

**WHITE YOUNG GREEN PLANNING  
REGATTA HOUSE  
CLIPPERS QUAY  
SALFORD QUAYS  
MANCHESTER  
M50 3XP**

**TEL 0161 872 3223  
FAX 0161 872 3193**

**Assessment of Future Market  
Shares and Accommodating Future  
Needs - Regional Centre Study**

**Black Country Consortium**

**May 2006**

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## 1 INTRODUCTION

### Scope and Purpose

- 1.01 White Young Green (WYG) have been commissioned by the Black Country Consortium to provide an analysis of the retail modelling undertaken as part of the **West Midlands Regional Spatial Strategy - Regional Centres Study (March 2006)** prepared by Roger Tym & Partners on behalf of the West Midlands Regional Assembly. The aim of the study is to assess the implications on shopping patterns within the Black Country Region if Merry Hill/Brierley Hill does not expand in the future and that no further retail development can be accommodated in Dudley.
- 1.02 The assessment of Roger Tym & Partners modelling has been undertaken to understand in more detail the impact of no further expansion of Merry Hill/Brierley Hill on the market share achieved by facilities in the Black Country and how much expenditure and investment would be lost from the sub-region to competing centres elsewhere.

## 2 IMPLICATIONS ON SHOPPING PATTERNS WITHIN THE BLACK COUNTRY

### Introduction

- 2.01 Roger Tym & Partners (RTP) were instructed by the West Midlands Regional Assembly in January 2005 to undertake the West Midlands Regional Spatial Strategy – Regional Centres Study (Regional Centres Study). The aim of the study is to assist the Regional Planning Body in identifying the centres in the Region where major new retail, leisure and office development should be focused in order to support urban regeneration, achieve a balanced network, minimise the risk of harm elsewhere, assist vulnerable centres and support the sustainability agenda. In addition, the study indicated where significant development would not be appropriate and to build on the work of the Study of Black Country Centres undertaken by GVA Grimley in identifying the future role of Merry Hill/Brierley Hill.
- 2.02 The Regional Centres Study adopted a base year of 2005 and provided a long term forecast through to 2021. In assessing quantitative need the study identified six scenarios based on differing population projections, expenditure growth rates and floorspace efficiency growth rates. For the purposes of this assessment we have assessed ‘capacity’ based on the baseline information together with assumptions adopted in Scenario 6b.
- 2.03 The assumptions adopted for Scenario 6b include:
- The Regional Planning Guidance Chelmer population forecast, which suggests a growth in the West Midlands Study Area’s population from 5.98m in 2005 to 6.24m in 2021, but with higher growth in the metropolitan authorities compared to the ONS forecast;
  - The lowest comparison goods per capita expenditure forecast identified by Experian of +3.70% per annum;
  - Floorspace efficiency change of 2.00% per annum;
  - Market share uplifts for Walsall, West Bromwich and Wolverhampton; and
  - Assumption that per capita expenditure in the Black Country Main Urban Areas would reach 98 per cent of the national average by 2021.
- 2.04 In addition, the Regional Centres Study also allows for an increase in e-tailing from 7.0% currently to 10.0% in 2011, to 15.0% by 2016 and to 20.0% by 2021. This is considered by RTP to represent their best estimate of future increase in sales on the internet. Therefore, for the purposes of this assessment WYG have assumed the same increase in e-tailing. However, it is significant to note that recent research undertaken by Experian indicates that the forecast growth in e-tailing is identified to reach a peak of approximately 12% by 2014, where it is then anticipated to level off.

Therefore, for the purposes of this assessment WYG have also assessed the implications on retail floorspace requirements if e-tailing increasing to 12% by 2021.

- 2.05 In undertaking a household survey, the study identified a catchment area (West Midlands Study Area) which extended beyond the West Midlands Region. Within this study area 11,000 household surveys were undertaken in order to understand shopping patterns within the region. Furthermore, the study area was broken down into 101 separate zones. It is notable that zones 71 to 101 inclusive reflect the Black Country Study Area adopted in the Black Country Study (undertaken by GVA Grimley) and consequently the same household survey for this part of the region was utilised. For the purposes of this study our assessment is based primarily on the Black Country Study Area.

