

Dumfries and Galloway Council  
**LOCAL DEVELOPMENT PLAN 2**

# Retail Study

SEPTEMBER 2016





Dumfries & Galloway  
Retail Study 2016

September 2016

*Roderick MacLean Associates Ltd*

*In association with Ryden*

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# 1 Introduction

## 1.1 The consultants

1.1.1 In March 2016, Dumfries & Galloway Council commissioned **Roderick MacLean Associates Ltd** to undertake this retail study, with **Ryden LLP** as sub consultants covering the retail market and associated property issues.

## 1.2 Study objectives

1.2.1 The study objectives were set out in the brief. In general, the research will underpin the Local Development Plan, especially the emerging LDP2. It will support Council decisions on planning applications, provide tools to conduct town centre health checks and guide economic development activities and initiatives in relation to developing the retail offer in the town centres across the Council area under the *Town Centres First* principle.

1.2.2 The specific objectives are listed as follows:

- To provide specialist advice to policy planners in preparation of LDP2 and any associated supplementary guidance;
- Provision of guidance in supporting and developing the region's retail offer;
- For Dumfries and Stranraer town centres, provide a better understanding of whether the current retail mix serves town centre regeneration and the wider catchment areas, taking account of the Town Centres First principle;
- To better understand the scope for strengthening the contribution of retailing to the town centre economies; and
- To better understand the nature of market failure and options for public sector intervention.

## 1.3 Study Requirements and Outputs

1.3.1 The retail study requirements and outputs were also set out in the brief. These are interpreted and summarised under the following bullet points:

- Provide an updated analysis of the retail sector in Dumfries & Galloway, including

- supply, and current and forecast demand for retail property. Quantitative analysis will be supported by qualitative assessments generally;
- Forecasts of retail expenditure capacity for 2017-27 (amended to 2016-27), within the context of market analysis/ trends and the market positioning of the retail offer in Dumfries & Galloway;
- Undertake a business occupier questionnaire survey with a 150-200 sample (amended to 150 sample by telephone interview survey); and
- Undertake a household survey in Dumfries & Galloway of around 600 sample size, to update information on shopping patterns and reveal current use and perceptions of the town centres and retail parks, including reference to the emerging strategy for retail development in town centres.
- As part of the above, provide a breakdown of the forecast retail floorspace requirements for the two main catchment areas, by convenience and comparison goods for 2016-22 and 2022-27;
- Provide a range of retail capacity forecasts for the periods mentioned;
- Assessment of retail trends, including, expenditure growth rates, growth in internet retail spending, sectoral changes, wider trends in retail market demand, and changing retailer formats;
- Assess retailer demand to locate in Dumfries & Galloway, principally at the level of the two main catchment areas by convenience and comparison goods categories, referencing any weaknesses in the range and quality of the existing supply of accommodation;
- In addition to assessing the scope for additional retailing in Dumfries & Stranraer, the study should provide opinion of the scope for additional retailing in the six smaller towns mentioned in the brief;
- Identify specific retailer requirements to locate in Dumfries Retail Park, The Peel Centre, Cuckoo Bridge Retail Park and the Gretna Outlet Centre;

- Provide a market profile and advice on the existing retail and non-retail services offer, taking account of retail trends, internet retailing and the offer in competing centres outside the region- notably Ayr, Carlisle, and Glasgow;
- Assessment of the allocations in the current LDP relating to the previous bullet point;
- Strategy advice for planning policy and economic development that would support growth in the market position of the region's retail offer;
- Relating to the above, assess shopper preferences for town centre based retailing in a national and local context.

## **1.4 Price base**

1.4.1 All values of expenditure and turnover in this study are expressed in constant 2015 prices.

## 2 Retail catchment areas and population

### 2.1 Main catchment areas

2.1.1 The Council area is divided into two main retail catchment areas for both convenience and comparison shopping, as illustrated on Map 2.1. These areas are the same as those defined in the 2012 Retail Capacity Study for Dumfries and Galloway, centred on Dumfries and Stranraer. The findings of the 2016 NEMS household survey for this study reconfirms the validity of these two areas. Shopping patterns relating to the main catchment areas are shown in the sections on convenience and comparison expenditure.

2.1.2 The household survey reveals that a substantial proportion of shoppers from the eastern part of the Dumfries main catchment visit Carlisle for shopping. This area covers Annan, Gretna and Langholm. In reviewing the main catchment areas, the household survey

divided the Dumfries main catchment into two zones (Dumfries- zone 1 and Annan/ Gretna/ Langholm- zone 2) and the Stranraer main catchment as zone 3. The two main catchments, though, are the focus of the retail capacity analysis in this study, as the study aims to assist strengthening the retail offer and retain more expenditure in the Council area.

### 2.2 Population projections

2.2.1 The current and projected population of Dumfries and Galloway, together with the two main retail catchment areas is shown in Table 2.1. Population data from the 2011 Census for each postcode sector comprising the main catchment areas and zones is shown in Appendix 1. There is a slight projected decline in the Council area population of just over 2,700 from 2016-27 (-1.8%).

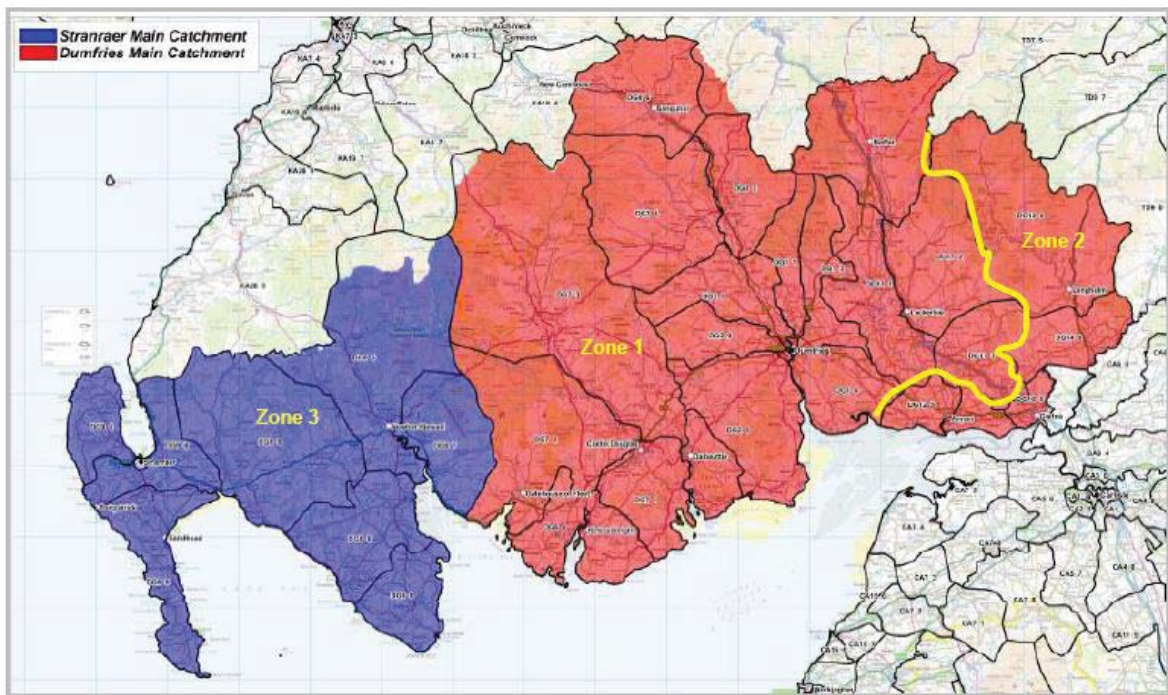
**Table 2.1**  
**Dumfries & Galloway and the main retail catchment areas: population projections**

	Census 2011	2016	2022	2027
<b>Dumfries main catchment</b>	121,995	120,596	119,548	118,403
<i>Zone 1 Dumfries</i>	100,516	99,364	98,500	97,556
<i>Zone 2 Annan, Gretna, Langholm</i>	21,479	21,233	21,048	20,847
<b>Stranraer main catchment</b>	29,329	28,993	28,741	28,465
<b>Dumfries &amp; Galloway</b>	<b>151,324</b>	<b>149,589</b>	<b>148,289</b>	<b>146,868</b>

Note

The 2011 Census populations by postcode sector for the catchment areas and zones are shown in Appendix 1  
The projected populations for 2016, 2022 and 2027 derive from the 2012 based population projections by the Register General





Map 2.1 Dumfries and Stranraer main catchment areas and zones for the household survey

## 3 Planning policy framework

### 3.1 Introduction

3.1.1 This section provides a summary of the current and emerging planning policy framework in Dumfries & Galloway, as it relates to town centres and retailing.

### 3.2 Scottish Planning Policy

3.2.1 The most recent version of the SPP was published in June 2014. The main change in emphasis compared to the 2010 version of the SPP is the greater focus on encouraging the diversity of uses and vitality within town centres generally, alongside support for improvement to the quality of the centres as places to live and work.

3.2.2 Preparation of the 2014 SPP was undertaken in parallel with the External Advisory Group's Report to the Scottish Government entitled *Community and Enterprise in Scotland's Town Centres*, published in June 2013. This document sets out a 'town centres first' principle, where the health of town centres is given central focus. A list of health check indicators is contained in Appendix A of the 2014 SPP.

3.2.3 The 'town centres first' policy is promoted in the 2014 SPP, when planning for uses which attract significant numbers of people, including retail, commercial and leisure uses, offices, community and cultural facilities. Plans should identify a network of centres (city centres, town centres, local centres and commercial centres), explaining how they interrelate. For commercial centres, the function should be specified to protect town centres. Health checks of town centres should be undertaken regularly to assess their vitality and viability and strengths/ weaknesses. These checks should be used to develop town centre strategies.

3.2.4 Development plans should adopt the sequential approach to preferred locations for uses which generate significant footfall, including retailing and other uses, in the following order of preference:

- Town centres
- Edge of town centres

- Other commercial centres
- Out of centre locations that are readily accessible by a choice of transport.

3.2.5 All parties are advised to be realistic and flexible in applying the sequential test. New development in a town centre should contribute to diversity and be of a scale appropriate to that centre. A retail impact analysis is required for retail and leisure developments over 2,500 sq m gross which are contrary to the development plan. For smaller developments which affect vitality and viability, an impact analysis may also be required.

3.2.6 Out of centre locations should only be considered where the town centre/ edge of centre and commercial centre options are unavailable or do not exist, together with meeting other criteria specified in the SPP.

### 3.3 Dumfries & Galloway LDP 2014

3.3.1 The network of centres in the Local Development Plan is shown overleaf, with Dumfries as the regional centre. Stranraer is the main shopping centre for the west of the region.

3.3.2 The LDP vision is for vibrant town centres and it acknowledges that a mix of uses is most appropriate, including retail, leisure, business, entertainment cultural and community facilities. Under Policy ED5, the Council encourage a range of uses in the town centres, provide they are appropriate to the role and function of the centres and supportive of the character of centres. Class 1 retail is supported in the town centres.

3.3.3 For proposed retail developments outside town centres, the LDP reflects the provisions of the SPP on the sequential test and the network of centres under Policy ED6. Policy ED7 protects prime retail frontages in Dumfries and Stranraer town centres. Under Policy ED9, the provision of small convenience stores up to 500 sq m in neighbourhoods is supported, subject to a set of criteria. Similarly, appropriate individual shops in local centres and villages is supported.

<b>Regional Centre</b>	<i>Dumfries</i>
<b>Larger Town Centres</b>	<i>Stranraer, Annan, Castle Douglas, Newton Stewart,</i>
<b>Town Centres</b>	<i>Dalbeattie, Gretna, Kirkconnel/Kelloholm, Kirkcudbright, Langholm, Lochmaben, Lockerbie, Moffat, Sanquhar, Thornhill, Whithorn, Wigtown</i>
<b>Outlet Centres</b>	<i>Gretna Gateway Outlet Centre</i>

There is also a network of centres within Dumfries:

<b>Town Centre</b>	<i>Dumfries Town Centre</i>
<b>Commercial Centres</b>	<i>Cuckoo Bridge, bulky goods Dumfries Retail Park, bulky goods Peel Centre, comparison goods</i>
<b>Neighbourhood Centres</b>	<i>Calside, Georgetown, Heathhall, Lincluden, Locharbriggs, Lochside, Troqueer</i>

This research will assist interpretation of the current LDP and preparation of the next LDP.

## 4 National trends in retailing

### 4.1 Introduction

4.1.1 The retail trend for market towns such as those typically found in Dumfries and Galloway has been negative for a number of years. The market has been operating in favour of cities and destination shopping malls and retail parks. Consumers travel to access a wider range of goods and services; or shop via the internet.

4.1.2 The 2008 recession accelerated this trend as some retailers failed or contracted; but far fewer came forward to replace them. Market towns have tended consequently to exhibit high vacancies and a shift towards convenience and leisure uses, undermining their traditional roles in mainstream shopping such as clothing, footwear and household goods.

4.1.3 Dumfries is to an extent protected by distance from major centres and has a significant regional role in the retail sector, but nonetheless is not immune to these wider market trends favouring concentration into major destinations.

### 4.2 The economy

4.2.1 The Scottish economy slowed during 2015 (Figure 1). Economic activity in Q1 2016 was 0.6% higher than in Q1 2015, although growth during Q1 2016 was flat. During the first quarter of this year the dominant services sector grew by 0.4%, but was held back by the production (-1.2%) and construction (-1.5%) sectors. Ryden's property market experience on the ground in Scotland suggests that a significant proportion of this economic weakness has been due to the contracting oil industry affecting not only Aberdeen and Aberdeenshire, but also supply chain and service locations across the country.

4.2.2 The Brexit vote in June 2016 has added significant uncertainty on top of this already weak growth. Fraser of Allander Institute forecasts a "sharp slowdown" in economic growth due to uncertainty and to the damage to trade and investment prospects. Forecast annual growth is reduced to 0.9% in 2016, 0.5% in 2017 and 0.7% in 2018. Although

these forecast annual growth rates are positive, the prospect of recession is "highly possible". The Institute notes that it is not possible to assess yet whether Brexit will simply reduce economic output for a period, or adversely affect long term economic growth.

4.2.3 For the Scottish property market, these uncertainties and slow growth are weighing on the market. Some commercial property deals have progressed unimpeded, while others are on hold and some are subject to downward price negotiations. Some investors in the institutional sector (pension funds and life assurance companies) simply withdrew from the market in response to Brexit, while a clutch of retail funds (property funds which are open to the public) have suspended redemptions.

4.2.4 Weaker investment demand and possible effects upon occupier decision-making may make development funding more challenging. Compared with the 2008 market crash however, the development industry in Scotland is not highly leveraged nor over-supplied.

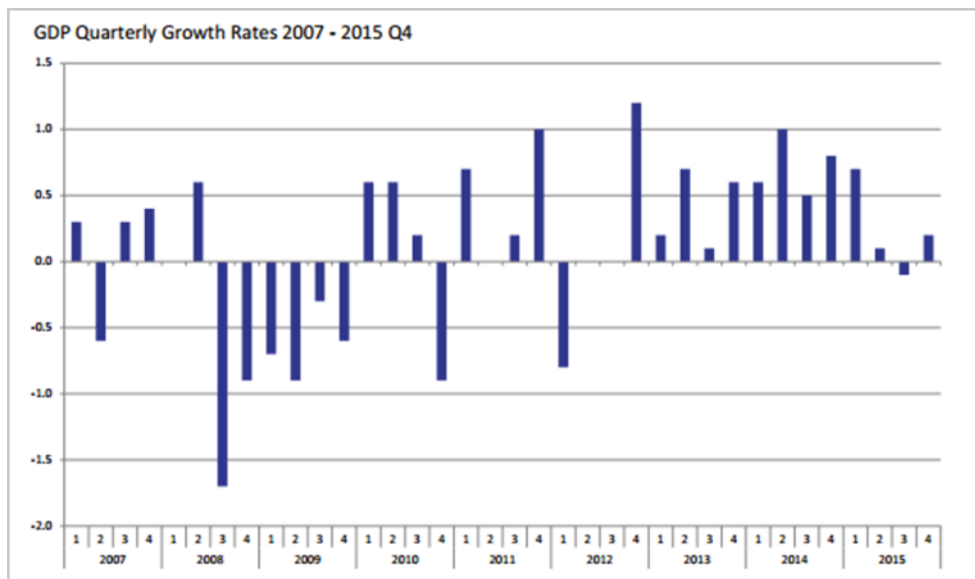
4.2.5 The Dumfries and Galloway Regional Economic Strategy 2015-2020 reports a baseline study which highlights lower economic output and wages compared with the Scottish averages. The strategic vision is to develop "a more diverse and resilient economy". Retailing is not specifically mentioned as a growth sector within the regional economic strategy, but complementary activities including tourism / leisure / hospitality and food & drink are targeted.

