Basildon: Retail Capacity Study

December 2011

CBRE

BASILDON town centre REgeneration

1.0 Executive Summary

Executive Summary

- CBRE have been commissioned by Wilson Bowden to assess the current level of retail and leisure provision within Basildon in relation to benchmark centres and to ascertain the ideal amount of retail provision that Basildon should look to contain, given the strength of retail demand from the local consumer base.

- In order to do this CBRE have benchmarked the current retail provision of Basildon against towns with a similar level of floorspace in order to assess the level of provision within the town against the amount of demand generated from the catchment area. The towns selected were Bromley, Chelmsford, Maidstone, Northampton and Swindon.

- Basildon was found to contain an overprovision of A1 retail, but was under provided for in terms of the other service, catering and leisure categories. There are very few bars and restaurants within the town centre, following the conscious decision to locate these facilities to a managed out of town facility, Festival Leisure Park. Though this has created a vibrant destination on the town's outskirts, the remaining catering offer largely consists of cafe's and fast food operators that do not trade in the evening which severely restricts the night time economy within the town centre.

- The current retail provision within Basildon town centre includes a core of prime shopping centre and high street space. The Eastgate Centre, owned by British Land is the prime retail pitch within the town centre, and is home to retailers such as ASDA, Debenhams, H&M, Superdry, Topshop, River Island and Bijou Brigitte.

- The Town Square is the principal high street environment within the town centre and contains a number of anchor store and MSU units. Retailers in this area include Marks & Spencer, BHS, Boots and Primark.

- However, there is also a significant amount of obsolete retail and office space within the town centre, reflected by a high level of vacancy in the peripheral retail areas.

- This is particularly evident in the East side area, where there has been little meaningful retail development for some years and the units are very dated and realistically cannot be adapted or retrofitted. As a result, there is limited demand for these units, which are too small and in the wrong configuration for most expanding national multiple retailers. At present, they are largely occupied by local independent retailers and retail service occupiers who pay very low rents. Vacancy rates amongst these units is also significantly higher than in other areas of pitch within Basildon.

Executive Summary

- There are also a number of large retail warehouse units that are located on the periphery of the town centre which are occupied by retailers that are not traditional retail park operators. Some of these retailers, such as Laura Ashley, could potentially be relocated following the redevelopment of the Eastern area.

- CBRE believe that the focus of Basildon's regeneration should be to improve rather than increase the level of retail provision. Presently there are areas of obsolete retail space and retail warehousing within the town centre, and in order to transform Basildon into a vibrant retail centre which will attract retailers, it is necessary to make the space more relevant to modern retailer requirements, who increasingly demand larger more flexible units.

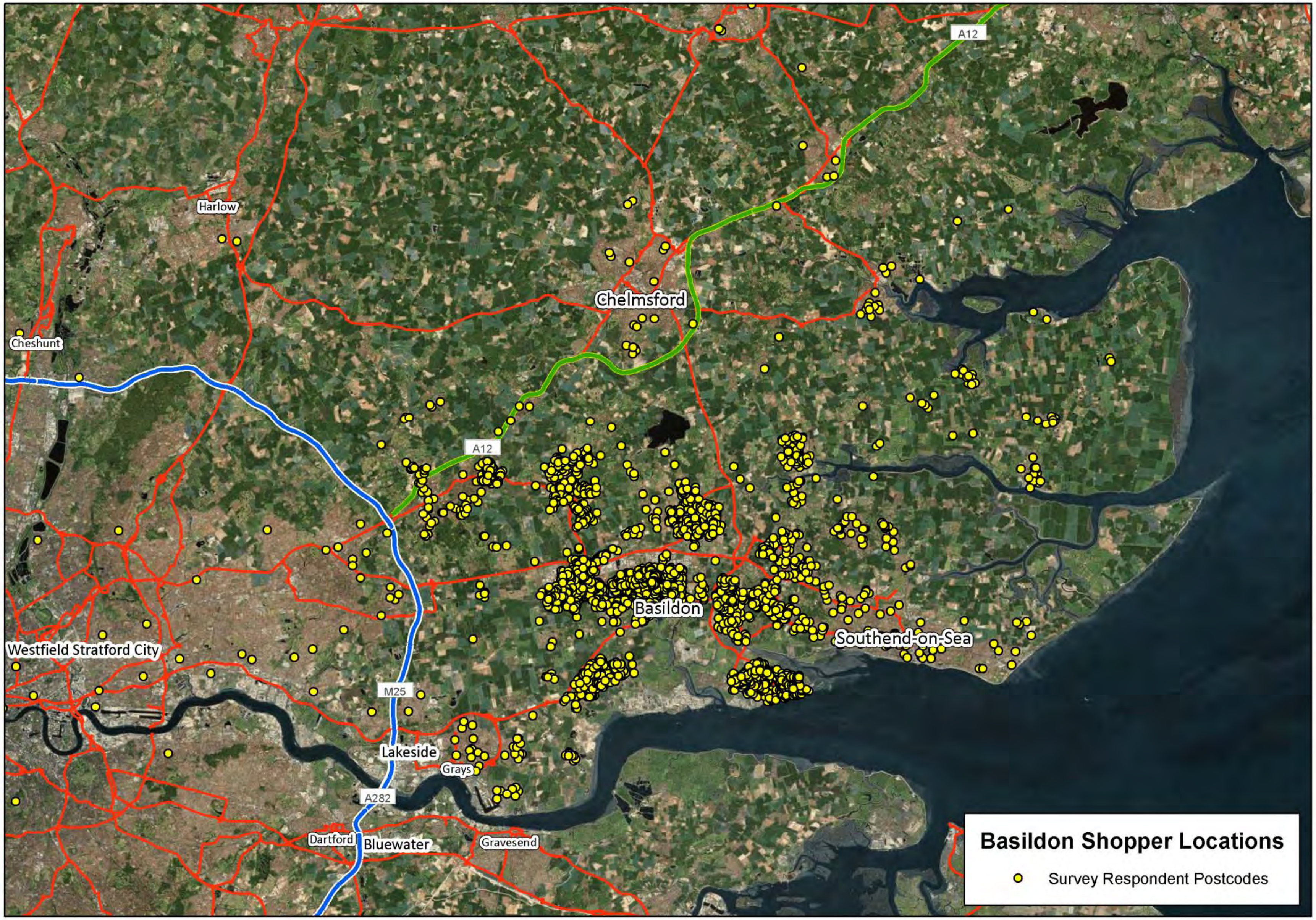
- Providing a quality retail environment and significantly improving the casual dining, formal restaurant and leisure offer is key to the ongoing vitality and viability of the town centre.

- CBRE's equilibrium analysis has calculated that retail expenditure growth and population change will lead to a moderate increase in demand from Basildon's retail catchment area.

- **CBRE would advocate that all stakeholders within the town centre's regeneration should seriously consider maintaining or reducing the overall level of A1 floorspace in Basildon. The replacement of obsolete and inappropriate forms of retail would also further this process. Significant development of the towns casual dining, restaurant and leisure offer to extend dwell times, attract a more upmarket consumer profile and ensure more extensive use of the town at evenings and weekends is a key focus. The development of desirable town centre residential units would also further demand for these sectors.**