*Differences between the Black Country Study and Regional Centres Study*

- 2.06 It is significant to note that there are a number of key differences in the methodology adopted in the Black Country Study and the Regional Centres Study. The Black Country Study utilises expenditure estimates derived from Experian, whereas the Regional Centres Study is based on information provided by MapInfo. Accordingly, whilst both sources are acknowledged to be robust, different baseline information has been adopted (expenditure per capita) together with differing growth rates (4.1% per annum adopted in the Black Country Study compared to 3.7% per annum as identified in the Regional Centres Study). On this basis, this has impacted upon the overall expenditure generated in the study area and the subsequent turnovers of strategic centres.
- 2.07 Although the Regional Centres Study utilises the same survey results to that undertaken as part of the Black Country Study, it is significant to note that the differences in baseline assumptions make direct comparisons between the two studies very difficult. Further differences include the fact that the Black Country Study assumes an increase in turnover efficiency of +1.5% per annum, compared to the Regional Centres Study identifying an increase of +2.0% per annum. In addition, the Black Country Study identifies Special Forms of Trading (SFT), which include catalogue sales, internet sales, etc., to account for 8% of identified expenditure in 2005 compared to the Regional Centres Study assuming 7%.

*Black Country Study Area*

- 2.08 For the purposes of this assessment WYG have utilised the assumptions adopted in Scenario 6b with the exception of the increases in market share for the three centres of Walsall, West Bromwich and Wolverhampton. Accordingly, within the Black Country Study Area (zones 71 to 101), our assessment identifies comparison goods expenditure of **£8,626m** by 2021, which allows for an increase in e-tailing to 20% by 2021 (£4,184m in 2005).
- 2.09 Within the Black Country Study Area (Zones 71 to 101 inclusive), our analysis identifies that collectively the key centres within the Black Country (Merry Hill, Dudley, Wolverhampton, West

Bromwich and Walsall) retain approximately 43.0% of the available comparisons goods expenditure generated in the Black Country Area (as derived from the Regional Centres Study). In comparison, the Black Country Study identifies that these centres retain approximately 39% of the expenditure generated in the Black Country Study Area. This difference reflects the different expenditure assumptions adopted in the two studies.

- 2.10 In addition, other smaller centres within the Black Country such as Wednesbury and Oldbury, are identified to retain 4.8% of the available comparison goods expenditure generated in the Black Country Area.
- 2.11 Accordingly, collectively the key centres within the Black Country together with other smaller centres retain approximately 48% of the expenditure generated. On this basis, our analysis identifies that in 2005 established centres within the Black Country retain approximately **£2,001m** of the total comparison goods expenditure generated in the Black Country catchment area (**£4,184m**). It is evident that the key centres within the Black Country achieve more than 96% of their turnover from the identified Black Country Study Area, indicating inflow from the wider West Midlands Study Area of just £67m. Indeed, with regard to Merry Hill, only £34m of expenditure is drawn from beyond the Black Country Study Area.
- 2.12 Based on the market shares of the identified key centres within the Back Country derived from WYG's assessment identifies the following turnovers (excluding inflow):
- Merry Hill/Brierley Hill (15.0%) - £628m;
  - Wolverhampton (13.3%) - £556m;
  - Walsall (8.5%) - £356m;
  - Dudley (3.0%) - £126m;
  - West Bromwich (3.2%) - £133m; and
  - Other (4.8%) - £201m.
- 2.13 It is evident that approximately 52% (or **£2,183m**) of expenditure generated in the Black Country Study Area is lost to competing centres outside the Black Country. In this respect, the household survey identifies that significant expenditure is lost to Birmingham - £745m (or 17.8% of the expenditure generated). Table 2.1 provides a breakdown of the main expenditure being lost to competing centres outside the Black Country.

**Table 2.1: Expenditure Lost to Competing Centres outside the Black Country**

Centre	Market Share (%)	Expenditure (£m)
Birmingham	17.8	745
Cannock	3.5	147
Sutton Coldfield	3.0	125
Kidderminster	2.9	123
Telford	1.5	61
Redditch	1.2	52
Stafford	0.6	26
Other <sup>1</sup>	21.4	897

- 2.14 Based on a constant market share (48%) it is evident that the expenditure that is being retained by existing facilities in the Black Country increases from approximately £2,001m in 2005 to **£4,123m** by 2021. However, the level of 'leakage' also increases from **£2,183m** in 2005 to **£4,503m** by 2021, representing an increase of £2,320m (assuming an increase in expenditure per capita to represent 98% of the national average by 2021 and increase in special forms of trading to 20% by 2021).
- 2.15 Table 2.2 provides our analysis of the surplus capacity for additional retail floorspace within each of the key centres within the Black Country.