### 4.3 Retail market

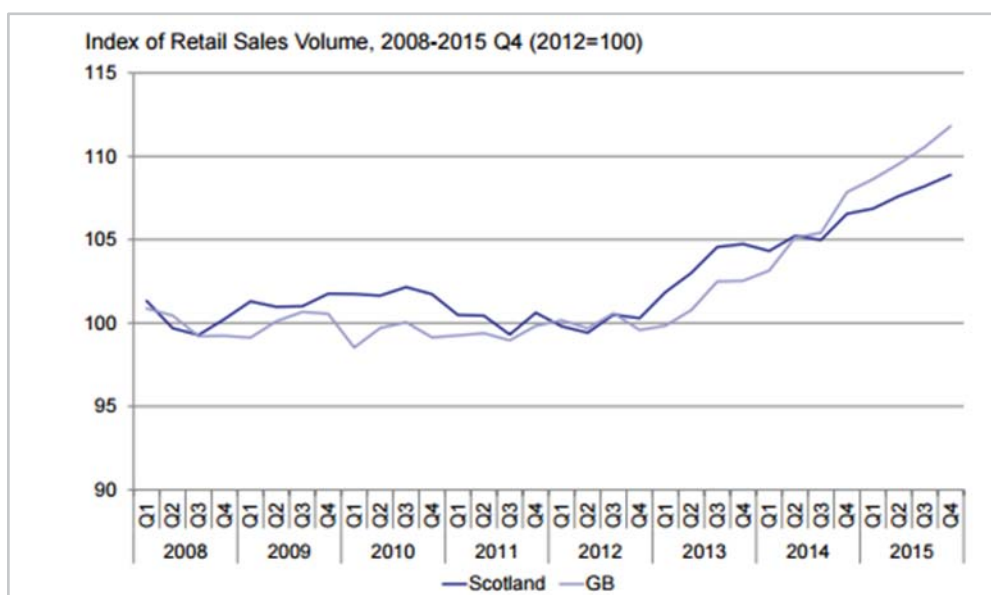
4.3.1 Following the economic recovery in 2012/13 illustrated on Figure 4.1, consumer expenditure on retail goods in Scotland has also been rising for the past three years (Figure 4.2), although at a lower rate than across Great Britain as a whole. Retail sales in Scotland grew by 0.6% during Q4 2015 and by 2.2% for the 2015 calendar year.

4.3.2 As the consumer economy has

**Figure 4.1 Scottish economy growth rates**



**Figure 4.2 Scottish consumer retail expenditure**



resumed growth, the retail property market has also recovered. Retailer demand, shop vacancy rates and retail rents have generally stabilised since 2014. In some locations such the market towns mentioned in the introduction, this stabilisation is at a much lower level of business – with fewer national retailers, lower rents, shorter leases and higher vacancies – than they historically enjoyed.

4.3.3 Following the 2008/09 recession, many familiar High Street names, such as

Woolworths, disappeared. In addition, major retailers such as Arcadia Group (Burton, Dorothy Perkins, etc) and Thorntons are shrinking their branch networks to provide outlets in larger centres only. Most recently, BHS and Austin Reed have entered administration, creating uncertainty over their store portfolios in Scotland. Among market centres of Dumfries' size, the recent closure of department store McEwan's of Perth has been widely noted as symptomatic of the challenges facing traditional towns and retailers.

4.3.4 The growing basket of goods and services sought by time-poor consumers is only available at the largest shopping and entertainment locations.

4.3.5 Retailer demand is consequently strong among a small cohort of city centres (e.g. Glasgow and Edinburgh), regional shopping malls (e.g. Braehead) and shopping parks such as Glasgow Fort).

4.3.6 Demand for premises from national retailers in the many Scottish town centres which are not among this favoured cohort of destination centres has fallen dramatically. Towns which developed shopping malls occupied by multiple retailers in the 1980s/90s and retail warehouse parks in the 1990s/2000s have seen retailer demand decline dramatically to only a few ubiquitous shop and leisure chains.

4.3.7 This focus of demand into fewer locations affects retail property rents. In 2016, prime Glasgow and Edinburgh retail rents are rising, while rents in most other locations are static, or indeed continue to be under downward pressure (particularly where a landlord is keen to secure a letting to an occupier who will then pay the non-domestic / business rates).

4.3.8 In turn, developers and investors are targeting and investing only in locations which can support national retailers, often in purpose-built premises, on long leases, with the prospect of rising rents. This is a virtuous circle for perhaps ten or so Scottish centres, and an ongoing challenge for the remainder of towns and shopping centres.

4.3.9 Some retailers expanded throughout the recession and its aftermath:

4.3.10 Luxury retailers in top prime locations, such as Aberdeen's Union Square and Edinburgh's George Street and Multrees Walk, have continued to invest. These retailers operate in a niche market with very specific locational requirements, and are not large in number.

4.3.11 At the other end of the market, value retailers such as Poundland and B&M stores – and in the convenience sector Aldi and Lidl – have found a place in the market to cater for everyday goods at low prices which is attractive to squeezed household budgets.

4.3.12 Most recently, in late 2015 and early 2016, there is an emerging resurgence in mid-market activity as consumer expenditure – including that on household goods as the housing market continues to expand, which is driving renewed retailer activity that is benefiting mainly modern, purpose-built retail locations. Active retailers include Sofaworks, The Range and Pets at Home

4.3.13 Online retailing is a significant challenge to town centres. 'E-retailing' has grown to a reported 12% of expenditure in little over a decade; although new evidence in this study reports much higher levels of online shopping in Dumfries and Galloway. Notably, Scotland's largest recent new "shop" is the Amazon regional distribution centre at Dunfermline. The e-retailing challenge varies depending on the product, but entertainment items such as books, DVDs and video games have proved extremely popular to buy online. Savvy retailers such as John Lewis Partnership and Argos have moved to a multi-channel model where a physical store can operate successfully alongside a website. Independent retailers can also exploit e-commerce due to the reduced cost, trading well beyond their traditional catchment areas.

4.3.14 The growth of supermarkets into comparison goods has also affected traditional retailers, although both retrenchment by those retailers and town centre-first planning policies have reigned-in this expansion. Supermarkets are now much more focused on local convenience shops. The surge in these over the past few years has abated and the main operators such as Tesco and Sainsbury are more selective, while Morrisons have exited the convenience store market. Discount convenience operators, Aldi and Lidl, as noted above, continue to expand their market shares and their portfolio of stores in Scotland, including in Dumfries and Galloway as reported later in this report.

4.3.15 Looking forward into trends in the superstore sector, market trials with third party operators such as Arcadia (Burtons, Top Man, Dorothy Perkins, et cetera) taking concessionary space in Tesco stores are underway in the South of England. Online grocery shopping is now an established part of the market, leading to the development of "dark

stores” for fulfilment of on-line orders (although these are currently mainly in the densely-populated South-East of England).

4.3.16 The most active commercial sector in the current market cycle has been leisure uses. Restaurants, bars, cafes, cinemas, and hotels are complementary to retailing by tapping into additional expenditure and bringing new customers (or extending the duration of existing visits). Some shopping centres are adding leisure uses to deal with persistent vacancy of shop units. Locations with new cinemas and restaurants include Glasgow and Edinburgh Forts, Silverburn, Braehead, Eastgate Inverness and The Centre Livingston. Analysis of live “retail” requirements across Scotland indicates that up to half of these can be leisure such as restaurants and cafes, rather than traditional comparison or convenience retail.

4.3.17 Retail service chains such as financial services and estate agents are uncertain occupiers of town centres over the long term. Although these are still important locally, mobile delivery of banking and other services is likely to remove the need to have full branch networks across the country. Travel agents are an early example of this on-line migration where there are now fewer national operators on High Streets, but also a few local specialists. Personal services including beauty and healthcare on the other hand are increasing their town centre presence.

4.3.18 Property values in market towns have typically fallen, and in many instances landlords are now much more pragmatic about rent affordability and lease durations. However, except for exemptions for small and new businesses, non-domestic rates will remain at pre-recession levels until the current revaluation takes effect in 2017.

4.3.19 The market changes and adjustments in the retail, leisure and retail services sector described above are complex and ongoing. *Fundamentally, the gradual retrenchment of multiple retailers into prime destinations, and their replacement in many locations with other commercial and employment uses, poses serious challenges to traditional town centres.* Table 4.1 summarises the market challenges for traditional town centres.

4.3.20 These market trends are recognised in the suite of Scottish Government reports: National Review of Town Centres: Scottish Government Action Plan (2013); One Year On (2014); and Town Centre Toolkit (2015). The main focus of the 2013 review was on community and enterprise and the main themes highlighted were town centre living, vibrant local economies, enterprising communities, accessible public services, digital towns and proactive planning. The Action Plan includes 44 actions, while the 2014 review reports progress and the 2015 toolkit offers case studies and guidance.

4.3.21 In property market terms, one consequence of these trends is that lower-rented, shorter-leased premises occupied by local companies are not suitable for major investors (such as life assurance companies and pension funds). This is creating an ongoing transition of ownership to smaller local property companies and local investors/ entrepreneurs, and is evident in Dumfries & Galloway, as reviewed later in this report. Another implication is the likely higher churn of less-experienced occupiers requiring support, rather than experienced national companies taking premises for the long term.

## 4.4 Summary, interpretation and recommended actions

4.4.1 There is uncertainty in the economy which will affect retail investment in future years. The consumer economy has resumed, but at lower levels than before 2008, with fewer national retailers, lower rents, shorter leases and more vacant units generally.

4.4.2 On trends, multiple retailer demand and investment is now focussed on the largest cities and malls. The implications for smaller towns is that there will less demand for retail floorspace in the future, especially against the background of rising levels of internet retail spending. Independent operators are likely to remain as the backbone of the retailing in Dumfries and Stranraer, and most of these are small, with a long presence in the town centres, as revealed by the business occupier survey in section 6.

4.4.3 So the response to these trends needs to ensure that town centres remain as attractive destinations to visit and to shop, and

that the supply of appropriate retail premises meets retailer requirements.

4.4.4 In terms of promoting the commercial base, it is important to recognise that it is the combination of retailing and non-retail 'leisure' services such as restaurants, cafes, and hairdressers, that provides the main attraction, provided quality is maintained and improved.

4.4.5 It is recommended that a review of *the provision of services and leisure in the town centres is undertaken*, including restaurants, with a view to providing more detailed policy support. As indicated by the research, there is an increasingly symbiotic relationship between retailing and leisure activities (see section 11).

4.4.6 Concentration of the retail and service offer into prime frontage areas in town centres will increase their impact and generate increased footfall in those areas. In line with the trends discussed, continuous occupancy of retail premises is becoming less predictable and the threat of increased vacancies with diminished demand in relation to supply. It will be important to reduce the risk of increased vacancies, particularly if they appear as gaps in the prime frontage areas.

4.4.7 Accordingly, it is recommended that the *LDP policy on core retail frontages is maintained and enforced*. There should be periodic reviews to ensure a consistent concentration of retail occupiers in the town centres which are not diluted with other uses. Where more mixed occupancy becomes appropriate over time, develop protective policies for core activity zones which favour retail, but set criteria tests for other uses (see section 11).

4.4.8 The commercial base of the town centres has to be set within an attractive environment, with good quality streetscapes, building frontages and accessibility. In other words, the character of the town centres is also fundamental to their commercial performance. For these reasons, it is recommended that the Council *monitor the quality of environment in the town centres*, through health checks and other measures to *promote regeneration* (see section 11).



**Table 4.1  
Market Change**

Town Centre Use <sup>1</sup>	Old World: <i>Retail corporate hegemony</i>		New World: <i>Commerce, Service, Community &amp; Employment</i>	
	Typical Occupier	Typical Occupation Basis	Typical Occupier	Typical Occupation Basis
Retail - Class 1	Superdrug, Next, Burton	Long lease; FRI terms; has central property services team; can afford business rates over the cycle; standard fit-out model	Local eg. craft, bikes, weddings, healthcare, food & drink	Short, less onerous lease; business rates a significant cost (if no discounts); no property expertise
Professional Services – Class 2	HSBC, travel agent	Long lease; FRI terms; planning agent to negotiate change of use and any listing/ heritage; central property services; standard fit-out; able to accommodate delays caused by regulatory compliance	Local estate agent or architect	Short, less onerous lease; no planning or property expertise; delays are costly and affect finances; changes to building are regulated; business rates a significant cost (if no discounts)
Café/ Restaurant – Class 3;  Hotel/ Hostels – Class 7;  Assemble/ Leisure – Class 11.	Nando's, Costa  Premier Inn  Gala Bingo	Long lease; FRI terms; planning agent to negotiate change of use and listing/ heritage; advertising, environmental health and licencing dealt with by specialists; standard fit-out; able to accommodate delays caused by regulatory compliance	Entrepreneur/ social enterprise/ pub with rooms/ community use/ independent café/ bar	Short, less onerous lease; no planning expertise; delays are costly and affect finances; uncertainty over planning and environmental services policies, licencing, advertising; business rates a significant cost (if no discounts)

<sup>1</sup> Town and Country Planning (Use Classes) (Scotland) Order 1997

## 5 Retail property market in Dumfries & Galloway

### 5.1 Introduction

5.1.1 This section contains a summary description of the main town centres and retail parks, followed by a detailed appraisal of the retail property market relating to these centres.

### 5.2 Dumfries

5.2.1 Dumfries town centre and retail parks serve a regional catchment. In the context of the migration of shopping to large, modern destinations described in section 4, out-of-town retail development around Dumfries complements the town centre and helps to defend against the attractions of Ayr, Carlisle and Glasgow. Stranraer and the smaller towns have more localised catchments.

5.2.2 The prime retail pitch in Dumfries' town centre is the High Street and Loreburn Shopping Centre. Running off the High Street are: Bank Street, English Street, Friars Vennel, St Andrew Street and Queensberry Street, which have traditionally been more retail service-oriented, offering a mix of financial services, restaurants and cafes as well as independent shops.

### 5.3 Retail parks

5.3.1 There are three retail parks in Dumfries (see Appendix 13):-

- **Cuckoo Bridge Retail Park** is located by the Glasgow Road roundabout on the A75. It is recently been sold to NewRiver Retail and comprises eight units totalling c 12,000 sq.m. Retailers include Homebase, Laura Ashley, Dunelm, and B & M. The park lies adjacent to the 8,100 sq.m. Tesco Extra store.
- **Dumfries Retail Park** comprises c. 8,000 sq.m. of restricted Open Class 1 retail warehousing in an L-shaped terrace of five units along with two separate standalone units. The retail park is located on College Mains Road about half a mile north-west of the town centre at the Kilmarnock roundabout. Occupiers include Wickes, Home Bargains, Carpetright, and Currys. The Park is owned by Merseyside Pension Fund who purchased it in 2014.

- **The Peel Centre** is located on Lockerbie Road, in a fringe location on the A709 at the eastern boundary of the town. It comprises seven units totalling 7,900 sq.m. and retailers include Pets at Home, Tesco, Sports Direct, TK Maxx and B & M.

5.3.2 In fact, the retail parks represent a major part of the retail offer in Dumfries. For example, they account for 41% of the comparison retail floorspace and 37% of the estimated comparison turnover (excluding comparison floorspace in the Dumfries supermarkets), as shown in section 9 -Table 9.5.

### 5.4 Stranraer

5.4.1 Stranraer is a market town with the majority of shops located on Charlotte Street, George Street, Castle Street and Bridge Street. The town has a few of the major retailers present – Tesco Metro, Morrisons, Boots, Farmfoods, Superdrug, Semi-Chem and Specsavers, but it is predominantly served by independent retailers. There is a small retail park of only three units totalling 1,325 sq.m. located on Bellevilla Road, occupiers here are Argos, New Look and 02.

### 5.5 Gretna Gateway

5.5.1 Gretna Gateway is located just off the A74 on the outskirts of Gretna. Following a third phase of development it has 65 outlet stores including Next Outlet, Clarks, Superdry, Gap and Marks & Spencer.

### 5.6 Small towns

5.6.1 The smaller towns typically have convenience and independent retail and service uses, with fewer national multiples. A full review of occupancy and occupancy trends is presented elsewhere in the detailed retail study.

### 5.7 Retail and non-retail floorspace in the main towns

5.7.1 Table 5.1 provides a summary of the retail and non-retail floorspace in the main towns in Dumfries & Galloway, including vacant

<b>Table 5.1</b>				
<b>Retail and non-retail service floorspace and vacant floorspace - main towns 2016 (sq m gross)</b>				
<i>based on 2015 survey data</i>				
	Convenience	Comparison	Non-retail services	Vacant
<b>Dumfries</b>				
Town, incl. supermarkets, excl. retail parks	21,843	44,569	47,790	10,610
Retail Parks <i>excl Tesco</i>		27,317		622
Lockerbie incl Tesco	3,874	2,768	2,109	*
Moffat	2,023	2,034	1,322	*
Castle Douglas incl Tesco	6,811	8,557	3,982	776
Kirkcubright	2,228	2,372	1,837	191
Annan incl Tesco	6,163	4,932	3,201	*
Gretna Outlet	830	11,160	850	1,170
<b>Stranraer (incl. supermarkets)</b>				
	9,245	14,475	22,440	4,350
<b>Newton Stewart (incl. Aldi)</b>				
	3,687	2,713	2,448	568

Source: For Dumfries, Stranraer, Gretna Outlet-Goad. For the rest, mainly Council.  
*Comparison* and *convenience* retail floorspace includes the split in supermarkets, within the town figures.  
*Non-retail floorspace* refers to services and all other uses. *Vacant floorspace* includes retail and non-retail vacancies

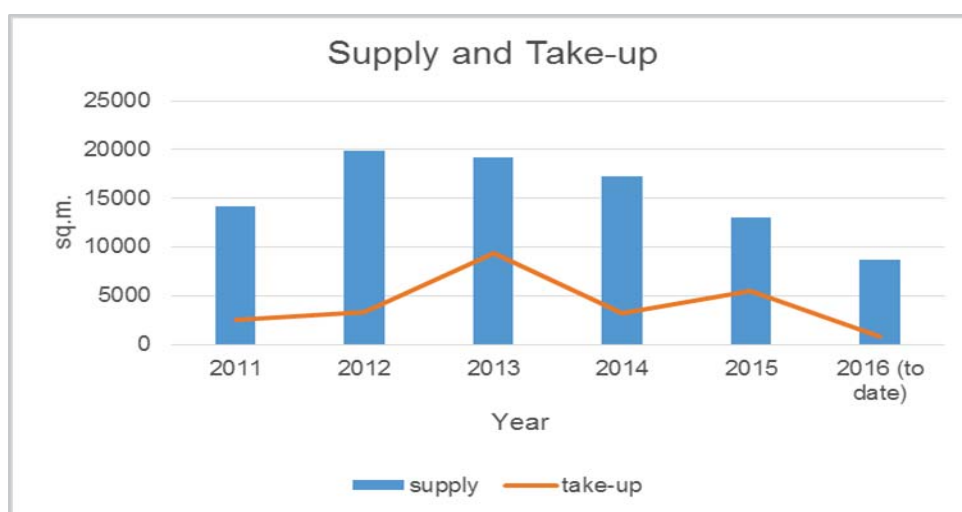
floorspace. Among a few of the smaller towns, the records of non-retail floorspace and vacant are less complete than the retail floorspace records because they include institutional properties or the record is missing. There has not been a great deal of change since 2012.