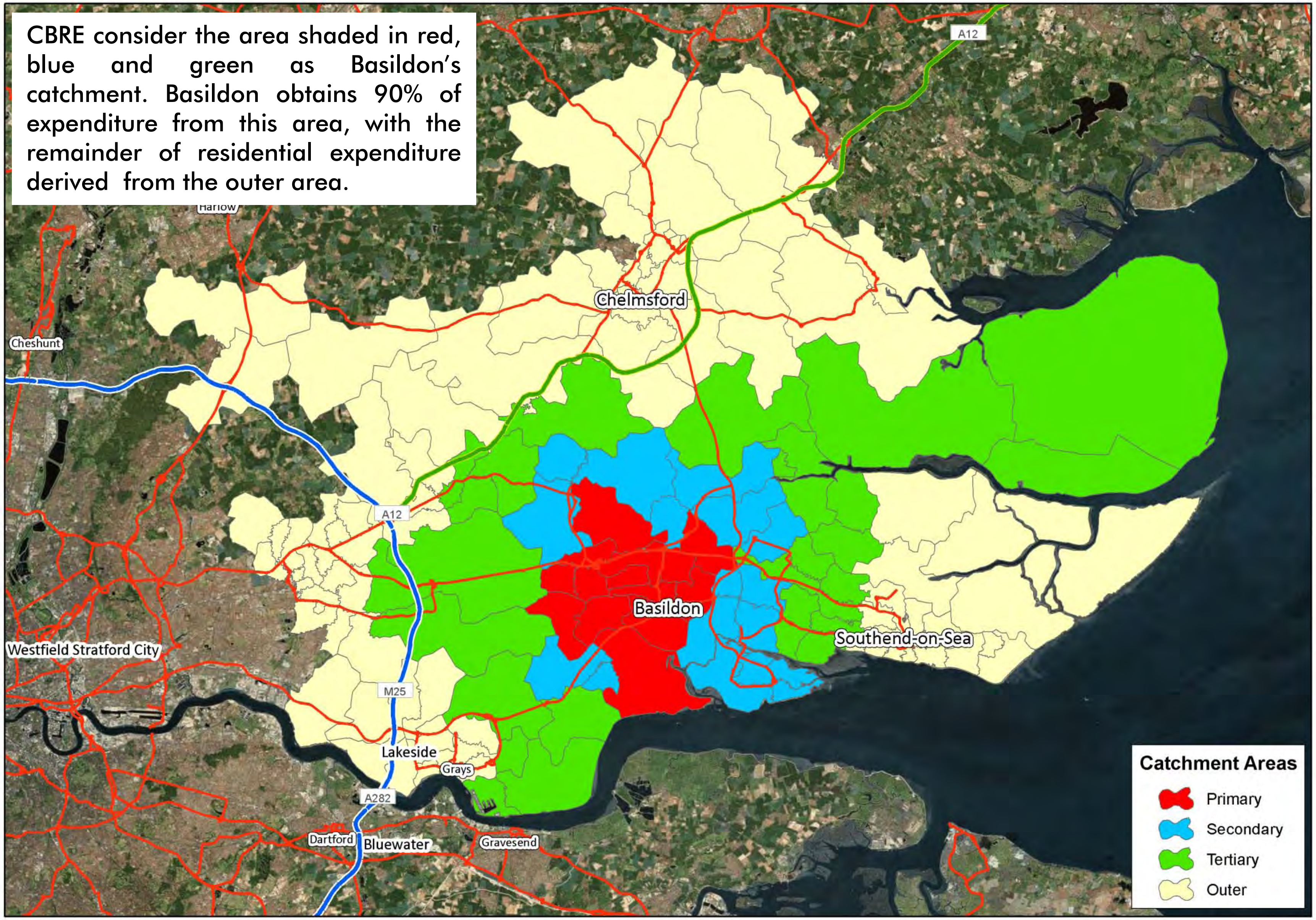
1.0 Current Catchment Area

Shopper Survey Respondent Locations

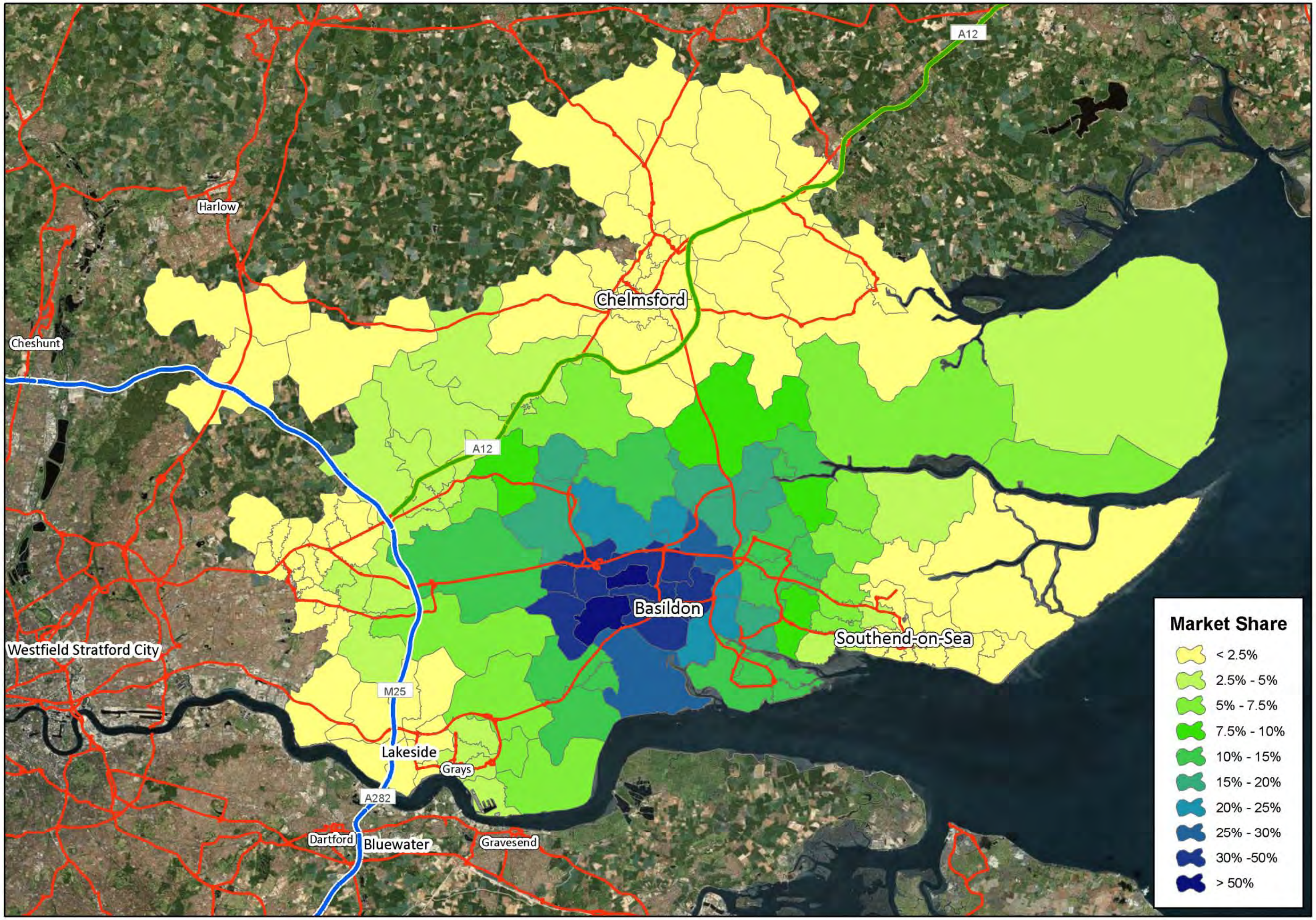


Existing Origin of Sales Catchment

CBRE consider the area shaded in red, blue and green as Basildon's catchment. Basildon obtains 90% of expenditure from this area, with the remainder of residential expenditure derived from the outer area.



Existing Market Share Penetration Catchment

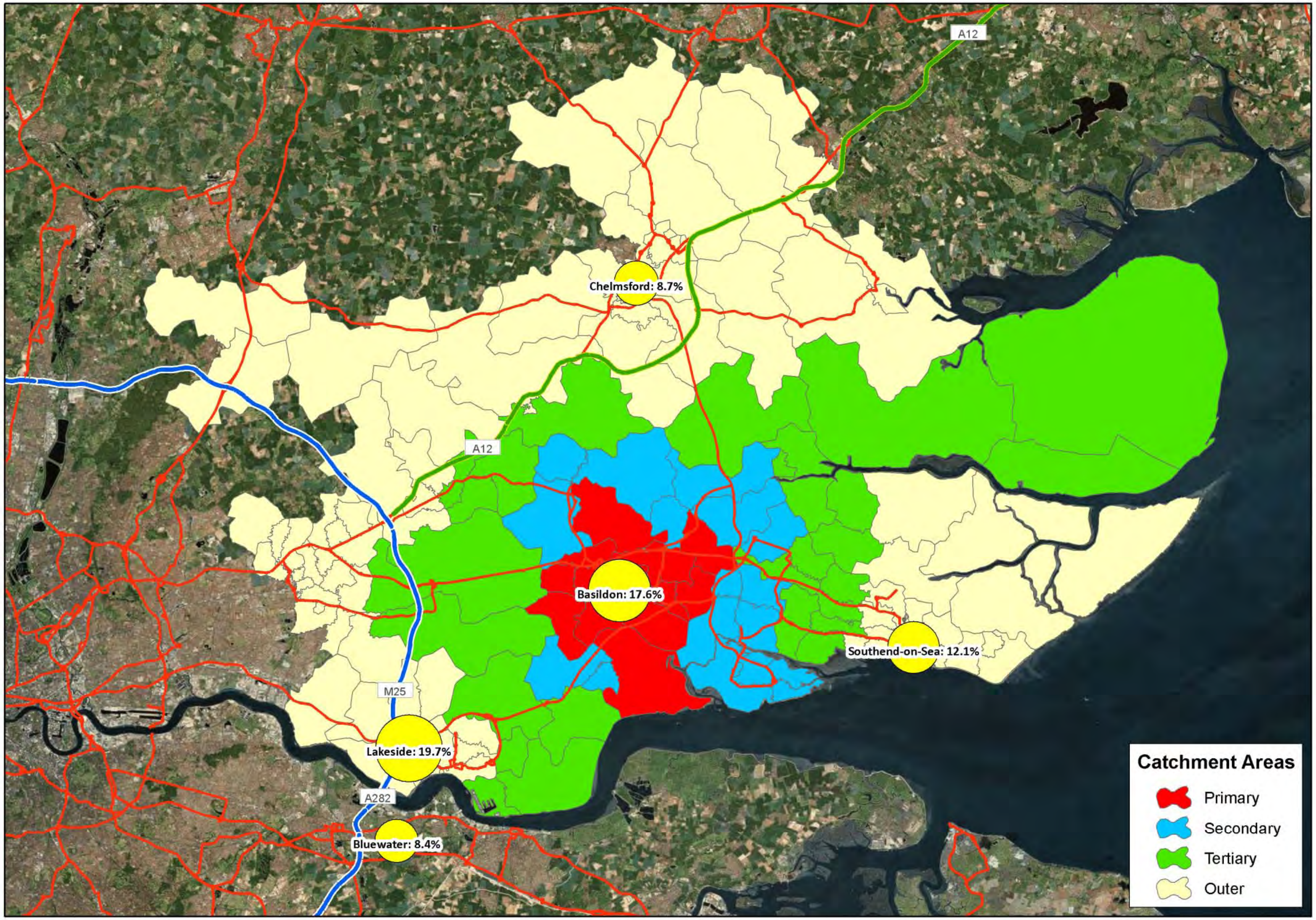


Leakage Report

- Basildon is currently the second most significant retail centre within its own catchment area, with a market share of 17.6%.
- Leading competitors include the out of town shopping centres of Lakeside and Bluewater and the neighbouring town centres within Essex, such as Southend-on-Sea, Chelmsford and Rayleigh.
- The overall retail expenditure within the catchment area amounts to £2.9 billion.

Centre Name	Weighted Expenditure	Percentage %
Lakeside	£580,739,037	19.7%
Basildon	£518,717,097	17.6%
Southend-on-Sea	£357,751,317	12.1%
Chelmsford	£256,318,416	8.7%
Bluewater	£248,789,032	8.4%
Rayleigh	£145,540,433	4.9%
Lakeside Retail Park	£120,284,509	4.1%
Romford	£110,360,554	3.7%
Brentwood	£104,095,649	3.5%
Leigh-on-Sea	£76,699,243	2.6%
Canvey Island	£70,195,393	2.4%
Billericay	£61,108,292	2.1%
Westfield Stratford City	£54,131,905	1.8%
Wickford	£46,837,925	1.6%
Maldon	£34,500,920	1.2%
Other Centres	£162,102,156	5.5%
Total	**£2,948,171,878**	**100.0%**

Existing Catchment with Competing Centre Market Shares



2.0 Defining the Local Consumer

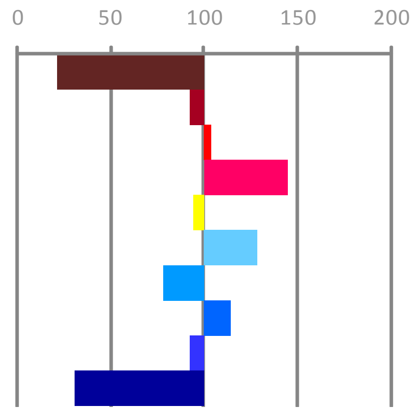
Basildon's Catchment Area Cameo Profile

- Basildon's catchment area is currently dominated by four key groups:
  - Suburban Homeowners - 20.6%
  - Value Driven Workers - 18.2%
  - Making Ends Meet - 16.4%
  - Rural Idyll -13.8%

- This profile is typical of many towns in the south east that have seen significant levels of new housing in the last ten years. Suburban Homeowners are amongst the highest spending of the Cameo groups due to their relative affluence and lifestage. Typically young families with two incomes, these consumers are key for many mid market high street retailers such as Marks & Spencer, Next or Zara.

- Lower down the affluence spectrum, there are also high numbers of Value Driven Workers in the local area. These consumers are also typically dual income households, albeit they tend to be employed in less well paid manual and administrative roles. Nonetheless, they still seek to engage in consumer society and are key customers of more value brands such as New Look, H&M and Primark.

