REPORT TO: PLANNING AND TRANSPORTATION COMMITTEE – 26 JANUARY 2004

REPORT ON: DTZ PIEDA RETAIL STUDY 2003

REPORT BY: DIRECTOR OF PLANNING AND TRANSPORTATION

REPORT NO: 45-2004

1 PURPOSE OF REPORT

1.1 The purpose of the report is:

a to outline the findings of the City of Dundee Retail Review 2003;

b to highlight the implications of the study findings for future comparison retail provision in the City; and

c to consider the further action required in relation to the forthcoming Public Local Inquiry into the Dundee Local Plan Review, including the approach to be adopted in respect of the Study's findings.

2 RECOMMENDATIONS

2.1 It is recommended that the Committee:

a accepts the key findings of the Dundee Retail Review 2003; and

b remits the Director of Planning and Transportation to Report back to the February Committee with views as to how the identified comparison floorspace requirements should be accommodated.

3 FINANCIAL IMPLICATIONS

3.1 The total cost of the DTZ Pieda Dundee Retail Review 2003 is £5,900. This will be met from the Planning and Transportation Department 2003/2004 Revenue Budget allocation for the Planning Division under the Various Studies heading.

4 LOCAL AGENDA 21 IMPLICATIONS

4.1 The Local Agenda 21 implications of this Report cover the following key themes:

- access to facilities, services, goods and people is not achieved at the expense of the environment and are accessible to all.

5 EQUAL OPPORTUNITIES IMPLICATIONS

5.1 There are no equal opportunities implications associated with this report.

6 BACKGROUND

6.1 Over a number of years the City Council has employed capacity studies to underpin its approach to planning for comparison (broadly speaking, non food) goods retailing. Capacity studies are a means of predicting future retail floorspace requirements taking account of factors including projected population change and forecast changes in consumer retail expenditure. They are an important consideration to be taken into account for forward planning purposes when deciding the scale of land release for future retail development and the nature of goods range and related controls which might be applied to such development. The first of these studies was undertaken on behalf of the City Council in 1997 and its findings contributed to the current Dundee Local Plan adopted in 1998. A subsequent capacity study formed part of the Dundee Retail Review 2000. Its results were taken into account in the Dundee and Angus Structure Plan (now approved) and in the Dundee Local Plan Review (currently progressing towards Public Local Inquiry).

6.2 The retail expenditure forecast used for the year 2000 review was 1996 based, the most up to date then available. This involved a fairly conservative growth rate, less optimistic than that employed for the 1997 study. Against this background the review concluded that only limited potential would be available to support new comparison goods floorspace in Dundee. The results of the review were reflected in the Dundee and Angus Structure Plan and in the Local Plan Review, both of which adopt a cautious approach to new comparison goods retail development in the city.

6.3 However, it was noted earlier this year that new retail expenditure estimates produced by Mapinfo pointed to significantly higher levels of comparison goods expenditure than had been predicted in the previous Review (Mapinfo is a major company whose services include the provision of retail expenditure estimates and forecasts). These suggested that there could be scope to accommodate additional comparison goods floorspace in excess of the potential identified at that time. Against this background, DTZ Pieda were appointed in July of last year to undertake a review and roll forward of the capacity study element of the Retail Review 2000, taking account of the more recent expenditure data. This has now been completed and the results and implications of this exercise are outlined in the following sections of this report. Copies of the Review are available for inspection in the Member's lounges.

7 KEY CONCLUSIONS FROM THE STUDY

7.1 A fuller outline of the DTZ Pieda Retail Review 2003 is provided in the Appendix to this Report. However, the key conclusions arising from the Study can be summarised as follows:

- projected increases in consumer retail expenditure point to scope to accommodate major additions to the City's comparison goods floorspace;

- this is significantly in excess of the floorspace potential envisaged in both the Dundee and Angus Structure Plan and the Finalised Dundee Local Plan Review, both of which adopt a cautious approach to new comparison floorspace provision in Dundee; and

- it follows from the above that the Local Plan Review does not currently identify sites capable of accommodating the additional floorspace potential identified by the Study.

8 IMPLICATIONS

8.1 The implications arising from the Study are as follows:

- given the Study findings, there is a need to decide how the issue of additional retail floorspace is handled – this is of particular importance given the imminence of the Public Local Inquiry into the Local Plan Review (expected to commence in April this year);

- since the Finalised Local Plan Review was subject to a significant number of major retail objections, the Study's findings will have a major bearing on the consideration of these objections at the Inquiry, and on the Inquiry Reporter's findings; and

- In the light of the above, it is important that the City Council reaches its own view on the comparison floorspace issue in order that a clear and soundly based case can be presented to the Inquiry.