<sup>1</sup> Includes other small centres and freestanding stores and other forms of retailing including catalogue sales (£118m), Bromsgrove (£69m) and other locations outside the West Midlands Study Area (£61m)

**Table 2.2: Surplus Capacity for Additional Comparison Goods Floorspace – Baseline Position (Black Country Study Area)**

	2005	2021
Expenditure Generated (£m)	4,184	8,626
Retained Expenditure (£m)		
<i>Merry Hill (15.0%)</i>	628	1,294
<i>Wolverhampton (13.3%)</i>	556	1,147
<i>Walsall (8.5%)</i>	356	733
<i>Dudley (3.0%)</i>	126	259
<i>West Bromwich (3.2%)</i>	134	276
<i>Other Centres (4.8%)</i>	201	414
<b>Sub-Total</b>	<b>2,001</b>	<b>4,123</b>
Turnover of Existing Centres (£m)^		
<i>Merry Hill</i>	630	864
<i>Wolverhampton</i>	556	763
<i>Walsall</i>	357	490
<i>Dudley</i>	126	173
<i>West Bromwich</i>	133	183
<i>Other Centres</i>	201	277
<b>Sub-Total</b>	<b>2,001</b>	<b>2,749</b>
Surplus (£m)		
<i>Merry Hill</i>	-	430
<i>Wolverhampton</i>	-	384
<i>Walsall</i>	-	243
<i>Dudley</i>	-	86
<i>West Bromwich</i>	-	93
<i>Other Centres</i>	-	137
<b>Sub-Total</b>	<b>-</b>	<b>1,373</b>

Notes: ^ Allows for increase in turnover efficiency of +2.0% per annum as identified in the Regional Centres Study (Scenario 6)

- 2.16 Our assessment identifies (at current market shares) that there is capacity to accommodate an additional **£1,373m** of retail floorspace by 2021 within the Black Country as a whole. Of this capacity, our analysis identifies that (at current market shares) 31% (or £430m) should be focused at Merry Hill/Brierley Hill.
- 2.17 In order to assess the importance of further retail development at Merry Hill/Brierley Hill, WYG have considered the implications on the overall market share achieved by facilities in the Black Country, assuming no increase in market share of existing centres and no further retail floorspace at Merry Hill/Brierley Hill. Similarly, WYG have also assumed that no significant further growth will be implemented at Dudley as highlighted by a recent study undertaken by the Council. However, WYG have still allowed for increases in turnover efficiency at 2% per annum.
- 2.18 Therefore, if no further development occurred at either Merry Hill/Brierley Hill or Dudley our assessment identifies that the market share for facilities in the Black Country will fall from **47.8%** in 2005 to **41.8%** by 2021. Accordingly, expenditure 'leakage' to competing centres such as Birmingham will increase to approximately **£5,020m** (or 58.2%) by 2021, representing an increase of some **£517m**.



