Causeway Coast & Glens

Retail and Commercial Leisure Capacity Assessment

on behalf of Causeway Coast & Glens Borough Council

October 2017

EXECUTIVE SUMMARY

Nexus Planning

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London
Riverside House
Southwark Bridge Road
London SE1 9HA

t: +44 (0)20 7261 4240
w: nexusplanning.co.uk
@nexusplanninguk

Manchester
Eastgate
2 Castle Street, Castlefield
Manchester M3 4LZ

t: +44 (0)161 819 6570
w: nexusplanning.co.uk
@nexusplanninguk

Weybridge
Suite A, 3 Weybridge
Business Park, Addlestone Road,
Weybridge, Surrey KT15 2BW

t: +44 (0)1932 837 850
w: nexusplanning.co.uk
@nexusplanninguk

Nexus Planning

Executive Summary

Introduction

1.1 Nexus Planning (Nexus) was commissioned by Causeway Coast and Glens Borough Council ('the Council') in November 2016 to undertake a Retail and Commercial Leisure Capacity Study for the Borough. The Study will form part of the evidence base upon which the emerging Causeway Coast and Glens Local Development Plan (up to 2030) will be established.

1.2 The SPPS (September 2015) explains that its aim "*is to support and sustain vibrant town centres across Northern Ireland through the promotion of established town centres as the appropriate first choice location of retailing and other complementary functions, consistent with the RDS*" (Paragraph 6.270). Ensconced within this aim is to "*secure a 'town centres first' approach for the location of future retailing and other town centre uses*" (Paragraph 6.271).

1.3 Linked to these primary aims, the SPPS goes on to explain that "*In preparing LDPs councils must undertake an assessment of the need or capacity for retail and other main town centre uses across the plan area. Councils must also prepare town centre health checks and regularly review these (preferably at least once every five years*)" (Paragraph 6.274).

1.4 The Council has therefore appointed Nexus to provide a robust quantitative base for their retail and leisure capacity projections over the remainder of the Plan period to 2030. In conjunction with this Study, we have conducted and analysed a household telephone survey which enables us to understand existing market share patterns, and the performance of existing centres and stores. This has informed our quantitative capacity assessment. Accordingly, NEMS Market Research Limited (NEMS) were commissioned to undertake surveys of 700 households within a defined Study Area in January 2017.

1.5 In the process of preparing the study, and in keeping with the Council's Brief, Nexus has undertaken the following:

- A detailed analysis of key current and future retail trends;
- An examination of the current quantitative and qualitative provision of retail facilities in the Borough's six main towns and a comparison against two other Northern Irish towns;
- An assessment of the current and future population and expenditure levels within the Study Area;

- A review of the survey research and consideration of the key findings with regard to shopping trip patterns throughout the Study Area;
- An analysis of the quantitative and qualitative need for further convenience and comparison goods retail floorspace over the assessment period (to 2030);
- An analysis of the existing leisure provision in the Borough and consideration of future leisure capacity over the plan period; and
- Provision of recommendations for the Borough’s future retail, town centre and leisure strategy.

Trends

1.6 Since 2013, the economy has been slowly regaining momentum. The movement towards out-of-centre locations for retail has directed recent Governments to endorse their commitment to UK town centres through the nationwide promotion of the ‘town centre first’ policy approach (Paragraph 6.271 of the SPPS).

1.7 Another factor that has led to notable changes in the retail market is the rise in “E-tailing”. The popularity and increased availability of the internet, as well as the growing confidence of consumers in making purchases online, has led to a distinctive change in the way in which goods and services are purchased.

1.8 With particular regard to Northern Ireland, there has been demonstrable growth in new comparison goods operations in recent years, set against a background of general economic caution. In the short-term though, it is clear that the relative weakness of the Pound against the Euro is a boost to trade and tourism, which is particularly pertinent to the Borough, with the opportunity to grow its tourist market.

Town Centre Composition

1.9 The Study provides a snapshot of how the Borough’s six main town centres are performing at present; Coleraine, Limavady, Ballymoney, Ballycastle, Portrush and Portstewart.