9 ACTION REQUIRED

9.1 The foregoing points to the need for the following actions:

- Given the likely lifetime of the Local Plan Review and the uncertainty regarding longer term expenditure, it is suggested that the City Council should only seek to make provision for new floorspace requirements up to 2011.

- While much of the new requirement could be accommodated within the City Centre, there is also a bulky goods requirement which will require the evaluation of a number of options including the following:

  a opportunities within and on the edge of the City and District Centres (including The Stack);

  b extension of the existing retail parks; and

  c possibilities offered by alternative sites proposed by objectors to the Local Plan.

- Following on from the above and taking account of the relevant Development Plan policies, select the most appropriate option(s) to meet the floorspace requirement.

10 CONCLUSIONS

10.1 It is clear from the foregoing that there is a need to examine and evaluate the options available to accommodate the floorspace needs highlighted by the study and to seek Members agreement to the broad case to be presented to the Local Plan PLI. This requires further work by officers, the results of which could be presented to the next meeting of the Committee.

11 CONSULTATIONS

11.1 The Chief Executive, Depute Chief Executive (Support Services), Depute Chief Executive (Finance), Assistant Chief Executive (Community Planning) and Director of Economic Development have been consulted and are in agreement with the contents of this report.

12 BACKGROUND PAPERS

12.1 DTZ Pieda – City of Dundee Retail Review 2000.

12.2 DTZ Pieda – City of Dundee Retail Review 2003.

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APPENDIX 1 – DTZ PIEDA RETAIL REVIEW 2003

1 TERMS OF REFERENCE

1.1 The terms of reference for the study were as follows:

a review and update the primary and secondary Dundee catchment populations and re-examine the trade draw assumptions;

b apply the most recent comparison goods expenditure per capita data and project to the agreed dates, for the sub-categories of expenditure shown in the previous Review;

c inset the 2003 retail floorspace data and the estimated current turnover of the city centre, retail warehouses and other shops – as in the previous Review; and

d estimate the projected spare expenditure capacity at the agreed dates, for City Centre related retailing, retail warehousing and other shops (including the District Centres).

Review of Catchment Populations and Re-examinations of Trade Draw Assumptions

1.2 Dundee's primary and secondary catchments for comparison goods shopping are indicated in the Appendix to this Report. The primary catchment represents the area where (on the basis of earlier household survey data) at least 50% of respondents identified Dundee as their most visited centre for comparison shopping. The secondary catchment is the area within which Dundee was indicated as still the most visited centre, but by less than 50% of respondents. The tertiary catchment covers all visits from beyond the secondary catchment.

1.3 The study concluded that there was little reason to suspect significant change in the city's trade draw from its catchment in the period since the Retail Review 2000. In reaching this conclusion, the consultants took account of new retail developments in the city over this period and also evidence of shopping patterns from similar capacity studies undertaken on behalf of Angus and Fife Councils in 2002. On this basis, the trade draw defined for the Study is indicated in the table below.

Catchment Area	**Trade Draw (contribution of expenditure to Dundee turnover)**
Primary	68%
Secondary	17%
Tertiary	15%
Total	100%

1.4 As indicated in paragraph 6.2, the consumer retail expenditure projection adopted for the 2003 Retail Review is significantly higher than that employed for the review undertaken in 2000. This takes account of the fact that actual expenditure growth has been higher than the growth originally projected from the 1996 based data which formed the basis for the 2000 Retail Review's projected expenditure calculations. The growth in per capita expenditure based on the revised projection is shown below.

Growth in Dundee Comparison Expenditure Per Capita

2000-2003	2003-2008	2008-2011	2011-2016
11.07%	21.17%	11.75%	21.23%

(Note: the above figures were subsequently adjusted to take account of special forms of trading, such as mail order, on the basis that such expenditure is not available to support new shopping floorspace).

1.5 The growth rates were then applied to estimates of available comparison expenditure to produce the projected levels of expenditure for the years indicated above. In doing so, account was also taken of the projected population change over these periods. By applying the trade draw rates outlined earlier (see paragraph 7.3) it was possible to estimate the amount of this expenditure which could be attracted to support retail floorspace in Dundee.

2003 Retail Floorspace and Turnover Data

1.6 The Review sets out the current scale and distribution of Dundee's comparison floorspace and compares this against the situation in 2000. While no major shifts in the distribution of floorspace occurred over this period, it is noted that there has been a decrease in city centre floorspace and simultaneous increases in retail warehousing, District Centres, and other shops. Details of floorspace change are indicated in the table below. It should be noted that a significant element of the city centre vacancies is related to the Arnott's and Debenham's closures.