	Group Name	Catchment Area Population	Catchment Area Population %	Great Britain	Great Britain %	Index
1	Affluent Urbanites	4,333	0.9%	2,429,485	4.0%	21
2	Maturing Wealth	22,171	4.4%	2,841,743	4.7%	93
3	Rural Idyll	70,212	13.8%	8,031,444	13.3%	104
4	Suburban Homeowners	104,749	20.6%	8,613,099	14.3%	145
5	Mixed Communities	44,724	8.8%	5,615,706	9.3%	95
6	Value Driven Workers	92,494	18.2%	8,572,772	14.2%	128
7	Just Starting Out	22,427	4.4%	3,400,095	5.6%	78
8	Making Ends Meet	83,364	16.4%	8,698,649	14.4%	114
9	Poorer Families	47,622	9.4%	6,147,765	10.2%	92
10	On the Breadline	15,676	3.1%	6,053,768	10.0%	31
	Total	**507,772**	**100%**	**60,404,526**	**100%**	



Group Four: Suburban Homeowners (20.6% of Catchment)

"Suburban Homeowners In Smaller Private Family Homes"

Suburban Homeowners:

These residents live in smaller less expensive semi and detached properties in small towns and pleasant suburbs, and are a mix of couples, singles and families. Typically homes are mortgaged although some are owned outright. Although this group includes directors, the majority are occupied in professional, white and blue collar employment. Car ownership is high as most residents use private transport to travel to work. Typically responsive to mail order, they are quite able to maintain repayments. They read a mix of newspapers.

Locations with High Penetrations	Area Population %
Upminster (Incl Bulphan, North Ockendon)	57.4%
Moor Lane, Upminster	47.5%
Basildon (Incl Langdon Hills, Laindon)	38.9%
Highlands Boul, Leigh On Sea, Southend	36.4%
Basildon (Incl Laindon, Noak Bridge)	35.9%
Benfleet (Incl Hadleigh)	34.8%
Celeborn Street, South Woodham Ferrers	34.6%
Kiln Road, Benfleet	33.5%
Two Tree Island, Leigh On Sea, Southend	32.8%
Hockley (Incl Hawkwell)	30.4%

Favoured Retailers Include:

ZARA
next
DEBENHAMS
MARKS & SPENCER
GAP

Group Three: Rural Idyll (13.8% of Catchment)

"Affluent Home Owning Couples & Families In Large Rural Houses"

Rural Idyll:

The majority of these couples and families live in mortgaged or owned large detached and semi-detached properties in rural areas. They are reaching the pinnacle of their careers and with children of all ages at home, most households depend on at least 2 or 3 cars. Occupations vary from professional and white collar through to senior positions in blue collar and rural trades. Investor activity is above average. This group tends to be low risk and receptive to appropriate direct mail and mail order services. Internet usage is high and regional newspapers are frequently read alongside quality titles.

Locations with High Penetrations	Area Population %
Rettendon Common	63.8%
Mayland, Althorne	54.3%
Billericay (Incl Ramsden Heath)	44.3%
Southminster (Incl St. Lawrence, Tillingham)	44.0%
Orsett, North Stifford	37.2%
Ingatestone (Incl Stock, Margaretting)	35.7%
Basildon (Incl Langdon Hills, Laindon)	32.3%
Billericay (Incl Little Burstead)	30.6%
Great Warley, West Horndon	28.6%
Wickford (Incl Runwell, Battlesbridge)	26.9%

Favoured Retailers Include:

Group Six: Value Driven Workers (18.2% of Catchment)

"Less Affluent Family Neighbourhoods"

Value Driven Workers:

These well established neighbourhoods comprise of moderately priced semi-detached and terraced properties in small towns and suburbs. These are typically family areas although we do see some individuals living alone or co-habiting. Less affluent and less educated than those in Group Five, these residents are either starting out in their careers, bringing in a single income to support a family household or merely working in lower paid positions. Their credit risk reflects the national average. They are frequent users of the internet and typically purchase from catalogues.

Locations with High Penetrations	Area Population %
Manor Road, Benfleet	50.3%
Stanford-le-hope (Incl Linford, Mucking)	43.4%
Dock Road, Tilbury	38.1%
High Street, Canvey Island	37.3%
Hullbridge	35.4%
Hockley Road, Rayleigh	34.4%
Corringham	33.8%
Horndon-on-the-Hill & Corringham	32.5%
Eastwood Road, Rayleigh	31.5%
Creek Road, Canvey Island	29.7%

Favoured Retailers Include:

Poundland

JJB sports

MATALAN

TK maxx

new look

Group Eight: Making Ends Meet (16.4% of Catchment)

"Poorer White & Blue Collar Workers"

Making Ends Meet:

These residents encompass a mixture of couples and singles, some with children. There are also pockets of pensioners. Properties are typically smaller low quality terraces and semi's, mainly mortgaged and located amongst and on the outskirts of urban centres. Typical employment includes manual and poorly paid white collar occupations. Unemployment is above the national average and car ownership is low. Mail order channels are often used to spread payments and to earn additional income through commission but levels of credit risk are above the British average.

Locations with High Penetrations	Area Population %
Basildon (Incl Pitsea)	46.0%
Whitmore Way, Basildon	44.0%
Grays (Incl Chadwell St. Mary)	42.0%
Link Road, Canvey Island	34.7%
Lincoln Road, Basildon	33.0%
Basildon (Incl Vange, Langdon Hills)	32.2%
Tilbury (Incl East Tilbury, West Tilbury)	32.1%
Horndon-on-the-Hill & Corringham	30.4%
High Street, Canvey Island	28.6%
Basildon (Incl Laindon, Southfields)	28.4%

Favoured Retailers Include:

