

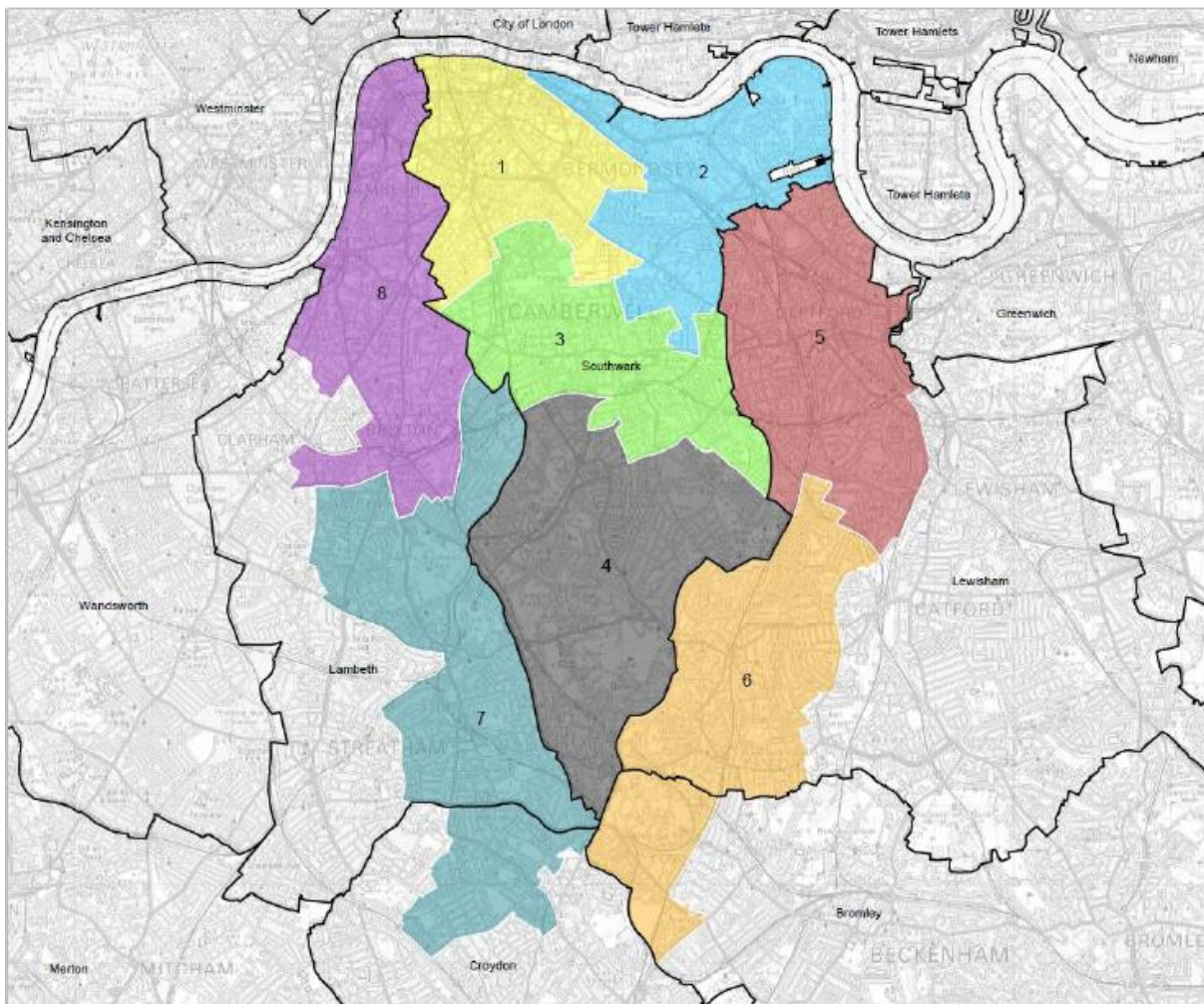
Explanatory Note on the Update to the Retail Target

Purpose

1. This explanatory note sets out the methodology used to produce the updated retail figures in the Strategic Targets Background Paper, and the reasoning behind this update. This note is prepared in response to Inspectors Actions from Part 1 Hearings (EIP188) Action number 25.