1.10 The overall picture is that town centres in Northern Ireland are characterised by a greater proportion of comparison goods shopping within town centres. Unlike other parts of the UK where there is extensive provision of bulky and non-bulky items in out-of-centre retail parks, this is less prevalent within the Causeway Coast and Glens Borough. The corollary is that retail services are proportionately less represented, more often being met in smaller neighbourhood parades or in village centres.

1.11 With regard to the six centres, our assessment focused on the size and composition of each centre. A separate Health-check analysis has been carried out for the Council by Sproule Consulting.

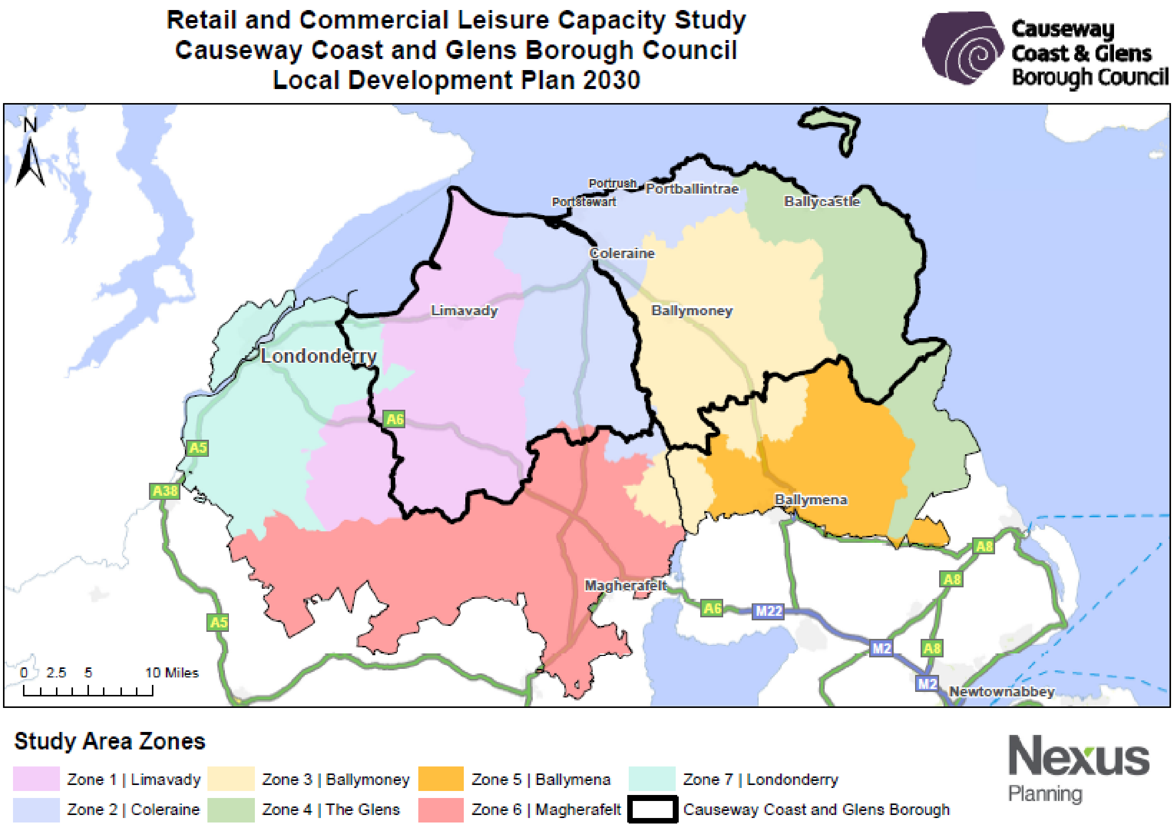
1.12 We benchmarked the composition of each centre, as summarised in Figure A below.

