Chichester






Prepared for: **5 Town Network**

Prepared By: **CACI Property Consulting**

Chichester – Summary of Market Potential

Key Findings

- CACI's Retail Footprint model shows that Chichester's retail catchment contains 1.1 million residents with annual comparison goods expenditure of £3.0 billion.
- Chichester town centre captures 11.9% of this expenditure, representing £361.7 million of annual comparison goods expenditure.
- In addition, £85.2 million is spent on Catering in Chichester per annum.
- Despite increased competition in surrounding centres, CACI predict that the circa 53,000 sq. ft. of retail space due to come on stream in Chichester will enable the town to increase its market share slightly, by 2.3% in the core catchment.
- Incorporating consumer expenditure and population growth, annual comparison goods expenditure being drawn to Chichester is forecast to rise to £539.0 million in 2016.
- According to CACI's Workday Wallet dataset, an estimated £187,300 per year is spent in Chichester on retail/catering shopping trips originating from place of work.
- CACI estimate that 1.2 million tourist visitors per year are currently being attracted to Chichester, bringing additional expenditure of £20.2 million on retail goods and £5.4 million on catering to the town.
- CACI estimate that £41.4 million of spend on comparison goods and catering will be generated by new residential development in Chichester's catchment between now and 2016, of which £13.0 million will be captured by the town.
- Chichester has the most affluent ACORN profile of the 5 Towns + Chichester; it is dominated by Affluent Greys and has strong representation of Wealthy Executives (the most affluent of all the lifestyle groups).
- Chichester's market size and ACORN profile make it similar to towns such as Shrewsbury, Canterbury, Bournemouth and Eastbourne.
- Compared to similar sized towns with similar shoppers, there is under representation of Value retailers in Chichester, balanced by moderate over provision of Premium retailers, which is an advantage for the town. Overall Chichester's market position is predominantly mid market.
- Overall, Chichester represents an excellent opportunity for good quality mid and upper-mid market retailers and leisure operators to satisfy strong demand, particularly from residents and tourists, and take advantage of current gaps in provision.

