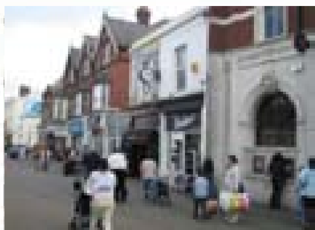
Selsey



Prepared for: **5 Town Network**

Prepared By: **CACI Property Consulting**

Selsey– Summary of Market Potential

Key Findings

- CACI's Retail Footprint model shows that Selsey's retail catchment contains 10,540 residents with annual comparison goods expenditure of £27 million.
- Selsey town centre captures 25.5% of this expenditure, representing £6.8 million of annual comparison goods expenditure.
- In addition, £1.6 million is spent on Catering in Selsey per annum.
- Selsey's market share of the core and total catchments declines from 25.5% in 2006 to 24.8% in 2016, primarily as a result of increased competition from Chichester following completion of the Shippam's Site development.
- Incorporating consumer expenditure and population growth however, annual comparison goods expenditure being drawn to Selsey is forecast to rise to £9.9 million in 2016.
- According to CACI's Workday Wallet dataset, an estimated £50,500 per year is spent in Selsey on retail/catering shopping trips originating from place of work.
- CACI estimate that some 152,000 tourist visitors per year are currently being attracted to Selsey, bringing additional expenditure of £3.0 million on retail goods and £0.1 million on catering to the town.
- CACI estimate that £1.3 million of spend on comparison goods and catering will be generated by new residential development in Selsey's catchment between now and 2016, of which £0.3 million will be captured by the town.
- Overall, additional expenditure from workers, as a result of new residential development and from tourists in particular, adds around £3.5 million to Selsey's resident-based spend, boosting to the town's market potential by some 43%.
- Selsey's extremely small retail catchment results in a skewed ACORN profile. The catchment is biased towards two lifestyle groups; Affluent Greys and Settled Suburbia, which together comprise over 67% of households.
- Compared to the UK as a whole, Selsey also has above average representation of Prudent Pensioners (7.3% of households).
- Selsey's market size and ACORN profile make it similar to towns such as Abergele, Holt, Birhcington-on-Sea and Walton-on-the-Naze
- The profile of multiple and independent occupiers in Selsey indicates strong opportunities for Mixed Goods retailers and Leisure operators, when the occupier profile is compared with that of similar towns.
- Compared to similar sized towns with similar shoppers, the market position of Selsey is strongly mid market and lacks value retailers. While towns with similar shoppers have more value retailers, the current mass market-biased offer in Selsey is an advantage and further concentration should be avoided.
- Overall, Selsey represents a good opportunity for retailers and leisure operators to satisfy local demand, and in particular the strong level of demand from tourists for good quality retail, catering and leisure facilities.

Introduction

This summary presents key findings from an evaluation of market potential at Selsey, part of the 5 Town Network in West Sussex. 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 Selsey as a 'Local Centre' in the hierarchy of UK shopping destinations. Local Centres are small centres located away from urban areas. They tend to have relatively few comparison outlets and predominantly serve local convenience needs.

The market position of existing retailers in the town (78% Mid market and 22% Value) and its size places Selsey in Retail Footprint's 'Small Local Centres' Minor Class[2]. The majority of Small Local Centres are very small with a very limited retail offer. Other examples of Small Local Centres include Millom, Hull – Hessle and Padiham.

Annual comparison goods expenditure of £7 million attracted to Selsey

In total, Selsey's catchment contains 10,540 residents with annual comparison goods expenditure of £27 million. Selsey town centre captures 25.5% of this expenditure, representing £6.8 million of annual comparison goods expenditure. In addition, £1.6

[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.

million is spent on Catering in Selsey per annum. As a result of the small size of this centre, 100% of shopper flows are derived from the primary and secondary (or 'core') catchments, and the area covered by this catchment does not extend far beyond Selsey itself.