Figure A | Town Centre Composition (2016) – by Unit Numbers (%)

Retail Category	Coleraine	Limavady	Ballymoney	Ballycastle	Portrush	Portstewart	Enniskillen	Omagh	UK Average
Convenience	7.4%	7.2%	8.2%	8.3%	11.7%	10.0%	6.8%	6.7%	8.6%
Comparison	38.5%	38.5%	30.6%	27.5%	32.4%	32.5%	32.2%	40.5%	32.1%
Retail Services	34.3%	39.4%	37.2%	39.2%	45.0%	46.3%	46.7%	38.5%	47.8%
Vacant	19.7%	14.9%	24.0%	25.0%	10.8%	11.3%	14.2%	14.4%	11.3%
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%

Market Share Analysis

1.13 In commissioning the household survey, we established an appropriate Study Area covering seven Zones, comprised of postcode geography. Zones 1-4 broadly comprise the extent of the Borough, as depicted below.



1.14 Adopting NISRA population growth rates, we identify that the population of Zones 1-4 is forecast to grow by 2.7% from 161,919 in 2016 to 166,280 by 2030. Applying appropriate growth rates and discounting special forms of trading, we arrive at potential expenditure levels available within Zones 1-4 of £357.7m in convenience goods, and £677.4m in comparison goods at 2030.

1.15 We then isolated where residents of the Borough undertook their convenience shopping trips. The results are set out in Figure B below, and show that the Borough retains 90.4% (£322.6m) of its own residents' spending on convenience goods. Only 9.6% (£34.2m) of convenience good trade 'leaks' elsewhere to destinations such as Ballymena and Londonderry. Our experience of similar studies elsewhere suggests that this is a healthy retention rate and that existing convenience stores in the Borough are satisfactorily meeting local residents' expectations.

Figure B | Convenience Goods – Overall Market Share of Zone 1-4 Residents' spending (%)

Destination	All Convenience	
	£m	%
Zone 1 | Limavady	69.2	19.4%
Zone 2 | Coleraine	156.1	43.8%
Zone 3 | Ballymoney	75.8	21.2%
Zone 4 | The Glens	21.5	6.0%
Total Zone 1-4	**322.6**	**90.4%**
Zone 5 | Ballymena	7.5	2.1%
Zone 6 | Magherafelt	3.4	0.9%
Zone 7 | Londonderry	9.5	2.7%
Total Zone 1 - 7	**342.9**	**96.1%**
Outside of Study Area	13.8	3.9%
Total	**356.8**	**100%**

1.16 Based on the survey findings, we also estimate in Figure C, that comparison goods retailers within Causeway Coast and Glens Borough attracted a combined turnover of £284.9m from Borough residents at 2016. This represented a 61.6% market share of overall available comparison goods spending by Borough residents (£462.2m).

1.17 This figure is indicative of the geographic relationship of the Borough with other major towns nearby including Londonderry to the west, and Ballymena to the south. Both towns provide a larger offer of comparison goods, and therefore account for a significant part of the leakage rate of 38.4% (£177.3m). Notwithstanding, a retention level of 61.6% of Borough residents comparison goods spend is healthy when compared to other, similarly rural, areas of the UK.

Figure C | Comparison Goods – Breakdown of Residents Spending by Zone (Zones 1-4)

Destination	Spend in Zone (£m)	Spend in Zones 1-4 (£m)	Spend Elsewhere (£m)	Spend in Total (£m)	% of total spend within Zones 1 -4
Zone 1 | Limavady	20.6	37.3	61.6	98.9	37.7%
Zone 2 | Coleraine	153.4	165.4	32.5	197.9	83.6%
Zone 3 | Ballymoney	22.5	60.5	59.0	119.5	50.6%
Zone 4 | The Glens	7.4	21.7	24.2	45.9	47.3%
Total		£284.9m	£177.3m	£462.2m	61.6%

Quantitative Retail Capacity Assessment

Convenience

1.18 Based on the household survey, we identify that convenience retailers within Causeway Coast and Glens turnover an estimated £322.6m, which is higher than the benchmark turnover of all those facilities, which is £232.8m at 2016. This overtrade equates to £108.3m of additional expenditure across the Borough, or 46.5% above company averages. Very notably, the largest foodstores in the Borough are all surveyed to over-trade by significant amounts. Only a handful of stores are shown to under-trade.