- 2.19 Whilst WYG consider that this represents a 'worst case scenario', even if we assume that the surplus capacity identified for Merry Hill/Brierley Hill and Dudley (£516m) is redistributed *pro rata* amongst other centres both within and outside the Black Country based on current market shares (as identified by the household survey), our assessment identifies that 'leakage' to competing centres will still increase to **£4,832m** by 2021, with the market share reducing to approximately **44.0%** in 2021. Accordingly, the market share achieved by competing facilities such as Birmingham will increase from 17.8% to 19.1% by 2021, which equates to an additional comparison goods turnover of approximately £112m being lost from the Black Country Study Area to Birmingham.
- 2.20 In floorspace terms, by applying an average sales density of £8,165 per sq m in 2021 (as identified by the Regional Centres Study) to the identified surplus capacity, this surplus capacity equates to approximately 168,157 sq m (net) of additional comparison goods floorspace by 2021 throughout the Black Country as a whole.
- 2.21 With regard to the identified strategic centres (Wolverhampton, Walsall and West Bromwich) together with Merry Hill/Brierley Hill, the Regional Centres Study identifies these four centres to achieve a market share of approximately 40%. Given this, our assessment identifies capacity of 140,845 sq m (net) or 187,793 sq m (gross) based on assuming a gross to net split of 75/25 (at current market shares).
- 2.22 WYG are aware that the relevant local authorities have agreed on how the surplus capacity should be apportioned, which will be reflected in future RSS policy. Based on this agreed approach, our analysis of capacity identifies that approximately 28% (or 51,770 sq m) of the capacity identified will be focused at Merry Hill/Brierley Hill, 24% (45,679 sq m) at Walsall, 19% (or 35,528 sq m) at West Bromwich and 29% (or 54,815 sq m) at Wolverhampton.
- 2.23 However, it is important to highlight that should no further retail development take place at Merry Hill/Brierley Hill, and the surplus capacity floorspace identified (51,770 sq m) is redistributed to the three remaining strategic centres (on a *pro rata* basis, assuming the agreed apportionment), the floorspace requirements necessary in these three centres just to maintain current market share (c. 40%) increases significantly. Indeed, our assessment identifies that it would be necessary for an additional 62,936 sq m (gross) of retail floorspace in Walsall, 49,190 sq m (gross) in West Bromwich and 75,667 sq m (gross) in Wolverhampton by 2021. Accordingly this represents an increase of 38% over and above what is already been identified by assuming further retail development at Merry Hill/Brierley Hill. Therefore, it is unlikely that there is sufficient scope within these centres to accommodate the significant increase in floorspace requirements, particularly in West Bromwich, where almost 50,000 sq m (gross) of additional comparison goods retail floorspace will need to be accommodated by 2021 in order to maintain current market share for the Black

Country. Indeed, the Black Country Centre Study identifies outstanding commitments within these three centres to comprise approximately 99,000 sq m (gross). Therefore, it is evident within these three centres that it will be necessary to accommodate more than 88,000 sq m (gross) of additional floorspace, over and above outstanding commitments. Indeed, within West Bromwich it will be necessary to provide more than 30,000 sq m (gross) of comparison goods floorspace over and above outstanding commitments (18,600 sq m).

#### *E-tailing*

- 2.24 As we have previously highlighted, the Regional Centres Study has allowed for an increase in e-tailing from 7% currently to 20% by 2021. In this respect, WYG consider that such an increase could be overly cautious. Indeed, recent research undertaken by Experian indicates that growth e-tailing may not be as high as originally forecast as Experian forecast that e-tailing is likely to reach a peak of around 12% for comparison goods retailing by 2014, where it is anticipated to level off. However, WYG acknowledge at this stage it is difficult to accurately assess the future change in e-tailing over such a long period.
- 2.25 Given this, Table 2.3 identifies the implications in terms of retail floorspace capacity in respect of adopting different e-tailing assumptions:
- No increase in e-tailing (i.e. remains at 7%);
  - Increase in e-tailing to 12% by 2021; and
  - Increase in e-tailing to 20% by 2021 as identified by the Regional Centres Study.

Table 2.3: Implications of Adopting Different E-tailing Assumptions - 2021

	7% e-tailing	12% e-tailing	20% e-tailing
<b>Expenditure Generated (£m)</b>	9,519	9,205	8,626
<b>Expenditure Retained (£m)</b>			
<i>Merry Hill (15.0%)</i>	1,428	1,381	1,294
<i>Wolverhampton (13.3%)</i>	1,266	1,224	1,147
<i>Walsall (8.5%)</i>	809	782	733
<i>West Bromwich (3.2%)</i>	305	295	276
<b>Sub-Total</b>	<b>3,808</b>	<b>3,682</b>	<b>3,450</b>
<b>Turnover of Existing Centres (£m)^</b>			
<i>Merry Hill</i>	864	864	864
<i>Wolverhampton</i>	763	763	763
<i>Walsall</i>	490	490	490
<i>West Bromwich</i>	183	183	183
<b>Sub-Total</b>	<b>2,749</b>	<b>2,749</b>	<b>2,749</b>
<b>Surplus (£m)</b>			
<i>Merry Hill</i>	564	517	430
<i>Wolverhampton</i>	503	461	384
<i>Walsall</i>	319	292	243
<i>West Bromwich</i>	122	112	93
<b>Sub-Total</b>	<b>1,508</b>	<b>1,382</b>	<b>1,150</b>
<b>Floorspace Capacity (sq m gross)*</b>	<b>246,254</b>	<b>225,679</b>	<b>187,793</b>