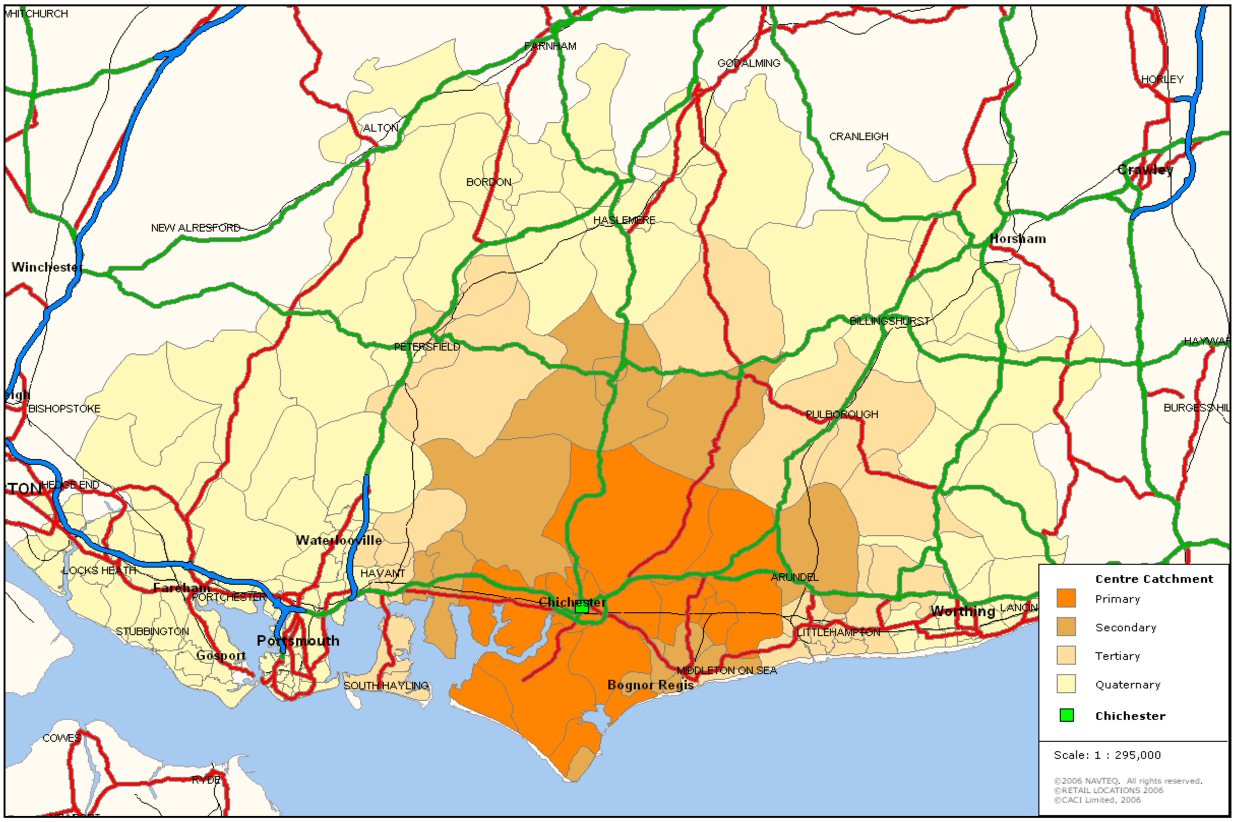
Introduction

This summary presents key findings from an evaluation of market potential at Chichester. CACI have undertaken the study on behalf of the 5 Town Network, who wish to understand the retail potential of each of the 5 Towns plus Chichester, as part of a co-ordinated approach to their long-term regeneration and vitality. CACI have used a combination of lifestyle data, expenditure models, gravity model simulation and benchmarking techniques to evaluate the position of each of the towns both in 2006 and 2016.

CACI's Retail Footprint model[1] currently classifies Chichester as a 'Major Centre' in the hierarchy of UK shopping destinations. Major Centres are large 'traditional' High Street centres located in the centre of either large towns or 'secondary' regional cities. They are the second tier in the regional shopping hierarchy in terms of both the number of comparison goods outlets and shopper numbers.

The market position of existing retailers in the town (24% Premium, 61% Mid market and 15% Value) places Chichester in Retail Footprint's 'Quality Major Centres' Minor Class[2]. Other examples of Quality Major Centres include Watford, Bath and Tunbridge Wells.

Annual comparison goods expenditure of £362 million attracted to Chichester



In total, Chichester's catchment contains 1.1 million residents with annual comparison goods expenditure of £3.0 billion. Chichester town centre captures 11.9% of this expenditure, representing £361.7 million of annual comparison goods expenditure. In addition, £85.2 million is spent on Catering in Chichester per annum. The large catchment covers the surrounding towns of Bognor Regis, Littlehampton, Worthing and Portsmouth, extending as far as Haslemere to the north and Fareham to the west.

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[1] CACI's Retail Footprint model predicts market potential at retail destinations on the basis of the scale and function of retail provision, the distribution of residents and access to retail competition. The model is calibrated using debit and credit card transaction patterns and is widely regarded as the most robust source of assessing retail potential at UK retail centres.

[2] Retail Footprint divides centres into major and minor 'Classes' in order to reflect different roles within the shopping hierarchy. While Major Class reflects the status and range of goods available at a centre, minor class reflects its draw, centres with a more Premium bias attracting affluent shoppers over longer catchments than centres with a more Value based offer.