1.19 Once committed developments are accounted for, which equate to a net convenience floorspace of 1,562 sq m and an estimated turnover of £10.3m, we are then able to determine the extent of any residual expenditure which is available to support additional convenience floorspace. This is set out in Figure D.

Figure D | Convenience Goods Floorspace Capacity in Causeway Coast & Glens Borough

Year	Surplus Expenditure (£m)	Commitments (£m)	Residual Expenditure (£m)	Floorspace Capacity (sq m net)	
				Min[1]	Max[2]
2016	108.3	10.3	98.0	7,700	9,700
2020	108.6	10.3	98.3	7,800	9,800
2025	110.5	10.2	100.2	7,900	10.000
2030	110.9	10.3	100.6	7,900	10,000

1.20 Figure D identifies that there is immediate capacity for additional convenience floorspace within the Borough, equivalent to between 7,700 and 9,700 sq m net. This is largely as a result of the significant overtrade of existing foodstores, as notably the capacity does not grow significantly over time. This is a result of low population and expenditure growth.

1.21 We then went on to examine how this floorspace might be sub-divided between the different towns of the Borough. This was calculated through an assessment of existing market shares and an assumption that they continue on a constant basis. The results show that we forecast the capacities set out in Figure E.

Figure E | Convenience Goods Floorspace Capacity in Causeway Coast and Glens Borough

Year		Surplus Expenditure (£m)	Commitments (£)	Residual Expenditure (£m)	Floorspace Capacity (sq m net)	
					Min[1]	Max[2]
2016	Coleraine	36.8	0.0	36.8	2,900	3,600
	Limavady	34.6	5.2	29.5	2,300	2,900
	Ballymoney	30.1	0.7	29.4	2,300	2,900
	Ballycastle	1.4	4.5	-3.1	-200	-300
	Portrush	-1.2	0.0	-1.2	-100	-100
	Portstewart	6.4	0.0	6.4	500	600
	Rest of Borough	0.2	0.0	0.2	0	0
	Borough Total	**108.3**	**10.3**	**98.0**	**7,700**	**9,700**
2020	Coleraine	37.0	0.0	36.8	2,900	3,600
	Limavady	34.6	5.1	29.4	2,300	2,900
	Ballymoney	30.1	0.7	29.4	23,00	2,900
	Ballycastle	1.4	4.5	-3.0	-200	-200
	Portrush	-1.2	0.0	-1.2	-100	-100
	Portstewart	6.4	0.0	6.4	500	600
	Rest of Borough	0.3	0.0	0.3	0	0
	Borough Total	**108.6**	**10.3**	**98.3**	**7,800**	**9,800**
2025	Coleraine	37.9	0.0	36.8	3,000	3,800
	Limavady	34.9	5.1	29.8	2,400	3,000
	Ballymoney	30.5	0.7	29.8	2,400	3,000
	Ballycastle	1.6	4.4	-2.9	-200	-300
	Portrush	-1.2	0.0	-1.2	-100	-100
	Portstewart	6.5	0.0	6.5	500	600
	Rest of Borough	0.3	0.0	0.3	0	0
	Borough Total	**110.5**	**10.2**	**100.2**	**7,900**	**10,000**
2030	Coleraine	38.0	0.0	38.0	3,000	3,800
	Limavady	35.0	5.1	29.9	2,400	3,000
	Ballymoney	30.6	0.7	29.9	2,400	3,000
	Ballycastle	-1.6	4.5	-2.9	-200	-300
	Portrush	-1.2	0.0	-1.2	-100	-100
	Portstewart	6.5	0.0	6.5	500	600
	Rest of Borough	0.3	0.0	0.3	0	0
	Borough Total	**110.9**	**10.3**	**100.6**	**7,900**	**10,000**

Comparison

1.22 Taking account of inflow, population and expenditure growth and forecast floorspace efficiencies, we identify a small comparison goods surplus expenditure of £0.3m at 2020, rising to £14.8m by 2025, and £36.9m at 2030. As with convenience capacity modelling, we have taken account of committed comparison retail goods floorspace, which equates to a total of 2,273 sq m, or £10.2m of committed comparison goods turnover.