Notes: ^ Allows for increase in turnover efficiency of +2.0% per annum as identified in the Regional Centres Study (Scenario 6)

\* Assumes gross to net ratio of 75/25 and an averages sales density of £8,165/sq m

- 2.26 Table 2.3 indicates that by assuming no increase in e-tailing beyond 7%, the floorspace capacity within the four strategic centres is identified to be approximately **246,254 sq m (gross)** by 2021, which is 58,461 sq m (or 31%) greater than allowing for an increase in e-tailing to 20%. By assuming an increase in e-tailing to 12%, our assessment identifies floorspace capacity of some **225,679 sq m (gross)** by 2021.
- 2.27 Based on the agreed apportionment of floorspace (which is likely to be translated into future RSS policy) Table 2.4 highlights the implications on floorspace requirements within the four strategic centres of the differing e-tailing assumptions.

**Table 2.4: Comparison Retail Floorspace Requirements**

	<b>7%</b>	<b>12%</b>	<b>20%</b>
Merry Hill/Brierley Hill	67,886	62,214	51,770
Wolverhampton:	71,880	65,874	54,815
Walsall:	59,900	54,895	45,679
West Bromwich:	46,589	42,696	35,528
<b>TOTAL</b>	<b>246,254</b>	<b>225,679</b>	<b>187,793</b>

Notes: Assumes a gross to net ratio of 75:25%  
May not add up due to rounding

- 2.28 Based on the agreed apportionment, Table 2.4 indicates that the different assumptions have an impact on the floorspace capacity identified for the different strategic centres. Indeed, in respect, of Merry Hill/Brierley Hill the identified capacity ranges from 67,668 sq m (gross) based on assuming no increase in e-tailing to 51,770 sq m (gross) based on allowing an increase in e-tailing to 20% by 2021, as identified in the Regional Centres Study (62,214 sq m gross based on an increase to 12%). Accordingly, Table 2.4 indicates that by assuming an increase in e-tailing to 12% by 2021, this results in a reduction in floorspace of approximately 8.4%, compared to assuming no increase in e-tailing, increasing further to a 23.7% reduction by allowing for an increase to 20%.

*Black Country Administrative Area*

- 2.29 However, it is significant to note that the Black Country Study Area extends beyond the administrative area. Consequently, the catchment extends to the edge of Birmingham to the east, which understandably given its regional status has a significant draw from the Black Country Study Area. In order to provide an indicative figure of the actual retention of facilities within the Black Country administrative area WYG have analysed the specific zones that fall within the Black Country rather than the wider Black Country Study Area. However, it is important to note that some of the zones identified as part of the Regional Centre Study fall partly within the Black Country administrative area and partly within a neighbouring administrative area.
- 2.30 Notwithstanding this, for the purposes of this assessment we have included zones where more than half of the geographical area falls within the Black Country. Accordingly, for the purposes of our assessment the zones identified in Table 2.5 are considered as falling within the Black Country administrative area:

**Table 2.5: Survey Zones identified to fall within the Black Country Administrative Area**

78	79	80	81	83	85	86	87	90	91	93 <sup>2</sup>	94
95	96	98	99	100							

2.31 Given this, our analysis indicates that within these 17 zones the resident population generates approximately **£1,893m** of comparison goods expenditure in 2005. Moreover, existing facilities within the Black Country are identified to retain less than **71%** (or £1,343m) of comparison expenditure generated in broadly the Black Country administrative area.

2.32 Table 2.6 provides a breakdown of the market shares achieved by facilities in the Black Country from the administrative area.