Methodology

2. The methodology used in the quantitative analysis for new retail floorspace is set out in Appendix 1 of the Southwark Retail Study 2015 (SP415) paragraphs 1-18, it is again set out in the Southwark Retail Study Old Kent Road Update 2018 (SP419) pages 4-9. A summary of the methodology is set out below.
3. The study is based on a defined study area – this is set out in Appendix 1 of SP419. The Study Area has been sub-divided into eight zones, based on ward boundaries. The inner catchment areas, Zones 1-4, comprise of the Southwark area. The study area includes parts of neighbouring boroughs including, Lewisham, Lambeth, and Bromley.



4. Zones
 - a. Zone 1: Southwark North West
 - b. Zone 2: Southwark North East
 - c. Zone 3: Southwark Central
 - d. Zone 4: Southwark South
 - e. Zone 5: Lewisham North West
 - f. Zone 6: Lewisham South West
 - g. Zone 7: Lambeth South East
 - h. Zone 8: Lambeth North East
5. The study seeks to quantify the available expenditure in LB Southwark for convenience, comparison, and food and beverage goods.
6. The study quantifies the available expenditure at 2014, 2021, 2026 and 2031. This is calculated using the Study Area Population Projections, as set out in SP419 Appendix 2 Table 1. The Convenience Goods Expenditure per person, is set out in SP419 Appendix 2 Table 2, Comparison Goods Expenditure per person is set out in Appendix 3 Table 2, and Food and Beverage Expenditure per person is set out in Appendix 4 Table 2.

$$\text{Expenditure} = \text{Study Area Population} \times \text{Expenditure Per Person}$$

7. The Available Expenditure is calculated by testing the Expenditure against the Market Shares across the study area. This is set out in Appendix 2 Tables 4-13, Appendix 3 Tables 4-17, and Appendix 4, Tables 4-15.
8. The population projections are based on an up-to-date evidence base. The 2015 study, SP414, is based on census population estimates for 2011. SP419 uses updated population projections to 2014, 2017, 2021, 2026 and 2031, which are based on the latest growth projections for Southwark Borough set out in the Preferred Option – Interim 2015 based BPO Projection (GLA 2017) and GLA ward-based projections for zones outside Southwark Borough. These projections take into account the OKR AAP preferred option sites. This is set out in paragraphs 2.6 and 2.7 of SP419.
9. The expenditure per person was based on Experian's latest (at the time of the study) local consumer expenditure estimates for the study area, the base year prices for 2015 have been obtained. The 2015 Retail Study (SP414) used 2012 prices, as such the two reports are not directly comparable.
10. The study quantifies the turnover of existing facilities, the turnover of commitments (applications in the pipeline) in order to calculate the Surplus/Deficit Expenditure at 2014, 2021, 2026 and 2031. A list of applications in the pipeline is provided in Appendix 1, Tables 1-6.

$$\text{Surplus/Deficit Expenditure} = \text{Available Expenditure in LB Southwark} - \text{Turnover of Existing Facilities} - \text{Turnover of Commitments}$$

11. The study calculates what new floorspace any surplus expenditure could support, the Turnover Density New Floorspace (£/sqm) figures are used for this conversion. The turnover densities for each year, and the floorspace which surplus/deficit expenditure can support are set out in, SP419 Appendix 2 Table 15, Appendix 3 Table 21, and Appendix 4 Table 19.

$$\text{New Floorspace (sqm)} = \text{Surplus/Deficit Expenditure} / \text{Turnover Density (£/sqm)}$$

12. In the Southwark Retail Study 2018, the quantitative capacities for new retail floorspace are presented in a number of ways:
- Without taking into account commitments (pipeline applications)
 - The remaining capacity after accounting for commitments (this included Elephant and Castle Shopping Centre)
 - The remaining capacity after accounting for commitments and the future delivery of Aylesham Shopping Centre, and the Canada Water Masterplan.
13. The retail target in Policy SP1a of EIP27A was based on the figure from SP419, which provided the remaining capacity after accounting for commitments and the future delivery of Aylesham Shopping Centre, and the Canada Water Masterplan.