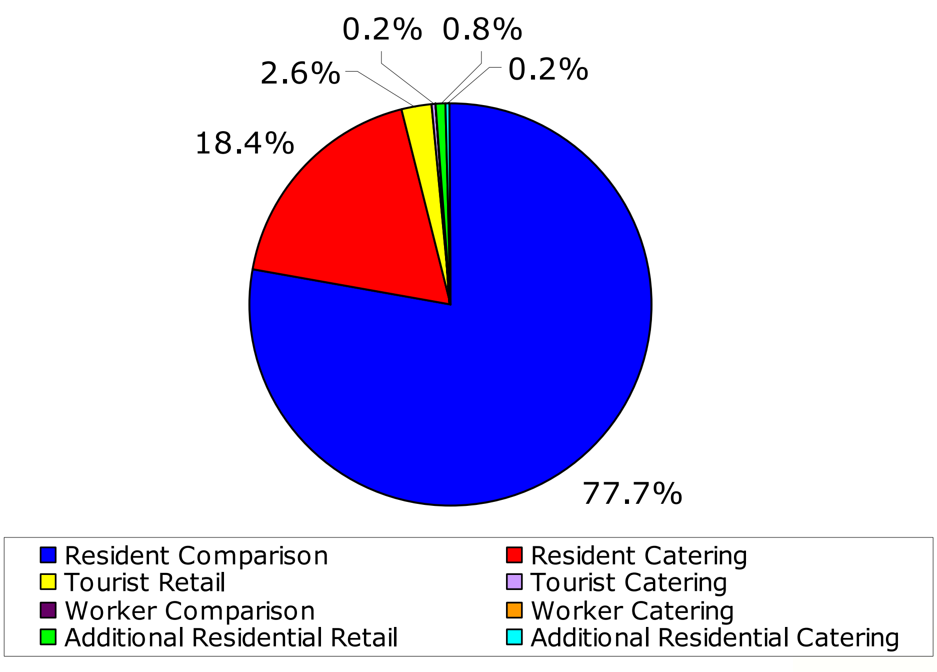
Chichester currently captures 12% of total catchment spend

Catchment	Total Population	Total Households	Shopper Population	Expenditure (millions)	Market Share
Primary	81,821	36,065	67,411	£182.7	82.2%
Secondary	91,869	40,551	35,558	£92.6	38.5%
Tertiary	170,038	74,621	18,772	£50.6	11.2%
Quaternary	785,659	332,860	13,046	£35.7	1.7%
Total	**1,129,387**	**484,097**	**134,787**	**£361.7**	**11.9%**

Chichester's market share is highest in the Primary and Secondary sub catchments (where 75% of shoppers originate). In this area (the 'core' catchment), the Retail Footprint model estimates that Chichester's market share is 59%. Within the Primary catchment alone (where 50% of shoppers originate), Chichester's market share is over 82%. Overall, Chichester captures a 12% market share of its total catchment, equating to £361.7 million of comparison goods expenditure per annum. Chichester is the dominant centre within its catchment. The nearby towns of Portsmouth, Fareham and Worthing all capture market shares of around 8% from Chichester's catchment.

There are several retail schemes in the pipeline over the coming years in the area surrounding Chichester (e.g. the Northern Quarter in Portsmouth and Friary Shopping Centre and Churchill Square extensions in Guildford and Brighton), as well as the small Shippams Site scheme in Chichester itself. CACI have produced a 2016 scenario in order to identify what impact future developments will have on Chichester. Despite increased competition in surrounding centres, CACI predict that the circa 53,000 sq. ft. of retail space due to come on stream in Chichester will enable the town to increase its market share slightly, by 2.3% in the core catchment. Within the total catchment, Chichester maintains its current market share of 11.9%. Incorporating consumer expenditure and population growth, annual comparison goods expenditure being drawn to Chichester is forecast to rise to £539.0 million in 2016.

Tourists are an important source of additional expenditure



The methodologies employed in this study emphasise the importance of analysing several elements of spend, in addition to resident-based market potential; namely retail and catering spend derived from tourists and workers, and additional retail and catering spend derived from new residential development.

The daytime population of a town centre can change substantially from normal residential times with the influx of workers. CACI have quantified this change by analysing the Census 2001 Special Workplace Statistics in order to quantify the volume of workers in Chichester, and then applying CACI's unique Workday Wallet expenditure estimates to calculate the worth of these visitors in terms of comparison goods and catering spend. According to CACI's Workday Wallet dataset, an estimated £187,300 per year is spent in Chichester on retail and catering shopping trips originating from place of work. This represents less than 0.01% of total combined market potential (residents/tourists/ workers/residential development), and 0.04% of market potential being attracted to Chichester itself, on the basis of its retail offer.

Within Chichester's catchment, there are an estimated 6.3 million tourist visits per year, the majority of which are domestic business or holiday visits. These visitors spend a total of over £111 million on comparison goods and catering per annum. In addition to resident based shopping trips, CACI estimate that 1.2 million of these tourist visitors are attracted to Chichester itself on the basis of its retail offer. These visitors are estimated to bring additional expenditure of £20.2 million on retail goods and £5.4 million on catering to the town. This equates to 5.3% of the combined market potential of Chichester (residents/tourists/workers/residential development).