ASDA

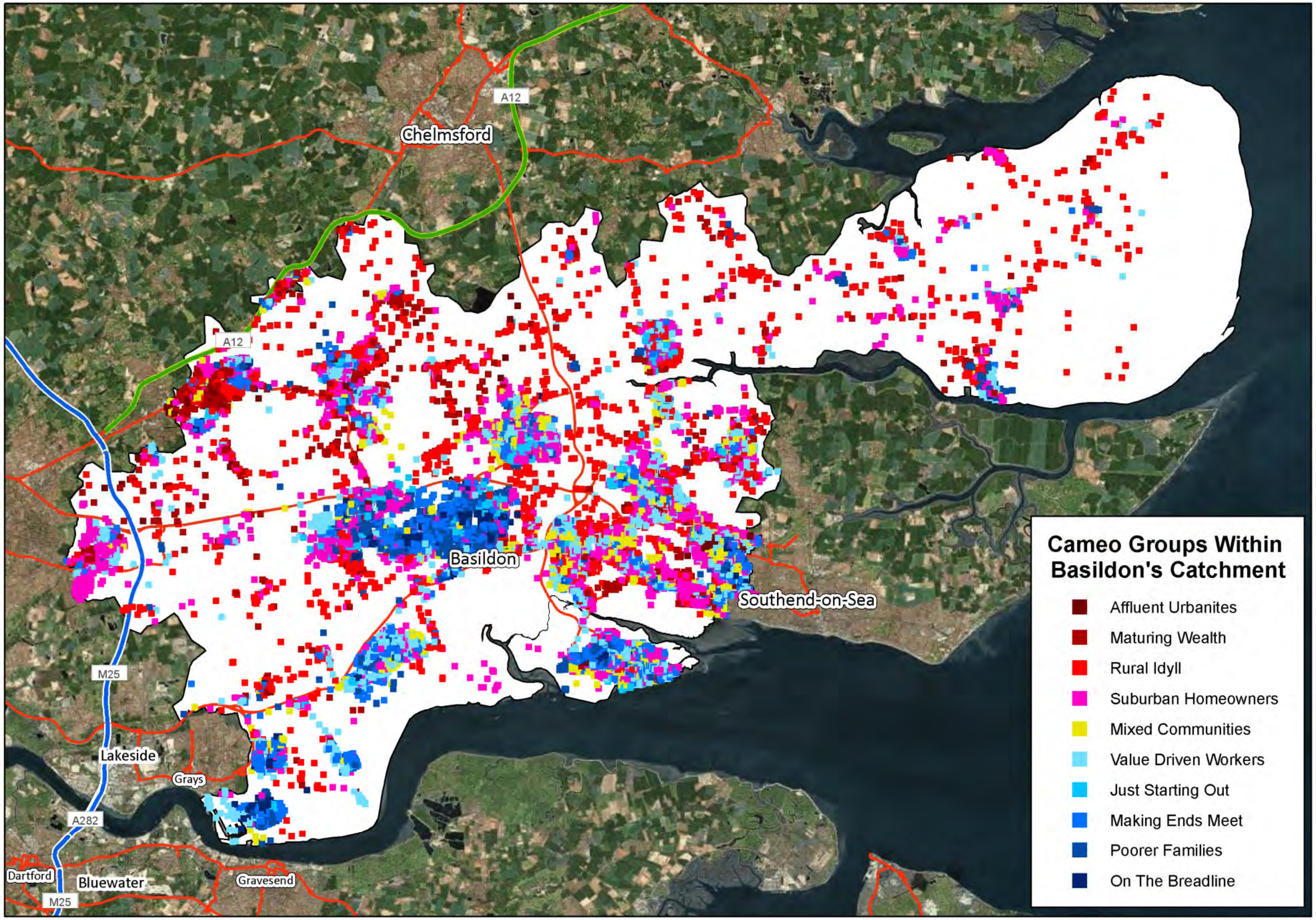
Bhs

PRIMARK

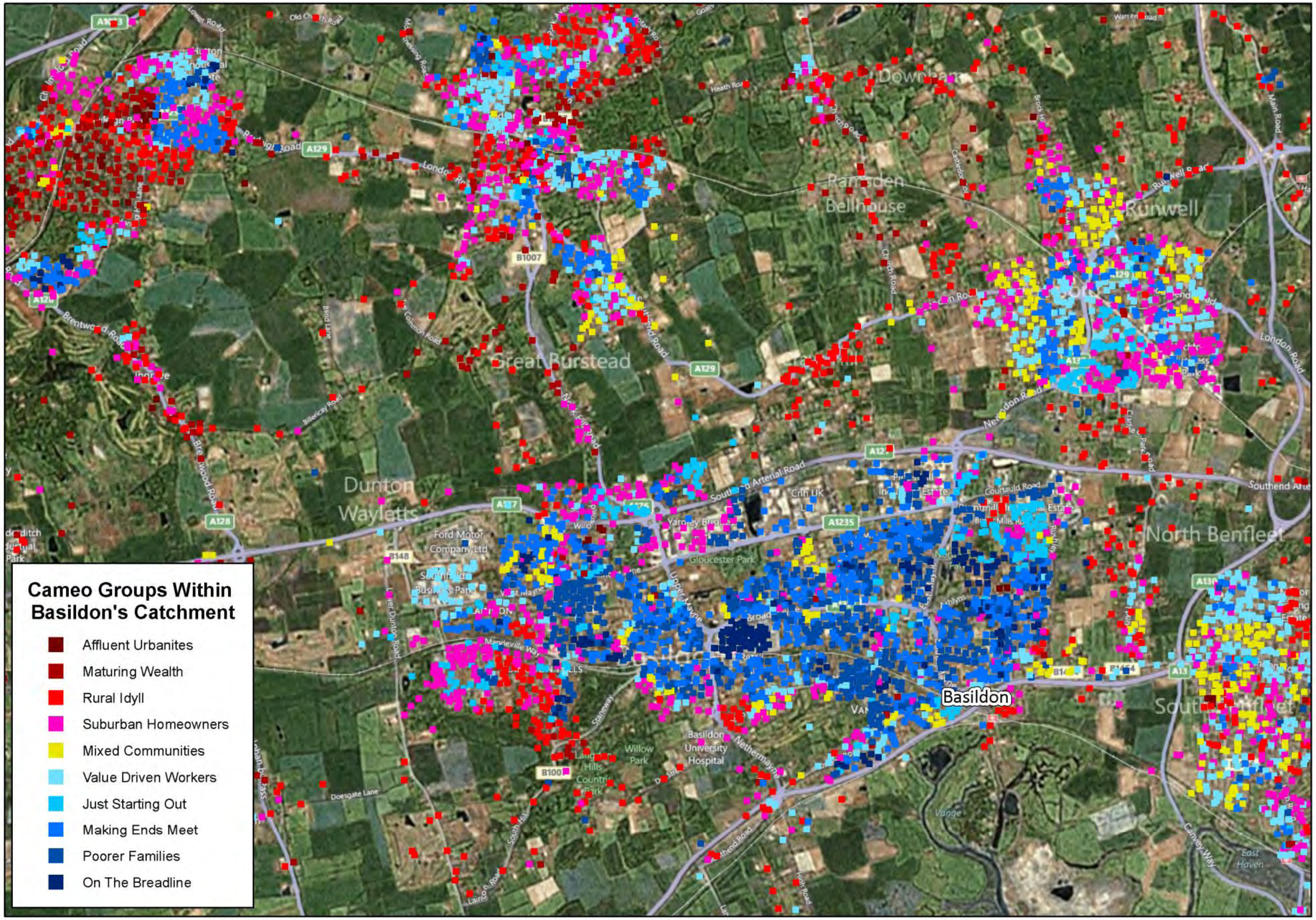
PEACOCKS

new look

Cameo Groups Within Basildon's Catchment Area



Basildon's Most Affluent Residents Live on the Outskirts



3.0 Current Retail Supply

Basildon's Current Floorspace Provision

- The structure of floorspace provision within Basildon has been compared to that of towns and cities of a similar size and function. For example, we have not included centres with a large tourism function in order to provide a fair and even-handed comparison.
- The upper chart shows that in comparison to the level of A1 floorspace provision, Basildon has significantly less floorspace amongst the business services, and to a greater extent, leisure services classifications.

Retail Centre Name	A1: Shops	A2: Financial & Professional Services	A3: Restaurants & Cafes	A4: Drinking Establishments	A5: Hot Food Takeaways	Total
Maidstone	1,121,600	119,000	88,500	75,500	25,900	1,430,500
Northampton	1,102,500	108,400	98,300	151,900	33,300	1,494,400
Bromley	1,101,200	126,700	81,600	68,500	24,300	1,402,300
Basildon	1,059,500	55,300	29,400	14,400	24,700	1,183,300
Swindon	980,200	130,100	57,500	90,000	17,600	1,275,400
Chelmsford	962,600	124,300	89,300	101,800	31,900	1,309,900
Benchmark Centre Average	1,053,620	121,700	83,040	97,540	26,600	1,382,500
Basildon Index	**101**	**45**	**35**	**15**	**93**	**86**

Basildon's Current Floorspace Provision

- As a percentage of overall space within the town centre, only 2.5% is dedicated to restaurants & cafes within Basildon, less than half of the benchmark average of 6%.
- Amongst drinking establishments this figure is even more extreme, as Basildon dedicates only 1.2% of overall space to A4 use, compared to 7% amongst benchmark centres.
- This is in contrast to the provision of A1 floorspace, which accounts for 89.5% of the total retail area in Basildon, compared to an average of 76.2% amongst the benchmark centres.

Retail Centre Name	Percentage A1: Shops	Percentage A2: Financial & Professional Services	Percentage A3: Restaurants & Cafes	Percentage A4: Drinking Establishments	Percentage A5: Hot Food Takeaways	Total
Maidstone	78.4%	8.3%	6.2%	5.3%	1.8%	100%
Northampton	73.8%	7.3%	6.6%	10.2%	2.2%	100%
Bromley	78.5%	9.0%	5.8%	4.9%	1.7%	100%
Basildon	89.5%	4.7%	2.5%	1.2%	2.1%	100%
Swindon	76.9%	10.2%	4.5%	7.1%	1.4%	100%
Chelmsford	73.5%	9.5%	6.8%	7.8%	2.4%	100%
Benchmark Centre Average	76.2%	8.9%	6.0%	7.0%	1.9%	100%
Basildon Index	**117**	**53**	**42**	**17**	**109**	~

Floorspace Provision Per Capita

- The number of shoppers visiting each of the benchmark centres has been calculated using CBRE's annual household survey, the National Survey of Local Shopping Patterns.

- When the amount of floorspace provision per shopper visiting Basildon is compared against the benchmark centres, several key conclusions can be drawn:

  - When compared to the benchmarks, Basildon does not attract significant enough shoppers to support over one million square feet of A1 floorspace provision.
  - The amount of A1 floorspace per head is 40% above that of the benchmark centres.
  - The amount of leisure provision per head is significantly undersupplied when compared to the benchmark average.
  - Basildon has 20% of the average floorspace per head in the A4 drinking establishments category and half the average amongst the A3 classification, restaurants and cafes.

Retail Centre Name	NSLSP Shopping Population	A1: Shops	A2: Financial & Professional Services	A3: Restaurants & Cafes	A4: Drinking Establishments	A5: Hot Food Takeaways	Total
Maidstone	201,691	5.56	0.59	0.44	0.37	0.13	7.09
Northampton	230,962	4.77	0.47	0.43	0.66	0.14	6.47
Bromley	323,142	3.41	0.39	0.25	0.21	0.08	4.34
Basildon	176,462	6.00	0.31	0.17	0.08	0.14	6.71
Swindon	261,916	3.74	0.50	0.22	0.34	0.07	4.87
Chelmsford	233,697	4.12	0.53	0.38	0.44	0.14	5.61
Benchmark Centre Average	250,282	4.32	0.50	0.34	0.40	0.11	5.68
Basildon Index	71	139	63	48	20	127	118

Basildon's Current Floorspace Provision

- The structure of floorspace provision within Basildon has also been compared to that of towns and cities with a smaller A1 retail provision than Basildon but that have more balanced provision. On average the centres have an A1 floorplate of 750,000 sq ft and includes centres from across the UK. These centres have been selected as potential templates of how the provision within Basildon could be structured following any future re-development.
- Compared to these smaller centres, Basildon has significantly a greater amount and proportion of A1 space whilst the centre remains underprovided for amongst the A2, A3 and A4 usage classifications.

Retail Centre Name	A1: Shops	A2: Financial & Professional Services	A3: Restaurants & Cafes	A4: Drinking Establishments	A5: Hot Food Takeaways	Total
Basildon	1,059,500	55,300	29,400	14,400	24,700	1,183,300
Bedford	785,100	102,900	51,800	61,800	28,000	1,029,600
Portsmouth	770,800	60,500	19,800	73,000	18,200	942,300
Loughborough	738,200	95,500	37,000	81,500	21,900	974,100
Canterbury	735,800	69,300	114,500	61,100	19,800	1,000,500
Salisbury	726,800	116,800	58,000	86,800	23,700	1,012,100
Benchmark Centre Average	751,340	89,000	56,220	72,840	22,320	991,720
Basildon Index	**141**	**62**	**52**	**20**	**111**	**119**

Retail Centre Name	Percentage A1: Shops	Percentage A2: Financial & Professional Services	Percentage A3: Restaurants & Cafes	Percentage A4: Drinking Establishments	Percentage A5: Hot Food Takeaways	Total
Basildon	89.5%	4.7%	2.5%	1.2%	2.1%	100%
Bedford	76.3%	10.0%	5.0%	6.0%	2.7%	100%
Portsmouth	81.8%	6.4%	2.1%	7.7%	1.9%	100%
Loughborough	75.8%	9.8%	3.8%	8.4%	2.2%	100%
Canterbury	73.5%	6.9%	11.4%	6.1%	2.0%	100%
Salisbury	71.8%	11.5%	5.7%	8.6%	2.3%	100%
Benchmark Centre Average	75.8%	8.9%	5.6%	7.4%	2.2%	100%
Basildon Index	**118**	**52**	**44**	**17**	**93**	~

