

APPENDIX 1

Wolverhampton

Retail Profile:

Wolverhampton is a sub regional centre on the basis of the volume and quality of its retail. Town centre retail floorspace is estimated at 140,279 sq m (1.51 million sq ft), ranking the town 25th of the PMA "PROMIS" centres in terms of floorspace.

Wolverhampton has an average proportion of managed floorspace, with around 30% of the total retail floorspace accounted for by the town's two managed shopping centres, the Wulfrun Centre and the Mander Centre.

- The Wulfrun Centre is anchored by Argos and Littlewoods with other multiple retailers including TK Maxx (3,251 sq m (35,000 sq ft) – originally C&A), H Samuel, F Hinds, Specsavers, Iceland and Peacocks. Originally an open centre when built in the 1960s, it was refurbished and covered in 1999. The natural lighting is good and the scheme has an airy, pleasant environment, which is attractive to shoppers and tenants. In addition, units were reconfigured to create larger stores, but no additional floorspace could be provided within the site. Thus, the scheme still suffers from a number of relatively small sized shopping units against market demand for larger units.
- The Mander Centre, the larger of the two and attached to the Wulfrun Centre, is anchored by Tesco Metro and a small, rather dated TJ Hughes, a discount department store. There is a large number of mass market multiple retailers including: HMV, WHSmith, Dixons, Boots, The Link, Greggs, Claire's, The Perfume Shop and Bhs. It is a two-storey building in the centre of the prime retail area and was constructed in the 1960s and refurbished in 1987 and 2004. Arguably, it has the stronger tenant mix of the two centres.

Wolverhampton also accommodates Beattie's original flagship department store, which is located on the western edge of the main shopping area. This large store offers a wide range of quality fashion concessions/labels. The Beattie's group has now been purchased by House of Fraser but it is too early to assess the impact of the new owners or the future profiling of the store. Marks & Spencer is also represented

in town, on the pedestrianised Dudley Street, between the entrance to the Mander Centre and the junction with Queen Street. This can be considered Wolverhampton's prime pitch, also including representation from Bhs, Boots, Next, River Island and Woolworths.

In general terms, the range of comparison multiples is limited and poor in quality relative to the size of the shopping population¹. In 2005 45.4% of retail units were for comparison use, 2% below the national average. Although Wolverhampton has better higher order comparison retail than the other town centres in the Black Country, its failings reflect a lack of new development extending the shopping facilities coupled with the growing strength of the higher order centre of Birmingham and the success of Merry Hill as a higher order shopping facility.

Convenience provision is reasonable with Tesco Metro, Iceland, Netto, Co-op, a Marks & Spencer food hall and J Sainsbury. However, the town still lacks a quality modern supermarket, which has not been helped by Tesco's failure to secure planning permission for the Royal Hospital site on the opposite side of the ring road to the Sainsbury store.

Communications:

Wolverhampton has relatively good communication links, with access to the motorway network provided by the M6 to the east of the city and the M54 to the north. A bypass around Wednesfield, to the northeast of Wolverhampton, was completed in 1999, as was the first Midland Metro line running between the city centres of Birmingham and Wolverhampton, with a journey time of just under 20 minutes. Importantly, Wolverhampton Council has also approved plans for the £390 million expansion of the Midland Metro tram system to serve the city centre. Completion is expected by 2009. Nonetheless, congestion on the M6 has always been a major issue. The M6 toll that acts as a bypass to Birmingham has hopefully alleviated this traffic. There is also a problem in town as the retail core is pedestrianised, limiting access to buses and taxis. Even with this scheme, the GVA Grimley on-street surveys reveal consumers are less satisfied with the

¹ Promis: the town ranks 43rd on the PMA Anchor Stores Indicator.

pedestrianisation of Wolverhampton than the other main Black Country centres surveyed.

Vacancy Rates and Requirements:

In December 2005 vacancy rates stood at 18.72%, 8% higher than the national average. Key tenant changes on the prime pitch of Dudley Street include the relocation of River Island to a larger corner unit formerly occupied by Gap, opposite the gallery level entrance to the Mander Centre. There have been no unoccupied units on the prime pitch over the last few years. The Wulfrun Centre has also seen good vacancy rates of 4.5%, with three vacant units at present. There were, however, a large number of vacant units (17%) at the Mander Centre in March 2005. This is due to the small cluster of shops around the St John's Arcade that need to be renovated. Nevertheless, Wolverhampton's demand is stronger than the other Black Country centres. For example, there were 80 requirements for retail units in December 2005. This is an average demand for a town of its size and stature. Although when it is considered in comparison with high vacancy rates, we see a major discrepancy between the supply and demand for space. Importantly for Wolverhampton, the large space occupier Peacocks has expressed an interest for up to 1,393.5 sq m (15,000 sq ft) of retail space, which may help to bridge this gap. However, it is clear that new retail provisions that fit the needs of retailers' demands are needed.

