floorspace across all of Pembrokeshire up to 2036 are set out in Table 1 for convenience goods (**Appendix 8a**) and comparison goods (**Appendix 10a**).
- 10.3 It has necessarily been assumed for the purpose of the capacity assessment that Pembrokeshire's retail market is in 'equilibrium' at the base year. In other words we assume that the existing centres and stores in the County and Coast National Park are broadly trading in line with appropriate 'benchmark' turnover levels at the base year. This is supported by the findings of the centre audits and site visits which did not show any strong indication of 'overtrading' in the main town centres and stores<sup>15</sup>. It is acknowledged that stores in popular tourist areas will experience variations in trading with stronger sales during seasonal periods.
- 10.4 The equilibrium approach takes account of this and also reflects the impact of the economic recession and the growth in internet sales, which has reduced trading levels across the UK. On this basis any residual expenditure available to support new retail floorspace within the Study Area over the development plan period will be derived from the difference between the forecast growth in 'current' (survey-derived) turnover levels; and the growth in 'benchmark' turnovers based on applying robust year-on-year 'productivity' ('efficiency') growth rates to all existing and new retail floorspace<sup>16</sup>.
- 10.5 It should be noted that forecast capacity presented in this section is based on 2014 population projections derived from the Welsh Government. The assessment also considers the impact of 2011-based population projections. The results of the capacity scenario testing are summarised in **Appendix 8b** for convenience goods and **Appendix 10b** for comparison goods.

### Convenience Goods Capacity

- 10.6 Table 1 (**Appendix 8a**) sets out and explains the key steps underpinning the convenience goods capacity assessment. The 'baseline' expenditure and floorspace capacity forecasts are summarised below:

<sup>15</sup> Overtrading normally manifests itself at the local level in terms of pedestrian and car park congestion, long queues at checkouts, congestion in aisles, etc.

<sup>16</sup> The 'productivity' growth rates are based on Experian's latest Retail Planner Briefing Note. However, it should be noted that individual centres, stores and shopping facilities will be capable of achieving higher and/or lower annual 'productivity' growth depending on a range of trading factors (including the size, quality and type of retail floorspace).

**Table 10.1 Pembrokeshire County & Coast National Park: Convenience Goods Capacity**

	2021	2026	2031	2036
Residual Expenditure (£m):	-£74.9	-£74.5	-£76.1	-£79.0
<b>FLOORSPACE CAPACITY (sqm net):</b>				
Superstore Format:	-6,191	-6,150	-6,248	-6,457
Supermarket/Discounter Format:	-12,588	-12,505	-12,704	-13,129

Source: Table 1, Appendix 8a

- 10.7 In order to convert the residual expenditure into a net sales figure we have assumed that new 'foodstore format' floorspace will be occupied by a 'top 6' grocer (i.e. Tesco, Sainsbury's, Asda, Morrisons, Waitrose and Marks & Spencer) and will achieve an average sales density of circa £12,200 per sqm in 2016 (2013 prices). We have also considered capacity based on a lower sales density of £6,000 per sqm in 2016, which reflects the average sales density achieved by local supermarket operators (e.g. Budgens, Co-op, etc.) and deep discount food operators (e.g. Lidl, Aldi, etc.).
- 10.8 After taking account of all identified committed convenience floorspace across Pembrokeshire County and Pembrokeshire Coast National Park (namely the planned Sainsbury's in Haverfordwest and Aldi store in Pembroke Dock, and new foodstore at Milford Haven Marina), the forecasts show that there is no capacity to support new convenience floorspace over the forecast period (2016 to 2036). This is due to the scale of convenience floorspace planned across Pembrokeshire; the estimated turnover of which absorbs all forecast residual expenditure.
- 10.9 However, we understand that there is uncertainty as to whether the planning permission for a Sainsbury's foodstore at Slade Lane, Haverfordwest will be implemented. The site is currently subject to a planning application for a mixed use retail and leisure scheme, which confirms that Sainsbury's have pulled out of the development and so significantly reduces the convenience floorspace provision. However, even on discounting the Sainsbury's foodstore from the capacity assessment there still remains no forecast global capacity over the study period to support additional new convenience floorspace.
- 10.10 To further help inform the Pembrokeshire County and Pembrokeshire Coast National Park Authorities' assessment of the potential scale and optimum location for new retail (convenience and comparison goods) floorspace in Pembrokeshire, we have also carried out a more refined (location-by-location) capacity assessment. However, it should be noted at the outset that any forecast capacity identified for a specific centre/area does not necessarily mean that all the retail floorspace can and/or should be provided within that centre per se. For example, there may be a lack of suitable and viable sites available in some centres, or there may be other policy, heritage, transport and physical constraints to development. Alternatively it may be more appropriate to locate the floorspace capacity in one centre over another to encourage more sustainable travel patterns and/or help to achieve specific policy, regeneration and/or investment objectives.
- 10.11 Against this background, Tables 2 to 12 disaggregate the Pembrokeshire-wide 'global' capacity for the main centres and stores based on their relative trading performance and

market shares at the base year, and the forecast growth in available expenditure and floorspace 'productivity' up to 2036. The results are summarised in Table 13 (Appendix 10) for 'foodstore format' floorspace and local supermarket or deep discount format floorspace. The table below reproduces summary capacity figures for foodstore format floorspace.

**Table 10.2 Pembrokeshire County and Pembrokeshire Coast National Park Main Centres: Capacity for Foodstore-Format Floorspace (sqm net)**

	2021	2026	2031	2036
Haverfordwest	-3,763	-3,748	-3,794	-3,890
Milford Haven	-1,735	-1,732	-1,742	-1,763
Pembroke	0	0	-1	-2
Pembroke Dock	-684	-676	-701	-752
Fishguard	-2	-1	-5	-13
Narberth	-261	-260	-261	-266
Newport	0	1	1	-1
Saundersfoot	0	1	2	2
St Davids	0	1	1	-2
Tenby	-3	-1	-7	-19
Other	-2	4	0	-13
<b>TOTAL PEMBROKESHIRE-WIDE CAPACITY (sqm net):</b>	<b>-6,191</b>	<b>-6,150</b>	<b>-6,248</b>	<b>-6,457</b>

Source: Tables 13, Appendix 8a

Note: Other includes combined capacity supported by smaller settlements and villages.

**Table 10.3 Pembrokeshire County and Pembrokeshire Coast National Park Main Centres: Capacity for Deep Discount/ Local Supermarket Format Floorspace (sqm net)**

	2021	2026	2031	2036
Haverfordwest	-7,651	-7,620	-7,714	-7,909
Milford Haven	-3,528	-3,522	-3,543	-3,584
Pembroke	-1	0	-1	-4
Pembroke Dock	-1,391	-1,375	-1,426	-1,529
Fishguard	-4	-2	-10	-26
Narberth	-531	-528	-531	-540
Newport	0	2	1	-1
Saundersfoot	1	3	4	4
St Davids	-1	2	1	-3
Tenby	-6	-3	-15	-39
Other	-4	8	-1	-26
<b>TOTAL PEMBROKESHIRE-WIDE CAPACITY (sqm net):</b>	<b>-12,588</b>	<b>-12,505</b>	<b>-12,704</b>	<b>-13,129</b>

Source: Tables 13, Appendix 8a

Note: Other includes combined capacity supported by smaller settlements and villages.

- 10.12 While the Pembrokeshire-wide capacity identifies no capacity for new convenience floorspace over the study period due to planned new foodstores (i.e. Sainsbury’s in Haverfordwest, Aldi in Pembroke Dock, and a new foodstore for Milford Haven Marina), the assessment also identifies very limited localised need for new convenience floorspace across all of Pembrokeshire’s centres. This is largely attributed to low population growth and stagnant growth in retail sales (i.e. productivity/ efficiency growth) of existing floorspace. In addition, capacity is based on market shares remaining in equilibrium, which draw trade from within and outside the catchment. There is potential for market shares to increase as a result of new store openings, which could in the long term increase forecast capacity.
- 10.13 Notwithstanding this, while economic capacity is limited there may still be market demand for new foodstore opportunities for key centres, particularly from deep discounters (e.g. Aldi and Lidl) who are planning continued expansion of their store portfolios. There may also be demand for ‘local’ format foodstores (e.g. Sainsbury’s Local, Tesco Express, etc.) within town centre locations.
- 10.14 It should be noted that if even when the Sainsbury’s scheme in Haverfordwest is discounted (assuming the scheme is not implemented) no residual expenditure emerges to support new convenience goods floorspace.

### Comparison Goods Capacity

- 10.15 Table 1b (Appendix 10a) sets out the detailed steps in the comparison goods capacity assessment and the results are summarised below. It should be noted that capacity quoted is for all comparison goods including bulky goods.

**Table 10.4 Pembrokeshire-wide: Comparison Goods Capacity including Bulky Goods**

	2021	2026	2031	2036
Residual Expenditure (£m):	-£28.1	-£13.9	£6.8	£30.3
<b>FLOORSPACE CAPACITY (sqm net):</b>				
New Comparison Goods Floorspace:	-6,408	-2,837	1,244	4,973

Source: Table 1, Appendix 10a (Steps 5 & 6)

- 10.16 The forecast residual expenditure capacity has been converted into a net retail sales area based on an assumed average sales density for all new non-food floorspace of circa £4,000 per sqm at 2016. This is broadly equivalent to an average sales density for retail units in prime shopping locations. However, average sales levels inevitably vary between different locations, different retail formats, and different operators<sup>17</sup>. Where this is the case it will have implications for assessing the capacity for, and impact of new retail floorspace.

<sup>17</sup> This includes the type of goods sold by the retailer, the location and quality of the retail floorspace, and the size and affluence of the catchment population. For example, published trading figures show that ‘bulky goods’ retailers in the DIY, carpet and furniture sectors generally achieve lower average sales levels of between £1,500 and £4,000 per m<sup>2</sup>, whereas large format electrical goods retailers can achieve much higher average sales levels of £7,000 per m<sup>2</sup> and above.

The local planning authority will therefore need to take this into account when assessing and determining applications for different operators and different types of retail floorspace in different locations (such as, for example, 'bulky goods' retail warehousing).