Basildon's Current Floorspace Provision

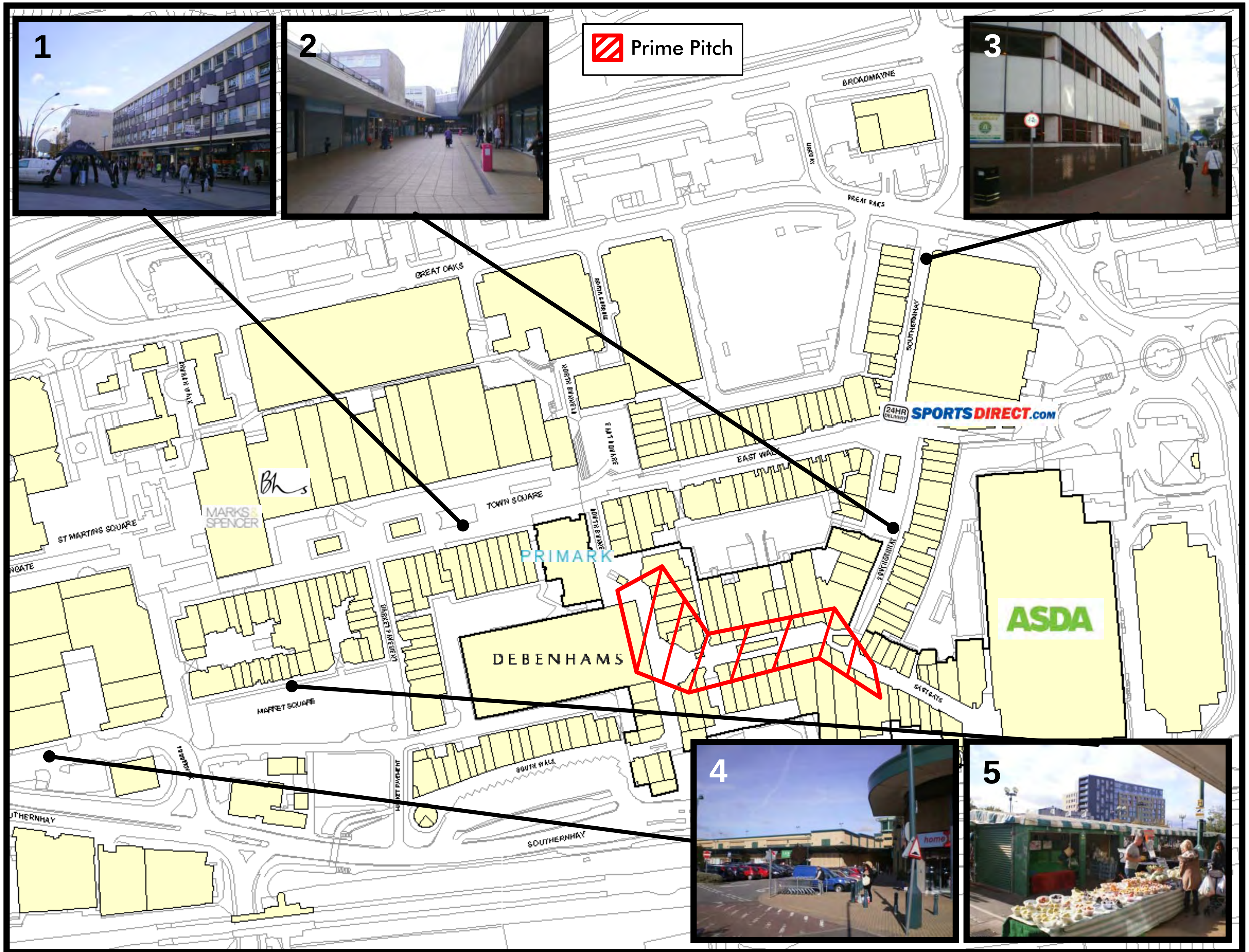
- When the floorspace provision per head is compared to the smaller benchmark centres, Basildon compares favourably in terms of overall provision per head although this figure is skewed somewhat by the higher level of provision per head in both Salisbury and Loughborough which are both quite rural centres.

- When compared to Canterbury, which is the closest of the benchmarks in terms of population attracted, Basildon has almost double the amount of A1 floorspace per head.

- Canterbury's strong retail mix and more extensive restaurant offer (pictured) can be seen as an interesting yardstick for the future configuration of retail supply within Basildon.

Retail Centre Name	NSLSP Shopping Population	A1: Shops	A2: Financial & Professional Services	A3: Restaurants & Cafes	A4: Drinking Establishments	A5: Hot Food Takeaways	Total
Basildon	176,462	5.3	0.3	0.1	0.1	0.1	6.7
Bedford	151,762	5.2	0.7	0.3	0.4	0.2	6.8
Portsmouth	251,345	3.1	0.2	0.1	0.3	0.1	3.7
Loughborough	77,040	9.6	1.2	0.5	1.1	0.3	12.6
Canterbury	206,500	3.6	0.3	0.6	0.3	0.1	4.8
Salisbury	130,100	5.6	0.9	0.4	0.7	0.2	7.8
Benchmark Centre Average	163,349	5.4	0.7	0.4	0.5	0.2	7.2
Basildon Index	**108**	**97**	**40**	**38**	**13**	**75**	**94**

Current Retail Supply in Basildon Town Centre



Current Retail Supply in Basildon Town Centre

The current retail provision within Basildon town centre includes a core of prime shopping centre and high street environments.

Highlighted in red hatching on the map is the Eastgate Centre, which CBRE considers to be the area of prime pitch within Basildon town centre. Owned by British Land this scheme is anchored by a very large Debenhams and ASDA and is also home to retailers such as H&M, Superdry, Topshop, River Island and Bijou Brigitte.

1) The Town Square is the principal high street environment within the town centre and contains a number of anchor store and MSU units. Retailers in this area include Marks & Spencer, BHS, Boots and Primark.

2) This area of pitch is called Southernhay and links directly into the Eastgate Centre. The area contains a number of vacant units and is typically home to operators with low rental prospects, such as charity shops and estate agencies.

3) This area forms the eastern edge of Basildon. At present, the area is dominated by a large 1960's structure that is occupied by Toys R Us which has been subdivided to accommodate Sports Direct. There is also a multi-storey parking facility at the eastern end.

4) At the western edge of the town centre there is a cluster of retail warehousing called Westgate Park. The occupiers at this development include a number of vulnerable tenants or retailers that would be more commonly found in traditional high street locations.

5) At the southern end of the town centre is the Market Square, which offers an informal lower market retail proposition four days a week.

The Retail Configuration of Basildon Town Centre

The configuration of the prime retail area within Basildon currently revolves around an east-west axis with the large Debenhams department store in the centre and the footfall drivers of ASDA and Marks & Spencer at either end. However, the best retail environments allow shoppers to navigate the town in a coherent circuit, and as previously discussed, the existing layout does little to create footfall in the more peripheral areas of Westgate and Southernhay.

Basildon has Significant Out of Town Leisure Provision

- Another element of leisure provision that can be considered is that of Cinema capacity in Basildon in relation to the benchmark centres.
    - Cinema provision is a central pillar of the leisure offer at the leading out of town shopping centres of Lakeside, Bluewater and Westfield Stratford City, however they are located at some distance from Basildon at 25, 33 and 48 minutes respectively. Improving the cinema provision within Basildon would help to reduce retail expenditure leakage to these centres.
    - Within Basildon itself the Cinema offer is dominated by the Empire cinema to the north of the town centre which has 16 screens within a modern screening environment. The development enjoys easy access for car users from a nearby junction to the arterial A127. The development also has over 1,000 free surface parking spaces.
    - However, access is limited for those without car access. The only bus which stops at the scheme is the 237, run by private firm NIBS. This service does not stop at the complex until 9.44am, Monday to Saturday, which is too late for many people who work there. The latest bus stops at the leisure park at 6.31pm on weekdays and 5.31pm on Saturdays, which is too early for many people who want to eat, go for a drink or visit a nightclub. There are no buses on Sundays.
    - In September 2011 a spokesman for NIBS said: "Festival Leisure Park is a difficult place to serve with buses. It was built with a massive free car park and is busiest in the evenings, when it is the most expensive time to run buses. "It would not be viable to provide an evening service. Two other independent operators have offered evening services, but they were withdrawn as they were not economically sustainable."

Festival Leisure Park

Out of Town Retail Parks Provide Additional A1 Retail Space

- Another element of retail provision that should be considered within the assessment is the current supply of A1 floorspace in Basildon's out of town retail parks.

- Pipps Hill Retail Park is located to the north west of Basildon town centre and is easily accessible from the A127 arterial road. It has a mixed offer of both comparison and convenience retail, with a 43,282 sq ft Asda supermarket providing the latter. Retailers such as B&Q, Currys, Argos, Halfords and Comet are all occupiers of the retail warehouses and there are two stand alone restaurant units one of which is occupied by Burger King and one which has been subdivided to accommodate Blockbuster and the Carphone Warehouse. The site is also adjacent to the Basildon Trade Centre which has a cluster of bulky goods and building supplies retailers such as Topps Tiles and Floors 2 Go.

- British Land's Mayflower Retail Park is located two and a half miles to the north of Basildon town centre. The scheme is home to popular retailers such as Homebase, Curry's, Boots, Mothercare and Next. A Tesco Extra is located on an adjacent site. There are also three stand alone restaurant units occupied by McDonalds, Pizza Hut and KFC.

Pipps Hill Retail Park

Mayflower Retail Park

3.0 Floorspace Optimisation

CBRE

Equilibrium Analysis Methodology

- In order to assess the optimal level of retail floorspace for Basildon, CBRE have tested the impact of adding increments of 50,000 sq ft to the existing retail stock.

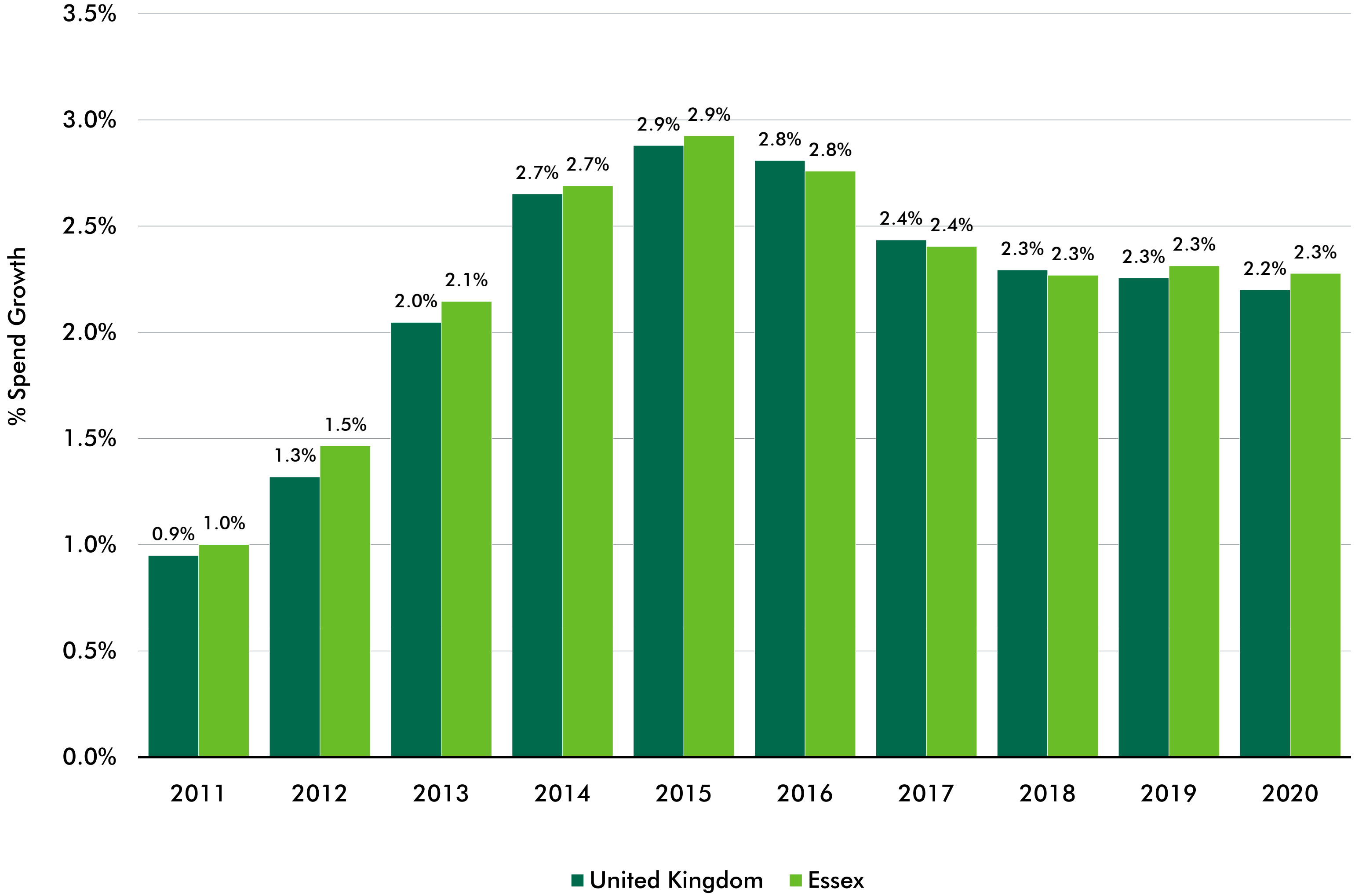
- For each iteration of the gravity model, taking into account changes in retail offer and floorspace, an aggregated level of shopper expenditure attracted to the retail centre has been calculated. These shopper expenditures can be compared, and the rate of uplift assessed in relation to the rate of change in retail floorspace.