“26,672 sqm net new retail floorspace by 2031 over and above commitments.”

Update to Retail Target in the Strategic Targets Background Paper

14. We have amended the retail target (using the methodology set out in SP419) to better reflect the overall delivery of retail floorspace over the plan period based on the site allocations in the NSP.
15. The list of applications in the pipeline provided in SP419 Appendix 1, Tables 1-6, included a number of applications which have either not been completed or are yet to begin construction – these applications have been removed from this list and carried forward into the plan period.
16. The intention of this update was to provide a retail target which can be monitored against the site allocations in the NSP, and delivery of the NSP as a whole over the plan period to 2035/6.
17. The amended figure provides a retail target after accounting for an *adjusted* pipeline list based on the most up-to-date delivery information (the approach set out in paragraph 12b of this paper). See below the affected original figure highlighted in red.

$$\text{Surplus/Deficit Expenditure} = \text{Available Expenditure in LB Southwark} - \text{Turnover of Existing Facilities} - \text{Turnover of Commitments}$$

18. To calculate the Turnover of Commitments the study applies the relevant sales density of the year tested (2031), to the total amended pipeline floorspace for

convenience, comparison, and food and beverage.

$$\text{Turnover of Commitment (£)} = \text{Total Floorspace of Commitments (sqm)} \times \text{Turnover Density (£/sqm)}$$

Convenience and Comparison Floorsapce

19. The floorspace of A1 commitments in the original study is set out in the table below, see SP419 Appendix 1 for full list of applications.

Area	A1 Floorspace of Commitments (sqm)
Total Zone 1 (original study)	35,287
Total Zone 2 (original study)	12,293
Total Zone 3 (original study)	-629
Total Zone 4 (original study)	412

20. See list below of applications taken forward to the plan period, and therefore removed from the overall total of A1 Floorspace of Commitments.

Area vision	Site allocation	Application reference	Status	Address	Floorspace Change SQM Gross
Blackfriars	NSP16	12/AP/3940 and 18/AP/1603	Approved and approved subject to s106	Sampson House & Ludgate House, 64 & 245 Hopton Street	750
Bankside and Borough	NSP03	14/AP/3842	Under construction	185 Park Street	818
Bankside and Borough	NSP04	17/AP/0367	Under construction	Southwark Fire Station, Southwark Bridge Road	134
Bermondsey	NSP10	17/AP/4088	Approved	Tower Bridge Business Complex Clements Road	200
Bermondsey	NSP12	07/AP/1262	Under construction	Chambers Wharf Chambers Street	137
Blackfriars	NSP15	15/AP/0237	Complete	Friars Bridge Court, 41-45	986
Camberwell	NSP26			1-6 And 307-311 Camberwell New Green	-321
Elephant and Castle	NSP45	16/AP/4458	Approved	Elephant and Castle Shopping Centre (subject to planning)	10,000
Old Kent Road	NSP54/OKR2	15/AP/2474	Under construction	Rich Industrial Estate Crimscott Street	-2,507

