Tesco Store, Old Trafford

Revised Cumulative Impact Assessment

PREPARED BY

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Introduction

1.1 This Revised Cumulative Impact Assessment has been prepared to examine the cumulative impact on existing stores, centres and commitments of the proposed Tesco at Chester Road, Old Trafford. It replaces the Cumulative Impact Assessment submitted on 20th January 2010, which identified the cumulative impact arising from the proposed Tesco store, in addition to two commitments - Booths at Media City and the Sainsbury's extension at Regents Road, Salford.

1.2 Following the submission of the Cumulative Impact Assessment, full planning permission has been granted for a Morrisons store in Ordsall (2,354 sqm net). Outline planning permission has also been granted for a foodstore within Eccles Town Centre, which involves partial redevelopment of the Mall Shopping Centre and has a net floorspace of 5,125 sq m.

1.3 This Assessment examines the cumulative impact position in relation to these four commitments. This approach is in accordance with the guidance contained within Planning Policy Statement 4 - Practice Guidance, which states that "Conventionally, cumulative impact assessments take into account the effect of known commitments, i.e. schemes with planning permission" (Paragraph D7). The Booths stores is considered first since it is currently under construction followed by the Sainsbury's extension, then the Morrisons in Ordsall and finally, the Threadneedle scheme in Eccles in keeping with the order in which they were approved. The impact of the proposed Tesco on existing and committed provision is then assessed. These cumulative diversions are shown on the Revised Cumulative Impact Table in Appendix 1. The final part of this assessment examines the cumulative diversion of trade from Stretford Town Centre as requested by Trafford MBC.

1.4 The assumptions set out below reflect the fact that the MT Town Planning Retail Study accompanying the Booths application took no account of the approved Sainsbury's extension, and the Sainsbury's extension was not supported by a retail study. Morrisons at Ordsall was supported by a series of retail submissions which, although they acknowledged the Sainsbury's extension, did not take account of it or Booths at Salford Quays in their impact assessment. As a town centre scheme, the Threadneedle scheme in Eccles was not supported by a retail study. Therefore we have had to use many of our own assumptions in this exercise.

Booths, Media City

1.5 The application for a 1,400 sqm (net) Booths Store was supported by a retail assessment prepared by MT Town Planning. This indicates that the store will provide for the existing and proposed residents of Salford Quays as well as the large numbers of existing employees at Salford Quays, some 6,600 new employees at Media City and visitors to Media City and the wider Salford Quays area. The study calculates that in 2014 expenditure within Salford Quays will total £24.6m, of which £12.5m will come from existing and new residents and £12.1m from employees and visitors. It identified that the turnover of existing stores in Salford Quays totals £3.1m, which leaves £21.6m of surplus expenditure available to support additional convenience retail floorspace.

1.6 Since this will be the first foodstore to be developed in the Salford Quays area, it is assumed that the store will benefit significantly from the expenditure generated by the large numbers of workers and visitors to Salford Quays, with additional trade drawn from Salford Quays residents. Given the anticipated trade draw of the store and the lack of competition in the immediate area, it is expected that it will overtrade by 15%, at a level of £14.04m in 2013. This compares with the company average turnover of £12.3m suggested by MT Town Planning.

1.7 As indicated within the Revised Cumulative Impact Table attached at Appendix 1, the store is expected to attract 50% of its turnover from outside the Old Trafford catchment (£7.02m), this being trade from visitors and workers at Media City who do not live in the area. The remaining impacts will be upon the Sainsbury's, Salford (£3.40m) as this is the closest competing store for the Salford Quays residents.

1.8 Trade is expected to be drawn from the Asda, Hulme (£0.25m) and the Aldi, Old Trafford (£0.1m) as some residents in the north of the Stretford and Old Trafford Sectors transfer to the Booths store. A small amount of trade is also anticipated to be drawn from Chorlton, with £0.25m from the Morrisons and £0.05m from the remaining shops in the centre as it is expected that some Chorlton residents will work at Media City, travelling on the new tram link between the two.

1.9 Impacts on surrounding food stores and centres at Eccles (£1.30m), Trafford Park (£0.72m), Salford City Centre (£0.15m) and Swinton (£0.30m) are anticipated to be in line with expected shopping patterns of both existing and new Salford Quays residents as informed by the results of the shopper survey.