### 5.8 Supply and take-up of retail units

5.8.1 Figure 5.1 illustrates the supply of marketed retail units and take-up (sales, lettings

and lease renewals) in Dumfries and Galloway since 2011. Take-up of retail floorspace rose from 2,500 sq.m. in 2011 up to a high of 9,400 sq.m. in 2013. Take-up fell to 3,150 sq.m. in 2014 and rose again in 2015 to 5,400 sq.m., Q1 2016 has seen 800 sq.m. of retail space taken-up.

**Figure 5.1 Dumfries & Galloway retail property market**



5.8.2 The number of retail units taken-up in Dumfries and Galloway averages 26 units per annum since 2011. This yields a small average transactional size of approximately 185 sq.m. (1,985 sq.ft.), which reflects the dominance of small unit shops. There are comparatively few medium to larger purpose-built retail units in Dumfries and Galloway, other than in the selected modern schemes in the larger towns which are described above.

5.8.3 Looking more closely at the current supply of retail premises in Figure 5.1, Table 5.2 identifies 50 retail units totalling 8,658 sq.m. (93,160 sq ft) being marketed for lease and/or for sale in Dumfries and Galloway. As can be seen in Figure 5.1, this is by some margin the lowest supply of retail premises in the region over the past five years.

<b>Table 5.2</b>		
<b>Available retail units by town</b>		
Town	Area sq m	Total number
Dumfries	4174	23
Stranraer	608	4
Gretna (Gateway)	907	5
Annan	1537	3
Castle Douglas	376	4
Lockerbie	161	2
Moffat	65	2
Newton Stewart	538	5
Thornhill	292	2
<b>Total</b>	<b>8,658</b>	<b>50</b>

5.8.4 The locational breakdown of available units is also shown in Table 5.2. It confirms that 46% of supply (23 units) is in Dumfries, with other town accounting for only 2-5 marketed units<sup>2</sup> each. A further two retail units (totalling 344 sq.m.) are currently under offer and therefore not shown in the table.

5.8.5 The 23 retail properties on the market in Dumfries totalling 4,174 sq.m. represents a significant fall since 2012 in both unit numbers (39 in 2012) and available floorspace (13,075 sq.m.). This reflects a general improvement in the market, in line with the market recovery described in section 4. Looking back further to pre-market crash days however, the 23 marketed units in Dumfries is

significantly higher than the 14 recorded pre-crash in 2005.

5.8.6 There are 4 retail properties on the market in Stranraer totalling 608 sq.m., which is a marginal decline from the 5 units totalling 889 sq.m. on the market in 2012.

5.8.7 Examples of the 50 units currently on the market are shown in Appendix 2. While some units are modern, the Dumfries and Galloway retail property market is characterised mainly by smaller ground floor premises in traditional / tenemental town centres. Premises are typically offered for lease, although some are available for sale.

<sup>2</sup> The analysis records marketed properties only. In small towns further premises may be available informally or are not being marketed or may be vacant but with a lease in place. This measure of vacancy also differs from Goad plans as it includes only those properties being formally

marketed for sale or let for retail use. It does not include licensed premises, offices or properties which are vacant but not being marketed. The reported measure is consistent over time and the 2012 and 2005 figures cited in the text are from previous Ryden reports.

5.8.8 As very broad guide, smaller premises in Dumfries and Galloway's town centres are available at rents of c.£10,000 - £20,000 per annum. Larger and more modern premises can range widely between say c.£40,000 - £70,000 (although larger prime units will be more expensive again). In comparable small towns elsewhere in Scotland, small premises are sometimes now offered on a 'pcm' (per calendar month) basis similar to residential properties, and on short leases of a few months up to 1-3 years.

5.8.9 Figure 5.1 shows take-up (sales, lettings and lease renewals; indicated by the red line) of retail space in Dumfries and Galloway since 2011. In total, 24,606 sq.m. (264,750 sq.ft.) has been taken-up in 137 properties. This equated to an average of approximately 4,687 sq.m. (50,428 sq.ft.) in 26 properties on an annual basis.

5.8.10 Table 5.3 breaks down the take-up analysis regionally. It shows that nearly half of the units taken-up and more than half of the regional floorspace taken-up (indicating that larger units being taken) is in Dumfries.

<b>Table 5.3 Take-up of retail units by town since 2011</b>		
Town	Area sq m	Total number
Dumfries	13,088	64
Stranraer	2435	12
Gretna (Gateway)	1,170	7
Annan	2091	8
Canonbie	51	1
Castle Douglas	1,797	9
Dalbeattie	182	2
Glenluce	42	1
Kirkholm Loaning	34	1
Kirkudbright	87	3
Langholm	68	1
Lockerbie	1,140	8
Moffat	255	1
Newton Stewart	1,478	14
Sanquhar	536	3
Thornhill	152	2
<b>Total</b>	<b>24,606</b>	<b>137</b>

5.8.11 A selection of individual retail transactions drawn from the sales and lettings analysis is provided in Appendix 3. The transactions are typically small, in the range 20 – 255 sq.m. and indeed most are well under 100 sq.m. The largest deal is the re-letting of the former Edinburgh Woollen Mill shop in Moffat, followed by the re-letting of the former Blockbuster store in Dumfries.

5.8.12 Rents agreed for these premises range within a comparatively narrow banding (given the breadth of towns, businesses and locations) of £70 to £205 per sq.m. per annum (£6.50 to £19 per sq.ft.), with a cluster around the £130 to £140 per sq.m. (£12 to £13 per sq.ft.) price point.

5.8.13 The transactions suggest polarisation of lease lengths, into 10 or 15 years for prime transactions, or 1 year for local businesses and/or secondary units. Most transactions are leases, although there are some sales of properties and owner-occupation continues to be a significant tenure in the Dumfries and Galloway retail property market.

5.8.14 Business types taking premises in what have traditionally been retail locations are diverse, including retailing, repair shops, hire shops, food & drink, personal services, a charity and a community interest company.

5.8.15 In considering demand for retail premises, it is also important to review dis-investment decisions. There can be a range of reasons for dis-investment, including: retailer failure (for example Woolworths); consolidation into fewer locations (for example Thorntons); or simply a local decision not to renew a lease if trading levels do not justify continuing. Some closures in Dumfries and Galloway are highlighted in Table 5.4. These are a mix of national dis-investments which affected Dumfries and Galloway, and local decisions.

**Table 5.4**

**Recent store closures**

Town	Location	Retailer	Date
Dumfries	Castle Street	Age Scotland	November 2015
		Blockbuster	2013
	Friars Vennel	Chest Heart & Stroke Scotland	June 2016
		Pets Paradise	February 2016
	High Street	DE Shoes	2013
	Queensberry Street	Phones 4 U	September 2014
	Loreburn Centre	HMV	2013
		Argos	2016
		The Body Shop	2016
	Peel Centre	Brantano	2016
Gretna	Gateway	Austin Reed	Imminent
Stranraer	George Street	DE Shoes	2013
Moffat	High Street	Edinburgh Woollen Mill	2015

5.8.16 National retailers will continue to review their portfolios and distressed situations, such as the recent Austin Reed failure, may arise in future. In addition, the 'churn' of local businesses implied by the trend towards short leases will increase the requirements to continually replenish occupiers in Dumfries and Galloway's town centres (in comparison with the recent past where most retailers were tied-in to long leases of up to 25 years).

## 5.9 Retail rents

5.9.1 Retail rents provide an indication of the attractiveness of locations for retailers and other commercial businesses. Rents are frequently quoted for the prime (best) shopping

pitch in each town, in a league table format. None of Dumfries and Galloway's towns is in Ryden's top 20 index, headed by Glasgow, which tracks the Scottish retail market. Transactional evidence for prime retail lettings in Dumfries town centre is very limited and varies significantly between deals; Ryden's valuers best estimate of a spot price is around £40 - £50 per sq.ft. Zone A, reflecting at best no

growth in town centre prime retail rents since 2009<sup>3</sup>.

5.9.2 A broader rental analysis is available by considering all asking rents for retail premises by town for the past five years. This is presented on Figure 5.2. The chart reveals a relatively flat picture over the period (considering all marketed properties rather than simply peak levels of rents). Modern retail units at Gretna Gateway have the highest asking rents, at an average of £19 per sq.ft. (just over

£200 per sq.m.). Dumfries, Lockerbie, Kirkcudbright and Stranraer all exhibit average asking rents of £14-16 per sq.ft. (approximately £150 - £170 per sq.m.).

5.9.3 The similarity in rents across these diverse towns is caused by the large number of marketed units in Dumfries, and to a lesser extent Stranraer, ranging from prime to secondary and tertiary locations. Other towns have lower rents and figures are based upon fewer marketed units.

**Figure 5.2 Average asking rent**



## 5.10 Property investment

5.10.1 Property investment transactions provide an important indicator of market interest and confidence (and also provide confirmed evidence of values for those buying, improving, or developing premises). Most recently, in June 2016, Cuckoo Bridge Retail Park in Dumfries was sold to NewRiver Retail for £20.2 million. NewRiver Retail is a very active investor and

manager in smaller UK regional shopping centres and parks. A selection of recent retail investment transactions is provided in Appendix 4.

5.10.2 There are clearly two tiers to this active market: institutional quality assets with multi-million pound values typically well-let to national retailers; and single units of up to a few hundred thousand pounds value which appeal to private investors. The two market tiers are

<sup>3</sup> Historical footnote: Dumfries was in Ryden's top 30 retail index until 2009. Prime retail rents in the town remained static at £58 per sq.ft. Zone from 1996-2009, then fell to £50 per sq.ft. Zone, while the national index grew by 64%. In ranking terms Dumfries fell from 11th equal in Scotland in 1996 to 26th in 2009. The town was dropped when the index was reduced to 20 centres in 2010. The other two 11th equal-rented towns in 1996 were Perth and Dunfermline;

rents in these towns grew by 25% and 34% respectively 1996-2009, while Dumfries' prime retail rents fell by 14%. All figures are nominal and would show significantly lower growth / larger falls in rents in real terms after adjusting for price inflation.

reflected in investment yields of c.5.5%-7.5% for major assets (reflecting a high multiple of rent and therefore a strong investment) compared with 12%-15% for small transactions (reflecting a low multiple of rent and therefore much higher perceived risk).

5.10.3 This investment market cleavage into prime and local investor markets is reflected in similar towns across Scotland. It brings the opportunity of (in many cases) active local ownership of small units, but also imposes the constraint of fragmented ownership and limited capital resources when pursuing refurbishment or redevelopment potential<sup>4</sup>.

5.10.4 A selection of retail property investments currently on the market in Dumfries and Galloway is presented in Appendix 5. (there are currently thirteen retail property investments on the market across the region). The examples shown are smaller local

opportunities, although at nearly £2 million lot size and with the benefit of lettings to national chains, the Stranraer investment may appeal to a smaller property company or investment fund for example.

## 5.11 Retailer requirements

5.11.1 Moving on to potential future demand from occupiers, Table 5.5 highlights those formal requirements which Ryden records from national multiple retailers and from related commercial businesses such as hotel and coffee shops. As noted in the introduction, national multiple demand has gradually focused on major destinations at the expense of large towns; even since the 2012 version of this report the total requirements for Dumfries has declined from 14 to only 4; of which 2 are retailers and 2 are food and drink businesses.

**Table 5.5**

**Current retail requirements and known expanding retailers (examples)**

Retailer/ Operator	Location	Size
<b>Known requirements</b>		
Aldi	Castle Douglas	
Majestic Wine	Dumfries	2000 – 5000 sq.ft. (186-465 sq.m.)
Deichmann	Dumfries	4000 – 6000 sq.ft. (372 – 558 sq.m.)
Pizza Hut Delivery	Dumfries	100 – 1000 sq.ft. (93 – 929 sq.m.)
Bon Marche	Stranraer	2500 – 3500 sq.ft. (232 – 325 sq.m.)
Marstons	Castle Douglas, Dalbeattie, Stranraer, Lockerbie	Land for development
<b>Expanding retailers (examples)</b>		
The Works	Plan to open 6 new stores in 2016	
The Restaurant Group	expanding - brands include Frankie & Bennys, Chiquito	
Baguette Express	expanding	
Savers Health & Beauty	expanding	
Edinburgh Woollen Mill / Ponden Home	looking for 100 new stores (noting that EWM previously dis-invested from sites)	

<sup>4</sup> For a detailed review of the challenges and potential solutions in relation to fragmented property ownership, see:

<http://www.bpf.org.uk/sites/default/files/resources/TCIM-summary-paper.pdf>



5.11.2 The other requirements listed in the table are for an Aldi discount store in Castle Douglas, a Bon Marche clothing outlet in Stranraer and various Marstons' site requirements to develop pub/ restaurants (some versions of which can take a pub-with-rooms format).

5.11.3 Table 5.6 provides details of those requirements which were extant at the time of the previous 2012 retail study and which have now been fulfilled. This reflects a reasonable

pace of investment during a period during which the retail market was only gradually recovering. It confirms that Dumfries in particular continues to be a large and investible location for many retailers and related commercial businesses. Retailer requirements have, by and large, been met by the supply of properties in the area.

5.11.4 Requirements in the market in 2012 which were not been fulfilled and are no longer live include restaurant chain McDonalds and jewellers Warren James.

**Table 5.6**

**Property Requirements fulfilled since 2012**

<b>Retailer</b>	<b>Comments</b>
Brighthouse	Opened a store in the Loreburn Centre, Dumfries in January 2013
Subway	Opened at 52/54 High Street, Dumfries in Opened at 12 George Street, Stranraer in 2012
Waitrose	Opened a store at Welcome Break Gretna Green Services in 2013
Semichem	A new store was opened at 73-75 High Street, Dumfries in March 2013 and another at 3 Charlotte Street, Stranraer
Bensons for Beds	Unit 3, College Mains Retail Park, Dumfries
Marstons	Lockards Farm pub/restaurant opened on the outskirts of Dumfries in September 2014
Aldi	Planning permission granted for a second store in Dumfries in July 2015 at Maxwelltown Industrial Estate

## 5.12 Retail developments

5.12.1 Recent and planned retail developments in Dumfries and Galloway are shown in Table 5.7. The national retail development market remains subdued, with activity restricted to top prime locations, named operators and specific expansions or redevelopment (for example Ediston's Gallagher retail park expansion in Port Glasgow which is significantly pre-let to national multiples). Development activity in Dumfries and Galloway is restricted to the operator-led projects such as Aldi and Marstons in Table 5.5, Phase 3 of Gretna Gateway, a roadside retail/leisure proposal in Stranraer and proposed retail units within a redevelopment opportunity in Annan.

## 5.13 Dumfries and competitor towns

5.13.1 Consumer research undertaken for this study confirms that the principal locations which compete with Dumfries and Stranraer for regional expenditure are Carlisle and Ayr respectively. Samples of major multiple retailer representation in Dumfries, compared to Ayr and Carlisle are shown in Tables 5.8, 5.9 and 5.10. The market characteristics of the competitor towns are considered below.

5.13.2 **Ayr** has a population of approximately 46,000 within the primary catchment area and it is estimated that there are 112,000 people within a 20-minute drive time. The town is situated on the West coast of Scotland where the city of Glasgow is around 36 miles away to the north east and accessible via the A77.

<b>Table 5.7</b>	
<b>Recent and planned retail developments</b>	
<b>Development</b>	<b>Details</b>
Phase 3 Gretna Gateway	The third phase of the Gretna Gateway development opened in August 2015. It comprises six retail units totalling 1,791 sq.m., in sizes from 96 sq.m. up to 1,051 sq.m. (pre-let to Next Outlet) 
Belmont Road Stranraer	Single storey retail development proposed, either one large or six smaller units, drive thru or pub / restaurant. Scope to provide units ranging 100 – 700 sq.m. Roadside beside Lidl. 
High Street / Port Street Annan	Property for sale. Comprises three retail units adjacent to a residential-led refurbishment / redevelopment / new development project. 

<b>Table 5.8</b>	
<b>Dumfries- selection of multiple retailers represented</b>	
<b>Convenience</b>	
Tesco – Extra/ Superstore/Express	Aldi
Morrisons	M&S Foodhall
Farmfoods	Iceland
Holland & Barrett	Lidl
<b>Comparison</b>	
Watersones	River Island
Next	Evans
New Look	Dorothy Perkins
Officers Club	Bon Marche
Clarks	WH Smith
Argos	Boots
Debenhams	The Range
Specsavers	Vision Express
Burton	Bighthouse
H Samuel	Game
Poundland	Poundstretcher
Card Factory	Lloyds

5.13.3 The town is 3 miles south of Glasgow Prestwick International Airport alongwith road and rail links, and regular train services to Glasgow and Edinburgh. Ayr is the

principal retail and administrative centre for South Ayrshire and has a large tourist trade. It lies in close proximity to Troon and Turnberry Open Golf Championship venues.