1.23 Figure F identifies a residual expenditure deficit at 2020, with a surplus of £2.8m arising at 2025, increasing to £23.5m at 2030. We go on to utilise average sales densities for high street retailers (the upper end of what could be achieved) to provide assumed minimum floorspace estimates and average sales densities for bulky goods retailers (the lower end of what could be achieved) to provide assumed maximum comparison goods floorspace capacity estimates. This available residual spend equates to a comparison goods floorspace capacity arising by 2025 of between 400 sq m and 700 sq m, rising to an estimated capacity for between 3,200 sq m and 5,000 sq m at 2030.

Figure F | Comparison Goods Floorspace Capacity in Causeway Coast & Glens Borough

Year	Surplus Expenditure (£m)	Commitments (£m)	Residual Expenditure (£m)	Floorspace Capacity (sq m net)	
				Min[1]	Max[2]
2016	0.0	10.2	-10.2	-1,900	-2,900
2020	0.3	11.0	-10.7	-1,800	-2,800
2025	14.8	12.0	2.8	400	700
2030	36.9	13.4	23.5	3,200	5,000

1.24 In keeping with our assessment of convenience goods, we though go on examine how the comparison goods capacity identified might be met, based on a constant market share basis. Our results are summarised in Figure G below. The core finding is that, because Coleraine accounts for the vast majority of existing expenditure that is where the vast majority of capacity is forecast to be directed.

Figure G | Comparison Goods Floorspace Capacity in Causeway Coast and Glens Borough

Year		Surplus Expenditure (£m)	Surplus Expenditure (£m)	Commitments (£)	Residual Expenditure (£m)	Floorspace Capacity (sq m net)	
						Min[1]	Max[2]
2016	Coleraine	0.0	1.3	-1.3	-200	-400	
	Limavady	0.0	1.3	-1.3	-200	-400	
	Ballymoney	0.0	0.0	0.0	0	0	
	Ballycastle	0.0	0.0	0.0	0	0	
	Portrush	0.0	1.3	-1.3	-200	-400	
	Portstewart	0.0	6.4	-6.4	-1,200	-1,800	
	Rest of Borough	0.0	0.0	0.0	0	0	
	Borough Total	**0.0**	**10.2**	**-10.2**	**-1,900**	**-2,900**	
2020	Coleraine	0.2	1.4	-1.2	-200	-300	
	Limavady	0.0	1.3	-1.3	-200	-400	
	Ballymoney	0.0	0.0	0.0	0	0	
	Ballycastle	0.0	0.0	0.0	0	0	
	Portrush	0.0	1.4	-1.4	-200	-400	
	Portstewart	0.0	6.9	-6.9	-1,200	-1,800	
	Rest of Borough	0.0	0.0	0.0	0	0	
	Borough Total	**0.3**	**11.0**	**-10.7**	**-1,800**	**-2,800**	
2025	Coleraine	11.0	1.5	9.5	1,400	2,300	
	Limavady	0.0	1.5	-0.2	0	-100	
	Ballymoney	1.6	0.0	1.6	200	400	
	Ballycastle	0.5	0.0	0.5	100	100	
	Portrush	0.1	1.5	-1.4	-200	-300	
	Portstewart	0.0	7.5	-7.4	-1,100	-1,800	
	Rest of Borough	0.3	0.0	0.3	0	100	
	Borough Total	**14.8**	**12.0**	**2.8**	**400**	**700**	
2030	Coleraine	27.5	1.7	25.8	3,500	5,500	
	Limavady	3.1	1.6	1.4	200	300	
	Ballymoney	4.1	0.0	4.1	600	900	
	Ballycastle	1.2	0.0	1.2	200	300	
	Portrush	0.3	1.7	-1.4	-200	-300	
	Portstewart	0.1	8.4	-8.2	-1,100	-1,800	
	Rest of Borough	0.6	0.0	0.6	100	100	
	Borough Total	**36.9**	**13.4**	**23.5**	**3,200**	**5,000**	

Leisure

1.25 We considered in detail the market shares for the various different categories of leisure provision. Whilst the existing stock of leisure facilities is not extensive, our results showed that the Borough was self-sufficient in most aspects.