In order to take account of the effect that new dwellings will have on household numbers and therefore retail spend, CACI have used planning application records and information from relevant local authorities to estimate the amount of additional spend that will be generated by residential development in Chichester's catchment. CACI estimate that £41.4 million of additional spend on comparison goods and catering will be generated in Chichester's catchment between now and 2016, of which £13.0 million will be captured by Chichester on the basis of its retail offer. This represents 2.6% of the combined market potential of Chichester.

Overall, additional expenditure from workers, tourists and as a result of new residential development adds almost £39 million to Chichester's resident-based spend, providing a further boost to the town's large market potential.

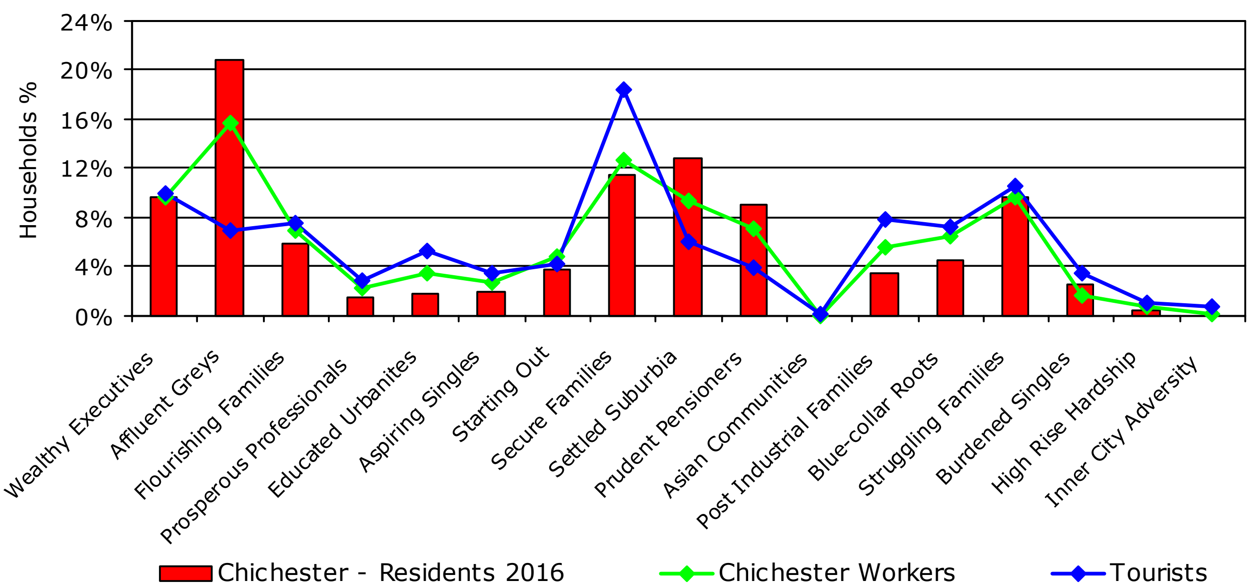
Clothing, Durables and Leisure Goods are key comparison goods sectors

	Total Market Potential (£m)	% of Market Potential	Spend per Household (£ per annum)
Clothing	£84.0	16.0%	£1,459
Footwear	£10.0	1.9%	£174
House & Home	£33.4	6.4%	£581
Leisure Goods	£74.9	14.3%	£1,301
Personal Goods	£24.0	4.6%	£416
Personal Care	£35.5	6.8%	£616
Durable Goods	£99.9	19.1%	£1,734
Comparison Goods Total	**£361.7**	**69.0%**	**£6,280**
Convenience & Catering	£162.1	31.0%	£2,815
Grand Total	**£523.8**	**100.0%**	**£9,095**

Chichester's total Clothing & Footwear market is currently worth an estimated £94.0 million per annum, representing 18% of total expenditure potential. Convenience and Catering add a further £162.1 million to the annual Comparison Goods spend, giving a total retail spend of some £523.8 million.