5.13.4 Ayr High Street is the principal retail street running north to south through the town and comprises a mix of both national and independent retailers. Occupiers include Tesco Metro, Monsoon, Marks & Spencer, Superdrug, Boots, Holland & Barrett, Mothercare, Waterstones incorporating Costa, and Iceland. The Kyle Centre is located on the High Street, and is a purpose built covered shopping centre comprises 30 units and totalling c. 7,060 sq.m. Nearby the Arran Mall has 23 units totalling 3,900 sq.m. alongwith 630 sq.m. of office space.

5.13.5 Heathfield Retail Park lies to the north of Ayr town centre and is accessed from Heathfield Road which is close to the Whitletts roundabout that provides access to the A77 / M77 trunk road. Owned by Ediston Real Estate (who also own the Kyle Centre) the retail park totals 13,255 sq.m. and occupiers include Halfords, Maplin, Harveys, Carpetright with recent openings by M & S Food, Poundworld and Tapi Flooring. Alongwith stand-alone restaurant units occupied by KFC and Pizza Hut. Asda and B&Q lie adjacent to the park.

5.13.6 Table 5.9 lists a selection of multiple retailer occupiers in Ayr.

5.13.7 **Carlisle** is a Cathedral City in the north of England, and the main administrative centre of Cumbria. It lies 95 miles south of Glasgow, 60 miles west of Newcastle upon Tyne and 120 miles north of Manchester. The city benefits from excellent road communications being situated at the convergence of the A7, A69, A74 and the M6 motorway. With the M74 leading north to Glasgow, the A69 east to Newcastle upon Tyne and the M6 south to Manchester. The nearest competing towns are Penrith (20 miles south), Workington (13 miles south west) and Dumfries (34 miles north-west). The city has a population of around 71,700 people and a catchment population of 381,000 people, it also benefits from a strong tourist trade associated with the Lake District.

5.13.8 Carlisle city centre offers an almost fully pedestrianised area where occupiers include M & S, House of Fraser, WH Smith and Boots. The Lanes shopping centre, located in the town centre, is a 46,450 sq.m. covered mall, with a mix of national and independent local

retailers, anchored by Debenhams, with a Primark opening soon, other retailers include JD Sports, H&M, New Look, Superdrug, Next and Fat Face.

5.13.9 Kingstown Retail Park is located around 2 miles north of the city centre, it total 9,030 sq.m. in six units. Occupiers include Currys/PC World, Argos, Hobbycraft and Next Home. An M & S foodstore is due to open in the former Comet unit. A Premier Inn hotel and Asda superstore are located nearby.

5.13.10 St Nicholas Gate Retail Park lies in close proximity to the city centre and totals 11,000 sq.m. in eight units. Occupiers include Asda, Iceland, B & M, Poundland and Halfords.

5.13.11 A profile of selected multiple retailers represented in Carlisle is provided in Table 5.10.

## 5.14 Summary, interpretation and recommended actions

5.14.1 Dumfries serves a regional retail catchment and it is the only major shopping centre in the Council area. Maintaining this role is of key importance through planning and economic development policies and other measures. Stranraer serves a relatively localised catchment, offering essential services to the western part of Dumfries & Galloway.

5.14.2 While there are about 50 retail units on the market in Dumfries & Galloway, most of these are small and about half are in Dumfries. Given that most of the local retail businesses are also small, unit size is not generally issue among most of those seeking premises, as indicated in the business occupiers survey.

5.14.3 The take-up of units is considerably less than supply and the market is at a low level currently. Take-up has been by a diverse variety of retail and service businesses, which is consistent with the general planning aim to improve variety in town centres.

5.14.4 Average annual take-up since 2011 is some 4,700 sq m (26 properties per annum), with about half the take-up in Dumfries, which reflects its role as the main shopping centre. With supply being much greater than demand, there is a risk of increased vacancy levels in the future, in line with the retail trends

described in the previous section. Less busy pitches are likely to be more vulnerable.

5.14.5 Recent multiple retailer store closures in Dumfries (Table 5.4) and the trend towards shorter leases increases the pressure to continually replenish occupiers.

5.14.6 It is recommended that a *register of available retail units* is established for Dumfries and Stranraer town centres, to assist more continuous occupation of units, which is held and maintained by the Council with online access, based on agents and other sources. This would assist those looking for retail units and those wishing to sell them (see section 11).

5.14.7 Also, it is recommended that the Council *identify long-term vacant units in the town centres* and investigate the potential re-use of these in consultation with the owners. Short term measures could include policy encouragement for *pop-up shops* with very short leases. Further detail is provided in section 11.

5.14.8 Retail investment transactions in Dumfries are divided into major investments (eg purchase of Cuckoo Bridge RP recently), and local investment. Dumfries has enjoyed a number of major retail property transactions in very recent times. There are currently 13 retail property deals across the region. Since 2012, multiple retailer requirements in Dumfries & Galloway have dropped from 14 to 4, of which two are retailers

5.14.9 Also since 2012, the property requirements of seven multiples have been fulfilled, which reflects confidence in continued investment in Dumfries and Stranraer, and an indication that retailer requirements are being met generally. There are few planned retail developments. Thus, there is no obvious requirement for major additions to the retail floorspace over the next few years, unless the market changes.

5.14.10 With that in mind, we recommend that the main focus should be on strengthening the existing retail and service offer in Dumfries and Stranraer town centres.

5.14.11 For example, the Council may wish to consider commissioning a separate *retailer gap analysis study*, drawing on local socio-economic profiles and identifying retailers not

currently represented in Dumfries and who may be encouraged to locate in the town. More explanation is provided in section 11.

5.14.12 Other measures to stimulate retail performance include the attraction of more people into the town centres of Dumfries and Stranraer, thereby increasing the footfall and spending. Examples would include continued *promotion of additional town centre events* and *increased policy focus on encouraging a wide variety of uses in the town centres* which generate more footfall (see section 11). Provision of *additional WiFi hotspots* would also encourage increased visits and longer dwell times in the town centres.

5.14.13 Encouragement of further investment in retail property in Dumfries and Stranraer town centres would also be assisted *by addressing the fragmented property ownerships*, to make property redevelopment more easy and delivering new retail unit opportunities faster (among other opportunities). More detail is provided in section 11.

5.14.14 Another measure to support retail and services in the town centres on a broader front could include *business rate incentives*, where the Council could consider whether further targeting of support is merited (see section 11).

5.14.15 Finally, a *BID* (Business Improvement District) may offer considerable potential to engage local traders in projects to support Dumfries town centre as a whole (see section 11).

<b>Table 5.9</b>	
<b>Ayr- selection of multiple retailers represented</b>	
<b>Convenience</b>	
Tesco (High Street, Express; Whitletts Road, Extra; Prestwick Road, Express)	Co-operative Food (Sandgate)
Asda (Heathfield Retail Park)	Lidl (Allison Street, Damside)
Morrisons (Castlehill Road)	Aldi (Main Street)
Iceland (147 High Street)	M & S Foodhall (Heathfield Retail Park)
Farmfoods (Main Street, Newton)	Holland & Barrett
Majestic Wine Warehouse	
<b>Comparison</b>	
Games Workshop	Harveys
Sports Direct	Bon Marche
Blacks Outdoor	Dreams
Branatano	Pets and Home
Homebase	Boots the Chemist
Thomas Rogerson	Argos
Matalan	Marks & Spencer
Poundland	H Samuel
Waterstons	Brighthouse
Vision Express	New Look
Savers	Warren James
The Works	River Island

**Table 5.10**  
**Carlisle – selection of multiple retailers represented**

<b>Convenience</b>	
Tesco (Victoria Viaduct, Metro and Warwick Road, superstore)	Farmfoods (Shadongate)
Asda (Chandler Way)	Co-operative Food (Denton Street; Blackwell Road)
Morrisons (Kingstown Road)	Lidl (Madford Retail Park)
Sainsbury's (Church Street; Northgate, Local)	Aldi (Dalston Road)
Iceland (Lowther Street and St Nicholas Retail Park)	M & S Foodhall (within store on English Street)
Holland & Barrett	
<b>Comparison</b>	
Next	B & M
House of Fraser	Poundland
Marks & Spencer	Boots the Chemist
Debenhams	The Entertainer
River Island	Brighthouse
H & M	Argos
The Works	The Fragrance Shop
Warren James	New Look

## 6 Interview surveys

### 6.1 Introduction

6.1.1 The Study includes two different interview surveys:

- A household telephone interview survey covering both the Dumfries and Stranraer main catchment areas (sample total 600); and
- Town centre business occupier telephone interview surveys in Dumfries and Stranraer town centres (sample total 150)

6.1.2 This section summarises the findings of the surveys, which provide valuable data on shopping patterns, perceptions of the quality of shopping in the town centres and the views of local retailers/ businesses.

### 6.2 Household survey

6.2.1 The telephone interview survey was undertaken in the Council area by NEMS Market Research in May 2016. It was divided into quotas by zones and covered the two main catchment areas-see Appendix 1). The survey sought to identify shopping patterns and also perceptions of the main town centres and the list of questions is provided in Appendix 6.

6.2.2 The output tables produced by NEMS Market Research, showing the questions and responses, are provided in a separate document to accompany this report.

### 6.3 Shopping patterns

6.3.1 Analysis of the survey findings, including graphs are provided in section 7 for convenience retailing and section 9 for comparison retailing.

### 6.4 Use and perceptions of the town centres- general

6.4.1 Questions on the use and perceptions of Dumfries and Stranraer town centres (Q16-29) relate to respondents from the main catchment areas in which these towns are located. The survey in fact collected a wider range of information on the use and perception of the main town centres than is required to meet the objectives of the study brief, where the focus is on retailing. Therefore, reporting of the

findings in this section relates to those questions which are associated with retailing in the town centres. The remaining information from the NEMS survey is available to the Council for town centre health checks in the future, for example.

### 6.5 Use of the internet for shopping

6.5.1 All the respondents from the Council area were asked how often they used the internet for shopping (Q12). The responses were: *frequently* 21%, *quite often* 29%, *occasionally* 29%, and *never* 21%.

6.5.2 Asked what they liked most about using the internet for non-food shopping (Q13), the most frequently mentioned reasons were: *convenient* 50%, *wide range and choice of goods* 21%, *rapid delivery to home* 20%, and *cheaper prices generally* 16%.

6.5.3 Among those who did not use the internet for shopping(Q14), the main reasons for not using it were: *no access to a computer* 30%, *don't know how to use the internet* 22%, *don't like using computers* 12%, and *don't trust the internet* 11%.

6.5.4 All the respondents were asked how frequently they intended to use the internet for non-food shopping in the future (Q15). The responses were: *more often* 16%, *about the same* 63%, *less often* 2%, and 17% *never*.

### 6.6 Mode of travel

6.6.1 About 80% of the respondents said that they normally travelled to both Dumfries and Stranraer by car. This indicates that most shoppers can readily go elsewhere for alternative choices.

### 6.7 Main reasons for visiting the town centre

6.7.1 Shopping was the most frequently mentioned reason for visiting both town centres (Q18). For Dumfries, the respondents mentioned: *non-food shopping* 44%, *shopping generally* 23% and *food shopping* 22%. For Stranraer, the corresponding proportions were 30%, 30% and 41% respectively. The difference

indicates the greater scale of importance of Dumfries for non-food shopping.

## 6.8 Like most about the town centre

6.8.1 Shopping did not feature strongly among the things that people liked *most* about Dumfries and Stranraer town centres (Q20). For Dumfries, only about 1% liked the quality of shops generally and about 4% liked the range and choice of shops generally. For Stranraer, 2% liked the quality of the independent shops and 2% liked the range and choice of shops generally.

## 6.9 Dislike most about the town centre

6.9.1 The retail offer featured among the things that people disliked *most* about the two towns. For Dumfries, 29% did not like the range of shops generally and 23% mentioned the number of vacant shops (Q21). For Stranraer, 28% did not like the range of shops generally and 10% did not like the quality of the shops generally. Also, 10% mentioned the number of vacant shops. Thus, the survey indicates some dissatisfaction with the retail offer in both towns.

## 6.10 Range and choice of shops

6.10.1 The respondents were asked to rate selected qualities of the town centres (Q22). On the range and choice of shops in Dumfries, the responses were: *good* 9%, *average* 39%, and *poor* 51%. For Stranraer, the responses were: *good* 13%, *average* 46%, and *poor* 39%.

## 6.11 Quality of shops

6.11.1 Also, under Q22, the respondents were asked to rate the quality of shops in the town centres. For Dumfries, the responses were: *good* 22%, *average* 51% and *poor* 25%. For Stranraer, the corresponding responses were 21%, 47% and 27% respectively.

## 6.12 Frequency of visit compared to two years ago

6.12.1 For Dumfries, the responses were: *more often* 8%, *about the same as before* 46%, and *less often than before* 43% (Q24). For Stranraer, the responses were: *more often* 12%, *about the same as before* 70%, and *less*

*often than before* 17%. The findings indicate much more of a decline in visits to Dumfries.

## 6.13 Reduced visits to the town centre and the internet

6.13.1 Those respondents who reported less visits to the town centres, were asked if use of the internet had contributed to this change (Q25). For Dumfries, 42% said *yes*, 46% said *no* and 12% said that they *did not do internet shopping*. For Stranraer, the corresponding proportions were 14%, 68% and 18% respectively.

## 6.14 Towns visited more often now

6.14.1 The respondents were asked to identify which towns and malls they visited more often now, instead of Dumfries or Stranraer (Q26). For Dumfries, the most frequent responses were: *Carlisle* 45%, *Glasgow* 21%, *Ayr* 6%, *Castle Douglas* 6% and *Edinburgh* 5%. Just over 24% said *no other centre*.

6.14.2 For Stranraer, the most frequent responses were: *Ayr* 33%, *Dumfries* 14%, *Glasgow* 11% and *Castle Douglas* 7%. Just over 37% said *no other centre*.

6.14.3 The findings suggest that residents of the catchment areas are seeking improved shopping opportunities away from Dumfries and Stranraer, mostly outside the Council area.

## 6.15 Business occupiers survey

6.15.1 The telephone interview survey of 150 businesses was undertaken in the Council area by NEMS Market Research in May 2016. It was divided into quotas, with 100 in Dumfries town centre and 50 in Stranraer town centre. A list of the questions is provided in Appendix 7.

6.15.2 The output tables produced by NEMS Market Research, showing the questions and responses, are provided in a separate document to accompany this report.

## 6.16 Profile of businesses

6.16.1 Table 6.1 shows the range of different businesses interviewed in Dumfries and Stranraer, of which non-food retailers and other non-retail services featured highly.



<b>Table 6.1</b>		
<b>Q1 Type of business interviewed</b>		
	<b>Dumfries</b>	<b>Stranraer</b>
Food retail	9%	8%
Non-food retail	39%	46%
Restaurants/ cafes/ pubs/ take-aways	4%	6%
Other services- hairdresser, travel agents, beauty salon etc	20%	8%
Banks, B societies, financial services, accounts	5%	10%
Property, offices, professional services	5%	4%
Industry	5%	6%
Leisure & recreation	2%	0%
Hotel and accommodation	9%	12%
Medical	2%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>
Sample size (number of businsses)	100	50

<b>Table 6.2</b>		
<b>Q3 Main reason for chosing current premises- most frequently mentioned</b>		
	<b>Dumfries</b>	<b>Stranraer</b>
Affordability	13%	10%
Attractiveness of location	8%	12%
High footfall at location	23%	10%
Live nearby	6%	12%
Size of premises	8%	6%
Established beforehand	9%	6%
No reason	27%	38%
Others	6%	6%
<b>Total</b>	<b>100%</b>	<b>100%</b>

6.16.2 In Dumfries, 72% were independent traders and 28% were chains/multiples. The proportions were similar in Stranraer, at 74% and 26% respectively.

6.16.3 Table 6.2 shows the various reasons why the respondents chose the location of their premises. High footfall and affordability featured, but significant proportions could not give a reason.

6.16.4 Table 6.3 shows that most of the businesses have been operating in their current premises for more than ten years. The great majority employ up to five people full-time and the same part-time, as shown in Table 6.4 and 6.5. This suggests that, generally, that most property requirements will be for small premises.

## 6.17 Staff parking

6.17.1 The pattern of parking by staff of the businesses (off-street/ on-street) is similar in Dumfries and Stranraer, as shown in Table 6.6.

## 6.18 Customer base

6.18.1 Table 6.7 reveals where the respondents said their customers came from, which is a mix of mainly local people and visitors. The contribution of visitors to the turnover of the businesses is important, as indicated by the respondents in the same table. The respondents also considered that their customers came from all age groups, but substantially from the 30-59 age group. This represents 39% of the Dumfries & Galloway population compared to 41% for Scotland.