Dundee Net Comparison Retail Floorspace – Changes 2000 to 2003

(Occupied)	Net Area M^2		% Change
	2000	2003	
City Centre	63,339	59,069	-7%
Retail Warehouses	35,289	36,170	2%
District Shopping Centres	15,448	16,856	9%
Local Centres/Corner Shops/FOC	6,979	8,258	18%
Superstores (comparison goods element)	5,239	5,629	7%
Total	126,294	126,981	-0.2%

1.7 By relating the more recent estimates of comparison expenditure to the current retail floorspace it is possible to produce updated turnover figures for the city's shops. This indicates that turnover levels in general are significantly higher than for the previous Retail Review. For the City Centre it highlights the declining significance of bulky goods turnover for the period since 2000 with a fall from 24% to 20% of overall city centre comparison goods turnover. With regard to retail parks and retail warehouses (including Dock Street) the Review estimates that there is currently 27% overtrading. In effect, this means that this type of retailing is trading on average at turnover levels 27% higher than published company turnover levels. The estimated comparison turnover for other shops (District Centres, supermarkets, local shops etc) shows that their turnover ratios are significantly lower than for those of the city centre.

Spare Expenditure Available to Support Additional Comparison Floorspace

1.8 Broadly speaking, by converting the available expenditure data into its retail floorspace equivalent, it is possible to compare this against the currently existing comparison floorspace and thereby identify the potential scope to support additional floorspace for future years. In doing so, it is also necessary to build in allowance for comparison floorspace associated with proposals with planning consent but yet to be built or commence trading. The table below indicates the capacity identified for new floorspace within the different categories.

Capacity for Additional Comparison Floorspace

	2003-2008 (gross m^2)	**2008-2011 (gross m^2)**	**2011-2016 (gross m^2)**
City Centre Related Retailing (Including Dock Street Retail Park)	11,445	10,113	18,081
Bulky Goods Retail Warehousing	14,279	6,487	11,826
Total	25,724	16,600	29,907

The potential scope for new comparison floorspace identified by the Review clearly raises major issues from a planning viewpoint. The key issues are examined in the following section of the report.

2 IMPLICATIONS OF THE STUDY FINDINGS

2.1 As outlined in paragraph 6.1, the retail elements of the Dundee and Angus Structure Plan and the Finalised Dundee Local Plan Review were prepared against the background of Dundee Retail Review 2000. Accordingly, neither plan takes account of the significant potential for additional comparison shopping floorspace identified in the latest (2003) retail review. In particular, the Local Plan does not currently allocate a site, or sites, capable of accommodating the potential level of additional comparison floorspace identified by the review.

2.2 Given the foregoing, there is a need for the City Council to reach a view on how it is proposed to handle the issue of additional floorspace potential. This is particularly pressing in view of the forthcoming Public Local Inquiry (PLI) into objections to the Finalised Dundee Local Plan Review. It is currently anticipated that the PLI will commence during April of this year and run through the following month. Members will recall that the Finalised Local Plan Review was subject to a range of retail objections, a number of which focussed on its lack of provision for major additions to Dundee's comparison shopping floorspace. Given this situation, the 2003 Retail Review's findings will have a major bearing on the consideration of these objections and on the Inquiry Reporter's findings on these matters. It is likely that the Reporter's findings will include recommendations as to how the new floorspace should be accommodated. It is therefore important that the City Council reaches its own views on this issue in order that officers are in a position to present a clear and soundly based case to the PLI in due course.

3 ACTION REQUIRED

3.1 It is evident from the floorspace details presented in paragraph 7.7 that there is significant scope for additions to the city's supply of comparison floorspace over the periods 2003-2008, 2008-2011 and 2011-2016. However, taking account of the likely lifetime of the Local Plan Review and the uncertainty regarding longer term expenditure projections, it is suggested that the City Council should only seek to support provision for new floorspace requirements up to 2011. This would require consideration of the means to accommodate around 22,000m^2 of city centre related retailing and some 21,000m^2 of bulky goods retail warehousing.

3.2 With regard to city centre related retailing, the Retail Review notes that there is scope to absorb much of the additional floorspace within currently vacant units (eg Arnott's and Debenham's) and through redevelopment's and new developments. It also suggests that a significant element of the forecast city centre related bulky goods (DIY/carpets/furniture, etc) expenditure could divert to service the retail parks. In the case of bulky goods retailing outwith the city centre, there are a number of options which require to be explored. Consideration could be given, among other things, to edge of city/district centre opportunities, extension of the existing retail parks and also to the sites promoted in objections to the Local Plan.

APPENDIX 2 – DUNDEE PRIMARY AND SECONDARY CATCHMENT AREAS FOR COMPARISON SHOPPING