Spend on Durable Goods (TV, audio, video, white goods, furniture) also makes a significant contribution to annual expenditure potential in Chichester's retail catchment, accounting for £99.9 million per annum of spend, or 19% of total potential expenditure. The Leisure Goods sector (books, toys, sports equipment) represents £74.9 million of spend (14% of total expenditure).

Chichester's catchment is biased towards affluent lifestyle groups

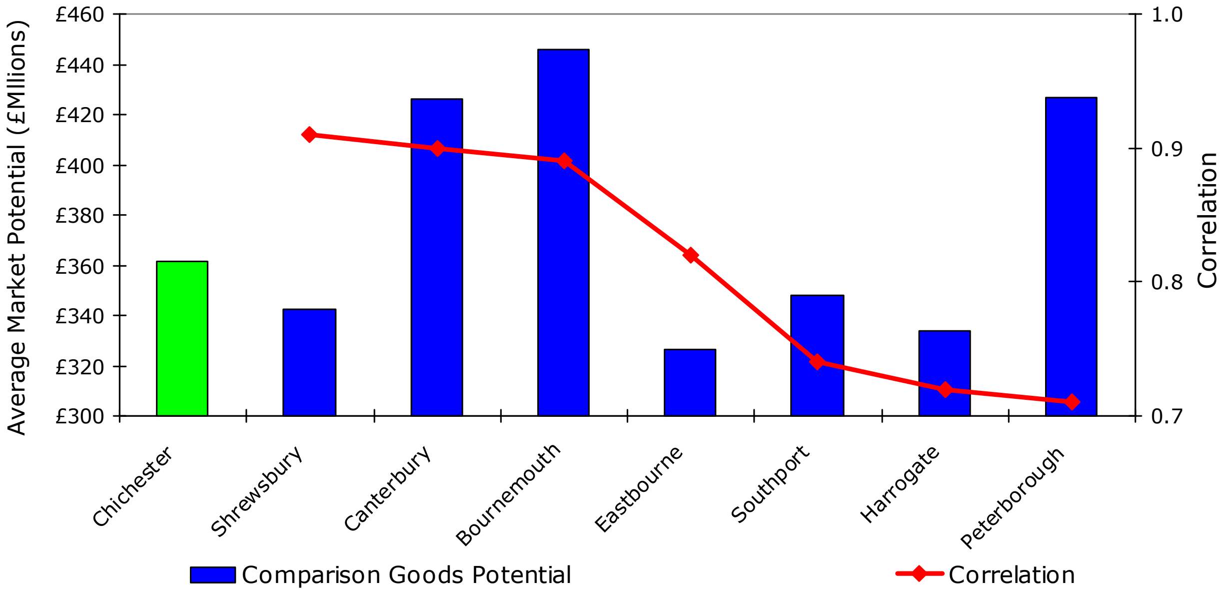


Information CACI Solutions

Chichester has the most affluent ACORN profile of the 5 Towns + Chichester; it is dominated by Affluent Greys and has the strongest representation of Wealthy Executives (the most affluent of all the lifestyle groups). Overall there is still a broad range of residents to cater for, with 'comfortably off' groups accounting for similar proportions of households to the less well off Struggling Families group.

Chichester's worker profile is broadly in line with that of residents, while the tourist profile provides greater representation of Secure and Post Industrial Families as well as the Blue Collar Roots group.