- 10.17 As the table above shows, after taking account of all planned comparison goods floorspace across Pembrokeshire there is no capacity to support new comparison goods development in the short to medium term (up to 2026). However, capacity emerges in 2031 to support 1,244 sqm net of new comparison floorspace; increasing to 4,973 sqm net by 2036. It should be noted that quantitative assessment figures set out in the above table include bulky goods.
- 10.18 The forecast 'global' capacity has been allocated to the Pembrokeshire's main shopping locations based on their relative trading performance and market shares at the base year. This in turn is based on population and expenditure growth over the study period and the results of the household survey analysis and estimation on expenditure inflow from tourism spend.

**Table 10.5 Pembrokeshire County and Pembrokeshire Coast National Park Main Centres – Comparison Goods Capacity (sqm net) – including Bulky Goods**

	2021	2026	2031	2036
Haverfordwest	-3,753	-1,655	735	2,916
Milford Haven	-970	-731	-479	-250
Pembroke	-24	50	137	217
Pembroke Dock	-453	-90	330	713
Fishguard	-31	62	172	273
Narberth	-500	-389	-274	-169
Newport	-10	20	56	89
Saundersfoot	-159	-90	-8	68
St Davids	-30	68	185	293
Tenby	-449	-155	195	515
Other	-29	73	194	308
<b>TOTAL PEMBROKESHIRE-WIDE CAPACITY (sqm net):</b>	<b>-6,408</b>	<b>-2,837</b>	<b>1,244</b>	<b>4,973</b>

Source: Table 13, Appendix 10a

Note: Other includes combined capacity supported by smaller settlements and villages. Capacity includes bulky goods.

- 10.19 As the table shows, there is limited forecast capacity to support new comparison floorspace in any of the centres over the short to medium term (up to 2026). This is due a slowdown in expenditure growth and increased growth in productivity growth; both factors have a bearing on capacity.
- 10.20 **Haverfordwest** accounts for the greatest proportion of forecast comparison goods floorspace, which reflects the centre's strength of market share relative to other centres in

Pembrokeshire, as well as its role and function as the principal shopping destination for the County. Whilst there is no short to medium term capacity identified for Haverfordwest after taking account of committed development at out of centre locations, capacity emerges in 2031 for 1,244 sqm net, increasing to 4,973 sqm net by 2036.

- 10.21 **Pembroke Dock** accounts for the next greatest quantum of forecast comparison goods floorspace. There is limited short to medium term capacity, with capacity emerging in 2031 for 330 sqm net; increasing to 713 sqm net by 2036. A similar quantum of forecast floorspace is identified for **Tenby** with up to 515 sqm net identified over the entire study period (up to 2036). Forecast capacity for new floorspace in Tenby is influenced by significant inflow of tourism and visitor spend to the centre, which in turn will influence the type of comparison retailers suitable to meet new market demand for new floorspace.
- 10.22 There is no forecast capacity for new comparison floorspace for **Milford Haven** after taking account of committed comparison goods floorspace associated with the planned foodstore in Milford Haven Marina. It should be noted that identified committed floorspace excludes retail floorspace associated with marina related industries. Similarly, no forecast capacity is identified for Narberth after taking account of planned retail units associated with the former Narberth CP school redevelopment.
- 10.23 A similar quantum of forecast capacity is identified for **St Davids, Fishguard and Pembroke** over the study period (up to 2036), with 293 sqm net, 273 sqm net and 217 sqm net identified, respectively. As for Tenby, forecast floorspace is influenced by inward expenditure from tourists and visitors to the centres.
- 10.24 Forecast comparison floorspace is limited for **Saundersfoot**, with 68 sqm net identified over the study period. Again, forecast need, albeit limited, is influenced by expenditure inflow from visitors and tourists to the centres.
- 10.25 For the rest of the Pembrokeshire-wide area, which includes smaller centres, capacity is identified for a total of up to 308 sqm net of new comparison floorspace. Demand for new comparison retail in smaller centres is likely to be limited. Therefore this capacity could be diverted to main centres in Pembrokeshire County and Pembrokeshire Coast National Park.

### **Bulky Goods Capacity**

- 10.26 The comparison goods capacity assessment set out above is based on market share and forecast expenditure retention for all comparison goods, including bulky goods. As part of this assessment we have considered bulky goods capacity separately. The capacity forecasts for bulky goods form part of the overall capacity forecasts for all comparison goods retail.
- 10.27 Total available expenditure for bulky goods has been estimated based on the ratio of total expenditure for each centre (identified in Table 7, Appendix 6) that is spent on bulky goods. This adjusted available expenditure is used to underpin the capacity assessment and follow up steps in the capacity assessment.
- 10.28 Table 1b (Appendix 10a) sets out the capacity forecasts for bulky goods retail. As with assessing all comparison goods capacity, forecast residual expenditure for bulky goods

has been converted into a net retail sales area based on an assumed average sales density of circa £3,500 per sqm at 2016. This takes account of variances in sales densities for bulky goods turnover, which can range from £1,500 per sqm for a garden centre to £7,000 per sqm for a household electricals retailer, while sales densities will also vary depending on location. Therefore, the local planning authority will need to take this into account when assessing and determining applications for bulky goods retail schemes.

10.29 The table below summarises residual expenditure and resulting capacity for new bulky goods retail floorspace for Pembrokeshire.

**Table 10.6 Pembrokeshire-wide: Bulky Goods Capacity**

	2021	2026	2031	2036
Residual Expenditure (£m):	-£9.4	-£5.3	£0.8	£7.6
<b>BULKY GOODS FLOORSPACE CAPACITY (sqm net):</b>				
New Bulky Goods Floorspace:	-2,441	-1,225	158	1,422

Source: Table 1b, Appendix 10a (Steps 5 & 6)

Note: Forecast bulky goods capacity forms part of the overall forecast capacity for all comparison goods floorspace. Therefore it should not be treated as additional forecast need.

10.30 As the table above shows, there is no short to medium term capacity (up to 2026) to support new development after taking account of committed development. By 2031 capacity emerges for 158 sqm net of new comparison goods floorspace, increasing to 1,422 sqm net by 2036.

10.31 Whilst limited 'global' capacity for bulky goods has been identified, we have reviewed capacity against Pembrokeshire's main shopping locations in the table below.

**Table 10.7 Pembrokeshire's County Main Centres – Bulky Goods Capacity (sqm net)**

	2021	2026	2031	2036
Haverfordwest	-1,450	-740	64	797
Milford Haven	-359	-300	-242	-190
Pembroke	-8	16	44	70
Pembroke Dock	-167	-45	94	222
Fishguard	-8	16	46	72
Narberth	-186	-156	-127	-101
Newport	-2	4	10	17
Saundersfoot	-61	-33	0	31
St Davids	-18	41	113	178
Tenby	-166	-69	47	152
Other	-16	41	110	174
<b>TOTAL PEMBROKESHIRE-WIDE CAPACITY (sqm net):</b>	<b>-2,441</b>	<b>-1,225</b>	<b>158</b>	<b>1,422</b>

Source: Table 13, Appendix 10a

Note: Other includes combined capacity supported by smaller settlements and villages.

- 10.32 As the table shows, Haverfordwest accounts for the greatest proportion of forecast comparison goods floorspace with 64 sqm net of bulky goods floorspace identified in 2031; increasing to 797 sqm net by the end of the study period (2036).
- 10.33 Pembroke Dock accounts for the next greatest quantum of forecast bulky goods floorspace with up to 222 sqm net identified by 2036, followed by 178 sqm net for St Davids and 152 sqm net for Tenby. For the remaining centres, forecast capacity is limited for smaller centres in Pembrokeshire. Residual capacity (174 sqm net) for new bulky goods floorspace is also identified for the rest of the Pembrokeshire up to 2036, which includes smaller settlements and villages. However, demand for new bulky goods floorspace is likely to be focused on the larger centres.

### Retail Capacity Based on Alternative Population Forecasts

- 10.34 As highlighted in Section 9, forecast capacity presented in this section are informed by 2014-based population projections sourced from the Welsh Government. An alternative capacity scenario has been considered using 2011-based Welsh Government projections, the results of which are summarised in **Appendix 8b** for convenience goods and **Appendix 10b** for comparison. The 2011-based figures present a more optimistic scenario for population growth for Pembrokeshire than the 2014-based projections. As a result, the 2011-based projections produce a higher quantum of forecast retail need for the two authorities and the centres within compared to capacity based on the 2014-based population projections.

- 10.35 The population scenario testing results in no change to forecasts for convenience goods floorspace, with no capacity at authority and centre level to support new convenience floorspace over the study period (2036).
- 10.36 Differences in capacity are more pronounced for comparison goods, with the 2011-based population projections generating up to 6,929 sqm net of new floorspace for Pembrokeshire as a whole over the forecast period. This equates to an uplift of +1,957 sqm net on capacity based on the 2014-based population projections.
- 10.37 For Haverfordwest, capacity derived from the 2011-based projections result in an uplift of +1,144 sqm net over the study period (2036). Pembroke and Tenby result in an uplift of +216 sqm net and +192 sqm net over the same period. The differences in forecast capacity between the two population projection scenarios for other centres in Pembrokeshire County and Pembrokeshire Coast National Park are marginal.