**Table 2.6: Breakdown of Market Shares of Main Centres in the Black Country (Black Country Administrative Area)**

	2005		2021	
	Market Share		Market Share	
	%	£m	%	£m
<b>Expenditure Generated</b>	<b>100</b>	<b>1,893</b>	<b>100</b>	<b>3,992</b>
<b>Retain Expenditure</b>	<b>70.9</b>	<b>1,343</b>	<b>70.9</b>	<b>2,830</b>
<i>Merry Hill</i>	23.4	443	23.4	934
<i>Wolverhampton</i>	14.3	270	14.3	571
<i>Walsall</i>	15.4	291	15.4	615
<i>Dudley</i>	5.7	107	5.7	228
<i>West Bromwich</i>	4.5	85	4.5	180
<i>Other Centres</i>	7.8	147	7.8	311
<b>'Leakage'</b>	<b>29.1</b>	<b>550</b>	<b>29.1</b>	<b>1,162</b>
<i>Birmingham</i>	9.7	183	9.7	387
<i>Cannock</i>	2.0	37	2.0	80
<i>Kidderminster</i>	0.6	11	0.6	24
<i>Other</i>	16.9	319	16.9	675

Notes: May not add up due to rounding  
Allows for increase in e-tailing to 20% by 2021

2.33 Our assessment identifies that the majority (71%) of expenditure generated in the Black Country is retained by facilities in the Black Country, most notably Merry Hill (23%) and Wolverhampton (14%). In addition, it is evident that unlike the wider Black Country Study Area, Walsall (15%) achieves a greater market share within the Black Country administrative area than Wolverhampton, whereas within the Black Country Study Area, Wolverhampton achieves a greater market share, reflecting the wider influence of Wolverhampton on shopping patterns.

2.34 Whilst the majority of trade generated in the Black Country is retained by existing facilities it is evident that in 2005 some **£550m** (or 29%) of expenditure generated is currently being lost to competing centres, notably to Birmingham (10%). Moreover, this is anticipated to increase to **£1,162m** per annum by 2021 at current market share.

<sup>2</sup> Includes zone 38 of the SBCC although located almost entirely outside the Black Country as the Regional Centres Study joins this zone together with a zone that falls almost entirely within the Black Country (Zone 35)

2.35 Table 2.7 provides our analysis of the surplus capacity for additional retail floorspace within each of the key centres within the Black Country.

**Table 2.7: Surplus Capacity for Additional Comparison Goods Floorspace (Black Country Administrative Area)**

	2005	2021
Expenditure Generated (£m)	1,893	3,992
Retained Expenditure (£m)		
Merry Hill (23.4%)	443	934
Wolverhampton (14.3%)	270	571
Walsall (15.4%)	291	615
Dudley (5.7%)	107	228
West Bromwich (4.5%)	85	180
Other Centres (7.8%)	147	311
<b>Sub-Total</b>	<b>1,343</b>	<b>2,839</b>
Turnover of Existing Centres (£m) <sup>^</sup>		
Merry Hill	443	608
Wolverhampton	270	371
Walsall	291	399
Dudley	107	147
West Bromwich	85	117
Other Centres	147	202
<b>Sub-Total</b>	<b>1,343</b>	<b>1,844</b>
Surplus (£m)		
Merry Hill	-	326
Wolverhampton	-	200
Walsall	-	216
Dudley	-	81
West Bromwich	-	63
Other Centres	-	109
<b>Sub-Total</b>	<b>-</b>	<b>995</b>

Notes: <sup>^</sup> Allows for increase in turnover efficiency of +2.0% per annum as identified in the Regional Centres Study (Scenario 6)

2.36 Our assessment identifies at current market share there is capacity to accommodate an additional **£995m** of retail floorspace by 2021 within the Black Country (based on broadly the administrative area). Of this capacity, our analysis identifies that 33% (or £326m) could be directed to Merry Hill/Brierley Hill based on current market shares.

2.37 Again, WYG have assessed the importance of Merry Hill/Brierley Hill in terms of accommodating future retail floorspace on the basis that no further retail floorspace will be developed at Merry Hill/Brierley Hill or Dudley with no increase in market share. By assuming that no further development takes place at Merry Hill/Brierley Hill or Dudley our assessment identifies that the market share for facilities in the Black Country will fall from **70.9%** in 2005 to **60.9%** by 2021. Accordingly, expenditure leakage to competing centres such as Birmingham will increase to approximately **£1,560m** by 2021, compared to £1,153m by allowing for increased development at Dudley and Merry Hill/Brierley Hill, an increase of **£407m**.

2.38 Even by assuming that the surplus capacity identified for Merry Hill/Brierley Hill and Dudley (£407m) is redistributed *pro rata* amongst other centres within and outside the Black Country based

on current market shares, our assessment identifies that 'leakage' to competing centres will still increase to **£1,319m** by 2021, with the market share reducing to **67.0%**.

