AccessibleRetail
one voice for retail warehouse and superstore property

PRESS INFORMATION

NEW GOVERNMENT TOWN CENTRE PLANNING POLICY COULD COST UK MILLIONS.

AR, SPIN-f and BPF take PPS6 fight to the Treasury and ODPM

Research commissioned by Accessible Retail (AR), the Shopping Park Investors Forum (SPIN-f) and the British Property Federation (BPF) provides evidence that bulky goods retailing in out-of-centre locations saves UK consumers millions, earns them a better return in their pensions provision and is a key economic driver creating efficiency in the retail economy and making a significant contribution towards growth in GDP. The research, by Experian and MORI, also shows that growth in out-of-centre bulky goods retailing has helped maintain and improve town centre vitality not damage it. This calls into question the Government's draft PPS6 document, that outlines its strategy for town centre planning policy.

AR, SPIN-f and the BPF, who represent a significant part of the retail and commercial property industries, support the overall aim of PPS6 to enhance and protect town centres, however, they consider the proposed policy revisions seriously threaten this aim and do not take into account the benefits of growth in GDP and efficiency bulky goods stores offer the UK economy.

A letter sent to the Treasury and the ODPM, argues the case for the following changes to the draft PPS6 regarding bulky goods stores/parks in out-of-centre locations:-

1) Allow/encourage mezzanines to ensure the benefits of out of town centres can continue without increasing pressure for newly built centres[1].
2) Allow existing parks/stores to be improved to keep pace with modern shopping requirements with extensions if necessary.

3) Overall, allow the floor space in the sector to grow in line with the sector's share of the total retail market.
4) In addition, where retail floor space growth in town centres is prevented by physical, environmental or heritage factors, other classes of retail goods including A1[2] should be permitted to locate in out-of-centre locations.

The letter also clearly defines the economic benefits and the sector's impact on town centres and sustainability.

The research shows that bulky goods retailing is a major contributor to growth in GDP[3]. Other economic arguments backed up by the Experian research include the vital contribution that retail warehousing makes towards UK employment, productivity and investment. Retail warehousing amounts to a major part (some £15 billion) of the property held by pension funds[4].

The perception of PPS6 that out-of-centre retail warehousing is a main cause of town centre decline is not supported by the research. Despite 70 million sq ft of new out-of-centre space, high streets have seen their share of all retail sales eroded by only 2% points in the last 10 years and over the same period, retail sales per square foot have grown faster in the high street than out-of-centre locations (+60% compared with +20% out-of-centre). The view of retailers is that high streets have benefited from the release of space formerly occupied by bulky goods retailers moving to retail parks, as the low densities of bulky goods traders have been replaced by complementary high density retailers and other occupiers selling more suitable goods.

Further research carried out by MORI disproves the myth that out-of-centre retailing is not sustainable and that it is a cause of traffic congestion[5]. Similarly, the perception in PPS6 that shopping at retail parks out-of-centre is socially divisive because of the dominance of car trips is unfounded; 93% of adults use a car nowadays – either as a driver or passenger.

In light of the research, AR, SPINF and the BPF believe the economic benefits that out-of-centre retailing has to offer can be secured without prejudicing the overall aim of PPS6 to protect and enhance town centres or to the sustainability agenda. Of particular concern is that, at present, only 3 million square feet per annum of new space is being permitted by the planning system, a rate wholly insufficient to accommodate forecast growth.

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Notes to Editors:

Please find attached - Letter sent by AR, SPINF and the BPF to the Treasury/ODPM.

Bulky goods
Bulky goods retailing refers to principally DIY, furniture, electricals, auto products and floor coverings (as defined by Experian).

Accessible Retail
Accessible Retail is the trade body representing the retail warehouse industry. It has over 750 members, including owners, occupiers and property advisors. Over the past few years AR has grown into an extremely active and powerful organisation and is now recognised as the single voice for out of town retail.

AR is dedicated to carrying out research and lobbying the government on behalf of members to ensure that, despite proposed changes in government legislation, the retail warehouse industry remains a vital and growing sector of the economy.

SPIN-f
The Shopping Park Investors Forum is now independent but was originally founded by Weatherall Green and Smith in April 1995. It has 30 active members. Between them the members own over 70 million sq ft throughout the UK comprising 550 parks and locations in 250 towns with over 2,000 tenancies and many more solus units.

The aim of SPIN-f is to share members' knowledge and work with retailers, consumers and other stakeholders to optimise returns from members' properties. Major forums are held twice yearly coupled with smaller focus groups in between.

BPF
The British Property Federation is a long established and well respected trade association which has achieved a considerable degree of success in representing to Government the interests of the property owning and investing industry. Its aim is to

sustain and promote the interests of all those who own and invest in property in the UK.

The key feature of the BPF's new three year strategy is to persuade the Government that the property industry is a vital component of a successful economy and also an important route by which the Government can achieve the delivery of many of its cherished policies, particularly urban regeneration, social inclusion, entrepreneurial success, savings and pensions reform and environmental improvement.

The BPF's strategy seeks to identify those aspects of the Government agenda where the property industry could make a real difference, to develop a lobbying and influencing strategy for bringing the nature of our contribution to the Government's notice, and to persuade Government that the contribution would be more effective if the environment in which we operate could be made more encouraging.

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[1] Furthermore, the research also provides a valuable case for the use of mezzanines in out-of-centre locations as the efficient out-of-centre format cannot be replicated in town centres. It is projected that the demand for bulky goods retail warehousing will increase by 104 million sq ft by 2016 but if the same demand had to be accommodated within town centres, the amount of floorspace needed would increase to 193 million sq ft.

[2] A1 is the planning category that includes shops, post offices, travel agents, hairdressers, funeral directors, and dry cleaners.

[3] Experian estimates that expenditure on bulky goods has been responsible for about 35% of the increase in retail spending and about 16% of the increase in GDP in the last 5 years. It also indicates that retail warehousing has significantly contributed to the 2% deflation per annum that retail goods have been experiencing over the past 3 years; out-of-centre retailers have seen volume growth exceed value growth over the last 10 years. Furthermore average out-of-centre sales densities are up 25% higher than those in the high street, a difference that is especially apparent in bulky goods retailers. For example, DIY retailers trade almost three times as productively out-of-centre than they do in-town.

[4] Investment funds with a high exposure to retail warehouses have comfortably outperformed funds with a lower exposure to this property type. For example, funds with a high exposure have enjoyed annual returns of over 11% over the last 10 years compared to 10.5% for all property.

[5] Although longer, trips to retail parks are less frequent than trips to town centres and foodstores and the research shows that consumers are most likely to visit retail parks for bulky goods purchases; 38%-44% as compared with 18%-27% who are most likely to shop in town centres (the % varies according to product).

MORI interviewed a nationally representative sample of 2,189 GB adults aged 15+, between 24-29 July.