## Summary

- 10.38 This section has assessed the capacity for new (convenience, comparison and bulky goods) retail floorspace across Pembrokeshire County and Pembrokeshire Coast National Park and main centres within. These forecasts have been informed by robust assumptions and forecasts. In addition, forecast retail capacity is informed by 2014-based population projections sourced from the Welsh Government. Consideration has also been given to capacity forecasts using 2011-based Welsh Government population projections.
- 10.39 As its starting point, the capacity assessment assumes that the County and National Park's (convenience and comparison goods) retail market is in 'equilibrium' at the base year and tests a 'constant market share approach' over the forecast period in accordance with good practice.
- 10.40 For convenience goods there is no Pembrokeshire-wide forecast capacity to support new convenience floorspace as a result of committed convenience development; namely planned foodstores in Haverfordwest (Sainsbury's), Pembroke Dock (Aldi) and Milford Haven (unconfirmed operator) and other planned floorspace. However, there is a question as to whether the Sainsbury's store will be delivered given that the site is being considered for an alternative scheme. However, even on discounting the Sainsbury's store, there remains no capacity at County level to support new convenience floorspace over the study period. At a local level, capacity for new retail floorspace remains very limited for all of the identified centres, with no capacity in centres subject to new foodstores.
- 10.41 For comparison goods there is forecast County-wide capacity for 4,973 sqm net over the study period (2036). The majority of this floorspace capacity is focussed on Haverfordwest (2,916 sqm net), which reflects the centre's role as Pembrokeshire's primary shopping destination. The next greatest quantum of forecast capacity for new comparison retail floorspace is identified for Pembroke Dock, with up to 713 sqm identified over the study period, followed by Tenby with 515 sqm. Capacity identified for Tenby is likely to be aimed at tourist related comparison goods retail offer. This is likely to be the case for capacity identified for other tourist focused centres, such as St Davids (293 sqm net), Pembroke (217 sqm net), and Saundersfoot (68 sqm net). Forecast capacity is limited for remaining centres.

- 10.42 The aforementioned capacity for comparison goods capacity includes bulky goods retailing. A separate assessment of capacity for bulky goods retail identifies a need for up to 1,422 sqm net of new floorspace for the County and National Park area by 2036. The majority of this capacity is directed to Haverfordwest (797 sqm net) followed by Pembroke Dock (222 sqm net) and Tenby (152 sqm net), with remaining capacity spread across other centres in the County and National Park. While we understand that national policy and guidance consider bulky goods retailing as suitable development for out of centre locations, we consider that the potential for new development should be directed to town centres as a priority. A review of market shares for bulky goods in Section 4 confirms that town centres in the County and National Park account for a greater proportion of bulky goods expenditure than out of centre locations. As such, bulky goods retail forms an important function in attracting shoppers to town centres and retained expenditure for this type of comparison goods should be protected. Therefore, the Partner Authorities should continue to support a town centres first approach to new bulky goods retailing.
- 10.43 An assessment of forecast capacity based on 2011-based population projections from the Welsh Government result in greater need for new comparison goods floorspace, particularly in Haverfordwest, Tenby and Pembroke. The uplift in capacity is linked to higher population growth identified in the 2011-based population projections for Pembrokeshire County and Pembrokeshire Coast National Park.
- 10.44 In summary, meeting the need for the forecast new retail floorspace in full over the next 5 years, and over the lifetime of the development plan, will clearly depend on the authorities identifying suitable and viable sites and redevelopment opportunities in main centres across the County and National Park that are either available now, or will be available at some point in the next five, ten, fifteen and twenty year periods. If appropriate sites and redevelopment opportunities are not likely to come forward over the development plan period, then consideration should be given by the Partner Authorities to sites on the edge of these centres that are well connected to the primary shopping areas and are capable of reinforcing the pedestrian retail circuit and generating linked trip expenditure to the benefit of each centre's overall vitality and viability.
- 10.45 Finally, it is important to restate that capacity forecasts beyond five years should be treated with caution, as they are based on various layers of assumptions and forecasts with regard to the trading performance of existing centres and stores, the growth in population and retail spending, constant market shares and tourism numbers and spend etc. For example, if the growth in Internet and multi-channel shopping is stronger than current forecasts suggest, then this could reduce the future demand and capacity for new 'physical' space over the longer term. Both Pembrokeshire County Council and Pembrokeshire Coast National Park Authority should take into account these margins for error when assessing the need for new retail floorspace.

## 11 QUANTITATIVE RETAIL NEED ASSESSMENT: CEREDIGION COUNTY

- 11.1 This section sets out the results of the quantitative retail need (capacity) assessment for new retail (comparison, convenience and bulky goods) floorspace for Ceredigion County covering the period from 2016 (the 'base year') to 2036 (the 'design year'), broken down into five year periods. This assessment updates and supersedes the findings of the County's previous evidence-based studies.
- 11.2 The 'global' capacity forecasts for new retail floorspace in Ceredigion up to 2036 are set out in Table 1 for convenience goods (**Appendix 9a**) and comparison and bulky goods (**Appendix 11a**).
- 11.3 It has necessarily been assumed for the purpose of the capacity assessment that Ceredigion's retail market is in 'equilibrium' at the base year. In other words we assume that the existing centres and stores in Ceredigion are broadly trading in line with appropriate 'benchmark' turnover levels at the base year. This is supported by the findings of the centre audits and site visits which did not show any strong indication of 'overtrading' in the main town centres and stores<sup>18</sup>. This approach also reflects the impact of the economic recession and the growth in internet sales, which has reduced trading levels across the UK. On this basis any residual expenditure available to support new retail floorspace within the Study Area over the development plan period will be derived from the difference between the forecast growth in 'current' (survey-derived) turnover levels; and the growth in 'benchmark' turnovers based on applying robust year-on-year 'productivity' ('efficiency') growth rates to all existing and new retail floorspace<sup>19</sup>.
- 11.4 It should be noted that forecast capacity presented in this section is based on 2014 population projections derived from the Welsh Government. The assessment also considers the impact of 2011-based population projections. The results of the capacity scenario testing are summarised in **Appendix 9b** for convenience goods and **Appendix 11b** for comparison goods.

### Convenience Goods Capacity

- 11.5 Table 1 (**Appendix 9a**) sets out and explains the key steps underpinning the convenience goods capacity assessment. The 'baseline' expenditure and floorspace capacity forecasts are summarised below:

<sup>18</sup> Overtrading normally manifests itself at the local level in terms of pedestrian and car park congestion, long queues at checkouts, congestion in aisles, etc.

<sup>19</sup> The 'productivity' growth rates are based on Experian's latest Retail Planner Briefing Note. However, it should be noted that individual centres, stores and shopping facilities will be capable of achieving higher and/or lower annual 'productivity' growth depending on a range of trading factors (including the size, quality and type of retail floorspace).

**Table 11.1 Ceredigion County: Convenience Goods Capacity (sqm net)**

	2021	2026	2031	2036
Residual Expenditure (£m):	-£61.7	-£58.8	-£56.6	-£54.6
<b>FLOORSPACE CAPACITY (sqm net):</b>				
Foodstore Format:	-5,101	-4,857	-4,649	-4,646
Local Supermarket /Discounter Format:	-10,371	-9,876	-9,453	-9,077

Source: Table 1, Appendix 9a

- 11.6 In order to convert the residual expenditure into a net sales figure we have assumed that new 'foodstore format' floorspace will be occupied by a 'top 6' grocer (i.e. Tesco, Sainsbury's, Asda, Morrisons, Waitrose and Marks & Spencer) and will achieve an average sales density of circa £12,200 per sqm in 2016 (2013 prices). We have also considered capacity based on a lower sales density of £6,000 per sqm in 2016, which reflects the average sales density achieved by local supermarket operators (e.g. Budgens, Co-op, etc.) and deep discount food operators (e.g. Lidl, Aldi, etc.). However, after taking account of all identified committed convenience floorspace across the County (namely the planned Tesco Extra, M&S Foodhall and Aldi in Aberystwyth, and Sainsbury's in Cardigan) the forecasts show that there is no capacity to support new convenience floorspace over the forecast period (2016 to 2036). This is due to the scale of convenience floorspace planned across the County, the estimated turnover of which absorbs all forecast residual expenditure.
- 11.7 We understand that there is some uncertainty as to whether the Sainsbury's scheme in Cardigan will be delivered. However, even on discounting the scheme there is still no capacity at County level to support new convenience floorspace.
- 11.8 To further help inform the County Council's assessment of the potential scale and optimum location for new retail (convenience and comparison goods) floorspace in Ceredigion, we have also carried out a more refined (location-by-location) capacity assessment. However, it should be noted at the outset that any forecast capacity identified for a specific centre/area does not necessarily mean that all the retail floorspace can and/or should be provided within that centre per se. For example, there may be a lack of suitable and viable sites available in some centres, or there may be other policy, heritage, transport and physical constraints to development. Alternatively it may be more appropriate to locate the floorspace capacity in one centre over another to encourage more sustainable travel patterns and/or help to achieve specific policy, regeneration and/or investment objectives.
- 11.9 Against this background, Tables 2 to 8 disaggregate the Ceredigion-wide 'global' capacity for the main centres based on their relative trading performance and market shares at the base year, and the forecast growth in available expenditure and floorspace 'productivity' up to 2036. The results are summarised in Table 9 (Appendix 11a) for 'foodstore format' floorspace and local supermarket or deep discount format floorspace. The table below reproduces summary capacity figures for foodstore format floorspace.

**Table 11.2 Ceredigion County's: Capacity for Foodstore-Format Floorspace (sqm net)**

	2021	2026	2031	2036
Aberystwyth	-3,392	-3,264	-3,146	-3,034
Cardigan	-1,627	-1,572	-1,534	-1,508
Aberaeron	-4	3	9	15
Lampeter	-65	-30	1	27
Tregaron	-1	1	2	4
Llandysul	-4	1	4	6
Other	-9	4	15	25
<b>TOTAL CEREDIGION-WIDE CAPACITY (sqm net):</b>	<b>-5,101</b>	<b>-4,857</b>	<b>-4,649</b>	<b>-4,464</b>

Source: Tables 9, Appendix 9a. Note: Other includes combined capacity supported by smaller settlements and villages.

**Table 11.3 Ceredigion County's: Capacity for Local Supermarket/ Deep Discount Format Floorspace (sqm net)**

	2021	2026	2031	2036
Aberystwyth	-6,897	-6,637	-6,397	-6,169
Cardigan	-3,308	-3,197	-3,119	-3,066
Aberaeron	-8	6	19	30
Lampeter	-131	-60	1	55
Tregaron	-2	2	5	8
Llandysul	-7	1	8	13
Other	-18	8	31	51
<b>TOTAL CEREDIGION-WIDE CAPACITY (sqm net):</b>	<b>-10,371</b>	<b>-9,876</b>	<b>-9,453</b>	<b>-9,077</b>

Source: Table 9, Appendix 9a. Note: Other includes combined capacity supported by smaller settlements and villages.