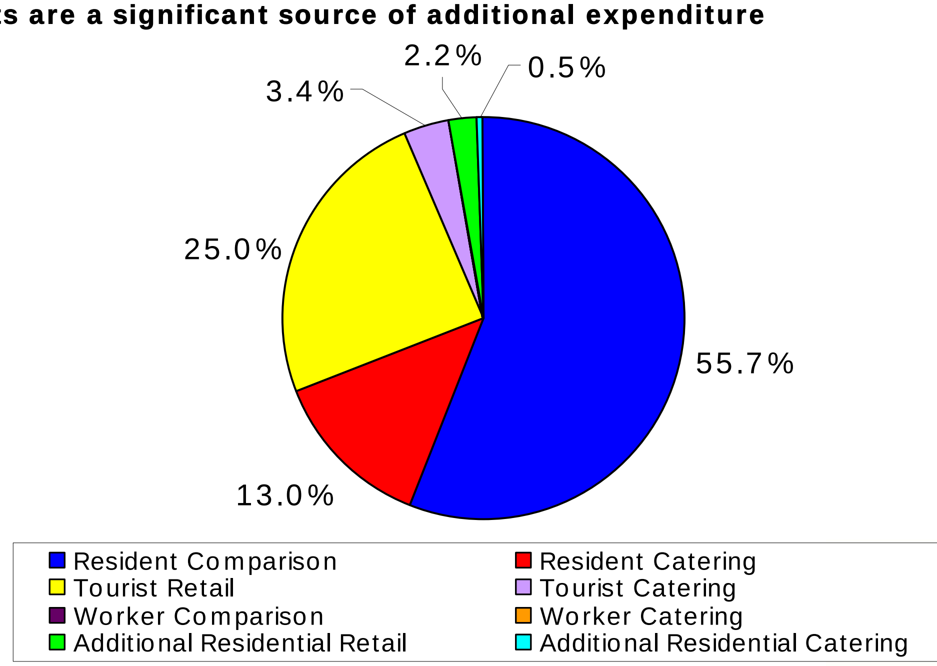
Selsey currently captures 26% of total catchment spend

Catchment	Total Population	Total Households	Shopper Population	Expenditure (millions)	Market Share
Primary	8,504	3,849	2,173	£5.3	25.6%
Secondary	2,032	892	519	£1.5	25.5%
Tertiary	0	0	0	£0.0	0.0%
Quaternary	0	0	0	£0.0	0.0%
Total	**10,536**	**4,741**	**2,692**	**£6.8**	**25.5%**

Selsey captures a 26% market share in both its primary sub-catchment (where 50% of the centre's trade is derived) and its secondary catchment (which accounts for the next 25% of trade). Within the primary catchment, from a total population of 8,504 the centre attracts a shopper population of 2,173 and comparison goods expenditure of £5.3 million per annum. Overall, Selsey captures a 26% market share of its total catchment, covering an extremely limited area, equating to £6.8 million of comparison goods expenditure per annum.

There are several retail schemes in the pipeline over the coming years in the larger centres surrounding Selsey, including extensions to existing shopping centres in Guildford, Brighton and Portsmouth and the development of the Shippams Site in nearby Chichester town centre. CACI have produced a 2016 scenario in order to identify whether future development will have a detrimental impact upon Selsey. Selsey's market share of the core and total catchments declines by 0.7% over the period, from 25.5% in 2006 to 24.8% in 2016, primarily as a result of increased competition from Chichester following completion of the Shippam's Site development. Incorporating consumer expenditure and population growth however, annual comparison goods expenditure being drawn to Selsey is forecast to rise to £9.9 million in 2016.

Tourists are a significant 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 Selsey, 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 £50,500 per year is spent in Selsey on retail and catering shopping trips originating from place of work. This represents 0.1% of total combined market potential (residents/tourists/workers/ residential development), or 0.4% of market potential being attracted to Selsey itself, on the basis of its retail offer.

Within Selsey's small catchment there some 600,000 tourist visits per year, the vast majority of which are domestic holiday visits. These visitors spend a total of over £13.5 million on comparison goods and catering per annum. CACI estimate that over 152,000 of these tourist visitors (25%) are currently being attracted to Selsey itself on the basis of its retail offer, bringing additional expenditure of £3.0 million on retail goods and £0.1 million on catering to the town. This equates to some 27% of the combined market potential of Selsey (residents/tourists/workers/residential development), and is highly significant when compared to the rest of the 5 Towns + Chichester. Given the importance of tourist expenditure to Selsey's overall spend profile, there are strong opportunities in the town for retailers serving this market.

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 Selsey's catchment. CACI estimate that £1.3 million of additional spend on comparison goods and catering will be generated in Selsey's catchment between now and 2016 as a result of residential development, of which £0.3 million will be captured by Selsey on the basis of its retail offer. This represents 2.8% of the combined market potential of the town.

Overall, additional expenditure from workers, as a result of new residential development and from tourists in particular, adds around £3.5 million to Selsey's resident-based spend, boosting to the town's market potential by some 43%.