- 2.39 Regardless of which study area is adopted it is evident that significant expenditure leakage is currently taking place. Indeed, even by adopting the narrow Black Country administrative area it is evident that almost a third (29%) of expenditure is currently being lost. Moreover, this will increase further if additional retail development does not take place at Merry Hill/Brierley Hill and Dudley to 39% (or £1,560m per annum) by 2021. This represents an additional loss in expenditure from the Black Country of £407m, equating to a further 90,900 shoppers within the Black Country administrative area. Indeed, if we assume they undertake one non-food shopping trip per week would account to the loss of more than 4.7 million shoppers annually by 2021 within broadly the Black County administrative area.

### **3 KEY FINDINGS OF THE REGIONAL CENTRES STUDY**

- 3.01 The purpose of this study was to explore the consequences for key centres in the Black Country Sub-Region and beyond if no further retail development could be accommodated at Merry Hill/Brierley Hill through to 2021. The consequences assessed within this report have primarily been derived from the Regional Centres Study, which was prepared for the Regional Planning Body in 2006.
- 3.02 In undertaking our assessment it is important to note that research undertaken by Dudley MBC has identified that future opportunities within Dudley are indeed limited and unlikely to accommodate significant retail floorspace development in the future. With this in mind, it is important to recognise that the future growth and development of Merry Hill/Brierley Hill depends upon the centres future status as a strategic location within the Black Country Sub-Region. If this status cannot be achieved, then there are clearly serious consequences for the Black Country Sub-Region as a whole.

#### **Interpreting the Regional Centres Study**

- 3.03 It is important to note that in assessing the potential implications of no future growth or development at Merry Hill/Brierley Hill together with limited or no growth at Dudley it has been necessary to explore the detailed modelling undertaken as part of the Regional Centres Study and to examine the assumptions adopted for this complex exercise.

#### **Leakage outside of the Sub-Region**

- 3.04 As highlighted within the Regional Centres Study, the key draw from the Black Country Sub-Region is Birmingham City Centre. Given the significant recent improvements through the opening of the Bullring Shopping Centre, it is evident that Birmingham, as the Regional Centre, will have a major influence on shopping patterns within the Black Country through to the year 2021. However, it is also important to note that the second strongest centre in terms of market share within the sub-region identified by the Regional Centres Study is the existing Merry Hill Shopping Centre. Given the significant growth in expenditure forecast through to 2021, it is evident that no further expansion at Merry Hill would have considerable implications not only for the existing centres within the Black Country but also the influence that Birmingham as a regional shopping destination has over the Black Country.
- 3.05 In fact, it is important to note that under the assumptions adopted in Scenario 6b, if no further developments could be accommodated at Merry Hill/Brierley Hill and Dudley through to 2021, the expenditure would either be lost from the catchment to competing centres, absorbed by existing



centres within the Black Country or a combination of both. If the expenditure identified for Merry Hill/Brierley Hill and Dudley was lost from the catchment, it is evident that by 2021 the market share for all centres within the Black Country would fall from 48% in 2005 to 42%. Whilst this at face value may not look significant, given the amount of expenditure available within the catchment 2021, this fall in market share would amount to the loss of £517m by 2021. To put this into perspective, this equates to a loss of more than 118,000 shoppers within the Black Country which if we assume they undertake one non-food shopping trip per week would account to the loss of more than 6.1 million shoppers annually by 2021 within the Black Country sub-region.

- 3.06 Whilst this is anticipated to be the worst case scenario, it is evident that even if the expenditure which should have been captured by Merry Hill/Brierley Hill and Dudley is then redistributed equally to all centres within and outside the catchment on a shift share basis it is evident that the leakage to competing centres would still represent an additional loss of £329m per annum will be lost from the Black Country economy by 2021. Such levels of leakage have significant implications not only for future investments within the Black Country region but also the ability for the sub-region to develop more sustainable patterns of travel and avoid unnecessary journeys to competing centres elsewhere beyond the sub-region.
- 3.07 Furthermore, even by adopting the narrower Black Country administrative area, it remains evident that in 2005 approximately 29% (£550m) of comparison goods expenditure generated in the Black Country administrative area (£1,893m) is being lost to competing centres, again most notably to Birmingham. This proportion of expenditure lost is identified to result in an increase in lost expenditure of £1,162m by 2021, even by maintaining current market share.
- 3.08 Again, by assuming that the surplus capacity identified for Merry Hill/Brierley Hill and Dudley (£407m) is all lost to competing centres outside the Black Country, it is evident that the market share reduces from 71% to 61% by 2021, resulting in expenditure 'leakage' of approximately £1,560m in 2021. Even by assuming that the expenditure identified for Merry Hill/Brierley Hill and Dudley is redistributed *pro rata* to the centres within and outside the Black Country, it remains evident that the market share of the Black Country will decline from 71% to 67% by 2021, resulting in 'leakage' of £1,319m.