- 11.10 While the assessment for Ceredigion-wide capacity identifies no capacity for new convenience floorspace over the study period due to planned new foodstores (i.e. Tesco Extra in Aberystwyth and Sainsbury's in Cardigan), there still remains limited localised need for new convenience floorspace at centre-level. This is largely attributed to low population growth and stagnant growth in retail sales (i.e. productivity/ efficiency growth) of existing floorspace as well as taking account of committed convenience floorspace.
- 11.11 For **Aberystwyth** and **Cardigan**, the planned foodstores absorb all residual capacity resulting in negative forecast growth for new convenience floorspace. However, even if the Sainsbury's scheme in Cardigan does not come forward for development this would release only 53 sqm net of new foodstore format floorspace or 108 sqm net of local supermarket or deep discount format floorspace for Cardigan over the study period (up to 2036).
- 11.12 Forecast capacity is focused in **Lampeter**, albeit limited, with just 27 sqm net of new foodstore floorspace is identified over the study period (2036) or 55 sqm net when based on local supermarket or deep discount format floorspace. Forecast capacity for the County's other centres (Aberaeron, Tregaron, and Llandysul) is very limited, which is a

result of the limited market shares achieved by these centres, but also from limited growth in expenditure.

- 11.13 While none of the County’s centres have sufficient capacity to support a new foodstore, there may still be market demand for ‘local’ format foodstores (e.g. Sainsbury’s Local, Tesco Express, etc.) or local supermarkets (e.g. Co-op, Budgens, etc.) within town centre locations.

### Comparison Goods Capacity

- 11.14 Table 1a (Appendix 11a) sets out the detailed steps in the comparison goods capacity assessment and the results are summarised below.

**Table 11.3 Ceredigion-wide: Comparison Goods Capacity**

	2021	2026	2031	2036
Residual Expenditure (£m):	-£33.7	-£21.5	-£2.7	£21.1
<b>FLOORSPACE CAPACITY (sqm net):</b>				
New Comparison Goods Floorspace:	-7,677	-4,382	-489	3,453

Source: Table 1a, Appendix 11a (Steps 5 & 6)

- 11.15 The forecast residual expenditure capacity has been converted into a net retail sales area based on an assumed average sales density for all new non-food floorspace of circa £4,000 per sqm at 2016. This is broadly equivalent to an average sales density for retail units in prime town centre locations. However, average sales levels inevitably vary between different locations, different retail formats, and different operators<sup>20</sup>. Where this is the case it will have implications for assessing the capacity for, and impact of new retail floorspace. The local planning authority will therefore need to take this into account when assessing and determining applications for different operators and different types of retail floorspace in different locations (such as, for example, ‘bulky goods’ retail warehousing).
- 11.16 As the table above shows, there is limited capacity over the study period to support new comparison goods floorspace for the County as a whole. Capacity only emerges in 2036 for 3,453 sqm net of new comparison goods floorspace.
- 11.17 The forecast ‘global’ capacity has been allocated to the Ceredigion-wide main shopping locations based on their relative trading performance and market shares at the base year.

<sup>20</sup> This includes the type of goods sold by the retailer, the location and quality of the retail floorspace, and the size and affluence of the catchment population. For example, published trading figures show that ‘bulky goods’ retailers in the DIY, carpet and furniture sectors generally achieve lower average sales levels of between £1,500 and £4,000 per m<sup>2</sup>, whereas large format electrical goods retailers can achieve much higher average sales levels of £7,000 per m<sup>2</sup> and above.

**Table 11.4 Ceredigion County Main Centres – Comparison Goods Capacity**

	2021	2026	2031	2036
Aberystwyth	-4,922	-2,751	-222	2,348
Cardigan	-2,730	-2,154	-1,480	-815
Aberaeron	-3	98	225	356
Lampeter	-14	293	678	1,072
Tregaron	-1	24	56	88
Llandysul	-3	53	124	196
Other	-5	55	131	207
<b>TOTAL CEREDIGION-WIDE CAPACITY (sqm net):</b>	<b>-7,677</b>	<b>-4,382</b>	<b>-489</b>	<b>3,453</b>

Source: Table 8, Appendix 11a. Note: Other includes combined capacity supported by smaller settlements and villages.

- 11.18 As the table shows, forecast capacity for new comparison floorspace is focused on **Aberystwyth** Town Centre. There is no forecast capacity in the centre over the next 15 years (up to 2031) due to planned retail commitments, including the Mill Street scheme and comparison floorspace associated with the planned Tesco Extra foodstore. By 2036 forecast capacity emerges for 1,610 sqm net of new comparison goods floorspace.
- 11.19 For **Cardigan**, after allowing for planned comparison goods development, including floorspace associated with the planned Sainsbury's scheme and ancillary units, there is no residual expenditure remaining over the study period to support new comparison goods development. Should the Sainsbury's scheme no longer come forward, this would release up to 1,610 sqm net of comparison goods floorspace up to 2036, which could support new development within Cardigan Town Centre.
- 11.20 Forecast need for new comparison retail floorspace is notable for **Lampeter**, with 678 sqm net identified in 2031, increasing to 1,072 sqm net by the end of the study period (2036). For the County's other smaller centres, forecast capacity is more limited but commensurate for the centres' of their size, role and function in the retail hierarchy.
- 11.21 For the rest of the Ceredigion-wide area, which includes smaller centres and villages there is residual capacity for up to 207 sqm net of new comparison floorspace. Demand for new comparison floorspace is likely to be limited but could support new retail as part of future strategic housing areas in the County.

### **Bulky Goods Capacity**

- 11.22 The comparison goods capacity assessment set out above is based on market share and forecast expenditure retention for all comparison goods, including bulky goods. As part of this assessment we have considered bulky goods capacity separately.
- 11.23 Total available expenditure for bulky goods has been estimated based on the ratio of total expenditure for each centre (identified in Table 7, Appendix 6) that is spent on bulky

goods. This adjusted available expenditure is used to underpin the capacity assessment and follow up steps in the capacity assessment.

11.24 Table 1b (Appendix 11a) sets out the capacity forecasts for bulky goods retail. As with assessing all comparison goods capacity, forecast residual expenditure for bulky goods has been converted into a net retail sales area based on an assumed average sales density of circa £3,500 per sqm at 2016. This takes account of variances in sales densities for bulky goods turnover, which can range from £1,500 per sqm for a garden centre to £7,000 per sqm for a household electricals retailer, while sales densities will also vary depending on location. Therefore, the local planning authority will need to take this into account when assessing and determining applications for bulky goods retail schemes.

11.25 The table below summarises residual expenditure based on the proportion of total expenditure per head spent on and resulting capacity for new bulk goods retail floorspace for Ceredigion.

**Table 11.5 Ceredigion-wide: Bulky Goods Capacity**

	2021	2026	2031	2036
Residual Expenditure (£m):	-£11.2	-£7.8	-£2.6	£4.1
<b>BULKY GOODS FLOORSPACE CAPACITY (sqm net):</b>				
New Bulky Goods Floorspace:	-2,919	-1,821	-537	760

Source: Table 1b, Appendix 11a (Steps 5 & 6)

11.26 As the table above shows, there is no capacity to support new bulky goods development over the next 15 years (up to 2031) after taking account of committed development. By 2036, capacity emerges for 760 sqm net of new bulky goods floorspace.

11.27 The forecast 'global' capacity for bulky goods has been allocated to the Ceredigion's main shopping locations in the table below.

**Table 11.6 Ceredigion County Main Centres – Bulky Goods Capacity (sqm net)**

	2021	2026	2031	2036
Aberystwyth	-1,873	-1,175	-374	435
Cardigan	-1,035	-855	-646	-440
Aberaeron	-1	29	66	105
Lampeter	-7	136	316	499
Tregaron	0	4	9	14
Llandysul	-1	19	44	70
Other	-2	20	48	76
<b>TOTAL CEREDIGION-WIDE CAPACITY (sqm net):</b>	<b>-2,919</b>	<b>-1,821</b>	<b>-537</b>	<b>760</b>

Source: Table 8, Appendix 11a. Note: Other includes combined capacity supported by smaller settlements and villages.

11.28 As the table shows, there is limited forecast need identified for Aberystwyth with 435 sqm net of bulky goods floorspace identified at the end of the study period (2036). Lampeter accounts for a slightly higher quantum of bulky goods floorspace capacity, with 499 sqm net identified by the end of the study period (2036). However, demand for bulky goods in Lampeter is likely to be limited and more focused on the County's larger centres. No bulky goods capacity is identified for Cardigan due to a lack of residual expenditure to support wider comparison goods floorspace. However, capacity emerges for up to 483 sqm net up to 2036 if the Sainsbury's scheme does not come forward for development. Capacity is limited for other centres in the County, which reflects low market shares for general comparison and bulky goods expenditure.

### **Retail Capacity Based on Alternative Population Forecasts**

11.29 As highlighted in Section 9, forecast capacity presented in this section are informed by 2014-based population projections sourced from the Welsh Government. An alternative capacity scenario has been considered using 2011-based Welsh Government projections, the results of which are summarised in **Appendix 9b** for convenience goods and **Appendix 11b** for comparison. The 2011-based figures present a more pessimistic scenario for population growth for Ceredigion compared to the 2014-based projections. As a result, the 2011-based projections produce a lower quantum of forecast retail need for the County and the centres within compared to capacity based on the 2014-based population projections.

11.30 For convenience goods, the 2011-based population projections result in a decrease in available convenience goods expenditure for the Ceredigion catchment and centres within. There remains no capacity at County level and for Haverfordwest and Cardigan due to planned convenience floorspace. The scenario testing results in lower forecasts for all other centres.

11.31 Differences in capacity are more pronounced for comparison goods, with the 2011-based population projections resulting in 1,887 sqm net of new floorspace for Ceredigion as a whole over the forecast period. This represents a reduction in capacity of 1,566 sqm net from capacity based on the 2014-based population projections.