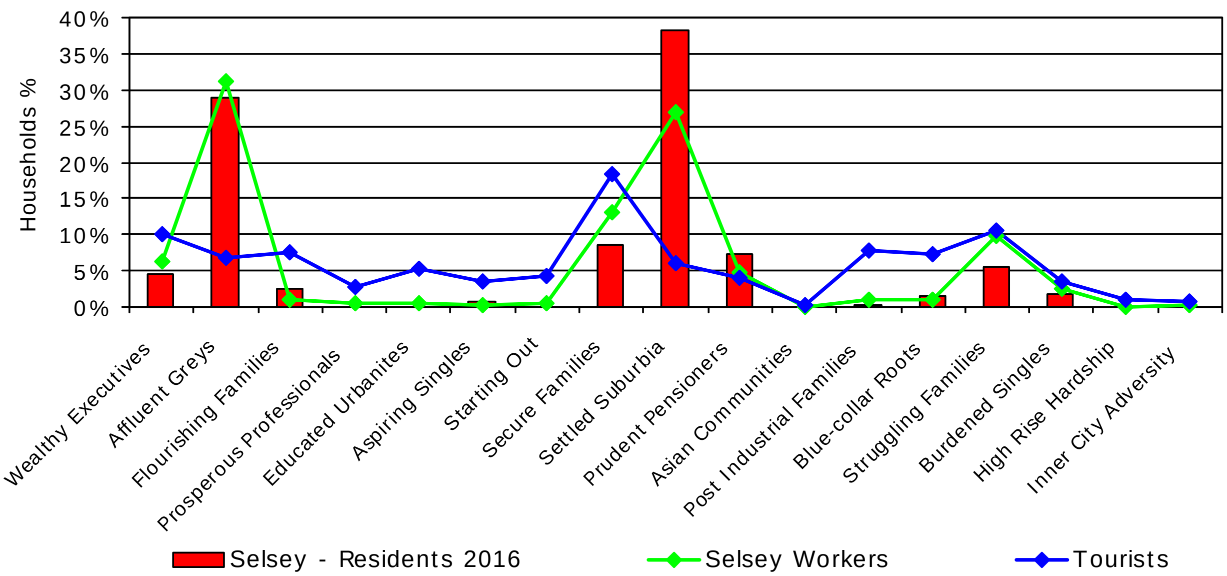
Clothing and Durable Goods are key comparison goods sectors

	Total Market Potential (£m)	% of Market Potential	Spend per Household (£ per annum)
Clothing	£1.6	16.0%	£1,379
Footwear	£0.2	1.9%	£165
House & Home	£0.6	6.6%	£567
Leisure Goods	£1.3	13.6%	£1,175
Personal Goods	£0.5	4.6%	£398
Personal Care	£0.7	6.9%	£594
Durable Goods	£1.9	19.0%	£1,636
Comparison Goods Total	**£6.8**	**68.7%**	**£5,914**
Convenience & Catering	£3.1	31.3%	£2,694
Grand Total	**£9.9**	**100.0%**	**£8,608**

Selsey's total Clothing & Footwear market is currently worth an estimated £1.8 million per annum, representing 18% of total expenditure potential. Convenience and Catering add a further £3.1 million to the annual Comparison Goods spend, giving a total retail spend of £9.9 million.

Spend on Durable Goods (TV, audio, video, white goods, furniture) also makes a significant contribution to annual expenditure potential in Selsey's retail catchment, accounting for £1.9 million per annum of spend, or 19% of total potential expenditure. The Leisure Goods sector (books, toys, sports equipment) represents £1.3 million of spend (14% of total expenditure).