<b>Table 6.3</b>		
<b>Q4 How long has the business been operating from existing premises</b>		
	<b>Dumfries</b>	<b>Stranraer</b>
Up to one year	2%	2%
More than 1 year, but no more than 5 years	15%	8%
More than 5 years, but no more than 10 years	14%	16%
More than 10 years	67%	74%
(Don't know / can't remember)	2%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>

<b>Table 6.4</b>		
<b>Q5A How many full-time staff, including working partners/owners/directors</b>		
	<b>Dumfries</b>	<b>Stranraer</b>
0-5	76%	88%
6-10	14%	4%
11-15	3%	6%
16-60	3%	2%
61-100	1%	
101+	1%	
Don't know	2%	
<b>Total</b>	<b>100%</b>	<b>100%</b>

<b>Table 6.5</b>		
<b>Q5B How many part-time staff, including working partners/owners/directors</b>		
	<b>Dumfries</b>	<b>Stranraer</b>
0-5	83%	76%
6-10	8%	20%
11-15	2%	2%
16-60	5%	2%
61-100		
101+		
Don't know	2%	
<b>Total</b>	<b>100%</b>	<b>100%</b>

<b>Table 6.6</b>		
<b>Q6 Where staff usually park</b>		
	<b>Dumfries</b>	<b>Stranraer</b>
Company car park	19%	18%
Other private car park	14%	14%
Public car park	42%	40%
Private garage	1%	2%
On-street	10%	8%
Other	0%	0%
(No staff arrive to work by car)	11%	12%
(Don't know / varies)	3%	6%
<b>Total</b>	<b>100%</b>	<b>100%</b>

<b>Table 6.7</b>		
<b>Q7-Q9 Customer profile</b>		
	<b>Dumfries</b>	<b>Stranraer</b>
<b>Q7 Where do customers mainly come from</b>		
Mostly local people (from Dumfries & Galloway)	67%	44%
Mostly visitors	6%	12%
Mostly a mix of local people with a significant level of visitors	27%	44%
(Difficult to say / don't know)	0%	0%
Total	100%	100%
<b>Q8 Proportion of turnover relating to visitors</b>		
Up to 15%	3%	7%
More than 15%, but no more than 25%	18%	18%
More than 25%, but no more than 50%	9%	25%
More than 50%	30%	29%
(Don't know / varies)	39%	21%
Total	100%	100%
<b>Q9 Estimated age range of most common customers</b>		
Mostly up to 30 years	3%	4%
Mostly 30-59 years	41%	44%
Mostly 60 and over	8%	6%
All age groups	47%	46%
Other	0%	0%
(Difficult to say / don't know)	1%	0%
Total	100%	100%

<b>Table 6.8</b>		
<b>Q10 Which other town (or internet) offers the main competition to the business</b>		
	<b>Dumfries</b>	<b>Stranraer</b>
Ayr	0%	32%
Carlisle	20%	0%
Castle Douglas	6%	4%
Dumfries		10%
Glasgow	6%	2%
Internet	24%	4%
Don't know	24%	26%
None/ nowhere else	8%	12%
Various other towns	12%	10%
Total	100%	100%

## 6.19 Competitor towns/ internet

6.19.1 Table 6.8 reveals where the respondents believed the main competition came from. In Dumfries, it was Carlisle and the internet. In Stranraer, Ayr was most frequently identified.

## 6.20 Own or rent

6.20.1 Among the respondents from Dumfries, 44% owned their property and 55% rented it (Q11). In Stranraer, the corresponding proportions were 52% and 44% respectively. There were a few refusals to answer.

## 6.21 Investment in premises

6.21.1 The respondents were asked how much they had spent on their existing premises

<b>Table 6.9</b>		
<b>Q12 Level of investment in premises over the last five years</b>		
	<b>Dumfries</b>	<b>Stranraer</b>
<b>Internal building (walls, floors, wiring, drainage etc.)</b>		
Considerable investment (above £15,000)	13%	8%
Moderate investment (£3,000-£15,000)	16%	18%
Modest investment (up to £3,000)	14%	10%
Minimal investment/ no investment	32%	28%
Required investment not viable or finance not available	6%	6%
(Don't know)	19%	30%
<b>Total</b>	<b>100%</b>	<b>100%</b>
<b>Building – external structure (walls, roof, gutters etc.)</b>		
Considerable investment (above £15,000)	6%	8%
Moderate investment (£3,000-£15,000)	12%	16%
Modest investment (up to £3,000)	5%	10%
Minimal investment/ no investment	47%	28%
Required investment not viable or finance not available	8%	10%
(Don't know)	22%	28%
<b>Total</b>	<b>100%</b>	<b>100%</b>
<b>Shopfronts - displays / advertisement / fittings</b>		
Considerable investment (above £15,000)	3%	2%
Moderate investment (£3,000-£15,000)	10%	4%
Modest investment (up to £3,000)	19%	18%
Minimal investment/ no investment	43%	40%
Required investment not viable or finance not available	4%	8%
(Don't know)	21%	28%
<b>Total</b>	<b>100%</b>	<b>100%</b>

over the last five years. The findings are shown in Table 6.9. Most had invested varying amounts in the exterior and interior of their properties, and shopfronts, with minimal levels being mentioned most frequently.

## 6.22 Property and business performance

6.22.1 The respondents were asked about how a range of different property-related issues might impact on their business performance and on the likely level of impact- see Table 6.10. The responses under each issue are self-explanatory, with an overall interpretation that most operators are not really considering need for much change to their properties. In general, lease terms were perceived to have less impact than physical property matters.

## 6.23 Trading outlook

6.23.1 The respondents were asked about their expected sales performance over the next two years, (*lower sales/ no change/ increasing*

*sales*) which produces similar findings among those from Dumfries and Stranraer, as shown in Table 6.11. Increasing sales was the most frequently mentioned expectation.

6.23.2 Table 6.11 also shows the main reasons given by the respondents for their expectations. Main reasons for lower sales expectations included competition from the internet, the economic climate, reduced spending and less visitors. The main reasons for increased sales expectations were more associated with pro-active decisions to improve their own businesses.

<b>Table 6.10 Q13 Property related issues- likely impacts on business performance</b>		
	<b>Dumfries</b>	<b>Stranraer</b>
<b>Relocation of my business to high street / main street in town centre with higher footfall</b>		
Considerable impact	30%	16%
Moderate impact	19%	16%
No impact	44%	60%
(Don't know)	7%	8%
Total	100%	100%
<b>Change in the mix of other types of businesses nearby</b>		
Considerable impact	24%	16%
Moderate impact	31%	16%
No impact	38%	58%
(Don't know)	7%	10%
Total	100%	100%
<b>Reduction in number of vacant units in town centre</b>		
Considerable impact	46%	24%
Moderate impact	16%	20%
No impact	33%	46%
(Don't know)	5%	10%
Total	100%	100%
<b>Change in the size of my unit - larger</b>		
Considerable impact	22%	24%
Moderate impact	19%	18%
No impact	51%	46%
(Don't know)	8%	12%
Total	100%	100%
<b>Change in the size of my unit - smaller</b>		
Considerable impact	35%	20%
Moderate impact	10%	6%
No impact	49%	62%
(Don't know)	6%	12%
Total	100%	100%
<b>Change in the layout of my unit</b>		
Considerable impact	15%	10%
Moderate impact	24%	16%
No impact	51%	64%
(Don't know)	10%	10%
Total	100%	100%
<b>Improvements to the physical condition of my unit</b>		
Considerable impact	19%	24%
Moderate impact	21%	22%
No impact	52%	46%
(Don't know)	8%	8%
Total	100%	100%
<b>Improvement to the fittings and decor</b>		
Considerable impact	16%	30%
Moderate impact	26%	20%
No impact	52%	42%
(Don't know)	6%	8%
Total	100%	100%
<b>Change to the terms of my lease - longer</b>		
Considerable impact	4%	6%
Moderate impact	7%	8%
No impact	68%	68%
(Don't know)	21%	18%
Total	100%	100%
<b>Change to the terms of my lease - shorter</b>		
Considerable impact	10%	4%
Moderate impact	8%	6%
No impact	59%	74%
(Don't know)	23%	16%
Total	100%	100%
<b>More flexible lease terms</b>		
Considerable impact	10%	4%
Moderate impact	6%	6%
No impact	61%	74%
(Don't know)	23%	16%
Total	100%	100%

<b>Table 6.11</b>		
<b>Q14-Q15 Forecast sales performance</b>		
	<b>Dumfries</b>	<b>Stranraer</b>
<b>Q14 Likely sales performance over the next two years</b>		
Lower sales	18%	18%
No change in sales	30%	30%
Increasing sales	42%	42%
(Don't know / not relevant)	10%	10%
Total	100%	100%
<b>Q15A Main three reasons for expected lower sales</b> (selection of most frequent responses)		
Fewer tourists / visitors	39%	11%
Economic climate	33%	44%
Competition from Internet	28%	33%
Unattractive town centre	28%	11%
Competition from other shops	22%	0%
People spending less	17%	0%
People spending less	0%	44%
<b>Q15B Main three reasons for expected no change in sales</b> (selection of most frequent responses)		
Always had the same / steady sales performance	27%	13%
Economic climate	20%	20%
Fewer tourists / visitors	20%	13%
Seasonal trending	10%	0%
More tourists / visitors	0%	13%
<b>Q15C Main three reasons for expected increase in sales</b> (selection of most frequent responses)		
General improvements / expansion / growth	33%	19%
Economic climate	12%	0%
Better customer service	10%	10%
More tourists / visitors	5%	29%
People spending more	5%	19%
More / better advertising	10%	5%

<b>Table 6.12</b>		
<b>Q16 Is the business actively considering the following over the next 5 years</b>		
<i>multiple responses</i>	<b>Dumfries</b>	<b>Stranraer</b>
Adding to the range of merchandise, pricing/ sales promotion	46%	38%
Improvements to existing premises	29%	24%
Move to larger premises	13%	2%
Looking for smaller premises	4%	0%
Relocation within the local area	17%	4%
Leaving the area	7%	0%
Closure	10%	12%
No change	23%	36%
Other	0%	0%
Opening extra premises in another area in Scotland	1%	0%
(Don't know)	4%	6%

## 6.24 Proposed changes

6.24.1 The respondents were asked whether they were actively considering certain changes to their business practices and premises (from a list) in the future. The findings are shown in Table 6.12, where most interest related to marketing improvements (46% in Dumfries), followed by property improvements (29%). In Dumfries, 17% were considering searching for different sized premises and 17% were also considering relocating within the local area.

6.24.2 Among those looking for suitable alternative units, over 70% in Dumfries reported

no difficulty in finding premises. The proportion was 50% in Stranraer- see Table 6.13, which also indicates the sizes of premises which were being sought.

## 6.25 Take-up of long term vacant units

6.25.1 Finally, the respondents were asked what they considered to be the main obstacles to the take-up of current longer-term vacant units in their town. The responses are shown in Table 6.14. The predominant reason was that they were perceived as unaffordable in terms of rates and rents, although their condition and lack of footfall was mentioned.

**Table 6.13**  
Q17-Q18 Search for premises and size (for those looking to relocate in Q16)

	Dumfries	Stranraer
<b>Q17 Any difficulty in finding suitable units</b>		
Difficult to find suitable available units	28%	50%
No difficulty in finding suitable available units	72%	50%
<b>Q18 What size of unit is being sought</b>		
Up to 40 sq. m gross (430 sq. ft.)	6%	0%
Up to 80 sq. m gross (860 sq. ft.)	17%	0%
Up to 120 sq. m gross (1,290 sq. ft.)	22%	50%
More than 120 sq. m gross (see below)	0%	0%
4000 sq ft. specifically	6%	0%
(Don't know / haven't decided yet)	50%	50%
Total	100%	100%

**Table 6.14**  
Q19 Long term vacant units in the town centre- main obstacles to being taken up

<i>multiple responses- selection of most frequent</i>	Dumfries	Stranraer
Unaffordable rents / rates	61%	44%
Their condition	15%	4%
Lack of footfall	13%	10%
Unattractive buildings/streetscape	7%	2%
Increase in retail parks	5%	0%
Unsuitable size	4%	2%
Lack of parking	3%	6%
Competition from the Internet	2%	4%
Don't know	13%	34%

## **6.26 Summary**

6.26.1 The household survey indicates increasing visits to larger centres outside Dumfries & Galloway for shopping and increased use of online shopping. There is some dissatisfaction with the range and choice of shops, especially in Dumfries town centre. High levels of access to a car exist (allowing consumers to readily leave the area for greater choice).

6.26.2 The business occupiers survey reveals that most customers are local to Dumfries & Galloway, but visitors are an important contribution. Most of the businesses interviewed were small, independent operators who had been in the area for ten years or more.

6.26.3 Investment in premises has mostly been fairly limited, with property related issues being more important generally than lease issues. Many businesses anticipate increased sales in the future, and these were mainly those who are investing in business promotion and their premises,

6.26.4 Among those looking for new premises, most reported no difficulty in Dumfries, but less so in Stranraer. Take-up of existing longer term vacant units was widely perceived as unattractive because of the cost (rents and rates).



## 7 Convenience expenditure and turnover

### 7.1 Introduction

7.1.1 This section shows the relationship between convenience expenditure and turnover in the catchment areas of Dumfries and Stranraer, and for the Council area as a whole, taking account of the shopping patterns in the 2016 household survey by NEMS. Thus, the *total turnover in each catchment area derives from the residents' expenditure potential, plus inflows, less outflows.*

7.1.2 The distribution of the turnover among the various centres and supermarkets is then controlled to the total deduced turnover for each catchment area from the shopping patterns.

### 7.2 Convenience goods-definition

7.2.1 Convenience goods include:

- *Food and non- alcoholic drinks*
- *Alcoholic drinks*
- *Tobacco*
- *Non- durable household goods; and*
- *Newspapers and magazines.*

7.2.2 This definition is provided in Pitney Bowes' *Retail Expenditure Guide 2015-16*, based on Central Government survey classifications.

### 7.3 Convenience expenditure potential

7.3.1 Table 7.1 shows the forecast expenditure per capita data for the Dumfries & Galloway Council area, based on data commissioned from Pitney Bowes for this study.

7.3.2 Special forms of trading (SFT), including internet shopping, are removed from the expenditure per capita data, so that it relates to conventional shop floorspace, as shown in Table 7.1.

7.3.3 The proportion of SFT, or non-store sales, is projected to increase up to 2027. It should be noted that the proportions of SFT shown in this table do not include internet home delivery coming from existing supermarket shelves, which is a much higher proportion,

though dependent on store floorspace. Note that the proportion of convenience SFT in Dumfries & Galloway, indicated by the household survey is fairly close to the national average provided by Pitney Bowes, so the national proportions are applied in Table 7.1, which include a small technical adjustment by Pitney Bowes.

7.3.4 The total convenience expenditure potential of the residents of the two main catchment areas, and for the Council area as a whole, are shown in Table 7.2. Forecast expenditure growth from 2016-27 is just over £27 million, of which about £22 million relates to the Dumfries catchment and £5 million to Stranraer.

### 7.4 Convenience shopping patterns

7.4.1 Information on the shopping patterns was collected by the 600 sample household survey, which covered Dumfries & Galloway. Sample quotas were set for each of the three study zones and main catchment areas. Interviews were conducted by a randomly generated selection of telephone numbers, based on a structured questionnaire. The quotas and list of questions are provided in Appendices 1 and 6. The output tables produced by NEMS Market Research are available as a separate document.

7.4.2 For convenience shopping, the respondents were asked *where they last visited for their main food shopping, and the time before that.* They were also asked *where they last visited for their top-up shopping.* The findings were combined to provide estimates of all convenience shopping patterns relating to each of the primary catchments, as shown in Table 7.3. The supporting information is provided in Appendix 8.

<b>Table 7.1</b> Dumfries & Galloway residents' convenience expenditure per capita per annum (in 2015 prices)						
2015 £	2016 £	2020 £	2022 £	2025 £	2026 £	2027 £
2,327	2,335	2,366	2,425	2,515	2,543	2,572
<i>*Excluding special forms of trading (SFT)</i>						
2,273	2,279	2,307	2,365	2,449	2,477	2,506

Sources;  
 Figures in bold are from the Pitney Bowes' projected expenditure data commissioned for the study area. Figures for the other years are interpolations/ extrapolations.  
 The figure for 2015 from Pitney Bowes is in 2015 prices. For the other years, Pitney Bowes provided forecasts in 2014 prices. These have been adjusted to 2015 prices by a factor of 0.99080 from the *Retail Expenditure Guide 2015/16* by Pitney Bowes.  
 Deductions require to be made to allow for special forms of trading (SFT- internet expenditure ,mail order etc), which do not relate to conventional floorspace. On page 39 (Table 3.5) of the *Retail Expenditure Guide 2015/16* by Pitney Bowes, the following estimates of convenience SFT are made in relation to non store sales.

2015	2016	2020	2022	2025	2026	2027
2.3%	2.4%	2.5%	2.5%	2.6%	2.6%	2.6%

Excludes deliveries picked off supermarket shelves, for example.

<b>Table 7.2</b> Dumfries and Stranraer main retail catchment areas: convenience expenditure potential of the residents (in 2015 prices)			
	2016 £million	2022 £million	2027 £million
Dumfries main catchment	274.8	282.7	296.7
Stranraer main catchment	66.1	68.0	71.3
<b>Dumfries &amp; Galloway</b>	<b>340.9</b>	<b>350.7</b>	<b>368.0</b>

Note  
 From Tables 2.1 and 7.1. Excludes special forms of retailing (SFT- internet. Mail order etc)

<b>Table 7.3</b> Dumfries & Galloway Council area residents- all convenience shopping patterns					
	Origin				
	Zone 1 Dumfries	Zone 2 Annan/ Gretna/ Langholm	Zones 1 & 2 Dumfries catchment	Zone 3 Stranraer catchment	Total
<b>Destination</b>					
Zone 1	93%	6%	73%	2%	61%
Zone 2	2%	61%	16%	0%	13%
Zones 1 & 2	95%	67%	89%	2%	74%
Zone 3	0%	0%	0%	95%	16%
Outside Council area	4%	33%	11%	3%	10%
Total	100%	100%	100%	100%	100%

Note; figures are rounded  
 Derived from the NEMS household survey, with main food and top-up shopping combined (Q1-Q3)  
 The weighting assumes 80%:20% main food: top shopping

7.4.3 The patterns reveal that 89% of convenience shopping by residents of the Dumfries main catchment is retained within that catchment area, with 11% leakage to centres outside the Council area, mostly from zone 2 to Carlisle. Among the residents of the Stranraer main catchment, 95% of convenience shopping is retained within that catchment.

7.4.4 For Dumfries & Galloway as a whole, leakage to centres outside the area equate to 10% of the residents' expenditure in 2016, compared to 3% in the 2012 Retail Capacity Study, based on patterns from the NEMS survey in 2006.