  - **Optimum Point** = The optimum point for Basildon is the point where the highest spend density is found.

  - **Equilibrium Point** = The point of equilibrium demonstrates the maximum amount of floorspace that can be added to the location without diluting spend density below its current level. NB: Other factors such as changes in footfall patterns, relocation of stores etc will have an impact at the micro level.

- Any floorspace level below the optimum point implies an under-supply, whilst the addition of new space beyond the equilibrium point means the location has an over-supply of floorspace which would lead to a lower sales density. Floorspace provision between these points would therefore benefit both Basildon and the new scheme.

Projected Retail Expenditure Growth in Essex to 2020



Expenditure growth forecasts have been sourced from Oxford Economics in order to project as accurately as possible the shopper expenditure levels for the Basildon catchment area in the future. They assume constant prices and are created through modelling local area economic variables, population change (as demonstrated on the subsequent maps for the Basildon area) and consumer profiling.

Factors Affecting Retail Expenditure in Basildon

- Like many similar towns and cities across the UK, Basildon will be affected by the government's current austerity measures, that will affect both businesses and workers in the private sector, as well as those employed directly within the public sector.

- However, Basildon enjoys a much more diverse employment base than many other towns within the UK, and is significantly less reliant on the public sector for employment overall. Prior to the government's spending cuts, 24% of Basildon's workers were employed by the state. This compares favourably to a national average 27.1%.

- Basildon is the commercial centre of South Essex with a broad, thriving industrial base. Over 5,000 VAT registered businesses, including more than 2,000 manufacturing, construction and service companies and hundreds of stores and shops, successfully operate in the Basildon district.

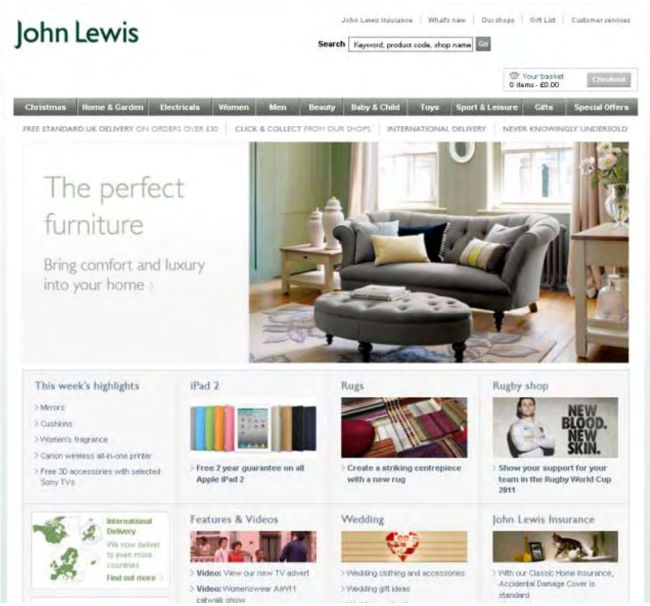
- The area has also been designated within the government's Thames Gateway regeneration program which will see the town benefit from regeneration initiatives and significant investment in the area's road networks and other social infrastructure. Significant amounts of new housing are also planned for the area.

- E-Commerce has grown significantly over the last decade and now represents 8% of total retail sales. This is forecasted to grow to 25% by 2020. More significantly, the role of the internet will change the way that customers interact with physical stores. The rise of concepts such as Click & Collect and Store to Direct (where online purchases are made in store via a terminal) retailing, have begun to alter the role of stores.

- The impact that the rise of E-commerce, M-commerce and Multi-channel retailing will have on physical stores is already being seen in terms of retailer requirements. New retailers are increasingly looking to trade from a smaller number of flagship locations, combined with a strong online presence. Existing retailers are increasingly looking to downsize their legacy estates to reduce property costs and exit unprofitable centres. Other retailers, such as HMV, are struggling to maintain a store presence as many of their competitors are now 'online only' players.

- The uplift in the development of grocery store floorspace that began at the onset of the credit crisis of 2007 continues unabated. Grocery is currently the only retail development sector to be seeing a sustained increase in development activity. Overall the grocery pipeline has grown by over 40% since Q2 2008, ending Q1 2011 at 41.22m sq ft.

Online Continues to Grow at a Rapid Pace



- 8.2% of UK retail expenditure is now online, though this differs significantly by product category.
- Last year the online retail market in the UK was worth £22.9 billion.
- Online retail expenditure grew by 14.9% last year.
- There are vast differences between product categories. In music & video 45.5% of sales are online compared to a figure of 3.2% amongst health & beauty products.

£275 million was spent on UK retail through mobiles in 2010

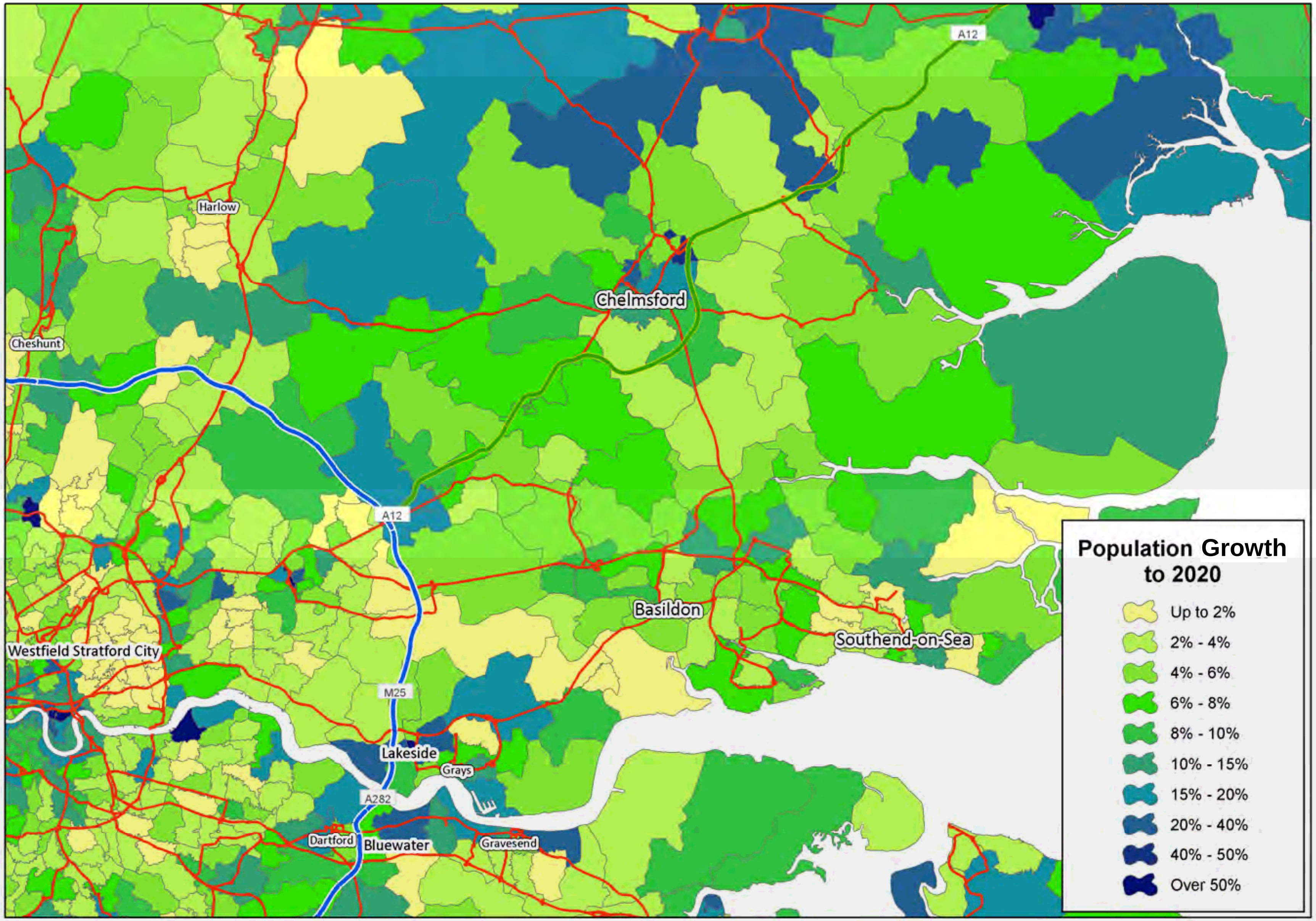
M-commerce is becoming increasingly important - iPhone and Smartphone applications and mobile optimized websites are now the norm.

Mobile phones offers the potential for personalized marketing and discounts and enhance convenience – particularly via 'QR' codes.