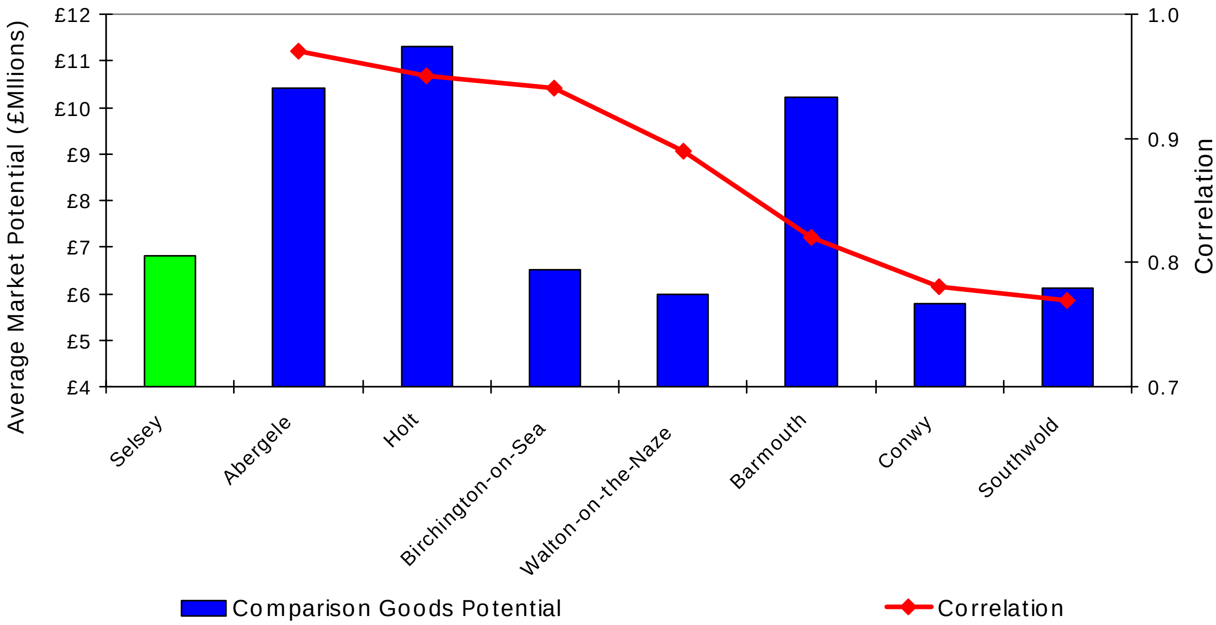
Selsey's catchment is skewed towards affluent and comfortably off groups



CACI have analysed the lifestyle profile of shoppers in Selsey using the ACORN lifestyle classification. Selsey's extremely small retail catchment results in a skewed ACORN profile. The catchment is biased towards two lifestyle groups; Affluent Greys and Settled Suburbia, which together comprise 67.3% of households. Compared to the UK as a whole, Selsey also has above average representation of Prudent Pensioners (7.3% of households). Affluent Greys tend to be older empty nesters and retired couples. These older, affluent people have the money and time to enjoy life, and are therefore an important source of retail spend. Typical retailers that this group find attractive include Marks & Spencer, Windsmoor and Country Casuals.

Selsey's worker lifestyle profile shows a similar bias towards the Affluent Grey and Settled Suburbia groups. Taking tourist visitors into consideration gives more balance to the overall profile of those spending on retail goods in the town. The majority of tourist visitors fall into the Secure Families group. Given that tourist retail spend accounts for a significant proportion of total retail and catering spend in Selsey, it is important to consider the tourist ACORN profile when looking at the overall lifestyle profile of the town.

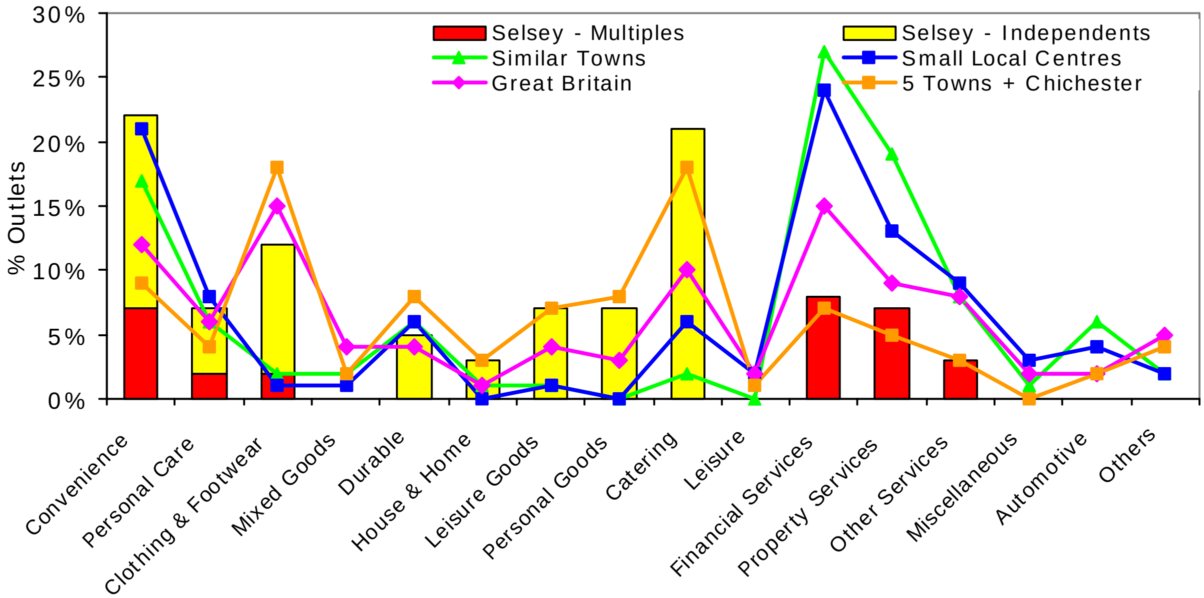
Shoppers in Selsey are similar to Abergele, Holt and Barmouth