11.32 Similarly, capacity derived from the 2011-based projections present lower forecasts for new floorspace for the majority of centres in Ceredigion. For Aberystwyth in particular, capacity for new comparison goods floorspace reduces by -1,250 sqm net over the forecast period (up to 2036), while forecast capacity for Lampeter reduces by 263 sqm net. In contrast, the 2011-based population projections result in an uplift of +161 sqm net of comparison goods floorspace capacity for Cardigan.

### **Summary**

11.33 This section has assessed the capacity for new (convenience, comparison and bulky goods) retail floorspace across Ceredigion and main centres within. These forecasts have been informed by robust assumptions and forecasts. In addition, forecast retail capacity is informed by 2014-based population projections sourced from the Welsh Government. Consideration has also been given to capacity forecasts using 2011-based Welsh Government population projections.

- 11.34 As its starting point, the capacity assessment assumes that the Ceredigion's (convenience and comparison goods) retail market is in 'equilibrium' at the base year and tests a 'constant market share approach' over the forecast period in accordance with good practice.
- 11.35 For convenience goods there is no County-wide forecast capacity to support new convenience floorspace as a result of committed convenience development; namely planned foodstores in Aberystwyth (Tesco and M&S 'foodhall') and Cardigan (Sainsbury's). However, we understand that there is uncertainty as to whether the Sainsbury's store in Cardigan will be delivered. However, even on discounting the Sainsbury's store, there remains no capacity at County level to support new convenience floorspace over the study period. At a local level, capacity for new retail floorspace remains very limited for all of the identified centres, with no capacity in centres subject to new foodstores, including Aberystwyth and Cardigan. Forecast capacity has been tested for Cardigan to exclude the planned Sainsbury's scheme. However, even on discounting the scheme, forecast capacity for new convenience floorspace is limited.
- 11.36 For comparison goods there is forecast County-wide capacity for 3,453 sqm net over the study period (2036). The majority of this floorspace capacity is focussed on Aberystwyth (2,348 sqm net), which reflects the centre's role as Ceredigion's primary shopping destination. The next greatest quantum of forecast capacity for new comparison retail floorspace is identified for Lampeter, with up to 1,072 sqm identified over the study period. Capacity for the centre is largely influenced by estimations on visitor expenditure from outside of the study area. No capacity is identified for Cardigan after taking account of the planned Sainsbury's foodstore and ancillary retail units. However, should the scheme not come forward for development it would release up to 1,610 sqm net of new comparison floorspace over the study period (2036). Forecast capacity is more modest for the County's other centres which is commensurate to their role and function in the retail hierarchy.
- 11.37 The aforementioned capacity for comparison goods capacity includes bulky goods retailing. A separate assessment of capacity for bulky goods retail identifies a need for 760 sqm net of new floorspace for Ceredigion County by 2036. The majority of this capacity is directed to Lampeter (435 sqm net), with remaining capacity, albeit limited is spread across other smaller centres in the County. No forecast capacity for bulky goods retail is identified for Cardigan. However, in reality demand for bulky goods floorspace will be focused on the County's larger centres.
- 11.38 While we understand that national policy and guidance consider bulky goods retailing as suitable development for out of centre locations, we consider that the potential for new development should be directed to town centres as a priority. A review of market shares for bulky goods in Section 4 confirms that town centres in the Ceredigion account for almost all bulky goods expenditure, with very limited market share achieved by out of centre locations (in Aberystwyth and Cardigan). As such, bulky goods retail forms an important function in attracting shoppers to town centres and retained expenditure for this type of comparison goods should be protected. Therefore, a town centres first approach to new bulky goods retailing should be promoted.

- 11.39 An assessment of forecast capacity based on 2011-based population projections from the Welsh Government result in a marginal reduction in forecast convenience floorspace for the County. There is also a reduced need for new comparison goods floorspace, particularly in Aberystwyth and Lampeter, while forecast capacity increases for Cardigan. The reduction in capacity is linked to lower population growth identified in the 2011-based population projections for study zones that broadly correlate to Ceredigion County.
- 11.40 In summary, meeting the need for the forecast new retail floorspace in full over the next 5 years, and over the lifetime of the development plan, will clearly depend on the authorities identifying suitable and viable sites and redevelopment opportunities in main centres across Ceredigion that are either available now, or will be available at some point in the next five, ten, fifteen and twenty year periods. If appropriate sites and redevelopment opportunities are not likely to come forward over the development plan period, then consideration should be given by the Partner Authorities to sites on the edge of these centres that are well connected to the primary shopping areas and are capable of reinforcing the pedestrian retail circuit and generating linked trip expenditure to the benefit of each centre's overall vitality and viability.
- 11.41 Finally, it is important to restate that capacity forecasts beyond five years should be treated with caution, as they are based on various layers of assumptions and forecasts with regard to the trading performance of existing centres and stores, the growth in population and retail spending, constant market shares, etc. For example, if the growth in Internet and multi-channel shopping is stronger than current forecasts suggest, then this could reduce the future demand and capacity for new 'physical' space over the long term. The local planning authority should take into account these margins for error when assessing the need for new retail floorspace

## 12 ACCOMMODATING NEW RETAIL

12.1 This section considers how forecast retail floorspace identified in the capacity assessment for Pembrokeshire County and Pembrokeshire Coast National Park (Section 10) and Ceredigion (Section 11) is accommodated across the network of centres in each authority. This will help to inform the most appropriate location to accommodate new retail floorspace. Consideration is also given to the current role and function of centres within each of the Partner Authority areas and whether there is a need to review their position in the retail hierarchy. This section also considers the latest national policy requirements set out in PPW and TAN4. Recommendations will reflect the findings from previous stages of the study including: market shares achieved for the centres (Section 4); centre performance as a retail destination and interest from retailers (Sections 6 to 8); and capacity to support new retail floorspace (Sections 10 and 11). Consideration is also given to qualitative need.

### Pembrokeshire County – Accommodating Growth

12.2 For Pembrokeshire County, the capacity assessment identifies up to 1,244 sqm net of new comparison goods retail floorspace in 2031, increasing to 4,973 sqm net by the end of the study period (2036). Of this figure, some 1,422 sqm net could support new bulky goods floorspace over the study period (2036). No capacity is identified for new convenience goods floorspace in the County as a result of planned foodstores in Haverfordwest, Milford Haven, and Pembroke Dock.

12.3 The following provides an overview of capacity and the current role and function of Pembrokeshire's main centres:

#### Haverfordwest

12.4 The capacity findings set out in Section 10 show that pressure for forecast retail capacity is focused in Haverfordwest, with a need to identify sites that can accommodate up to 2,916 sqm net of new comparison goods floorspace by 2036. No capacity is identified for new convenience floorspace as result of the planned Sainsbury's.

12.5 The town centre health check for Haverfordwest Town Centre (Section 6) confirmed that the town centre is vulnerable to changes in the retail market and from the pressures of out of centre development and leakage to online shopping and competitor centres (e.g. Carmarthen). Investment in the town centre is essential to secure the centre's future. However, continued pressure for further out of centre retail and leisure development (e.g. current proposals for Slade Green) is likely to draw more expenditure away from the town centre and undermine investor confidence if approved. As such, identified capacity for new retail floorspace in Haverfordwest should be directed to the Haverfordwest Town Centre as a priority. This includes future proposals for bulky goods floorspace.

#### Milford Haven

12.6 For Milford Haven, there is no capacity identified for new convenience or comparison goods floorspace after taking account of pipeline development at Milford Haven Marina.

- 12.7 The centre is not considered to be a particularly strong retail centre, which is evident from the market share analysis (Section 4). Milford Haven Town Centre attracts only 1% of both convenience goods and comparison goods expenditure from the Pembrokeshire catchment area. The out of centre foodstores serving Milford Haven are achieving a considerably higher market share of 7.9%.
- 12.8 The town centre health check also confirms that Milford Haven Town Centre is struggling, particularly in terms of its retail function. Charles Street in particular has a large number of vacancies and some have been vacant for more than five years.
- 12.9 Demand for new retail in Milford Haven is likely to be limited due to the proximity of Haverfordwest and its out of centre shopping offer, as well as out of centre shopping facilities in Pembroke Dock. Investment in the centre is critical and while the Marina offers the potential to develop Milford Haven's tourism economy, potential opportunities to promote the town centre should be supported. This could involve diversifying the offer towards the leisure sector or seeking to develop a specialist, complementary retail offer, for example antique sales

### **Pembroke Town and Pembroke Dock**

- 12.10 The two centres are located in close proximity to each other but serve different functions in terms of their retail offer and customer base. This is reflected in the capacity assessment which identifies the balance of forecast retail floorspace towards Pembroke Dock. No capacity is identified in either centre for additional convenience floorspace. For Pembroke Town this relates to very little convenience expenditure being retained in the centre and limited growth in forecast expenditure. For Pembroke Dock, a lack of convenience capacity is a result of the planned Aldi foodstore which absorbs all residual expenditure capacity for the centre. Corresponding forecast need for new comparison floorspace shows that some 217 sqm net of new floorspace is identified for Pembroke compared to 713 sqm net for Pembroke Dock by 2036.
- 12.11 It is evident from the market share analysis that Pembroke Dock is the dominant centre in terms of attracting retail expenditure, consistent with the on-going policies which seek to develop the centre as the main retail destination for the residents of the two towns. Pembroke Dock Town Centre retains 5.6% and 5.4% of convenience and comparison goods catchment expenditure, respectively. Out of centre foodstores serving Pembroke Dock account for 15.8% of convenience expenditure, supported by the Tesco and Aldi stores. By comparison, Pembroke Town Centre retains less than one percent of both convenience and comparison catchment expenditure.
- 12.12 The health check assessments for the centres highlights key differences between the two centres but the close proximity of the two means that their futures need to be considered together. Hence the location of any further retail development needs to be reviewed in the context of the wider plans for the towns and the availability of sites.
- 12.13 The above shows that while both centres are identified as Primary Key Settlements in the WSP alongside Haverfordwest and Milford Haven, it is evident that Pembroke Town Centre under-performs in terms of its comparative shopping function.