1.10 Following the implementation of the Booths store, there will still be £9.3m of surplus expenditure in Salford Quays to support additional convenience retail floorspace.

Sainsbury's, Salford

1.11 This 1,219 sqm extension was proposed to provide *"a more spacious trading area at ground floor"* according to Sainsbury's application submission. It is therefore assumed to be split according to the standard Sainsbury's floorspace division of 73% convenience and 27% comparison.

1.12 It is accepted that extensions to an existing store trade at 30 to 40% of company average turnover. In this case, it is assumed that the extension will trade at 40% of company average levels (based on submissions made by Sainsbury's elsewhere), which equates to £3.69m.

1.13 In light of the significant increase in new population in the Salford Quays area, it is assumed that 20% of the extension's turnover (£0.74m) will be drawn from outside the Old Trafford catchment, as shown in the Revised Cumulative Impact Table.

1.14 Some of the Salford Quays local resident's expenditure previously attracted to Booths is expected to be diverted to the Sainsbury's extension (£0.84m). The remainder of the trade will be drawn from surrounding stores including Tesco, Salford (£0.75m), Asda, Trafford Park (£0.55m), Morrisons, Eccles (£0.28m) and Morrisons, Swinton (£0.25m), again as informed by the proposed Tesco shopper survey results.

Morrisons, Ordsall

1.15 The Morrisons store is in an out of centre location and would have a net sales area of 2,354 sq m and a convenience turnover of £17.27m in 2013 according to the Retail Issues Report (June 2009) prepared by Savills.

1.16 Alyn Nichols and Associates provided advice to Salford City Council in respect to retail issues on the Morrisons application. They concluded that *"the analysis of population growth in the area undertaken by the Council's Policy Team shows that substantial growth will continue at least up to 2018. This additional growth would generate significant expenditure that could support additional retail development".*

1.17 This conclusion is reinforced by the Salford City Council Strategic Housing Land Availability Assessment (December 2009) which identifies the potential for 5,154 additional dwellings in the Ordsall area over the next 5 years. This area is identified within the SHLAA as extending between the Manchester Ship Canal to the south, Weaste Cemetery to the west, the M602 motorway to the north and Manchester City Centre to the east. This level of dwelling delivery has the potential to provide an additional 12,370 persons in the area (based on an average occupancy rate of 2.4 persons per dwelling).

1.18 Given the growth in population in this area, we assume that the Morrisons will capture significant levels of new convenience expenditure generated in Ordsall and Salford Quays, in addition to clawing back expenditure currently leaking to surrounding stores. There will also be some expenditure drawn from residents in the northern areas of the Old Trafford and Stretford sectors who are currently shopping mainly at Asda, Hulme.

1.19 As indicated on the Revised Cumulative Impact Table, it is assumed that 40% (£6.91m) of the store's trade will be from new residents who are expected to be attracted from elsewhere into Ordsall and Salford Quays, in addition to some passing trade given the store's prominent location on Trafford Road.

1.20 In addition to the new residents, the expenditure of existing residents is expected to be drawn from Sainsbury's (£2.68m) and Booths (£0.71m). Although the Booths is closer to the Morrisons, when compared to the Sainsbury's, its trade draw from Morrisons will be limited given the nature of its retail offer and its intended function.

1.21 Some Ordsall residents as well as shoppers in the northern part of Stretford and Old Trafford are currently visiting the Asda, Hulme store and are likely to be attracted to the Morrisons. Trade drawn from this Asda is expected to be £2.00m.

1.22 Some shoppers in the northern part of Stretford and Old Trafford will transfer from other stores in the surrounding area. It is assumed that the Morrisons store will attract £1.00m from the Tesco Metro at Stretford Mall, £0.25m from Morrisons at Chorlton and £0.12m from Aldi at Old Trafford. The diversion from the Tesco Metro represents a part of its remaining main food shopping turnover.

1.23 The food stores and centres in the wider area will be subject to a diversion of trade including Morrisons at Eccles (£1.21m), Asda at Trafford Park (£0.97m) and the Tesco Metro at Salford City Centre (£0.11m) as informed by the shopper survey results.

Threadneedle, Eccles

1.24 A new superstore was approved in Eccles in February 2010, having been promoted by Threadneedle Property Investments Limited on behalf of Zurich Assurance Limited. It is located within the Town Centre and involves the reconfiguration of the Mall Shopping Centre to provide a new store positioned over two levels. A total net sales area of 5,125 sq m is proposed.