CACI have used ACORN and expenditure data to identify towns with a similar market size and shopper profile to Selsey. Abergele, Holt, Birhcington-on-Sea and Walton-on-the-Naze have strong correlation coefficients[3] with the projected shopper profile; 0.97, 0.95, 0.94 and 0.89 respectively (i.e. the people who shop in these towns are very similar to those who shop in Selsey). In market size terms, Selsey is larger than Walton-on-the-Naze, Conwy and Southwold, but smaller than Abergele, Holt and Barmouth. These centres have similarly strong concentrations of ACORN groups to Selsey within their lifestyle profiles, particularly the Affluent Greys 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.

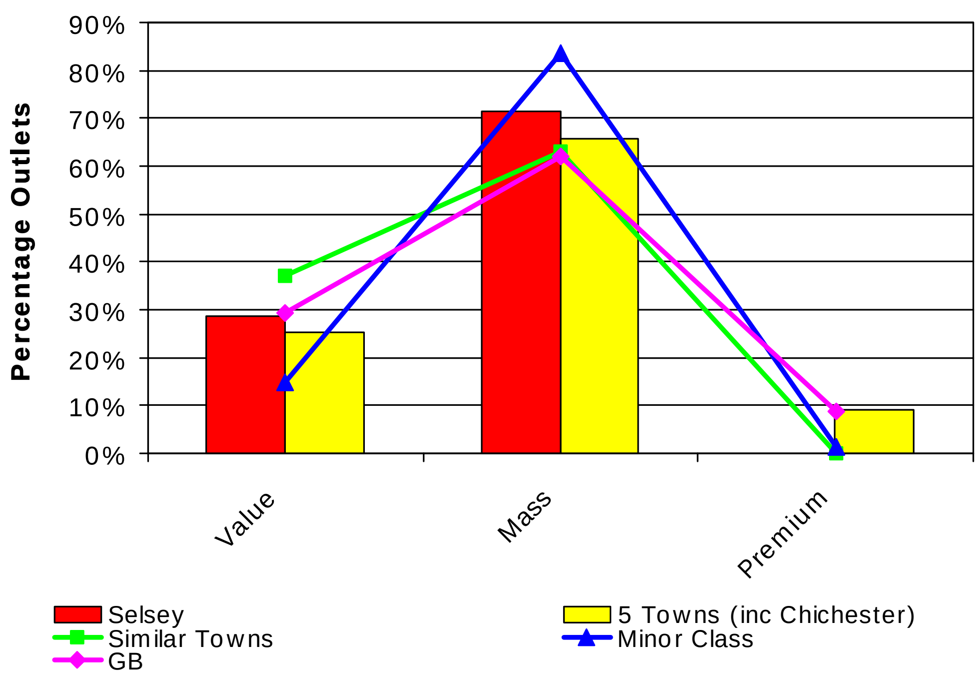
Opportunities for Mixed Goods retailers and Leisure outlets



CACI have compared the current profile of multiple and independent occupiers in Selsey 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, Selsey lacks Mixed Goods retailers and Leisure outlets.

There is a strong representation of Convenience, Leisure Goods, Personal Goods and Catering outlets. Independent retailers make up 100% of the Durable, House & Home, Leisure Goods, Personal Goods and Catering goods provision in Selsey, and the majority of retail provision in the town in general.

Market position of retailers in Selsey is strongly mid market



CACI have compared the 'market position' of retailers in Selsey 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, the market position of Selsey is strongly mid market and lacks value retailers. While towns with similar shoppers have more value retailers, the current mass market-biased offer in Selsey is an advantage and further concentration should be avoided.

In summary, Selsey's shoppers are skewed towards older affluent and comfortably off lifestyle groups, reflected in its strong mid market positioning. CACI has identified opportunities for Mixed Goods retailers and Leisure operators in the town. Selsey's small resident market potential is substantially increased by the large amount of expenditure generated by tourist visitors. Tourist retail and catering expenditure accounts for some 27% of the combined market potential of Selsey, or £3.1 million. Overall, additional expenditure from workers, as a result of new residential development and from tourists in particular, boosts Selsey's resident market potential by 43%. This takes the town's total market potential to £11.6 million per annum from residents, workers and tourists. CACI believe that Selsey represents a good opportunity for retailers and leisure operators to satisfy local demand, and in particular the strong level of demand from tourists for good quality retail, catering and leisure facilities.

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