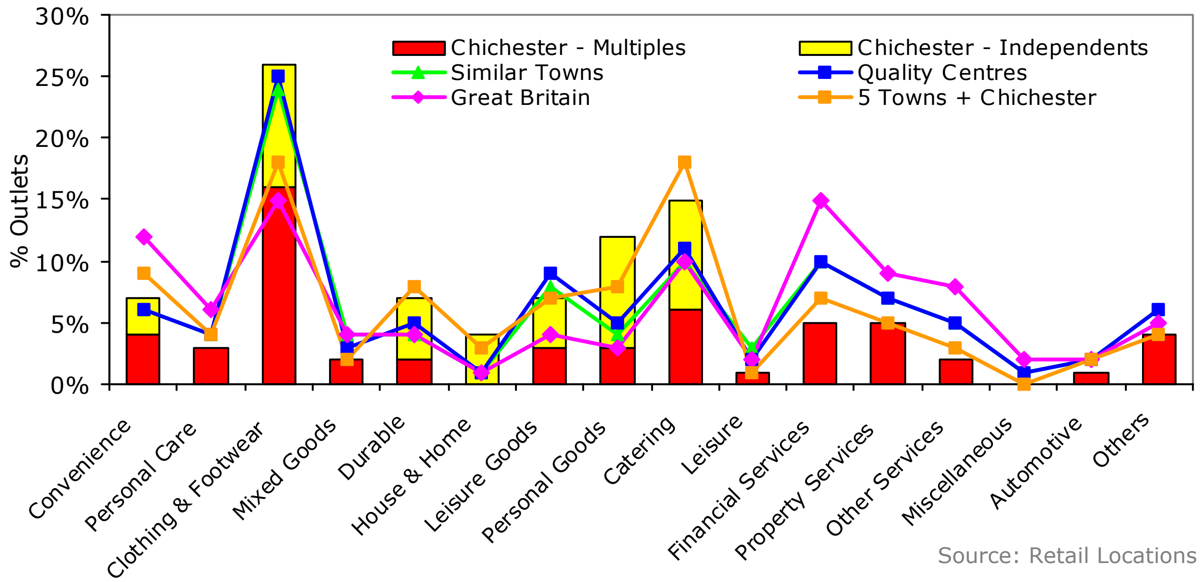
Shoppers in Chichester are similar to Shrewsbury, Canterbury and Bournemouth



CACI have used ACORN and expenditure data to identify towns with a similar market size (in terms of Comparison Goods spend) and ACORN shopper profile to Chichester. Shrewsbury, Canterbury, Bournemouth and Eastbourne have strong correlation coefficients[3] with the projected shopper profile; 0.91, 0.90, 0.89 and 0.82 respectively (i.e. the people who shop in these towns are very similar to those who shop in Chichester). In market size terms, Chichester is larger than Shrewsbury, Eastbourne, Southport and Harrogate, but smaller than Canterbury, Bournemouth and Peterborough. These centres have similarly strong concentrations of ACORN groups to Chichester within their lifestyle profiles, particularly the Affluent Greys, Secure Families and Settled Suburbia categories.

[3] The correlation coefficient indicates similarity between shoppers at two towns. A perfect match is indicated by a correlation of +1 or −1 while no similarity is indicated by a co-efficient of 0. Generally speaking, ACORN correlations need to be in excess of 0.7 to indicate significant similarities between centres.