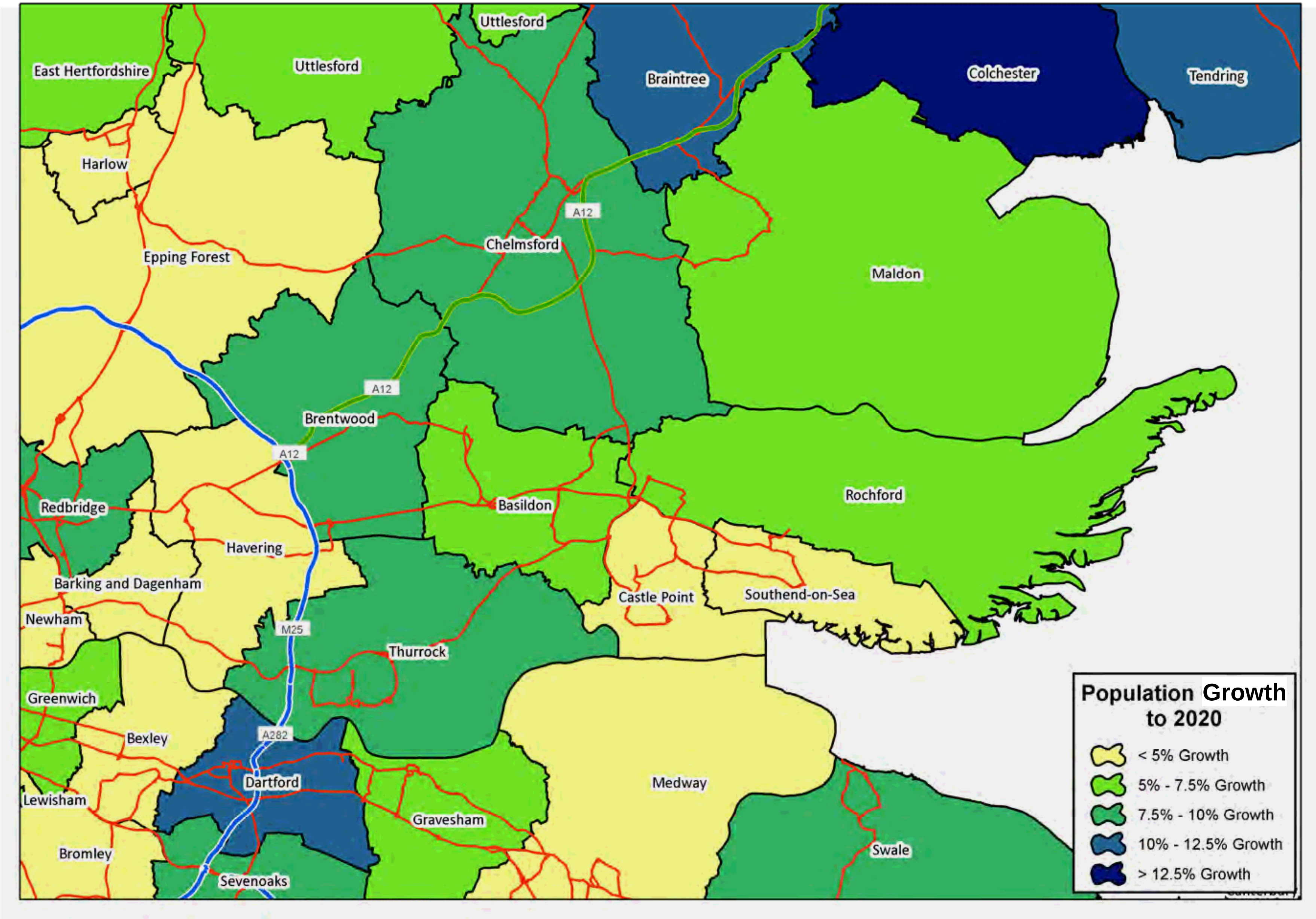
Tablet specific applications (e.g. iPad) are becoming popular with young professionals and family consumers.

Innovative virtual shopping is being trialled with virtual shops in which consumers scan product codes with their mobiles to purchase, which are then delivered to their address.

Projected Population Growth in Essex to 2020

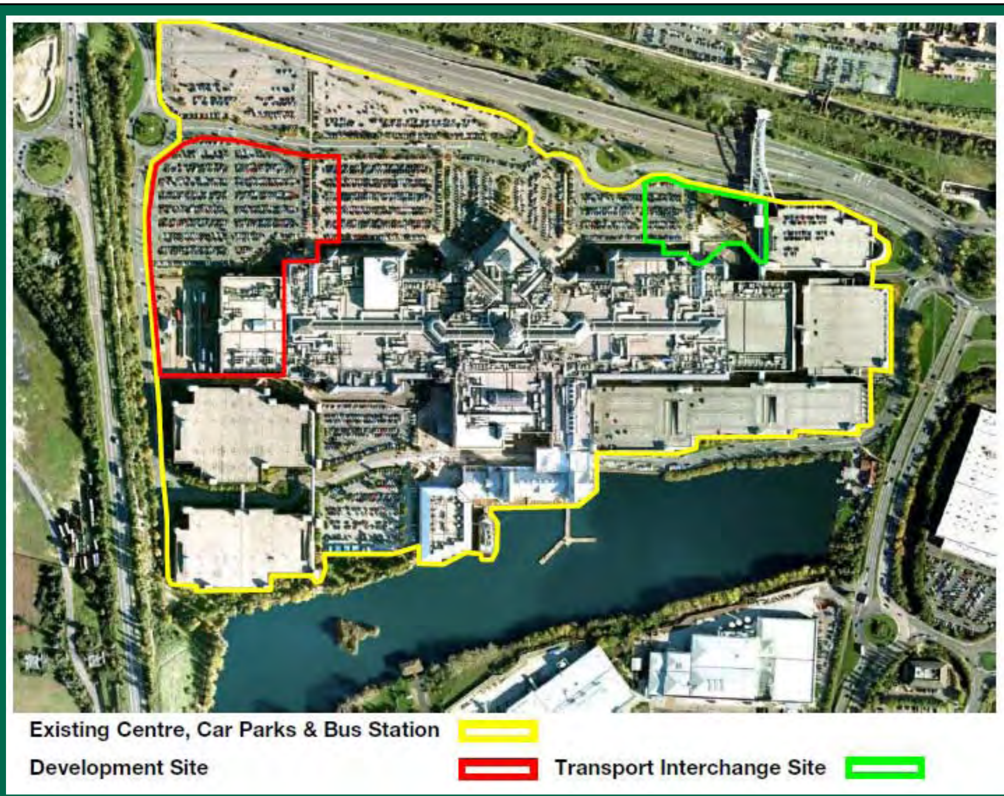


Projected Population Growth in Essex to 2020



Competing Centre Development Plans

- Basildon's main competing centre is the Capital Shopping Centre's owned scheme, Lakeside Shopping Centre, which has an adjoining retail park and form one of the largest areas of contiguous retail development in the UK.



- Due to the scheme's success, CSC have applied for planning permission in order to extend the scheme by 350,000 sq ft, representing an investment in the region of £150m. This development will be built on the western car park in the area marked in red on the plan opposite. The scheme will also see the development of a new transport interchange which will ease access to the scheme for public transport users.
- Elsewhere in the catchment area, Aquila developments have had plans approved to develop a 160,000 sq ft retail led development in Chelmsford town centre. The scheme, which is to be anchored by a *John Lewis at home* store will contain around 25 shops and restaurants.
- The opening of Westfield Stratford in autumn 2011 is predicted to have a limited impact on Basildon due to the distance between the two locations.

Competing Centre Market Share Analysis

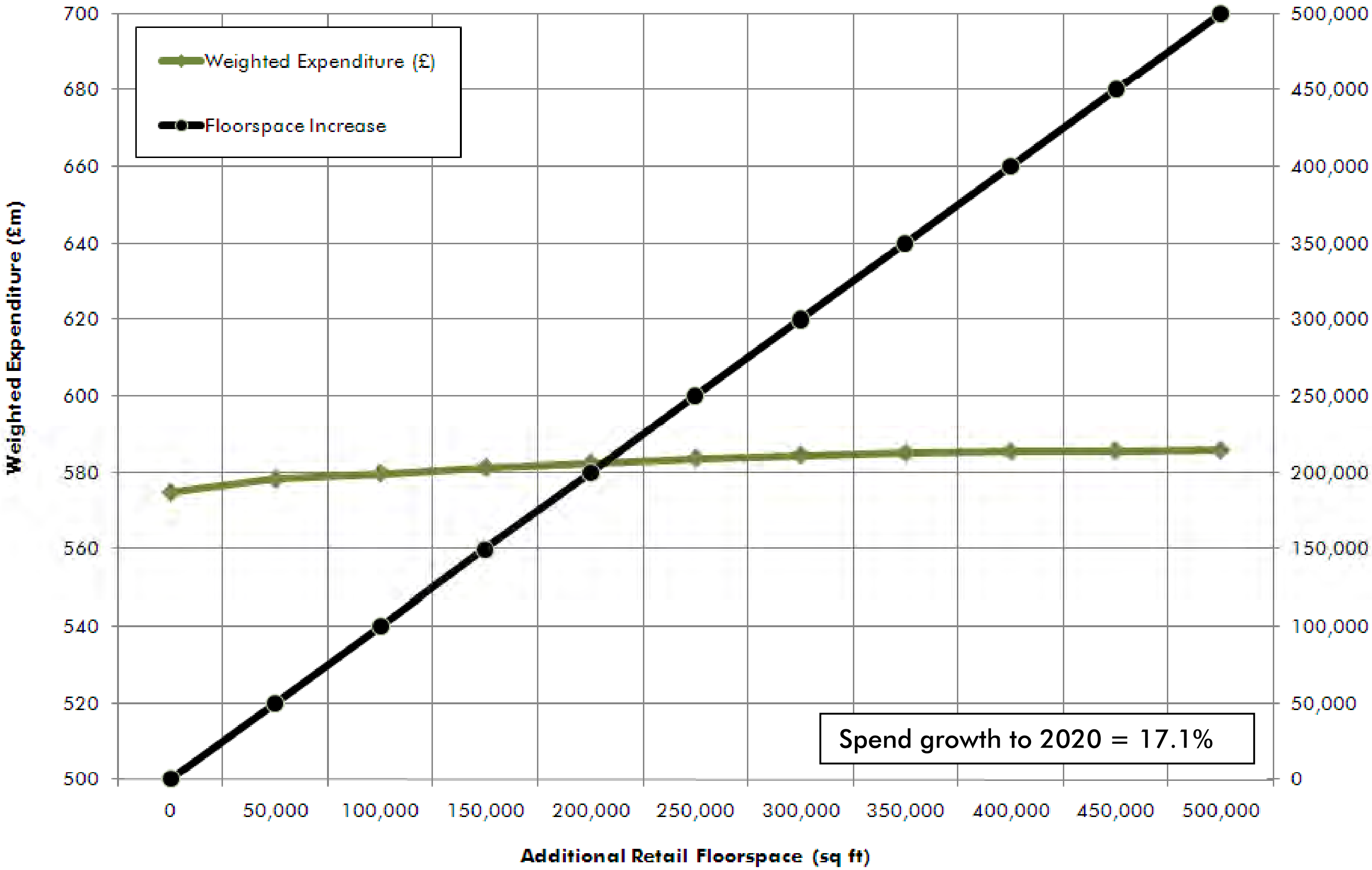
- Basildon is projected to remain as the second most important retail destination within its catchment area to 2020 if no net additional floorspace is developed in the intervening period.
- The development of the extension to Lakeside Shopping Centre has seen that destination's market share increase to 21%. Chelmsford, which also undergoes further development, increases its market share to 10.3% from 8.7% at present.
- Due to growth in retail expenditure, the total available market size within the future catchment area increases to £3.4 billion.