Old Kent Road	NSP64/ OKR11	18/AP/0156	Under construction	272 St James's Road	127
Old Kent Road	NSP60/ OKR8	16/AP/4589	Under construction	282-286 Old Kent Road	80
Old Kent Road	NSP59/ OKR7	18/AP/0928	Under construction	233-247 Old Kent Road	214
Old Kent Road	NSP70/ OKR14	17/AP/1646	Under construction	634-636 Old Kent Road	172
Peckham	NSP74			133 Copeland Road,	329
Rotherhithe	NSP77	12/AP/4126 and 13/AP/1429	Under construction	Former Mulberry Business Park Canada Street	228
Rotherhithe	NSP77	12/AP/4126 and 13/AP/1429	Under construction	Decathlon Surrey Quays Road	5037
Walworth	NSP82	13/AP/1122	Under construction	182-202 Walworth Road	72
				Total	16456

21. The total A1 floorspace in commitments taken forward to plan period from the original 2018 retail study completions/commitments list is **16,456sqm**.

22. In the study when calculating the Turnover of Commitments for Convenience and Comparison Floorspace Zones 1 and 2 are used. The floorspace when the pipeline list is updated is (35,287+12,293) -16,456 = **31,124sqm gross**

23. The Retail Study 2018 assumes that 40% of this floorspace will be delivered as convenience floorspace, and 60% will be delivered as comparison floorspace.

24. Convenience as 40% of Total commitments floorspace (31,124sqm) = **12,450sqm gross 8714.72sqm net** (net is estimated as 70% of gross for convenience floorspace).

25. Comparison as 60% of Total commitments floorspace (31,124sqm) = **18,674sqm gross or 14,005.8sqm net** (net is estimated as 75% of gross for comparison floorspace).

26. In order to update the Strategic Targets Background Paper Retail Target the figure for the Turnover of Commitments was calculated for 2031, the turnover densities at 2031 were also used as set out in SP419.

$$\text{Turnover of Commitment (£)} = \text{Total Floorspace of Commitments (sqm)} \times \text{Turnover Density (£/sqm)}$$

27. Convenience Turnover of Commitments (£) = 8714.72sqm net x £12,000/sqm

28. Convenience Turnover of Commitments at 2031 = £104,576,640

29. Comparison Turnover of Commitments (£) = 14,005.8sqm net x £7,001/sqm

30. Comparison Turnover of Commitments at 2031 = £ 98,054,606

31. The Surplus Expenditure at 2031 was calculated using the original figures for Available Expenditure and Turnover of Existing Facilities as set out in SP419.

$$\text{Surplus/Deficit Expenditure} = \text{Available Expenditure in LB Southwark} - \text{Turnover of Existing Facilities} - \text{Turnover of Commitments}$$

32. See below Table for updated Surplus Expenditure at 2031 for Convenience Expenditure.

Available expenditure in LB Southwark (£m)	873.4
Turnover of Existing Facilities (£m)	690.08
Turnover of Commitments (£m)	104.58
Surplus/Deficit Expenditure (£m)	78.74

33. See below Table for updated Surplus Expenditure at 2031 for Comparison Expenditure.

Available expenditure in LB Southwark (£m)	1135.26
Turnover of Existing Facilities (£m)	742.27
Turnover of Commitments (£m)	98.05
Surplus/Deficit Expenditure (£m)	294.94

34. Applying the sales densities as set out in paragraph 27 and 29 (source from SP419) the quantitative capacity for new retail floorspace is 6,560 sqm net convenience floorspace, 42,130 sqm net comparison floorspace.

Food and Beverage Floorspace

35. The floorspace of A3-A5 commitments in the original study is set out in the table below, SP419 Appendix 1 for full list of applications.

Area	A3-A5 Floorspace of Commitments (sqm)
total zone 1 (original study)	16254
total zone 2 (original study)	798
total zone 3 (original study)	1219
total zone 4 (original study)	-573

36. See list below of applications taken forward to the plan period, and therefore removed from the overall total of A1 Floorspace of Commitments.