Rental Rates:

Rental rates vary between £130 psf at Zone A. Top rents at the Mander Centre were £115 in May 2004, and at the Wulfrun Centre the peak rent is from The Fragrance Shop at £70 psf.

Retail Warehousing:

Around 57% of total retail warehousing floorspace in the Wolverhampton area is in retail parks, a slightly above average figure². The two largest parks in the area are the modern St John's retail park and the more dated Bilston Road Retail Park. There are also the 7,617.8 sq m (82,000 sq ft) Peel Centre and the 14,213 sq m (153,000

² Promis

sq ft) Bentley Bridge retail park, which nestles between a leisure park and a Sainsbury supermarket.

Superstores/Supermarkets

Wolverhampton has an estimated 59,734 sq m (643,000 sq ft) of floorspace of superstores and supermarkets in the area, just below the national average. There are currently seven superstores, and Morrison's 7,432 sq m (80,000 sq ft) store at Bilston is the largest. J Sainsbury has three superstores, one of each in Perton, Wednesfield and Wolverhampton city centre. Safeway, and Asda each have one superstore located within Wolverhampton town center, and Waitrose has a store at Penn Road, which is out-of-centre.

Non-retail profile:

Wolverhampton is an important leisure, cultural and civic centre for the area, with art galleries, cinemas, a university, and many bars and restaurants. It should be noted, however, that according GVA Grimley's surveys there is more public satisfaction with Walsall's non-retail entertainments than Wolverhampton's. Wolverhampton is also rated poorly in terms of safety, with crime levels escalating over the last five years. Providing more diversified options for evening entertainment is important to Wolverhampton's economic vitality.

Demographic Profiles:

Wolverhampton is a key area for retail in the Black Country. With its turnover of £535 million in 2004 and its market for higher order comparison retailing, it can be considered as a 'Driver' and 'Catalyst' for the area's growth and regeneration.

Wolverhampton's catchment area extends north, past the M54, but is constrained by Walsall to the east and Merry Hill/Dudley to the south. In 2004 the town had an estimated primary catchment population of 332,000, ranking it 53rd of the "PROMIS" centres in terms of retaining its catchment³. Wolverhampton ranks above average, at 38, on the CB Richard Ellis shopping population ranking, suggesting that

³ PROMIS

Wolverhampton is relatively dominant within its catchment area despite the proximity to Birmingham. This reflects, to some extent, the captive nature of the local population.

Wolverhampton ranks 66th in terms of the volume of comparison retail expenditure available in the catchment area and is predicted to see significantly below average percentage growth in the available pool of comparison spending over the period between 2004 and 2009.

One of the problems for Wolverhampton is the low affluence rating of its population, reflecting the poor social structure and the high proportion of elderly people in the area. The majority of residents are within the social groups C2, D and E. In September 2005, 4.8% of the workforce was unemployed compared to the national unemployment rate of 2.3%. There is, consequently, an obvious need for a greater number of affluent (AB) people to relocate to the area.

Investment Profiles:

Agent sources placed prime retail yields at 5.25% in late 2005, showing a slight inward yield shift on the level six months previously. This figure is consistent with the pattern across the majority of "PROMIS" centres. Looking further back, yield rates in 1994 stood at 7%. As a result, over the last decade investor confidence over the last decade has gradually increased.