Centre Name	Weighted Expenditure	Percentage %
Lakeside	£708,421,142	21.0%
Basildon	£574,717,860	17.0%
Southend-on-Sea	£397,174,807	11.8%
Chelmsford	£348,671,204	10.3%
Bluewater	£264,583,431	7.8%
Rayleigh	£159,647,460	4.7%
Lakeside Retail Park	£156,633,461	4.6%
Romford	£120,570,845	3.6%
Brentwood	£113,923,457	3.4%
Leigh-on-Sea	£85,115,804	2.5%
Canvey Island	£77,712,569	2.3%
Billericay	£66,524,249	2.0%
Stratford	£58,721,733	1.7%
Wickford	£50,260,056	1.5%
Maldon	£25,606,554	0.8%
Other Centres	£164,068,408	4.9%
Total	**£3,372,353,038**	**100.0%**

Basildon Equilibrium Analysis

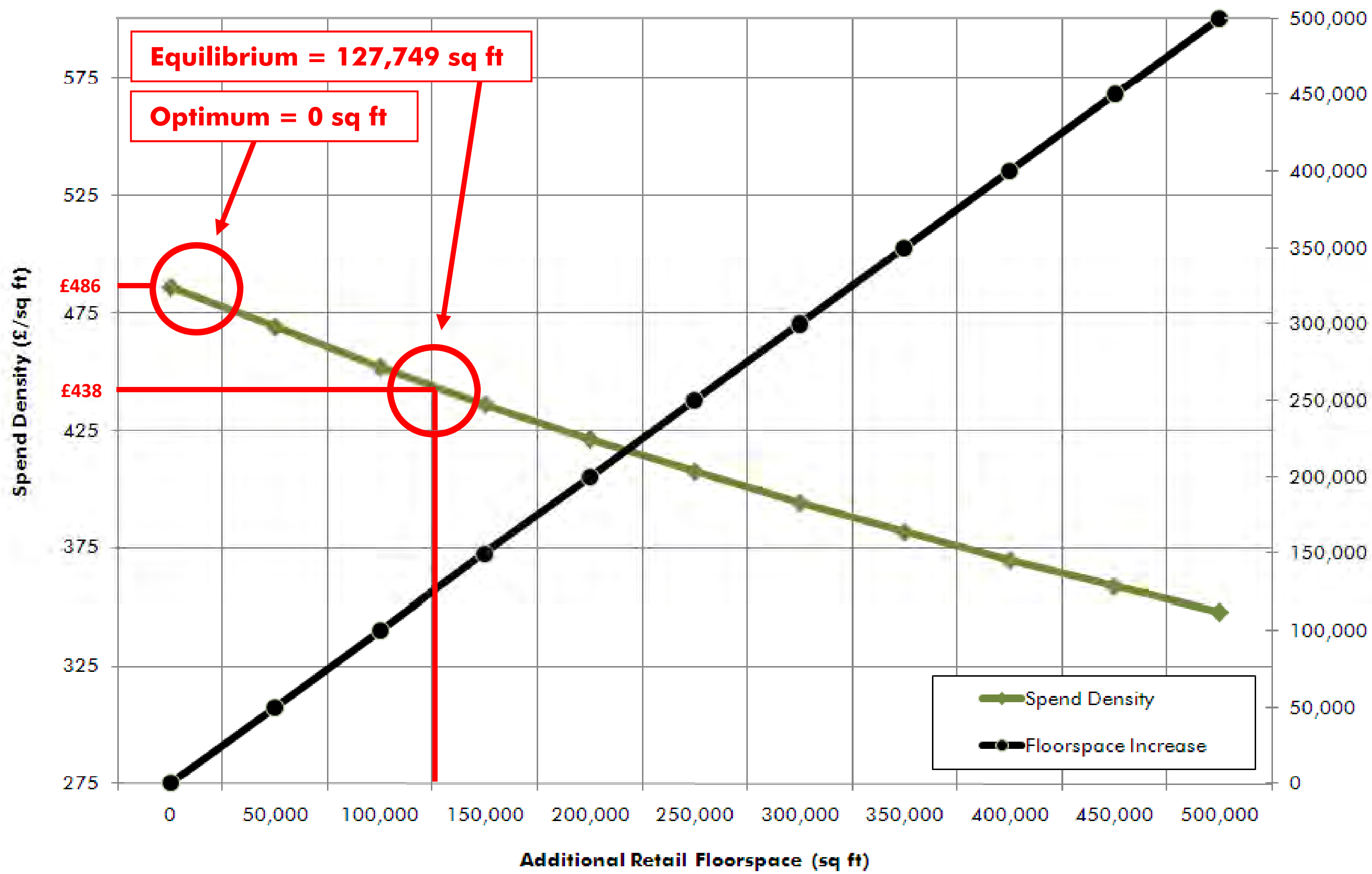
- The chart below shows the impact on expenditure attracted to Basildon from its Primary, Secondary and Tertiary catchments, given 50,000 sq ft increments of additional floorspace. The initial increase in spend also assumes growth from 2011 to 2020 and the impact of future developments.

- Expansion of the retail floorspace within Basildon would attract more expenditure to the centre, however this increase would be modest and would not match the overall expansion of floorspace, resulting in lower spend density.



Basildon Equilibrium Analysis

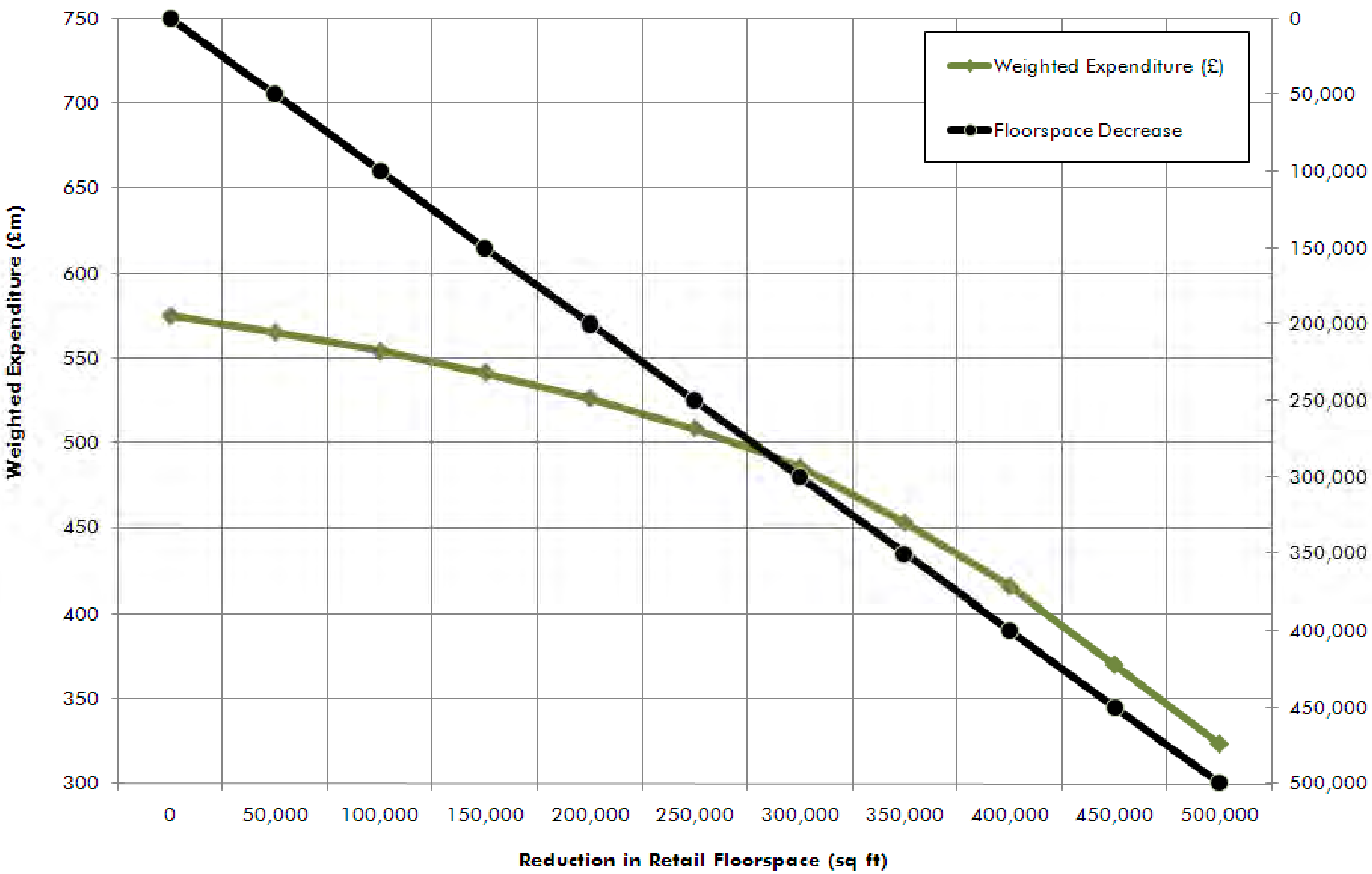
- The chart shows that adding additional retail floorspace to the existing stock dilutes the overall expenditure density away from its highest level of £486 per sq ft in 2020.
- Adding additional increments of floorspace to the current provision within Basildon by 2020 would have a negative impact on the overall spend density within the town centre. This is due primarily to the current level of supply in the centre at present.



Basildon Equilibrium Analysis

- The chart below shows the impact on expenditure attracted to Basildon from its Primary, Secondary and Tertiary catchments, given 50,000 sq ft increments of floorspace reduction.

- A reduction in the overall retail floorspace within Basildon would reduce the level of expenditure attracted to the town. However, this decrease would lead to expenditure compression as the reduction in provision would be proportionally greater than the reduction in expenditure, resulting in a higher spend density overall.



Basildon Equilibrium Analysis

- The chart shows that removing retail floorspace from the existing provision increases spend density above the current projected level of £486 per sq ft in 2020, as the remaining expenditure is spread across less space.

- Removing 300,000 sq ft of retail floorspace from the current provision within Basildon by 2020 would have a beneficial impact and would increase the expenditure density to £549 per sq ft. However, removing more space than this would then begin to reduce overall expenditure density as the remaining floorspace would begin to attract less overall expenditure. Removing over 486,500 sq ft would reduce expenditure density beyond the 'do nothing' scenario.