Area vision	Site allocation	Application reference	Status	Address	Floorspace Change SQM Gross
Bermondsey	NSP10	17/AP/4088	Approved	Tower Bridge Business Complex	300
Blackfriars	NSP16	12/AP/3940 and 18/AP/1603	Approved and approved subject to s106	Sampson House & Ludgate House, 64 & 245 Hopton Street	750
Borough and Bankside	NSP04	17/AP/0367	Under construction	Southwark Fire Station, Southwark Bridge Road	100
Elephant and Castle	NSP45	16/AP/4458	Approved	Elephant and Castle Shopping Centre (subject to planning)	3,594
Old Kent Road	NSP60/OKR8	16/AP/4589	Under construction	282-286 Old Kent Road	0
Old Kent Road	NSP70/OKR14	17/AP/1646	Under construction	634-636 Old Kent Road	100
Old Kent Road	NSP54/OKR2	15/AP/2474	Under construction	Rich Industrial Estate Crimscott Street	162
Peckham	NSP71			Peckham Centre Multi Storey Car Park	1,521
Rotherhithe	NSP77	12/AP/4126 and 13/AP/1429	Under construction	Decathlon Surrey Quays Road	1088
Rotherhithe	NSP77	12/AP/4126 and 13/AP/1429	Under construction	Former Mulberry Business Park Canada Street	228
Walworth	NSP82	13/AP/1122		182-202 Walworth Road	12
London Bridge	NSP49			Boland House And Counting House St Thomas Street	-361
				Total	7494

37. The total A3-A5 floorspace in commitments taken forward to plan period from the original 2018 retail study completions/commitments list is **7,494sqm**.

38. In the study when calculating the Turnover of Commitments for Food and Beverage Floorspace Zones 1-4 are used. The floorspace when the pipeline list is updated is 17,698 - 7,494 = **10,474sqm gross or 7,331.8sqm net** (net is estimated 70% of gross for food and beverage floorspace).

39. In order to update the Strategic Targets Background Paper Retail Target, the figure for the Turnover of Commitments was calculated for 2031, the turnover densities at 2031 were also used as set out in SP419.

$$\text{Turnover of Commitment (£)} = \text{Total Floorspace of Commitments (sqm)} \times \text{Turnover Density (£/sqm)}$$

40. Food and Beverage Turnover of Commitments (£) = 7,331.8sqm net x £5,992/sqm

41. Food and Beverage Turnover of Commitments at 2031 = £ 43,418,919.60

42. The Surplus Expenditure at 2031 was calculated using the original figures for Available Expenditure and Turnover of Existing Facilities as set out in SP419.

$$\text{Surplus/Deficit Expenditure} = \text{Available Expenditure in LB Southwark} - \text{Turnover of Existing Facilities} - \text{Turnover of Commitments}$$

43. See below Table for updated Surplus Expenditure at 2031 for Convenience Expenditure.

Available expenditure in LB Southwark (£m)	620.34
Turnover of Existing Facilities (£m)	411.2
Turnover of Commitments (£m)	43.42
Surplus/Deficit Expenditure (£m)	165.72

44. Applying the sales densities as set out in paragraph 40 (source from SP419) the quantitative capacity for new food and beverage floorspace is 27,980 sqm net.

Conclusion

45. The overall target is therefore 76,670 sqm net; broken down into 6,560 sqm net convenience floorspace, 42,130 sqm net comparison floorspace and 27,980 sqm net food and beverage floorspace.

46. This target reflects the amount of retail that is projected to need to be delivered in the plan period. The 2019 study anticipated that many of the commitments (e.g. approvals) would be built by 2021. Some of the planned commitments on site allocations have not started construction so it is appropriate to adjust the retail target to the plan period of 2020/1 - 2035/6.

47. The target is therefore reflective of the delivery of retail on site allocations in the New Southwark Plan. The target in Policy SP1a can be translated to anticipated delivery in Table 1b of Policy SP1b and monitored accordingly. This has been updated in the updated April 2021 Site Allocations Methodology Report (EIP82a).