KEY INVESTMENTS

Town	Street	Price £m	Yield %	Date	Comment	Purchaser	Vendor
WOLVERHAMPTON	Mitre Retail Park	6.5		3/04	Retail Park (secondary)	Undisclosed	Milton Group
WOLVERHAMPTON	Mitre Retail Park	5.0	8.1	3/02	4,338 sq m (46,695 sq ft) T: Wickes, Carpetright & Harveys R: £465,635	Milton Group	Threadneedle Property
WOLVERHAMPTON	Victoria Street, 11-15	2.6	7.2	3/04	2,710 sq m (29,171 sq ft) T: HMV, Waterstones, SFI Pub Group	Anglo Aggmore LP	Kenmore Group
WOLVERHAMPTON	Wulfrun Square	1.6	7.2	2/02	ITZA 54.53 sq m (587 sq ft) T: Thomas Cooke, Optical Express	Warwick Land	Haslemere NV

Retail Development Profile:

J Sainsbury is currently trading from the extended church premises fronting the ring road. However, Sainsbury Property was granted outline planning permission for an edge of centre 18,580 sq m (200,000 sq ft) mixed-use scheme. This scheme should assist in fulfilling part of the necessary qualitative and quantitative retail demand, but does not address the urgent need for additional space in the core retail area. The development would include a 8,361 sq m (90,000 sq ft) Sainsbury superstore, 8,361 sq m (90,000 sq ft) of bulky goods retail warehouse space, 929 sq m (10,000 sq ft) of unit shops, and 929 sq m (10,000 sq ft) A3 and a health club. The site is located to the west of the town centre on Raglan Street, accessible from the A4150 ring road. Although Sainsbury's had gained the planning permission mentioned above, Tesco is now pursuing the development, having recently purchased the site of Sainsbury.

We understand that in April 2005 AM Developments proposed a 54,996 sq m (592,000 sq ft) shopping centre and leisure development, called New Summer Row,

on an eight acre site to the south of Wolverhampton city centre. The negotiation of the application remains on going as of late 2005. If the application goes through the necessary channels, the scheme has a predicted opening date for 2008. The land chosen for the site is south of Cleveland Street and also part of the existing Mander Centre on the north side of Cleveland Street, at its junction with Victoria Street. Cleveland Street would be closed to vehicles at the western end, and a new square would be created to complement regeneration of the St. John's area to the south. The proposal includes a 10,033 sq m (108,000 sq ft) department store, 3 anchor units, 5 medium size units, 81 additional units, a multiplex cinema and 810 underground parking spaces. There is no confirmed anchor, although it is rumoured that Debenhams is interested in the scheme. This tenant is an obvious candidate for the town, and without such a facility Wolverhampton is unable to provide a full retail offer. Assuming this scheme proceeds and is successfully completed, the Regeneration Centres Study regards this as sufficient to satisfy the outstanding capacity for Wolverhampton as well as improving upon qualitative need.

There are also successful existing and proposed regeneration and developments of areas such as the Peel Centre, Worcester Street/Church Street, and Market Square/Little Brick Kiln Street. The St. John's area and Canalside are subject to several mixed-use regeneration proposals, geared towards 'city living' with the hope of raising the socio-economic profile of the city centre.

Letting agents Blair Kirkman and Colliers CRE have secured the first four lettings for the Bentley Bridge Retail Park on behalf of the site's owner, Sun Life Assurance. This park is due for completion in the summer of 2006.

Conclusion:

Presently Wolverhampton has a limited retail offering despite its larger catchment and population. Its demographic profile needs improvement. For example, an increased number of affluent residents relocating to the area would provide an economic boost in the retail domain.

Wolverhampton's impressive communication system encourages current leakage; however, it also provides the potential capture of future expenditure if a better retail profile can be provided.

The developments mentioned in this section demonstrate that individuals and companies are willing to invest in Wolverhampton. Nevertheless, there have been no recent central area retail developments, and these are needed to provide modern, larger units that reflect current retailer demand. Investment in Wolverhampton is very important, as it is the town centre that has the potential to expand and meet the forecasted retail capacity needed in the area. The central core redevelopment together with the new Tesco Superstore are vital components to help Wolverhampton maximise its potential. The nature of these schemes however could not be adversely affected by any enlargement of the Merry Hill centre as they are capable of providing an improved offer for the local catchment and can draw on existing leakage rather than draw upon Merry Hills catchment and expenditure profile.

Wolverhampton is slipping because it is not realising its full potential by generating extra floorspace. This modernization, however, may not be achieved in the centre of town due to space constraints and thus it may be necessary to implement this increase in comparison retailing by developing beyond the current constraint of the Ring Road. With these long term developments planned and the potential rise in the economic growth of the Black Country in general, the opportunity will arise to secure Wolverhampton as a modern centre performing its role as a sub-regional centre which has only average expenditure leakage.