1.26 Our qualitative questions revealed that there were no significant perceived gaps in the leisure offer of the Borough. However, in light of our subsequent analysis and the requests of residents in particular Zones, we would recommend that the Council be open to the idea of:

- Welcoming any qualitative improvements to the stock of health and fitness clubs across the Borough;
- The possible addition of a swimming pool in Ballycastle to account for the expressed demand;
- Possible additional children's facilities across the Borough; and
- Improvements to the quantitative and qualitative provision of hotels in Zone 4 (The Glens).

Conclusions

1.27 This Study provides the first opportunity since the Causeway Coast and Glens Borough was established to take stock of the performance of the new Borough's existing performance in retail and leisure, and to quantify any latent capacity for additional facilities.

1.28 Our Study has found that, overall, the Borough provides well for its residents, despite competing against nearby larger centres including primarily Londonderry and Ballymena. There is immediate identifiable capacity for new convenience floorspace in the Borough. There is no identifiable capacity of new comparison goods development until towards the end of the Plan period.

1.29 For the reasons we outline in the main report, we suggest that the Council does not allocate any specific sites and, instead, responds to market forces on a case-by-case basis. We recommend this because the comparison goods capacity only arises towards the end of the Plan period, and the quantum of convenience goods capacity identified does not result from any significant growth in convenience goods expenditure. Instead, it is largely derived from the over-trade of existing foodstores, some of which the Council may not wish to fetter owing to the beneficial footfall that they provide to each centre, where applicable. In this respect, notwithstanding our capacity projections, proposals for new retail floorspace should still be assessed in line with SPPS guidance on impact and need in the usual way. This would ordinarily be determined by forecasting the likely turnover of a specific proposal, and setting this against its trade draw from existing geographic areas, coupled with an assessment of trade diversion from existing stores and centres.

1.30 In line with this cautionary note, for the reasons we set out above, we have advocated that the 1,000 square metre impact threshold should be applied in Coleraine, Limavady and Ballymoney, with a lower 500 square metre impact threshold adopted in Ballycastle, Portrush and Portstewart.

1.31 In terms of any further intervention, we believe that the Council should be advised to monitor closely the following:

a) Coleraine – whilst we have reported that the Town Centre appears to be in good health, we are nonetheless cognisant that in order to upkeep that health, it is necessary to continue to draw a distinction between why people shop in the Town Centre, and why people shop at the out-of-centre Riverside Business Park. At present, the Town Centre provides well for comparison goods shopping, and is distinct from the Business Park, in that it offers a range of non-bulky stores including clothing and footwear. The Business Park in contrast is currently more accented towards the provision of bulky goods, selling the likes of pet, DIY and furniture goods. We would advise that the Council seeks to maintain this differentiation in its planning decisions, so as to minimise the overlap of trade between the two.

b) Ballymoney – we have identified notional capacity for upwards of 2,000 sq m net of new convenience goods floorspace in Ballymoney, later in the Plan period. That would be a welcome addition to the town centre if an appropriate site were to be found. However, in view of the fact that vacancy rates currently exceed 20% in the centre (by unit numbers and floorspace), the Council should consider carefully any further provision of edge or out-of-centre retail floorspace which is not well connected to the centre. It is important to seek to protect footfall in the centre, to maintain, at least, its current vitality and viability.

1.32 In addition, there is little identifiable capacity for additional leisure facilities within the Borough, and we recommend that the Council focuses, in the main, on encouraging qualitative improvements to the existing stock.