1.25 However, this scheme is very constrained and has a number of serious limitations. It is in a back-land location, has multi-storey car parking which is poorly related to the store, awkward servicing arrangements and an irregular layout which separates the sale area from the bulk storage area. It is also in close proximity to a modern Morrisons store which has none of these deficiencies. In these circumstances, it is clear that this scheme would not be attractive to any of the main food operators on viability grounds such that it would not be constructed. The fact that Threadneedle has not secured a food retail operator supports this conclusion.

1.26 Whilst we do not consider that this scheme will ever be developed, we have included it within this assessment in order to provide a worst case scenario. A Planning, Retail and Regeneration Report was submitted in support of the scheme; however this did not indicate the floorspace split within the store nor the expected turnover. It is assumed that the ground floor, which extends to 2,870sqm (net), will be used for food retail, and the first floor extending to 2,255sqm (net) will be used for the retail of non-food items. We have calculated the turnover of the convenience floorspace on the basis of an average of the main four supermarket operators (Tesco, Sainsbury's, Asda and Morrisons) company average turnovers. This results in a convenience turnover of £12,480 per sqm.

1.27 Given the constraints of the Threadneedle scheme and the comparative benefits of the nearest competitor, the Morrisons store in Eccles, which has a dedicated at grade car park, prominence within the town centre and a regular layout, it is assumed that the Threadneedle scheme will have a low level of turnover. It is assumed that the store will turnover at 85% of the assumed company average turnover which is £30.44m.

1.28 As shown on the Revised Cumulative Impact Table, it is anticipated that the Threadneedle scheme would principally attract its trade from the Morrisons store given its relative proximity and the propensity for Eccles residents to undertake main food shopping locally, as evidenced by the shopper survey. The scheme would be expected to attract some £14.57m from the Morrisons store in Eccles which, following this diversion, would still be trading above company average levels.

1.29 The scheme would also attract some trade from the Asda at Trafford Park (£5.15m) as this is the second most popular main food shopping destination for Eccles residents. The principal diversions would be from the Morrisons at Swinton (£2.13m) and the Sainsbury's at Salford (£1.61m).

1.30 Smaller levels of trade diversion are also expected to be experienced by the Tesco Metro at Salford (£0.49m), Salford City Centre (£0.46m), Morrisons in Ordsall (£0.16m) and the Booths at Salford Quays (£0.18m).

Tesco, Old Trafford

1.31 The submitted Retail Study confirmed that the turnover of the proposed store in 2013 is based upon applying Tesco's company average turnover per sq m to the respective floor areas for the convenience and comparison elements of the store.

1.32 The commitments identified in Salford and Eccles would draw some of their trade from the existing surrounding foodstores. As some of this trade, which was previously identified to be diverted to the proposed Tesco, would be retained by these commitments it is expected that the Tesco store would only achieve 95% of Tesco's company average turnover figure. Accordingly the convenience element of the Tesco store would turnover at £55.00m.

1.33 The proposed Tesco store at Old Trafford is expected to attract a significant proportion of its turnover from the Asda stores at Trafford Park (£15.26m) and Hulme (£11.45m). This level of diversion will serve to reduce the overtrading at these stores. The other main trade draws to the proposed Tesco are shown on the Revised Cumulative Impact Table and will be principally experienced at the Morrisons in Chorlton (£5.10m) which will serve to reduce overtrading and clawback shoppers to the Old Trafford and Stretford areas, and also the Morrison in Ordsall (£3.87m), where any diversion will be compensated for by growth in expenditure arising from new residents into the area.

Impact on Stretford Town Centre

1.34 The Cumulative Impact Assessment, which was submitted in January 2010, concluded that there would be no extra convenience diversion from Stretford Town Centre when the proposed Tesco is added to the extant Sainsbury's and Booths permissions in Salford.

Equally, it concluded that there would be no additional diversion of non-food linked trips in Stretford Mall that are associated with visits to the Stretford Tesco Metro. As a result, there would be no additional diversion of non-food trade over that identified in the submitted Retail Study.

1.35 As will be evident from the above, were it to be implemented, the Threadneedle scheme in Eccles would serve a localised catchment covering the Eccles, Swinton and Salford areas. In addition, the household shopper survey shows that no Eccles residents shop at the Stretford Tesco Metro. As a result, the Threadneedle scheme would not draw any trade from the Stretford Metro.