## **Fishguard**

- 12.14 Forecast need for new retail floorspace in Fishguard is largely confined to potential opportunities for new comparison goods floorspace with 273 sqm net identified over the forecast period. Demand for retail space is likely to be limited to independent retailers.
- 12.15 The centre achieves modest market shares for convenience (3.5%) and comparison (1.2%) catchment expenditure, which is expected for its role and function, but also taking account of competition from larger nearby centres (e.g. Cardigan). However the centre has clearly seen a number of closures in the town in recent years, particularly in the food and drink and hotel sectors, which are clearly important to the overall economy. There is therefore a qualitative need to maintain/improve the retail offer and leisure offer in the town to ensure it remains attractive to the tourist trade and support the overall vibrancy, attractiveness and viability of the centre.
- 12.16 The town is well placed to benefit from such trade and has a good range of facilities that could attract visitors as well as meeting local needs. However, it will be important to ensure that prominent vacant units are redeveloped/brought back into use (Primary school/Ship and Anchor site and Abergwaun Hotel) to maintain/increase investment confidence and secure the future health of the centre.
- 12.17 Based on the findings of the market share, health check and capacity assessments it would appear that Fishguard compares to Milford Haven and Narberth.

## **Narberth**

- 12.18 No forecast need for new convenience and comparison floorspace is identified for Narberth after taking account of forecast turnover for the planned convenience store and non-food retail units associated with the redevelopment of the Narberth CP school site.
- 12.19 Existing convenience provision is limited, which is reflected in the market share analysis with Narberth retaining 2% of convenience goods catchment expenditure. However, it is noted that the market share for Narberth is greater than a number of other centres that share its centre hierarchy position. As a result it is considered likely that there will be a demand to increase the convenience provision in the future, despite the recent decision by Sainsbury's not to develop a Local store in the town at the present time.
- 12.20 However, market shares for comparison goods expenditure remain limited (0.9% of catchment expenditure), reflecting the niche retail offer provided in the centre and the importance of visitor trade. As a result the centre is performing well without necessarily attracting significant amounts of spend from any individual or for any type of product.
- 12.21 Based on the above, it would appear that Narberth performs a similar retail function to Pembroke Town and Fishguard.
- 12.22 A separate overview has been provided on centres within Pembrokeshire Coast National Park Authority:

### **St Davids**

- 12.23 Forecast need for new retail floorspace in St Davids focused on capacity for new comparison goods floorspace, with up to 293 sqm net identified over the study period (2036). This forecast need is influenced by estimations of visitor expenditure inflow from outside of the study area. As such demand for new comparison floorspace is likely to attract tourist related comparison retailers.
- 12.24 The capacity findings are reflective of the market shares achieved by stores in St Davids. The centre currently retains 1.2% of catchment convenience expenditure and 0.5% for comparison goods. While the market shares are relatively low they do not take account of visitor expenditure inflow which increases the overall turnover achieved by stores in the town centre.
- 12.25 It will be important however that any additional retail floorspace is provided in a format that is sensitive to the setting and character of the area. As such it is likely to be provided within small units and, given the nature of many of the current retail businesses may be linked to the provision of workspace for the craft sector.

### **Saundersfoot**

- 12.26 Forecast need for new retail floorspace in Saundersfoot is lower compared to St Davids and Tenby, with capacity for 109 sqm net of new comparison goods floorspace over the study period (2036). As with the other two centres, there is limited need for new convenience floorspace, which is influenced by limited convenience expenditure retained by stores in the centre (0.4% of catchment expenditure). Comparison goods retention is similarly low with Saundersfoot retaining just 0.2% of comparison goods catchment expenditure.
- 12.27 The nature of the centre however means that the comparison shopping needs of local residents are largely being met by nearby Tenby and it must be questionable whether, in commercial terms, additional space to serve local residents could be developed successfully in this primarily tourist orientated centre. It may therefore be preferable for this identified need to be met by additional provision in Tenby town centre.

### **Tenby**

- 12.28 Out of the National Park's four main centres, a higher quantum of forecast need is identified for Tenby. However, as with the other three centres, forecast need is largely supported by opportunities for new comparison goods floorspace with up to 515 sqm net identified over the study period (2036). This also takes account of planned retail floorspace in the town centre.
- 12.29 Small scale retail and mixed use developments similar to that recently completed should therefore be encouraged within or on the edge of the centre, with the total retail provision potentially increased to accommodate the need generated in nearby Saundersfoot.
- 12.30 While forecast need for new retail floorspace will be influenced by estimations on visitor inflow from outside of the study area, the market share analysis confirms that Tenby

attracts higher market shares for both convenience (5.1%) and comparison (3.4%) goods expenditure compared to St Davids and Saundersfoot.

- 12.31 The findings for the four town centres serving Pembrokeshire Coast National Park suggest Tenby is the dominant centre in terms of its role and function as a retail destination. As such, it should sit above St Davids and Saundersfoot in a revised retail hierarchy.

### **Newport**

- 12.32 The forecast need for additional floorspace in Newport is very limited for convenience goods while up to 89 sqm net is required for new comparison goods floorspace up to 2036.
- 12.33 Whilst there are no vacancies in the centre at the current time, there is evidence of historical changes of use between retail and residential uses which have met changing market demand. Should commercial demand for a small amount of additional retail space therefore emerge, it is considered that the re-use of existing properties may be able to accommodate this requirement, rather than result in the need for new development.

### **Ceredigion – Accommodating Growth**

- 12.34 The capacity findings in Section 10 identified no forecast need for new comparison goods floorspace over the next 15 years with capacity only emerging in 2036 for 3,453 sqm net. Of this figure, some 760 sqm net could support new bulky goods floorspace over the study period (2036). There is limited capacity for new convenience goods floorspace in the County as a result of planned foodstores in Aberystwyth and Cardigan.
- 12.35 The following provides an overview of capacity and the current role and function of Pembrokeshire's main centres:

### **Aberystwyth**

- 12.36 The majority of identified County-wide forecast capacity is directed to Aberystwyth, which serves as the primary shopping town centre in the County. The assessment identifies a need for up to 2,348 sqm net of comparison goods retail floorspace over the study period (2036). No capacity is identified for new convenience floorspace as a result of planned development (Tesco, M&S Foodhall, and Aldi) which absorbs all residual expenditure.
- 12.37 The town centre health check for the centre confirms that the centre is vital and viable, which benefits from seasonal visitor trade and a large student population. It offers a wide variety of uses and a good range of independent and national multiple businesses.
- 12.38 The market share assessment findings show that Aberystwyth attracts 27.3% of comparison goods expenditure from the Ceredigion catchment. However, the centre faces competition from larger centres; particularly Carmarthen which attracts 21.9% of expenditure, as well as online sales (21.8%). However, it is expected that the opening of the planned Tesco and Marks and Spencer stores as part of the Mill Street car park scheme will help to claw back lost expenditure. The presence of a new department store (Marks and Spencer) will also help to enhance Aberystwyth's retail profile and may increase interest from other retailers to locate to the town centre. Future development

opportunities should be directed to the town centre and proposals for edge of centre and out of centre proposals should be resisted.

- 12.39 It is noted that Aberystwyth is identified as a Key Settlement of National Importance within the WSP, which reflects the centre's role as a regional centre for Mid-Wales and also its role in supporting tourist and higher level education. In positioning the centre against other centres in the sub-region it should remain above other centres in Ceredigion, but on par with Haverfordwest.

### **Cardigan**

- 12.40 Due to the scale of planned retail floorspace in Cardigan, mainly associated with the planned Sainsbury's scheme, there is no capacity identified over the study period to support new additional convenience or comparison retail floorspace. However, we understand that there is uncertainty as to whether the Sainsbury's scheme will be delivered. On discounting forecast turnover associated with the proposed foodstore, there is limited capacity for new convenience floorspace (53 sqm net for foodstore format and 108 sqm for local supermarket or deep discount format) over the study period. However, capacity would emerge to support up to 1,610 sqm net of new comparison goods floorspace, which should be directed to Cardigan Town Centre.
- 12.41 Cardigan Town Centre attracts the second highest market share (7.0%) of comparison goods expenditure from the Ceredigion catchment area (after Aberystwyth Town Centre), while the centre's two out of centre foodstores (Tesco and Aldi) attract 21.3% of catchment convenience expenditure.
- 12.42 The town centre health check confirms that the centre provide a good mix of uses with the comparison sector particularly well represented. However, the overall offer and variety is limited with a strong discount orientation.
- 12.43 The findings of the capacity assessment, market share and health check suggest that Cardigan Town Centre is performing beyond its role as a Key Settlement Centre, as defined in the WSP. We consider that within a new retail hierarchy for the sub-region that Cardigan Town Centre is recognised as a secondary retail centre to Aberystwyth and is positioned alongside similar performing centres such as Pembroke Dock.

### **Lampeter**

- 12.44 Forecast need for new retail floorspace in Lampeter is largely influenced by inflow from visitor expenditure, but also from the centre's relatively high student population. The assessment identifies limited capacity for new convenience floorspace over the study period (2036), with 1,072 sqm net is identified for new comparison goods floorspace over the same period.
- 12.45 In terms of retail market shares, Lampeter Town Centre attracts 11.2% and 5.2% of total convenience and comparison goods catchment expenditure, respectively. The Sainsbury's foodstore serves as an important anchor for maintaining shopper footfall and supporting linked trips with other services within the town centre.

- 12.46 The health check assessment confirms that the centre is currently considered to be healthy but it has seen a recent increase in vacancies and a decline in its comparison offer. The food & drink sector is also currently under-represented.
- 12.47 In considering Lampeter Town Centre's position in new retail hierarchy for the sub-region, it is evident that the centre out performs many other centres identified as Key Settlements in the WSP hierarchy. As such, there is potential to position the centre alongside other similar performing centres in the sub-region (e.g. Cardigan and Pembroke Dock).