7.4.5 Figure 7.1 provides graphs showing the most visited stores for main food shopping by the survey respondents from each zone.

7.4.6 Thus, the scope for recapturing convenience expenditure leakage from the Council area mainly relates to leakage from the eastern part of the Dumfries main catchment area. Leakage from the Stranraer catchment to centres outside the Council area is very low.

## **7.5 Expenditure and turnover in the main catchment areas**

7.5.1 Table 7.4 shows the relationship between total convenience expenditure and turnover in the two main catchment areas, and for Dumfries & Galloway as a whole. Visitor spending has been included.

7.5.2 While the household survey shows expenditure by residents of the Council area, it does not include expenditure inflows from outside Dumfries & Galloway. Estimates of visitor spending are provided in Appendix 9, based on the 2015 STEAM report for Dumfries & Galloway. The estimated visitor spending on convenience goods is less than £7 million, divided between the two main catchment areas as shown in Appendix 9.

7.5.3 Table 7.5 shows the convenience floorspace of shops in the Dumfries main catchment area at average levels, controlled to the survey based total turnover. A slight level of under-trading against national averages is indicated overall.

7.5.4 Table 7.6 shows the equivalent position for the Stranraer main catchment, where moderate under-trading of 10% is indicated.

7.5.5 Household surveys are usually not reliable at predicting turnover levels of individual stores, but are generally more reliable at the wide catchment area, level, which is why the approach in Tables 7.5 and 7.6 is adopted in the report.

7.5.6 There has not been a great deal of change in the performance since the 2012 Study, where there was slight over-trading in the Dumfries catchment and slightly more under-trading in the Stranraer catchment.

7.5.7 Note that the floorspace data has been updated since the 2012 Study, as mentioned in the footnote to the tables. The convenience floorspace for Dumfries and Stranraer town centres derives from the latest Goad surveys (2015). For the smaller towns, the floorspace data is from the Council's surveys shown in the 2012 Study, updated by their latest street survey of occupiers in 2015.

## **7.6 Online food shopping**

7.6.1 Among those who bought their groceries on the internet in Dumfries & Galloway, the household survey indicates that, for main food shopping (Q1&Q2), 51% used ASDA, 40% used Tesco and 4% used Morrisons, with the balance not recalling.

## **7.7 Planning commitments**

7.7.1 A list of the current retail consents and proposals is provided in Table 7.7 Aldi has consent for a second store in Dumfries.

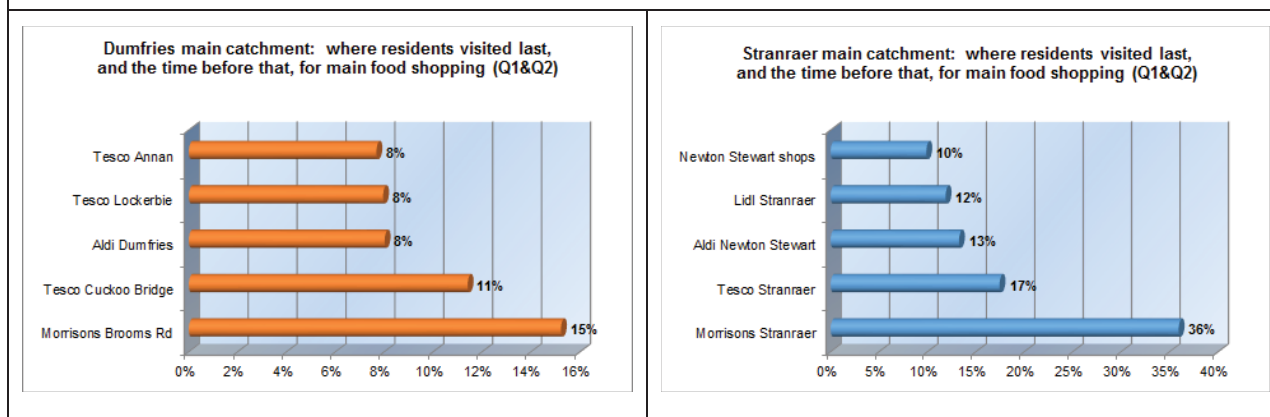
7.7.2 Consent for a 4,180 sq m gross supermarket at Gretna- Old Toll Bar (12/P/4/0090). was granted in August 2012, Among the conditions is that no more than 25% of the net floorspace can be devoted to comparison sales. A renewal application (15/P/4/0232) has been lodged with the Council for determination.

7.7.3 The convenience turnover of this consent could be around £22.3 million, assuming a net/gross floorspace ratio of 60%, with 75% convenience floorspace and an

<b>Table 7.4 Dumfries &amp; Galloway convenience expenditure patterns (in 2015 prices)</b>				
	<b>%</b>	<b>2016 £million</b>	<b>2022 £million</b>	<b>2027 £million</b>
Dumfries catchment residents' expenditure potential		274.8	282.7	296.7
Add: (1) inflows	2%	6.3	6.5	6.8
Less: outflows	-11%	-31.1	-31.9	-33.5
<b>Retained expenditure (turnover)</b>		<b>250.1</b>	<b>257.3</b>	<b>270.0</b>
Stranraer catchment residents' expenditure potential		66.1	68.0	71.3
Add: (2) inflows	2%	1.3	1.3	1.4
Less: outflows	-5%	-3.1	-3.2	-3.3
<b>Retained expenditure (turnover)</b>		<b>64.3</b>	<b>66.1</b>	<b>69.4</b>
Dumfries & Galloway residents' expenditure potential		340.9	350.7	368.0
Add: inflows (visitor spending)	2%	6.6	6.8	7.1
Less: outflows	-10%	-33.1	-34.1	-35.7
<b>Retained expenditure (turnover)</b>		<b>314.4</b>	<b>323.4</b>	<b>339.4</b>

Note:  
From Table 7.3 (household survey), plus visitor spending shown in Appendix 9. Figures are rounded  
(1) Inflows from Stranraer catchment (2% of Stranraer expenditure= £1m), plus visitor spending (£5.3m)  
(2) inflows from Dumfries main catchment (0%) plus visitor spending £1.3m

**Figure 7.1 Principal destinations for main food shopping**



average turnover ratio of <sup>5</sup>£11,838 per sq m. Given its location by the Outlet Centre, about 50% of the turnover could be associated with visitors to the Centre from outside Dumfries & Galloway.

7.7.4 There is also consent for a small Class 1 retail development in Annan, which we have assumed for comparison retail occupation.

7.7.5 The estimated turnover relating to planning commitments requires to be deducted from the forecasts of spare capacity. Although the Gretna application has not been granted consent, it is included in this study because of the previous consent. Its inclusion in this report should not be interpreted as a decision by the Council, as it is still under consideration.

<sup>5</sup> Average of the 'big' four supermarket operators from the Retail Rankings 2016.

<b>Table 7.5</b>				
<b>Dumfries main catchment area: convenience floorspace and turnover at average levels</b>				
<b>(in 2015 prices)</b>				
	Floorspace sq m		Average	Turnover
	gross	net	turnover levels £ per sq m	£million
<b>Zone 1</b>				
<b>Dumfries town centre</b>				
*Iceland, town centre	1,050	735	7,367	5.4
*part of M&S, town centre (estimate)	1,056	739	10,023	7.4
*Other town centre shops	3,400	2,380	5,500	13.1
<b>Other Dumfries shops</b>				
Tesco, Lockerbie Rd (5,560 sq m gross-80% conv)	4,448	2,669	10,920	29.1
*Morrisons, Brooms Rd- (5,330sqm gross-85% conv)	4,531	2,265	10,409	23.6
Aldi, Annan Rd (1,511 sq m gross- 80% conv)	1,209	907	11,226	10.2
Lidl, Brooms Rd (1,700 sq m gross-80% conv)	1,360	1,020	7,450	7.6
Tesco, Cuckoo Bridge (8,147 sq m gross-65% conv)	5,296	3,345	10,920	36.5
**Tesco, Heathhall Esso Express	300	225	15,207	3.4
**Co-op, Troqueer Rd	400	240	6,500	1.6
**3 Spars- (Rosevale St, Georgetow n & Lochabriggs)	900	540	6,765	3.7
<b>Sub total- all Dumfries shops</b>	<b>21,843</b>	<b>13,591</b>		<b>141.6</b>
<b>Lockerbie</b>				
Town centre shops	419	251	3,800	1.0
Tesco, Goods Station Rd (4,319 sq m gross-80% conv)	3,455	2,073	10,920	22.6
<b>Moffat</b>				
Town centre shops	823	494	3,800	1.9
***Co-op, Holme St	1,200	720	8,174	5.9
<b>Sanquhar</b> incl. Co-op	1,207	724	4,000	2.9
<b>Thornhill</b> incl. Co-op	442	265	4,000	1.1
<b>Castle Douglas</b>				
Town centre shops	1,891	1,135	3,800	4.3
***Co-op, Cotton St	2,400	1,440	8,174	11.8
***Tesco, Ernespie Rd (2,800 sq m gross-90% conv)	2,520	1,512	10,920	16.5
<b>Dalbeattie</b> incl. Co-op	850	510	4,000	2.0
<b>Kirkcudbright</b>				
Town centre shops incl. Co-op	928	557	4,000	2.2
***Tesco Metro, St Cuthbert's St	1,000	700	10,920	7.6
Spar, Gatehouse of Fleet	300	180	6,765	1.2
<b>Zone 2</b>				
<b>Annan</b>				
Co-op, Town centre	800	480	8,174	3.9
Farmfoods, Town centre	500	350	8,043	2.8
Other town centre shops	1,179	707	3,800	2.7
Tesco, Watchhall (4,230 sq m gross-80% conv)	3,384	2,030	10,920	22.2
**Spar, Eastriggs	300	180	6,765	1.2
<b>Gretna</b>				
Town centre shops	855	513	3,800	1.9
*Outlet Centre	830	581	4,000	2.3
<b>Langholm</b>				
Town centre shops	228	137	3,800	0.5
***Co-op, Glenesk Rd	1,160	696	8,174	5.7
<b>Total Dumfries catchment</b> at average turnover levels	<b>48,514</b>	<b>29,826</b>		<b>265.9</b>
<i>Under- trading below average levels</i>			-6%	-15.8
<b>Total from survey (actual levels)</b>				<b>250.1</b>
Note				
Gross floorspace data provided by the Council, except w here show n, including the latest street survey occupancy updates (2015).				
* Floorspace based on latest Goad. ** R MacLean estimate of floorspace. *** Floorspace based on Google Earth measurement tool.				
For the Goad based floorspace in Dumfries and Stranraer, a high net/gross ratio of 70% is applied, to offset the fact that Goad mainly records the unit footprint and may understate the total w here there are upper floors.				
The turnover ratios for the supermarkets and M&S derive from the Retail Rankings 2016 for 2014/15, adjusted to remover petrol sales w ith an allowance for VAT added. For all other floorspace, the turnover ratios are estimates based on studies elsew here.				

<b>Table 7.6</b>				
<b>Stranraer main catchment area: convenience floorspace and turnover at average levels (in 2015 prices)</b>				
	Floorspace sq m		Average turnover levels £ per sq m	Turnover £million
	gross	net		
<b>Stranraer town centre</b>				
*Tesco Metro	1,480	1,036	10,920	11.3
Morrisons (3,586 sq m gross-90% conv)	3,227	1,614	10,409	16.8
*Other town centre shops	2,090	1,463	5,000	7.3
Sub total town centre	6,797	4,113		35.4
<b>Other Stranraer shops</b>				
Lidl (1,934 sq m gross-80% conv)	1,547	1,160	7,450	8.6
**3 Spars-(Kirsland Rd, Mirrey's Garage, Castle Kennedy)	900	540	6,765	3.7
Sub total- all Stranraer shops	9,245	5,813		47.7
<b>Newton Stewart</b>				
Co-op, Town centre	534	320	6,500	2.1
Other town centre shops	757	454	3,800	1.7
Sainsbury's	1,140	728	11,124	8.1
Aldi (1,570 sq m gross-80% conv)	1,256	844	11,226	9.5
<b>Whithorn</b>				
Wigtown	274	164	3,800	0.6
**Co-op	300	180	6,500	1.2
**Other shops	300	180	3,800	0.7
<b>Total Stranraer catchment at average levels</b>	<b>13,806</b>	<b>8,684</b>		<b>71.6</b>
<i>Under- trading below average levels</i>			-10%	-7.3
<b>Total from survey (actual levels)</b>				<b>64.3</b>
Note				
Gross floorspace data provided by the Council, except where shown, including the latest street survey occupancy updates (2015).				
* Floorspace based on latest Goad. ** R MacLean estimate of floorspace. *** Floorspace based on Google Earth measurement tool.				
For the Goad based floorspace in Dumfries and Stranraer, a high net/gross ratio of 70% is applied, to offset the fact that Goad mainly records the unit footprint and may understate the total where there are upper floors.				
The turnover ratios for the supermarkets and M&S derive from the Retail Rankings 2016 for 2014/15, adjusted to remove petrol sales with an allowance for VAT added. For all other floorspace, the turnover ratios are estimates based on studies elsewhere.				

<b>Table 7.7</b>				
<b>Planning commitments and proposals (in 2015 prices)</b>				
	Floorspace sq m		Average turnover levels £ per sq m	Turnover £million
	gross	net		
Aldi, Maxwelltown IE, Dumfries- consent (Ref 15/P/3/0094). Total 1,808 sq m gross: 80% convenience 20% comparison	1,446 362	1,003 251	11,226 6,039	11.3 1.5
Old Toll Bar, Greta (supermarket)- under consideration Total floorspace 4,180 sq m gross- 75% convenience (Ref 15/P/0232) associated with conditions in 12/P/4/0090	3,135	1,881	11,838	22.3
Former Carrs Billington site, Annan (Ref 14P/4/0304) Consent for mixed residential and 4 retail units with mezz floors 3 new units plus 1 refurb-Class 1 retail	1,360	952	2,500	2.4
Small unit for food & beverage sales, Dumfries RP Ref 13/P/3/0502. Consent	324	232		non retail
Note				
Turnover/ floorspace ratios based on Retail Rankings 2016.				

## **7.8 Stranraer Waterfront**

7.8.1 There are proposals for a major redevelopment scheme linking the Waterfront to the town centre. The proposals are in a state of flux at present, but provision for an additional supermarket and other retailing form part of the concept to date.

7.8.2 In the Stranraer catchment, there is no forecast spare convenience capacity under the assumptions in this study (see section 8). However, there would be additional capacity if higher levels of trade diversion on the existing stores are accepted under planning policy as a special case. For example, the wider, regeneration benefits of the opportunity to develop a supermarket on the Stranraer waterfront would fall into this category.

7.8.3 There would be some potential spare comparison expenditure to support a modest level of additional comparison floorspace in the Stranraer catchment. Further comment on this project is not included in this study, as the concept development proposal is ongoing.

## 8 Convenience expenditure capacity

### 8.1 Introduction

8.1.1 This section contains the forecasts of spare convenience expenditure capacity for the Dumfries and Stranraer main catchment areas.

8.1.2 The planning context for defining spare capacity is the level of new retail development that can be accommodated without threatening the vitality and viability of established town centres. Spare retail capacity can exist in the following forms:

- Any current over-trading
- Growth in retained expenditure (turnover)
- Potential to claw back expenditure leakage
- Potential to attract new trade into the area
- 'Acceptable' levels of impact

8.1.3 A range of spare capacity can be prepared from these components, showing a low and high estimate, after deducting planning commitments. The **low estimate** includes any over-trading and the forecast growth in expenditure in the catchment over the target periods, *less* planning consents. The **high estimate** also includes the potential to claw back leakage and attract new trade into the catchment.

8.1.4 Provision of a range of spare capacity normally reduces the need for sensitivity tests.

8.1.5 'Acceptable' levels of retail impact refer to the situation where new developments would not threaten the vitality and viability of established centres. By convention, this aspect is not usually embraced into capacity studies, because it is normally addressed by retail impact assessments in support of specific retail planning applications. The planning authority would then assess whether the retail impacts are 'acceptable' in terms of their effects on the vitality and viability of town centres.

8.1.6 From experience, this is the preferred approach by local authorities, so an allowance has not been included in this study. Also, in the case of the Dumfries and Stranraer main catchments, the current under-trading reduces the significance of additional allowances for acceptable levels of impact.

### 8.2 Spare capacity forecasts 2016-27

8.2.1 The forecasts of spare convenience expenditure capacity in this report also include associated equivalent *net* floorspace estimates for broad guidance, based on the average turnover/floorspace ratio of the four main supermarket operators, as shown in the footnotes to the tables. The equivalent floorspace associated with the expenditure capacity would be greater for other operators with lower turnover ratios.

8.2.2 More weight should be given to the expenditure capacity figures, because retailer performance and formats varies widely.

### 8.3 Dumfries catchment spare convenience capacity

8.3.1 Table 8.1 shows the forecast range of spare capacity for the Dumfries main catchment. Under the low estimate, there is no spare capacity to 2027, because of the current under-trading combined with the Aldi consent in Dumfries and the proposed Gretna supermarket.

8.3.2 Under the high estimate, there is potential to claw back up to half the current leakage from the Dumfries catchment to other destinations, mainly to Carlisle. The proposed supermarket at Gretna is well located to contribute to retaining leakage. The Aldi consent in Dumfries probably will not claw back much leakage.

8.3.3 The existing inflows of convenience expenditure are very low and the geographic location of the catchment means that the potential to increase the level of inflows is likely to be minimal beyond the estimated inflows to the proposed supermarket at Gretna.

8.3.4 Nevertheless, there will be no spare convenience capacity to 2027 under the high estimate either, as shown in Table 8.1.