Opportunities for Personal Care and Mixed Goods retailers

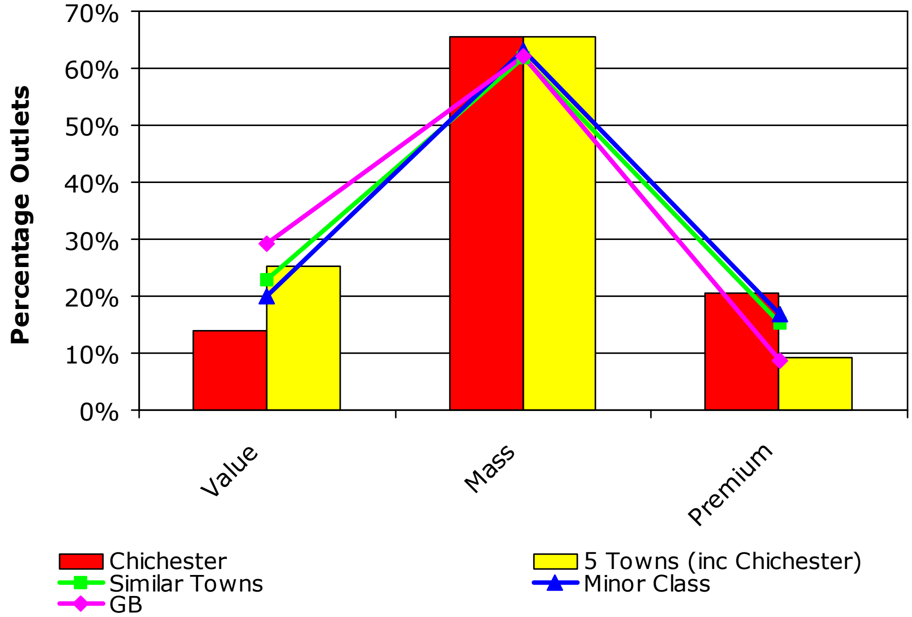


Source: Retail Locations

CACI have compared the current profile of multiple and independent occupiers in Chichester with the combined profile of occupiers in the similar towns identified above, in order to identify opportunities to improve the existing retail offer. Compared to similar sized towns with similar shoppers, Chichester lacks Personal Care and Mixed Goods outlets and Leisure facilities. CACI undertook a Retailer Requirements search on EGi (Estates Gazette web site) in order to get an indication of retailer demand for units in Chichester. In terms of Mixed Goods retailers, Argos and TJ Hughes have current requirements for the town. Premium cosmetics retailer Space.NK also has a requirement for a unit in Chichester.

There is a strong representation of Clothing & Footwear, Durable, House & Home, Personal Goods and Catering outlets. The proportion of total outlets falling into the Convenience category is below the 5 Towns + Chichester average, but this reflects Chichester's greater 'destination' status as a centre for comparison goods retailing.

Market position of retailers in Chichester is mid & upper market dominated



Source: Retail Locations

CACI have compared the 'market position' of retailers in Chichester with the position of retailers in benchmark centres. This analysis is important, as CACI's annual review of shopping patterns shows that centres with stronger (more Premium) retail offers tend to draw shoppers over longer distances and achieve higher market shares. Compared to similar sized towns with similar shoppers there is an under representation of Value retailers in Chichester, balanced by moderate over provision of Premium retailers, which is an advantage for the town. Overall Chichester's market position is predominantly mid market.

In summary, Chichester represents an excellent opportunity for retailers. Chichester's lifestyle profile is dominated by Affluent Greys, and also has strong representation of the Wealthy Executives group when compared to surrounding towns. This affluence is reflected in the strength of the Premium retail offer in Chichester relative to similar towns, though overall the town's market position is strongly mid market. CACI has identified strong opportunities for retailers in the Personal Care and Mixed Goods sectors, as well as opportunities for Leisure operators. Tourist visitors to Chichester are an important source of additional retail and catering expenditure, boosting the town's market potential by some £26 million per annum. Additional expenditure from workers, tourists and new residential development takes Chichester's total market potential to £484 million. CACI believe that Chichester represents an excellent opportunity for good quality mid and upper-mid market retailers and leisure operators to satisfy strong demand, particularly from residents and tourists, and take advantage of current gaps in provision.

CACI Credentials

CACI has a long history of providing spatial analysis to support site assessment in the UK, dating back to the early 1980s. It has been an integral part of the more general market analysis and geodemographic work that CACI has produced for its clients, and has helped make CACI the market leader in the UK for information solutions. Recent projects have included work with **Wickes, BT, Selfridges, Homebase, Bentalls, WhSmith, Ikea, Mothercare, Bodyshop, Sainsburys, House of Fraser**, **Aldi, Spar and Starbucks.**

CACI's exceptional strength in the field of spatial analysis stems from the fact that:

- CACI was the first to build a national retail centre catchment model using gravity modelling techniques. It is used by over 40 major retailers and provides a good base for bespoke modelling projects, saving both costs and time
- CACI's core business is market analysis in the UK. With a team of over 100 people working in this area, CACI have an unrivalled understanding of the nature and evolution of consumer behaviour and markets in the country
- CACI have access to the widest range of quality data. Good quality data is at the foundation of every modelling exercise. CACI are data integrators, not data collectors and are therefore free to build databases from the highest quality sources available in the UK, taken from a wide range of suppliers
- The quantitative modelling of Market Sizes, their behaviour and evolution has been a particular area of expertise since the early 1980s
- The techniques used have been tested across a wide range of application areas and have evolved over many years

Our areas of expertise include the following:

- Gravity modelling and spatial interaction modelling
- Catchment area definitions
- New outlet sales predictions in location "X"
- Competitive location impacts
- Site assessment
- Micro market modelling
- Outlet performance against measured potential
- Location and territory optimisation modelling
- Entire network restructuring
- Customer behaviour analysis
- Direct mail response analysis
- Advertising effectiveness
- Targeting of direct marketing materials
- Distance and Drivetime decay analysis
- Customer retention models
- Financial services share of wallet models