### **Aberaeron and Llandysul**

- 12.48 Both centres are considered side by side due to their similarities in terms of retail capacity, town centre profile, and their market share of expenditure from the Ceredigion catchment.
- 12.49 Forecast need for new convenience floorspace is very limited for both centres, with comparison goods capacity of 356 sqm net and 196 sqm net for Aberaeron and Llandysul, respectively. Demand for retail space is likely to be limited to independent retailers.
- 12.50 The market share assessments shows that Aberaeron attracts just 2.0% of convenience expenditure from Ceredigion catchment area, while the corresponding market share for Llandysul is slightly lower at 1.5%. Comparison goods market shares are similarly low at 1.5% and 1.2% for Aberaeron and Llandysul, respectively.
- 12.51 Aberaeron is identified as a Key Settlement in the WSP settlement hierarchy, while Llandysul is identified as a Local Centre. In terms of settlement size and scale of retail floorspace, while both centres appear to support a similar need for new retail floorspace and achieve similar market shares, they function very differently. Aberaeron is a larger centre and is a popular tourist location. The range of retail and services on offer is markedly different to Llandysul, which serves a more local service function.
- 12.52 In considering both centres in a revised retail hierarchy, Aberaeron is comparable in terms of its size and function to St David's and Saundersfoot, which are both popular tourist locations that also serve a local retail and service function. Llandysul compares more to other smaller centres in the sub-region such as Newport and Tregaron.

### **Tregaron**

- 12.53 Tregaron being one of the County's smaller town centres retains very little retail expenditure, attracting approximately 0.5% of convenience expenditure from the Ceredigion catchment area. The corresponding market share for comparison goods expenditure is even lower at 0.3%. As a consequence forecast need for new retail floorspace is very limited with just 88 sqm of new comparison goods retail floorspace identified over the study period (2036).
- 12.54 The centre serves a very localised population and its position in a sub-regional retail hierarchy should reflect this.

## Policy Recommendations

12.55 The following provides recommendations on the potential for a sub-regional wide retail hierarchy, which takes account of the current retail function of each of the centres in Pembrokeshire and Ceredigion. Consideration is also given to the summary findings of the assessment set out above. Other policy recommendations are also provided.

### Retail Hierarchy Review

12.56 At the present time the three authorities use slightly different terminology to refer to both their settlement and retail hierarchies and it has been suggested that adopting a consistent approach may be beneficial given the close proximity of some of the centres.

12.57 This is consistent with the latest national planning policy set out in Edition 9 of PPW which requires that Development Plans establish a hierarchy of retail and commercial centres using locally defined definitions (para 10.2.3) and a consistent categorisation (para 10.2.4). This should reflect any specialist functions and roles of the centres (para 10.3.1) but also reflect the size, scale, form, function and geographical spread of the retail and commercial centres within an area (para 10.2.4).

12.58 PPW also requires local planning authorities to consider the hierarchy across authority boundaries as shopping patterns and the role of centres is not restricted by such boundaries and is necessary to understand the role and sphere of influence of the higher order centres.

12.59 In doing so, neither PPW nor TAN4 provide any direct guidance on the terminology that may be relevant in an area, but do refer to city, town, district, local village and neighbourhood centres (PPW, para 10.1.3). Such terminology may not be appropriate in South West Wales, but provides an indication of the extent of the possible hierarchy that could be envisaged.

12.60 PPW indicates such a hierarchy could be based on the range of uses, or the extent of their geographical catchment, but should distinguish between higher and lower order centres (para 10.2.4).

12.61 In seeking to undertake this analysis for South West Wales it is important to recognise that any hierarchy will consist of a number of overlapping levels, with lower order centres being located within the catchment of higher order centres, and residents visiting centres at all levels of the hierarchy depending on their needs.

12.62 As a result the size of a centre and the range of uses is likely to be a key determinant in identifying the higher order centres, which would also be expected to be geographically dispersed to accommodate the larger catchment areas (TAN4, para 4.2).

12.63 For lower order centres however, the size of the centre as assessed by the number of retail units, is likely to be less informative. Instead the geographical extent of the catchment and the presence of other community services and facilities is likely to be of increased importance, as is accessibility to alternative provision. Thus a relatively small centre in a rural area may be smaller than but fulfil a similar function to a larger centre

which competes more directly with a higher order centre and where, as a result the overall provision is restricted to meeting the day-to-day needs of its catchment population.

- 12.64 In defining a retail hierarchy it is also important to consider the likely future status of that centre (TAN4, para 4.4). This includes a consideration of both the potential for growth and the possible need to manage the decline of a centre.
- 12.65 In considering a possible review of the centres in South West Wales and the adoption of standard terminology across the study area the starting point has been to consider both the retail offer in the centres and the extent of their catchment areas, the latter including a consideration of alternatives for local residents.
- 12.66 The number of retail units within each centre (2016 data) is therefore set out below.

**Table 12.1: Total retail floorspace by centre**

Centre	Total No. of Units	No. Comparison Units	No. Convenience Units	Total floorspace (sqm gross) *
Aberystwyth	401	132	43	39,594
Haverfordwest	248	91	13	40,596
Cardigan	224	89	16	20,333
Tenby	193	72	22	22,100
Lampeter	128	45	12	13,396
Pembroke Town	121	34	7	18,687
Pembroke Dock	111	43	3	18,380
Milford Haven	107	31	3	14,440
Fishguard	100	35	4	14,817
Aberaeron	97	34	8	7,230
Narberth	89	39	9	9,242
Saundersfoot	66	28	9	6,853
St David's	61	27	6	7,533
Llandysul	48	17	3	1,505
Tregaron	32	7	5	3,285
Newport	30	5	10	3,910

- 12.67 This clearly shows the dominance in terms of size of **Aberystwyth** and it is clear this is and will remain one of the highest order centres in the area.
- 12.68 **Haverfordwest** has a more restricted retail offer within the town centre but is the County town of Pembrokeshire and provides many other community facilities and services. Parts of its catchment area to the north and west are also remote from any alternative provision and thus it is important for sustainable development that the centre continues to function as one of the highest order centres in the retail hierarchy.

- 12.69 On this basis we would suggest that Aberystwyth and Haverfordwest should be identified at the top level of the retail hierarchy.
- 12.70 Second tier centres would be expected to have a good retail and service offer and meet some of the more frequently needed comparison and service requirements of a catchment that extends beyond the immediate area. They would also be expected to have largely separate catchment areas with residents choosing to go to their most convenient town.
- 12.71 **Cardigan, Lampeter and Tenby** all meet these criteria and thus should be classified as Level 2 centres.
- 12.72 Level 3 and 4 centres would be expected to have a good range of the retail and service facilities required to meet day-to-day needs of their catchment population, but are likely to be differentiated by the overall scale and offer of the centre. In particular it is considered important to distinguish between centres that largely serve local needs and those where tourist trade contributes to the overall extent of the offer.
- 12.73 On this basis it is considered that **Fishguard** and **Narberth** are Level 3 centres, whilst **Aberaeron, Saundersfoot** and **St David's** are Level 4.
- 12.74 The considerably smaller centres of **Llandysul, Newport** and **Tregaron** are considered to be Level 5 centres, given their much smaller retail and service offer and their restricted catchment areas.
- 12.75 The remaining centres of Milford Haven, Pembroke and Pembroke Dock currently have similar levels of retail offer and are clearly important centres for their local population. However, their proximity to each other and to Haverfordwest, along with other changes within their catchment means they are all vulnerable to the changes being seen in the retail sector and it seems unlikely that all three can continue to function as Level 2 centres which their current size suggests.
- 12.76 Milford Haven in particular has a very restricted catchment area due to the location of Haverfordwest to the north and future development there is likely to reduce the potential role of Milford Haven. On that basis we would suggest that **Milford Haven** should be a Level 3 centre.
- 12.77 The current policy of seeking to encourage complementary retail and service offers in Pembroke and Pembroke Dock is reflected in the overall use of shopping facilities within the two towns, but in Pembroke Dock much of that retail provision is out-of-centre and the town centre is currently struggling. It is also unclear to what extent growing sectors such as food and drink operators can be attracted to the town centre. In contrast Pembroke Town has a relatively good mix of retail and an above average food and drink offer reflecting the tourist role of the centre.
- 12.78 We would suggest that it is important to continue to develop the complementary roles of the town centres and the importance of both for the wider catchment area should be recognised by identifying both **Pembroke Dock** and **Pembroke Town** as Level 2 centres in the retail hierarchy.
- 12.79 On this basis the following retail hierarchy is proposed:

**Table 12.2: Proposed Sub-Regional Retail Hierarchy**

Level within Hierarchy	Sub-Regional Hierarchy	Centre	Local Authority
1	Sub-Regional Town Centre	Aberystwyth Haverfordwest	Ceredigion County Pembrokeshire County
2	Primary Town Centre	Cardigan Lampeter Pembroke Dock Pembroke Tenby	Ceredigion County Ceredigion County Pembrokeshire County Pembrokeshire County Pembrokeshire Coast National Park
3	Secondary Town Centre	Fishguard Milford Haven Narberth	Pembrokeshire County Pembrokeshire County Pembrokeshire County
4	Tertiary Town Centre	Aberaeron St Davids Saundersfoot	Ceredigion County Pembrokeshire Coast National Park Pembrokeshire Coast National Park
5	Local Service Centres	Llandysul Newport Tregaron	Ceredigion County Pembrokeshire Coast National Park Ceredigion County

### Other Policy Recommendations

12.80 The need for new retail floorspace has been discussed above and there are no significant requirements that require the immediate identification of development sites. A future retail hierarchy has also been outlined. However there are a number of further policy considerations that arise from this study and we would recommend that:

- **Aberystwyth** – The Strategy for the town centre and any potential changes to the town centre boundary and primary and secondary frontages should be reviewed once the trading patterns of the new Tesco and Marks & Spencer development have become established.
- **Haverfordwest** – it is not considered there is any requirement for major changes to boundaries or frontages within the town. Instead the emphasis should be on continuing to build on current proposals that strengthen the town centre, improve the range of shops, leisure and other services available within it and increase the number of visitors to the centre;
- **Cardigan** – It is suggested that the defined primary and secondary frontages are reviewed with the intention of defining a smaller but stronger retail core;
- **Lampeter** – The potential for defining retail frontages should be considered along with potential development sites to meet the longer term requirements of the town. However, we would suggest that frontages only need to be defined if there is a need to plan for a long term change in the prime retail area, given that the effectiveness of

any such policy is likely to be reduced by the location of some of the existing retail provision to the rear of the high street.