<b>Table 8.1</b>				
<b>Dumfries main catchment: spare convenience expenditure capacity up to 2027 (in 2015 prices)</b>				
		2016-22 £million	2022-27 £million	2016-27 £million
(a) Current under-trading (Table 7.5)		-15.8		-15.8
(b) Growth in retained expenditure (turnover)- Table 7.4		7.2	12.7	19.9
(c ) Less planning commitments:				
(1) Assume 50% of conv turnover of the Gretna supermarket application		-11.2	0	-11.2
plus Aldi consent Dumfries		-11.3	0	-11.3
<b>Low estimate</b>	(a+b-c)	<b>-31.1</b>	<b>12.7</b>	<b>-18.4</b>
(d) Add: potential to reduce outflow	2022 2027			
Outflow £million- Table 7.3	-31.9 -33.5			
Potential to claw back up to 50% of leakage assumed		16.0	0.8	16.8
(e ) Add: potential to increase inflow	2020 2025			
Inflow £million- Table 7.3	6.5 6.8			
Potential to increase inflows-negligible		0	0	0
<b>High estimate</b>	(a+b-c+d+e)	<b>-15.2</b>	<b>13.5</b>	<b>-1.7</b>
<b>Equivalent convenience floorspace</b>				
* Turnover/ floorspace ratio		£ per sq m 12,178	£ per sq m 12,779	
		sq m net -2,600	sq m net 1,000	sq m net -1,600
<b>Low</b>		-1,200	1,100	-100
<b>High</b>				
Note				
Gross equivalent floorspace estimates have not been shown, as net/gross formats vary widely. <i>Figures are rounded.</i>				
* The turnover ratio derives from the 2016 Retail Rankings for the average of Sainsbury's, Tesco, Morrisons and ASDA, at £11,838 per sq m. The ratio has been increased to relate to 2022 and 2027, based on % turnover growth in Dumfries & Galloway shown in Table 7.4				
(1) The convenience turnover of the Gretna supermarket application is estimated at £22.3m, of which 50% is estimated to derive from visitors to the Gretna Outlet Centre from outside Dumfries & Galloway.				

## 8.4 Stranraer catchment spare convenience capacity

8.4.1 Table 8.2 shows the forecast range of spare capacity for the Stranraer main catchment. Under the low estimate, there is no spare capacity to 2022 and to 2027 as the current under-trading is greater than the forecast growth in turnover.

8.4.2 The catchment is relatively self-contained with low inflows and outflows and the geographic location of Stranraer offers little prospect of changing this. Nevertheless, some small scale shop extensions, for example, could be undertaken, but nothing significant. However, there would be additional capacity if higher levels of trade diversion on the existing stores are accepted under planning policy as a special case in support of regeneration (see section 7).

## 8.5 Capacity and current retailer requirements

8.5.1 The smaller convenience retailer requirement in Dumfries (Table 5.5) would be readily supported for example, but capacity to support possible discount foodstore operator interest in Castle Douglas is less obvious, without a retail impact analysis in support of any future application.

## 8.6 Policy implications

8.6.1 The study findings on forecast spare capacity, together with the findings of the household survey, indicate that it will be important to support improvements to the quality of shops in the town centres in the Dumfries and Stranraer main catchments, rather than promotion of significant additional

<b>Table 8.2</b>				
<b>Stranraer main catchment: spare convenience expenditure capacity up to 2027 (in 2015 prices)</b>				
		2016-22	2022-27	2016-27
		£million	£million	£million
(a) Current under-trading (Table 7.6)		-7.3		-7.3
(b) Growth in retained expenditure (turnover)- Table 7.4		1.8	3.3	5.1
(c) Less planning commitments: (none)				
<b>Low estimate</b>	(a+b-c)	<b>-5.5</b>	<b>3.3</b>	<b>-2.2</b>
(d) Add: potential to reduce outflow	2022 2027			
Outflow £million- Table 7.3	-3.2 -3.3			
Potential to claw back up to 50% of leakage assumed		1.6	0.1	1.7
(e) Add: potential to increase inflow	2020 2025			
Inflow £million- Table 7.3	1.3 1.4			
Potential to increase inflows-negligible		0	0	0
<b>High estimate</b>	(a+b-c+d+e)	<b>-3.9</b>	<b>3.3</b>	<b>-0.5</b>
<b>Equivalent convenience floorspace</b>				
* Turnover/ floorspace ratio		£ per sq m 12,178	£ per sq m 12,779	
		sq m net	sq m net	sq m net
<b>Low</b>		-400	300	-100
<b>High</b>		-300	300	0
Note				
Gross equivalent floorspace estimates have not been shown, as net /gross formats vary widely. <i>Figures are rounded.</i>				
* The turnover ratio derives from the 2016 Retail Rankings for the average of Sainsbury's, Tesco, Morrisons and ASDA, at £11,838 per sq m. The ratio has been increased to relate to 2022 and 2027, based on % turnover growth in Dumfries & Galloway shown in Table 7.4				

convenience floorspace over and above the Aldi consent in Dumfries and the proposed supermarket at Gretna.

## 9 Comparison expenditure and turnover

### 9.1 Introduction

9.1.1 This section sets out the comparison expenditure and turnover relationships for Dumfries & Galloway and provides forecasts of spare capacity from 2016 to 2027. The forecasts relate to each of the Dumfries main catchment area and the Stranraer main catchment area.

9.1.2 The distribution of the turnover among the various towns and retail parks is controlled to the total deduced turnover for each catchment area from the shopping patterns.

### 9.2 Comparison goods-definition

9.2.1 Comparison goods include:

- *Books*
- *Clothing and footwear*
- *Furniture, floorcoverings & household textiles*
- *Audi visual equipment and other durable goods (domestic appliances and phones)*
- *Hardware and DIY supplies*
- *Chemists' goods*
- *Jewellery, watches and clocks*
- *Bicycles and*
- *Recreational and other miscellaneous goods*

9.2.2 This definition is provided in Pitney Bowes' *Retail Expenditure Guide 2015-16*, based on Central Government survey classifications.

9.2.3 Bulky goods are part of the comparison goods category. In this report, they comprise *furniture, floorcoverings, furnishings, domestic appliances and DIY/ hardware, excluding china and glassware*. They represent about 14% of all comparison expenditure. However, there is no consistent definition of bulky goods among retail research publications. Furthermore, it is not possible to precisely define existing bulky goods floorspace, because it is often intertwined with other comparison goods floorspace. Bulky goods sales are important in town centres, as well as in retail parks, so there is no need for separate forecasts for bulky goods.

### 9.3 Comparison expenditure potential and the internet

9.3.1 Table 9.1 shows the forecast expenditure per capita data for Dumfries & Galloway, based on data commissioned from Pitney Bowes for this study. The average annual forecast compound growth rate is 3.9% from 2016-27 from that data.

9.3.2 As explained in section 7, special forms of trading (SFT), which is mostly internet shopping, but includes mail order, are removed from the expenditure per capita data, so that it relates to conventional shop floorspace. The proportion of SFT, or non-store sales, is projected to increase up to 2027.

9.3.3 For comparison expenditure, the proportions of SFT are based on the findings of the household survey which reveals use of the internet for shopping by Dumfries & Galloway residents is higher than the UK average, at an average of 27% compared to the current UK proportion of 19% from Pitney Bowes- see Appendix 10. This is no surprise at all, because of the rural nature of Dumfries & Galloway and its relative remoteness from large cities with a very wide retail offer.

9.3.4 The increases in proportions of current SFT in the survey to 2027 in Table 9.1, are based on the forecast increases for the UK from Pitney Bowes. It has risen considerably since the 2012 Retail Capacity Study, where the UK proportion of SFT for all comparison goods was 13.8% in 2012, from Pitney Bowes data. The rate of increase in the proportions of SFT in the UK in Table 9.1 is forecast to slow down considerably after 2022.

9.3.5 The findings of the current household survey (Q15) are broadly consistent with the direction of this national forecast, as nearly two thirds of respondents indicated that they would continue to use the internet much as at present, with a minority indicating increased usage in the future (see section 6).

9.3.6 The total comparison expenditure potential of the residents of the Dumfries and Stranraer main catchments is shown in Table 9.2.

<b>Table 9.1</b>						
<b>Dumfries &amp; Galloway residents' comparison expenditure per capita per annum (in 2015 prices)</b>						
<b>2015</b>	2016	<b>2020</b>	2022	<b>2025</b>	<b>2026</b>	2027
£	£	£	£	£	£	£
3,503	3,656	4,266	4,620	5,150	5,348	5,553
<i>*Excluding special forms of trading (SFT)</i>						
	2,810		3,372			3,972
Sources;						
Figures in bold are from the Pitney Bowes' projected expenditure data commissioned for the study area. Figures for the other years are interpolations/ extrapolations.						
The figure for 2015 from Pitney Bowes is in 2015 prices. For the other years, Pitney Bowes provided forecasts in 2014 prices. These have been adjusted to 2015 prices by a factor of 0.99398 from the <i>Retail Expenditure Guide 2015/16</i> by Pitney Bowes.						
Deductions require to be made to allow for special forms of trading (SFT- internet expenditure ,mail order etc), which do not relate to conventional floorspace. On page 38 (Table 3.4) of the <i>Retail Expenditure Guide 2015/16</i> by Pitney Bowes, the following estimates of comparison SFT are made in relation to non- store sales.						
2015	2016	2020	2022	2025	2026	2027
18.1%	19.0%	21.4%	22.2%	23.0%	23.2%	23.4%
The proportion from the household survey is higher than the national average for 2016. For this study, the survey based proportion is applied for 2016, with the rate of increase to 2020 and 2025 based on the national average.						
<b>*Applied proportions: 27.2% in 2016</b> from the survey, reduced by 15% (R MacLean estimate) as explained below .						
	<b>23.1%</b>		<b>27.0%</b>			<b>28.5%</b>
Note that there is some overlap between non-store sales and store-related internet sales, so the proportions will be a bit lower than indicated from the survey and the UK data. However, Pitney Bowes point out that there is no evidence of what the lower level might be. A reduction of 15% has been applied above in acknowledgement of the issue.						

<b>Table 9.2</b>			
<b>Dumfries and Stranraer main retail catchment areas: comparison expenditure potential of the residents (in 2015 prices)</b>			
	2016	2022	2027
	£million	£million	£million
Dumfries main catchment	338.9	403.1	470.3
Stranraer main catchment	81.5	96.9	113.1
<b>Dumfries &amp; Galloway</b>	<b>420.4</b>	<b>500.0</b>	<b>583.3</b>
Note			
From Tables 2.1 and 9.1. Excludes special forms of retailing (SFT- mostly internet, but includes mail order)			

## 9.4 Comparison shopping patterns

9.4.1 Information on comparison shopping patterns was collected by the 600 sample household survey referred-to in section 1, which covered Dumfries & Galloway. The method is explained in section 7, which is the same as for convenience shopping.

9.4.2 The list of questions is provided in Appendix 6. For each of the five categories of comparison goods in the questionnaire, the respondents were asked to *identify where they visited most often to buy these goods (Q7-Q11)*. Respondents could identify up to two

destinations (or internet) for each category. The results were weighted and combined to reveal the shopping patterns for all comparison goods shown in Table 9.3 with the supporting information in Appendix 11.

9.4.3 Note that the proportions in Table 9.3 exclude SFT (internet/ mail order), in order to show physical destinations only and to achieve compatibility with the expenditure per capita data, which excludes SFT. Thus, Table 9.3 highlights the shopping patterns between the catchment areas and with centres outside Dumfries & Galloway.

<b>Table 9.3</b>					
<b>Shopping patterns for all comparison goods by Dumfries &amp; Galloway residents</b>					
	<b>Origin</b>				
	Zone 1 Dumfries	Zone 2 Annan/ Gretna/ Langholm	Zones 1 & 2 Dumfries catchment	Zone 3 Stranraer catchment	Total
<b>Destination</b>					
Zone 1	75%	19%	60%	11%	52%
Zone 2	3%	22%	8%	1%	7%
Zones 1 & 2	77%	41%	68%	12%	59%
Zone 3	0%	0%	0%	40%	6%
Outside Council area	23%	59%	32%	48%	35%
Total	100%	100%	100%	100%	100%

Note - see Appendix 11

The above data relates to the weighted survey data and filtered to remove don't know s, varies, internet and mail order

<b>Table 9.4</b>				
<b>Dumfries &amp; Galloway comparison expenditure patterns (in 2015 prices)</b>				
	%	2016 £million	2022 £million	2027 £million
Dumfries catchment residents' expenditure potential		338.9	403.1	470.3
Add: (1) inflows	9%	30.0	35.7	41.7
Less: outflows	-32%	-108.3	-128.8	-150.3
Retained expenditure (turnover)		<b>260.6</b>	<b>309.9</b>	<b>361.6</b>
Stranraer catchment residents' expenditure potential		81.5	96.9	113.1
Add: (2) inflows	2%	1.8	2.1	2.5
Less: outflows	-60%	-49.0	-58.2	-67.9
Retained expenditure (turnover)		<b>34.3</b>	<b>40.8</b>	<b>47.6</b>
Dumfries & Galloway residents' expenditure potential		420.4	500.0	583.3
Add: inflows (visitor spending)	5%	22.2	26.4	30.8
Less: outflows	-35%	-147.7	-175.6	-204.9
Retained expenditure (turnover)		<b>294.9</b>	<b>350.8</b>	<b>409.2</b>

Note:

From Table 9.3 (household survey), plus visitor spending shown in Appendix 9. Figures are rounded

(1) Inflows from Stranraer catchment (12% of Stranraer expenditure= £9.1m), plus visitor spending (£10.4m)+ visitor spend at Gretna (£10m)

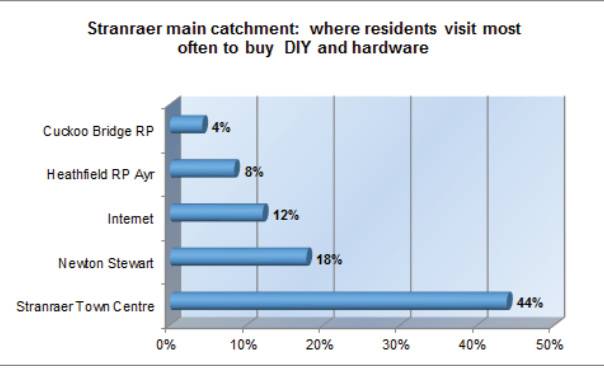
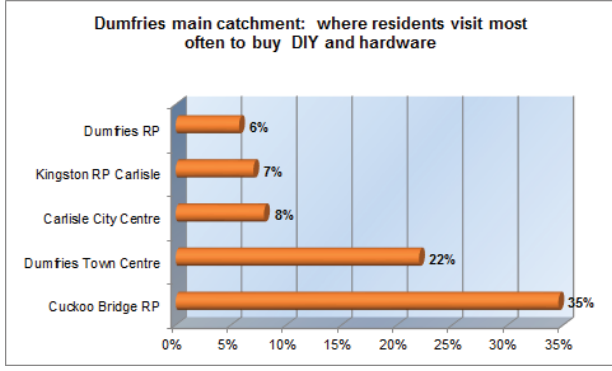
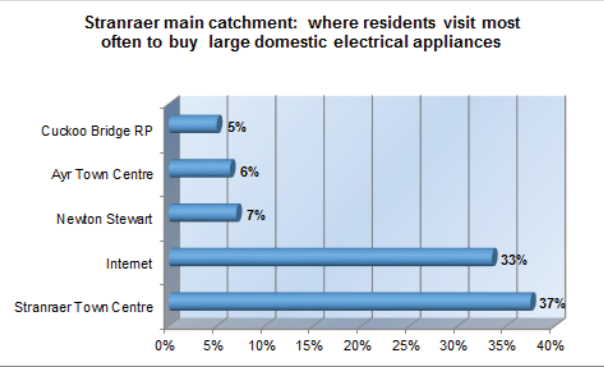
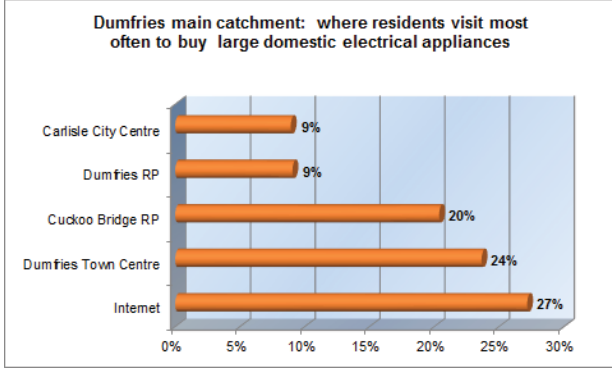
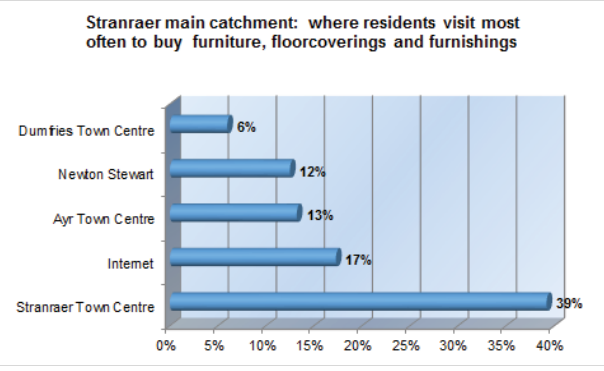
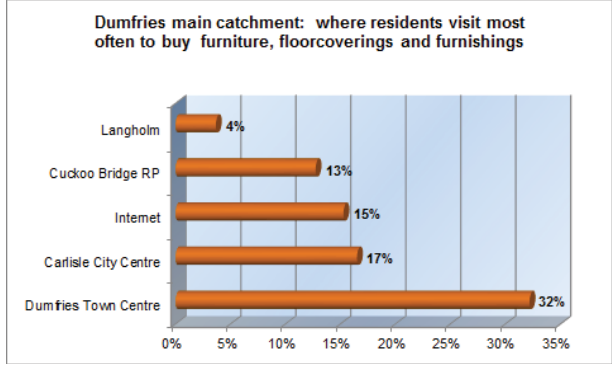
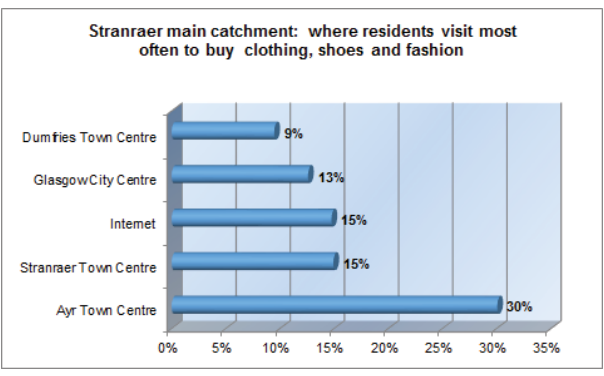
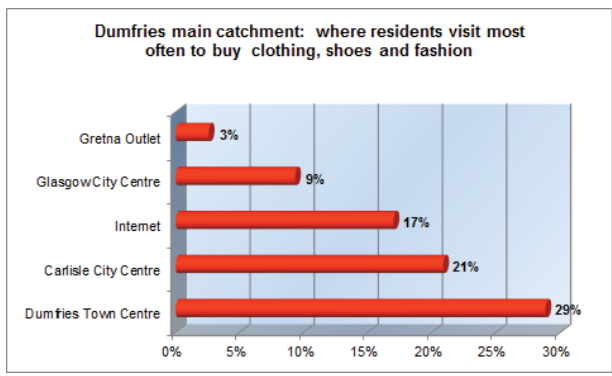
(2) inflows from Dumfries main catchment (0%) plus visitor spending £1.8m