1.36 In order to assess the cumulative effect on Stretford Town Centre of the proposed Tesco at Old Trafford in addition to the approved Morrisons at Ordsall, there is a need to examine the nature of the Stretford Tesco Metro's trade to establish whether the two stores in combination would draw more trade from it than in the solus scenario.

1.37 The Metro is a small store which can only carry a limited product range of convenience goods and virtually no comparison goods. As paragraph 8.12 of the submitted Retail Study notes, the household survey showed the Tesco Metro to be the main food shopping destination for some 25.9% of Stretford residents. Many of these residents are older shoppers undertaking frequent low value basket trips, often as part of a trip for non-food goods and/or services. These shoppers are presently using the Metro despite the availability of alternative major foodstores. Many of the Metro shoppers and especially those in Stretford walk or catch a bus to the centre (46.9% of customers). These factors indicate that the Metro is essentially a local convenience facility with a high degree of basket trade.

1.38 Table 13 of the submitted Impact Study shows that £3.65m (or 22%) of the Metro's total turnover will be diverted to the proposed Tesco in the solus scenario. This would leave the store to function as a basket trade outlet which is still overtrading given that it is the only foodstore in a busy town centre.

1.39 As the table in Appendix 1 shows, the development of the Morrisons store is expected to draw part of the trade drawn from the Metro to the proposed Tesco in the solus scenario (£1.00m). This will principally come from residents in the northern parts of Stretford and Old Trafford and is a reflection of the Morrisons more limited size and offer as well as its greater distance from Stretford Town Centre.

1.40 Given the nature of the Metro's use by local shoppers and the limited amount of residual main food shopping turnover, there is a case for there being no change in the <u>total</u> convenience diversion (i.e. £3.65m) when the proposed Tesco superstore is added to the Morrisons at Ordsall.

1.41 Nevertheless, in order to test the worst case, the Revised Cumulative Impact Table identifies a small amount of extra trade diversion due to the additional choice which the proposed

Tesco superstore will offer. Following the diversion of trade to the Morrisons, the subsequent opening of the proposed Tesco superstore at Old Trafford would divert a further £2.92m from the Stretford Tesco Metro. In this scenario, it is anticipated that the overall impact on the Metro would rise by up to 3% but would not exceed 25%. Therefore the combined diversion would be £3.92m, or £0.27m more than the solus impact from the proposed Tesco on the Stretford Tesco Metro

1.42 The level of convenience diversion from the Stretford Tesco Metro to the proposed Tesco at Old Trafford is slightly reduced from the solus position within the cumulative scenario (£3.65m diversion in the solus scenario compared to £2.92m in the cumulative scenario). This is because some of the previously identified diversion from the Metro to the Tesco, Old Trafford will first be diverted to the Morrisons, Ordsall and then some of the Morrisons trade will be diverted to the proposed Tesco.

1.43 Non-food linked trips in Stretford Mall which are associated with visits to the Stretford Tesco Metro would be lost when the Morrisons opens although the same goods are likely to be purchased on another trip since Morrisons offer few non-food goods. Diversion of linked trip expenditure would occur for the proposed Tesco as outlined in the submitted Retail Study. In the solus impact scenario, £3.23m of non-food diversion would be diverted from Stretford Town Centre – an amount which is similar to the £3.65m for convenience turnover diversion. Using this relationship as a proxy for the additional linked trip expenditure loss, suggests that there would be around £0.23m of extra diversion giving an overall total of £3.46m total comparison diversion from Stretford Town Centre.

Effect on the Vitality and Viability of Stretford Town Centre

1.44 As detailed in the initial cumulative impact assessment, from a qualitative viewpoint, it is highly significant that the former Woolworths unit (the largest vacant unit in Stretford Mall) has recently been occupied by B&M Bargains on a five year lease. This indicates that the health of the town centre is already starting to improve. In addition, the solus figures and the cumulative figures in table 2 assess the impact in 2013 whereas Policy EC16.1d of PPS4 indicates that the effects on a centre should be assessed up to 5 years from the time the application is made, i.e. 2015. At that stage the centre will have recovered further and growth will have been available to ensure that the impact is acceptable.

APPENDIX 1

REVISED CUMULATIVE IMPACT TABLE