- **Pembroke Dock/Pembroke Town** – The potential development options for these two centres needs to be considered together and it be determined whether one or both are to be encouraged to take the projected comparison growth anticipated to 2036. Once this has been determined, the primary and secondary shopping frontages should be reviewed to ensure consistency;
- **Tenby** - No specific changes are required to the town centre boundary or frontages;
- **Fishguard** - No specific changes are required to the town centre boundary. Instead the emphasis should be on promoting retail and leisure development proposals that will enhance and strengthen the centre, The development of the Old Primary School and adjoining land will be an important element of this as it will improve the retail offer in the centre and boost investor confidence;
- **Milford Haven** - The town centre boundary and the primary and secondary frontages should be reviewed with the intention of defining a smaller but stronger retail area. This may encourage some of the currently vacant units to be converted/ redeveloped for other purposes;
- **Narberth** - No specific changes are required to the town centre boundary. Instead the emphasis should be on bringing forward the development of the former primary school site to enhance and strengthen the centre;
- **Aberaeron** - No specific changes are required to the town centre boundary;
- **St Davids** - No specific changes are required to the town centre boundary;
- **Saundersfoot** - No specific changes are required to the town centre boundary;
- **Llandysul**- The town centre boundary should be reviewed with the intention of defining a smaller but stronger retail area. This may encourage some of the currently vacant units to be converted/redeveloped for other purposes:
- **Newport** - No specific changes are required to the town centre boundary; and
- **Tregaron** - No specific changes are required to the town centre boundary.

## GLOSSARY

<b>CITY CENTRES:</b>	The highest level of centre identified in development plans. In terms of hierarchies, they will often be a regional centre and will serve a wide catchment. The centre may be very large, embracing a wide range of activities and may be distinguished by areas which may perform different main functions.
<b>TOWN CENTRES:</b>	Town centres will usually be the second level of centres after city centres and, in many cases, they will be the principal centre or centres in a local authority's area. In rural areas they are likely to be market towns and other centres of similar size and role which function as important service centres, providing a range of facilities and services for extensive rural catchment areas. In planning the future of town centres, local planning authorities should consider the function of different parts of the centre and how these contribute to its overall vitality and viability.
<b>DISTRICT CENTRES:</b>	District centres will usually comprise groups of shops often containing at least one supermarket or superstore, and a range of non-retail services, such as banks, building societies and restaurants, as well as local public facilities such as a library.
<b>LOCAL CENTRES:</b>	Local centres include a range of small shops of a local nature, serving a small catchment. Typically, local centres might include, amongst other shops, a small supermarket, a newsagent, a sub-post office and a pharmacy. Other facilities could include a hot-food takeaway and launderette.
<b>TOWN CENTRE USES:</b>	Main town centre uses are retail development (including warehouse clubs and factory outlet centres); leisure, entertainment facilities the more intensive sport and recreation uses (including cinemas, restaurants, drive-through restaurants, bars and pubs, nightclubs, casinos, health and fitness centres, indoor bowling centres, and bingo halls); offices; and arts, cultural and tourism development (including theatres, museums, galleries and concert halls, hotels and conference facilities).
<b>TOWN CENTRE BOUNDARY:</b>	Defined area, including the primary shopping area and areas of predominantly leisure, business and other main town centre uses within or adjacent to the primary shopping area. The extent of the town centre should be defined on a proposals map.
<b>PRIMARY SHOPPING AREA (PSA)</b>	Defined area where retail development is concentrated (generally comprising the primary and those secondary frontages which are adjoining and closely related to the primary shopping frontage). The extent of the primary shopping area should be defined on the proposals map. Smaller centres may not have areas of predominantly leisure, business and other main town centre uses adjacent to the primary shopping area, therefore the town centre may not extend beyond the primary shopping area.
<b>PRIMARY &amp; SECONDARY FRONTAGES</b>	Primary frontages are likely to include a high proportion of retail uses which may include food, drinks, clothing and household goods. Secondary frontages provide greater opportunities for a diversity of uses, such as restaurants, cinemas and businesses.
<b>EDGE-OF-CENTRE</b>	For retail purposes, a location that is well connected up to 300 metres from the primary shopping area. For all other main town centre uses, a location within 300 metres of a town centre boundary. For office development, this includes locations outside the town centre but within 500 metres of a public transport interchange. In determining whether a site falls within the definition of edge-of-centre, account should be taken of local circumstances.
<b>OUT-OF-CENTRE</b>	A location which is not in or on the edge of a centre but not necessarily outside the urban area.
<b>OUT-OF-TOWN</b>	A location out of centre that is outside the existing urban area.
<b>CONVENIENCE SHOPPING</b>	Convenience retailing is the provision of everyday essential items, including food, drinks, newspapers/magazines and confectionery.
<b>SUPERMARKETS</b>	Self-service stores selling mainly food, with a trading floorspace less than 2,500 square metres, often with car parking.
<b>SUPERSTORES</b>	Self-service stores selling mainly food, or food and non-food goods, usually with more than 2,500 square metres trading floorspace, with supporting car parking.
<b>COMPARISON SHOPPING</b>	Comparison retailing is the provision of items not obtained on a frequent basis. These include clothing, footwear, household and recreational goods.
<b>RETAIL WAREHOUSES</b>	Large stores specialising in the sale of household goods (such as carpets, furniture and electrical goods), DIY items and other ranges of goods, catering mainly for car-borne customers.
<b>RETAIL PARKS</b>	An agglomeration of at least 3 retail warehouses.
<b>WAREHOUSE CLUBS</b>	Large businesses specialising in volume sales of reduced priced goods. The operator may limit access to businesses, organisations or classes of individual.
<b>FACTORY OUTLET CENTRES</b>	Groups of shops specialising in selling seconds and end-of-line goods at discounted prices.

<b>REGIONAL &amp; SUB-REGIONAL SHOPPING CENTRES</b>	Out-of-centre shopping centres which are generally over shopping centres 50,000 square metres gross retail area, typically comprising a wide variety of comparison goods stores.
<b>LEISURE PARKS</b>	Leisure parks often feature a mix of leisure facilities, such as a multi-screen cinema, indoor bowling centres, night club, restaurants, bars and fast-food outlets, with car parking.
<b>CONVENIENCE GOODS EXPENDITURE</b>	Expenditure (including VAT as applicable) on goods in COICOP categories: Food and non-alcoholic beverages, Tobacco, Alcoholic beverages (off-trade), Newspapers and periodicals, Non-durable household goods.
<b>COMPARISON GOODS EXPENDITURE</b>	Expenditure (including VAT as applicable) on goods in COICOP Categories: Clothing materials & garments, Shoes & other footwear, Materials for maintenance & repair of dwellings, Furniture & furnishings; carpets & other floor coverings, Household textiles, Major household appliances, whether electric or not, Small electric household appliances, Tools & miscellaneous accessories, Glassware, tableware & household utensils, Medical goods & other pharmaceutical products, Therapeutic appliances & equipment, Bicycles, Recording media, Games, toys & hobbies; sport & camping equipment; musical instruments, Gardens, plants & flowers, Pets & related products, Books & stationery, Audio-visual, photographic and information processing equipment, Appliances for personal care, Jewellery, watches & clocks, Other personal effects.
<b>SPECIAL FORMS OF TRADING</b>	All retail sales not in shops and stores; including sales via the internet, mail order, TV shopping, party plan, vending machines, door-to-door and temporary open market stalls.
<b>GROSS GROUND FLOOR FOOTPRINT FLOORSPACE</b>	The area shown on the Ordnance Survey map or other plans as being occupied by buildings and covered areas measured externally.
<b>GROSS RETAIL FLOORSPACE</b>	The total built floor area measured externally which is occupied exclusively by a retailer or retailers; excluding open areas used for the storage, display or sale of goods.
<b>NET RETAIL SALES AREA</b>	The sales area within a building (i.e. all internal areas accessible to the customer), but excluding checkouts, lobbies, concessions, restaurants, customer toilets and walkways behind the checkouts.
<b>RETAIL SALES DENSITY</b>	Convenience goods, comparison goods or all goods retail sales (stated as including or excluding VAT) for a specified year on the price basis indicated, divided by the net retail sales area generating those sales.
<b>QUANTITATIVE NEED</b>	Is conventionally measured as expenditure capacity (i.e. the balance between the turnover capacity of existing facilities and available expenditure in any given area). Expenditure capacity, or 'quantitative need' can arise as a result of forecast expenditure growth (either through population growth or increase in spending), or by identification of an imbalance between the existing facilities and current level of expenditure available in an area.
<b>QUALITATIVE NEED</b>	Includes more subjective measures such as, for example, consumer choice; the appropriate distribution of facilities; and the needs of those living in deprived areas. 'Over trading' is also identified as a measure of qualitative need, although evidence of significant over-crowding, etc., may also be an indicator of quantitative need.
<b>OVERTRADING</b>	The extent to which the turnover of existing stores significantly exceeds benchmark turnovers may be a qualitative indicator of need, and in some cases inform quantitative need considerations. For example it may be an expression of the poor range of existing facilities or limited choice of stores and a lack of new floorspace within a locality. In certain cases 'overtrading' occurs when there is an imbalance between demand (i.e. available spend) and supply (i.e. existing floorspace capacity).
<b>BENCHMARK TURNOVER</b>	In the case of specific types of provision (such as foodstores) company average turnover figures are widely available and can provide an indication of a 'benchmark' turnover for existing facilities. However, turnover benchmarks should not be used prescriptively or in isolation to indicate a measure of 'need'. It is important to recognise that a range of factors (such as rental levels and other operating costs) mean that operators are likely to trade at a wide range of turnover levels. Given the inherent margins of error involved in this type of exercise, the use of company averages as benchmarks should be treated with caution unless they are corroborated by other independent evidence of under-performance, or strong trading. Examples might include the results of in-centre health checks, or the extent of congestion in stores and queuing at checkouts.