### **Growth in E-commerce**

- 3.09 In addition, our assessment has also identified the potential impact of increased growth in on-line sales. By allowing for an increase in the proportion of expenditure spent via the internet, it is evident that the residual capacity identified changes significantly. Indeed, based on assuming that internet sales will increase to 20% by 2021 (as suggested by the Regional Centres Study), it is

evident that the surplus capacity for the four strategic centres to be approximately 188,000 sq m (gross).

- 3.10 In comparison, by assuming that internet sales will increase to 12% by 2021, the floorspace capacity identified within the four strategic centres will increase to approximately 226,000 sq m (gross) and to 246,000 sq m (gross) by assuming e-tailing remains at 7%, representing almost 17% difference in floorspace between the 20% and 12% assumptions and 24% between the 7% and 20% assumptions.
- 3.11 However, it is important to note that the future growth in e-commerce is difficult to predict, although it is evident that any increase in internet sales will have a bearing on future needs within the defined centres within the Black Country.

#### **Accommodating the need within the Black Country Sub-Region**

- 3.12 In addition to exploring the potential increase in leakage that could occur if no development could be accommodated at Merry Hill/Brierley Hill, it could be argued that the growth attributed to Merry Hill/Brierley Hill could be accommodated by the three remaining three strategic centres within the Black Country region. They are Wolverhampton, Walsall and West Bromwich. From the analysis set out in the main report, it is evident that if the three strategic centres were to accommodate the need for Merry Hill/Brierley Hill through to 2021, the additional need would be in excess of 57,000 sq m (gross) of floorspace required within each of the three centres for the Black Country to maintain their current market share by 2021. Therefore, if the three centres were to accommodate the needs of Merry Hill/Brierley Hill through to 2021, there would be a requirement for more than 88,000 sq m (gross) of new retail floorspace over and above the 99,000 sq m (gross) of commitments identified within the three strategic centres within the Black Country Study Area.
- 3.13 Clearly, this is a significant amount of floorspace that would have to be provided primarily within the three centres of Wolverhampton, Walsall and West Bromwich. To put this into perspective, it is evident that the current total floorspace within the three centres of Wolverhampton, Walsall and West Bromwich amounts to approximately 300,000 sq m (gross), this compares to the requirement of almost 188,000 sq m (gross) of floorspace through to 2021. Therefore, put simply all three centres would have to increase their current total floorspace by 40% within each centre.
- 3.14 Whilst significant redevelopment opportunities may become available in that time period, it must be noted that 188,000 sq m is a net additional amount and therefore any loss of retail floorspace through redevelopment and expansion of the three strategic centres would also have to be provided over and above this figure.

- 3.15 Given the scale of commitment and the physical opportunities identified to date, WYG would seriously question the ability of the remaining strategic centres (particularly West Bromwich) to be able to accommodate the needs of the Black Country Sub-Region by 2021 without the expansion of Merry Hill/Brierley Hill. Furthermore, given the extremely limited scope to accommodate additional retail floorspace in Dudley, it is significant to note that it is likely that additional floorspace beyond the 188,000 sq m (gross) identified will need to be accommodated within the three strategic centres assuming that no further development takes place at Merry Hill/Brierley Hill. Moreover, this assessment is based on internet sales increasing to 20% by 2021, by assuming that this increases to only 12% by 2021 (as suggested by research undertaken by Experian) this will result in an additional 38,000 sq m (gross) to be accommodated in these centres.
- 3.16 Therefore, in reality it is evident that without any further expansion of Merry Hill/Brierley Hill the market share achieved by the Black Country as at 2005 would begin to fall and would result in a dramatic loss of valuable retail expenditure from the Black Country sub-regional economy.