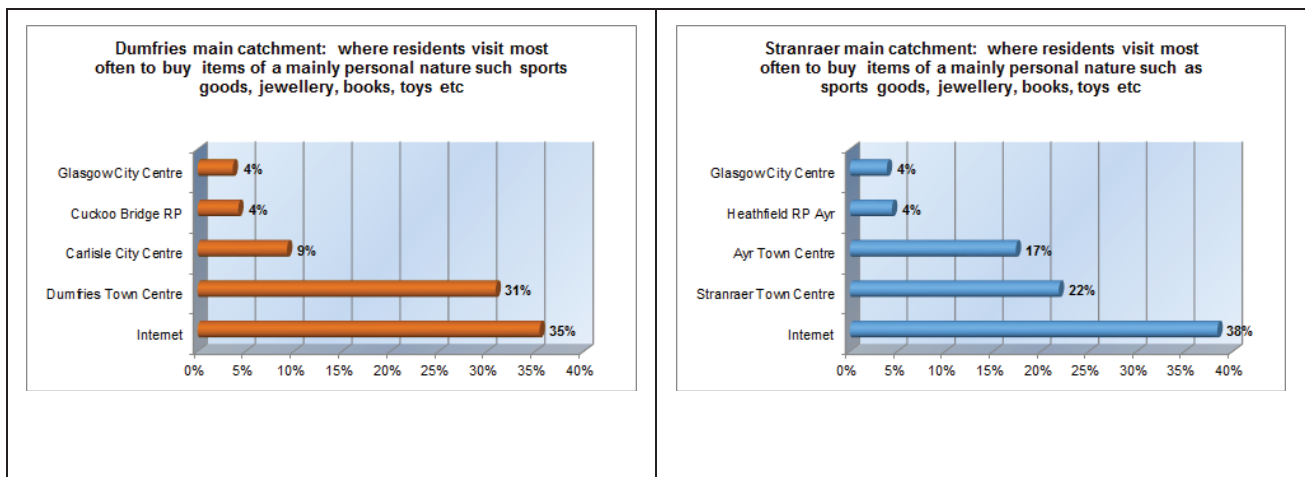
9.4.4 Table 9.3 shows that 68% of comparison expenditure is retained in the Dumfries main catchment area, with 32% leakage to centres outside the Council area. Within this area, leakage from zone 2 (Annan/ Gretna/ Langholm) is much higher at 59%, mostly to Carlisle, with only 19% going to Dumfries itself. In other words, the eastern extremity of the

Dumfries main catchment is more aligned with Carlisle.

9.4.5 Table 9.3 shows that 40% of comparison expenditure is retained in the Stranraer main catchment, with 60% leakage to centres outside the catchment. Within this total

**Figure 9.1 Main destinations for comparison goods shopping**





leakage, only 12% goes to Dumfries and 48% to centres outside the Stranraer catchment.

9.4.6 Overall, comparison expenditure leakage from the Council area is 35%, which is higher than the estimated leakage in the 2012 Retail Capacity Study (15% bulky goods expenditure leakage and 21% leakage of expenditure on other comparison goods). However, it is important to recognise that the shopping patterns in the 2012 Study were largely based on the NEMS household survey in 2006 for the first Retail Study by Halcrow.

9.4.7 Reasons for the increased leakage are evident from the current household survey, as shown in section 6. Just over half the respondents from the Dumfries main catchment considered that the range, choice and quality of shops in Dumfries town centre are poor (Q22) and 43% said that they visited Dumfries town centre less often than before (Q24). Some 45% now visited Carlisle town centre more often and 22% visited Glasgow more often now (Q26).

9.4.8 Among the respondents from the Stranraer main catchment, 39% considered the range and choice of shops as poor, 17% visited less often than before. Some 33% now visited Ayr more often, 14% visited Dumfries more often and 11% visited Glasgow more often.

9.4.9 The output tables produced by NEMS Market Research are available as a separate document. Figure 9.1 illustrates the most frequently mentioned destinations for each category of comparison goods (*including the internet*). The main destinations outside the Council area include Carlisle, Ayr and Glasgow.

Use of the internet features prominently, especially for domestic appliances and personal goods.

## 9.5 Comparison expenditure and turnover in the main catchment areas

9.5.1 Table 9.4 shows the relationship between total comparison expenditure and turnover in the two main catchment areas, and for Dumfries & Galloway as a whole. Visitor spending has been included.

9.5.2 While the household survey shows expenditure by residents of the Council area, it does not include expenditure inflows from outside Dumfries & Galloway. Estimates of visitor spending are provided in Appendix 9, based on the 2015 STEAM report for Dumfries & Galloway. The estimated visitor spending on comparison goods is just over £12 million, divided between the two main catchment areas as shown in Appendix 9.

9.5.3 Table 9.5 shows the comparison floorspace of shops in the Dumfries main catchment area, controlled to the survey based total turnover. The turnover of the retail parks and supermarkets is based on average company levels from the 2016 Retail Rankings, but the turnover of the town centres and the total for the catchment are assumed as actual levels.

9.5.4 Current estimated turnover in the retail parks is much higher than in 2012, with the arrival of B&M and Poundstretcher at Cuckoo Bridge and Home Bargains and Carpet Ways at

the Dumfries Retail Park, plus Sports Direct at The Peel centre.

9.5.5 Table 9.6 shows the equivalent position for the Stranraer main catchment, where high levels of comparison expenditure leakage result in modest turnover levels for Stranraer town centre.

9.5.6 Household surveys are usually not reliable at predicting turnover levels of individual stores, but are generally more reliable at the wide catchment area, level, which is why the approach in Tables 9.5 and 9.6 is adopted in the report.

9.5.7 Note that the comparison retail floorspace data has been updated since the 2012 Study, as for convenience floorspace in section 7.

## **9.6 Change since 2012**

9.6.1 There has been a small increase in the comparison floorspace in the Dumfries main catchment since 2012, but the total current turnover is lower in Table 9.5, because of *increased expenditure leakage* and *higher proportions of internet based expenditure*. Also, the offer in the retail parks in Dumfries has strengthened compared to 2012, while the current Dumfries town centre turnover is lower.

9.6.2 Increased expenditure leakage and higher internet spending have affected the Stranraer main catchment in a similar way.

9.6.3 The household survey findings indicate that Dumfries town centre in particular has become less attractive to shoppers than it used to be, and centres outside Dumfries & Galloway are attracting more customers from both the Dumfries and Stranraer main catchment areas.

## **9.7 Planning commitments**

9.7.1 There is consent for a small retail development in Annan, as shown in Table 7.7, and a small amount of comparison floorspace in the Dumfries Aldi consent, but nothing of significance.



<b>Table 9.5</b>				
<b>Dumfries main catchment area: comparison floorspace and turnover in 2016, (in 2015 prices)</b>				
	Floorspace sq m		Average turnover levels £ per sq m	Turnover £million
	gross	net		
<b>Zone 1</b>				
Dumfries town centre	39,164	27,415	3,934	107.8
Dumfries supermarkets (Tesco*2, Morrisons, Aldi, Lidl)	5,405	4,894	6,022	29.5
Dumfries Retail Parks (excl. Tesco at Cuckoo Bridge)	27,317	21,854	2,943	64.3
Tesco at Lockerbie & Castle Douglas	1,144	686	6,381	4.4
Lockerbie (excl. Tesco)	1,904	1,143	1,967	2.2
Moffat	2,034	1,220	1,967	2.4
Sanquar	352	211	1,967	0.4
Thornhill	1,081	648	1,967	1.3
Castle Douglas (excl Tesco)	8,277	4,966	2,360	11.7
Dalbeattie	2,138	1,283	2,360	3.0
Kirkcudbright	2,372	1,423	2,360	3.4
<b>Zone 2</b>				
Annan (exl. Tesco)	4,086	2,451	2,360	5.8
Tesco, Watchhall, Annan	846	508	6,381	3.2
Gretna	247	148	1,967	0.3
Gretna Outlet	11,160	7,812	2,360	18.4
Langholm	2,053	1,232	1,967	2.4
<b>Total Dumfries catchment area -actual trading levels</b>	<b>109,580</b>	<b>77,894</b>		<b>260.6</b>
Note				
Details of retail parks and supermarket comparison floorspace are provided in Appendix 13				
It is assumed that the turnover ratio of Castle Douglans/ Kirkcudbright/ Dalbeattie/ Annan and the Gretna Outlet is 60% of the turnover ratio of Dumfries TC and for the other small towns, 50% of the Dumfries TC turnover ratio.				
The totals are controlled to the actual, expenditure based totals from Table 9.4				

<b>Table 9.6</b>				
<b>Stranraer main catchment area: comparison floorspace and turnover in 2016, (in 2015 prices)</b>				
	Floorspace sq m		Average turnover levels £ per sq m	Turnover £million
	gross	net		
Stranraer town centre (excl Morrisons)	13,730	9,611	2,882	27.7
Stranraer supermarkets (Morrisons, Lidl)	745	469	4,052	1.9
Newton Stewart (excl Aldi)	2,399	1,440	2,017	2.9
Aldi, Newton Stewart	314	236	6,039	1.4
Whithorn	457	274	1,441	0.4
<b>Total Stranraer catchment area - actual trading levels</b>	<b>17,646</b>	<b>12,030</b>		<b>34.3</b>
Note				
Details of retail parks and supermarket comparison floorspace are provided in Appendix 13				
It is assumed that the turnover ratio of Newton Stewart is 70% of the turnover ratio of Stranraer TC and Whithorn is 50% of the Stranraer TC turnover ratio.				
The totals are controlled to the actual, expenditure based totals from Table 9.4				

## 10 Comparison expenditure capacity

### 10.1 Introduction

10.1.1 As explained at the beginning of section 8, the planning context for defining spare capacity is the level of new retail development that can be accommodated without threatening the vitality and viability of established town centres. Spare retail capacity can exist in the following forms, as previously explained:

- Any current over-trading
- Growth in retained expenditure (turnover)
- Potential to claw back expenditure leakage
- Potential to attract new trade into the area
- 'Acceptable' levels of impact

10.1.2 A forecast range of estimated capacity is provided for comparison expenditure in this section, with a high and a low estimate, on the similar principal of providing a range, as for forecasts of convenience capacity.

### 10.2 Assessment of spare comparison expenditure capacity 2016-27

10.2.1 Over-trading above average levels is generally less of an issue in comparison retailing, because the sector is not dominated by a few major players, such as in the convenience sector. In the 2012 Study, over-trading was attributed to the bulky goods floorspace, but there is no reason to suppose that is the case in 2016, where there is up to date evidence of much higher levels of expenditure leakage from Dumfries & Galloway.

10.2.2 Forecast growth in retained expenditure (turnover) in Dumfries & Galloway is very substantial to 2027, and it offers the principal source of spare capacity to support additional comparison retail floorspace. In fact, the forecast growth, based on UK averages, yields levels of spare capacity in Dumfries & Galloway which are far in excess of local retail market demand in this rural area with no major conurbation.

10.2.3 With increased concentration of multiple retailer demand and investment in cities and malls, much of the forecast expenditure growth in rural areas like Dumfries

& Galloway will probably materialise as increased leakage to these major centres, together with further increases in online retailing. There is no robust evidence that turnover/floorspace ratios in Dumfries & Galloway would just rise consistently in the future to absorb the forecast growth, as can be seen when viewing the 2012 Retail Capacity Study, plus evidence elsewhere.

10.2.4 So the approach adopted to calculate spare convenience capacity in section 8 is better modified to bring the comparison expenditure capacity forecasts for the Dumfries and Stranraer catchment closer to the direction of the retail development market.

10.2.5 Forecasts beyond 2022 should be viewed with caution, because of the greater uncertainties.

10.2.6 For the **high estimate**, the forecast expenditure growth alone is assumed, as there is little relevance in adding potential claw back of leakage when the forecast growth is in excess of likely market demand for new retail development in Dumfries and Stranraer. That is not to say that new development would not claw back some leakage, but more likely that it would simply slow down the rate of leakage. The geographic location of Dumfries means that the potential to attract significant additional inflows of expenditure will be minimal.

10.2.7 For the **low estimate**, two factors are applied which reduce the level of forecast capacity. First, we have applied a slightly higher rate of growth in the proportion of SFT (mainly internet spending) than provided by Pitney Bowes, which is quite conservative in the period, especially beyond five years ahead.

10.2.8 Second, for the Dumfries main catchment we have applied a small increase in the proportion of leakage to centres outside the two main catchments. Consideration of both factors relate to the trends in retail market demand, but are subjective assessments.

10.2.9 For the Stranraer main catchment, we have only applied the higher growth in internet spending. The current leakage from

<b>Table 10.1</b>			
<b>Dumfries main catchment: spare comparison expenditure capacity up to 2027 (in 2015 prices)</b>			
	2016-22 £million	2022-27 £million	2016-27 £million
<b>High estimate</b>			
(a) Growth in retained expenditure (turnover)- Table 9.4	49.3	51.7	101.0
(b ) Less planning commitments (Annan)	-2.4	0	-2.4
High estimate (a-b)	<b>46.9</b>	<b>51.7</b>	<b>98.6</b>
<b>Low estimate</b>			
(c) Growth in retained expenditure (turnover)- Appendix12	30.5	40.1	70.6
(b ) Less planning commitments (Annan)	-2.4	0.0	-2.4
Low estimate (c-b)	<b>28.1</b>	<b>40.1</b>	<b>68.2</b>
<b>Equivalent comparison floorspace</b>			
	£ per sq m	£ per sq m	
Turnover/ floorspace ratio- under high estimate	4,678	5,458	
Turnover/ floorspace ratio- under low estimate	4,393	4,999	
	sq m net	sq m net	sq m net
<b>High</b>	10,000	9,500	19,500
<b>Low</b>	6,400	8,000	14,400
Note			
Gross equivalent floorspace estimates have not been shown, as net /gross formats vary widely. Figures are rounded			
* The turnover ratio derives from the current comparison turnover ratio for Dumfries town centre £3,934 per sq m			
increased by the turnover growth to 2022 and 2027 for the Dumfries catchment (Table 9.4)			

<b>Table 10.2</b>			
<b>Stranraer main catchment: spare comparison expenditure capacity up to 2027 (in 2015 prices)</b>			
	2016-22 £million	2022-27 £million	2016-27 £million
<b>High estimate</b>			
(a) Growth in retained expenditure (turnover)- Table 9.4	6.5	6.8	13.3
(b ) Less planning commitments	0	0	0
High estimate (a-b)	<b>6.5</b>	<b>6.8</b>	<b>13.3</b>
<b>Low estimate</b>			
(c) Growth in retained expenditure (turnover)- Appendix12	<b>4.8</b>	<b>6.2</b>	<b>11.1</b>
<b>Equivalent comparison floorspace</b>			
	£ per sq m	£ per sq m	
Turnover/ floorspace ratio- under high estimate	3,427	3,998	
Turnover/ floorspace ratio- under low estimate	3,287	3,812	
	sq m net	sq m net	sq m net
<b>High</b>	1,900	1,700	3,600
<b>Low</b>	1,500	1,600	3,100
Note			
Gross equivalent floorspace estimates have not been shown, as net /gross formats vary widely. Figures are rounded			
* The turnover ratio derives from the current comparison turnover ratio for Stranraer town centre £2,882 per sq m			
increased by the turnover growth to 2022 and 2027 for the Stranraer catchment (Table 9.4)			

Stranraer is very high and the existing level of comparison floorspace is quite small, so there is less reason to assume that the proportion of leakage would increase.

### 10.3 Capacity forecasts- high estimates

10.3.1 The forecast spare comparison capacity at the high end of the range is based on Tables 9.1 to 9.4.

10.3.2 **Dumfries main catchment:** the forecast spare comparison expenditure capacity is shown in Table 10.1, which is up to nearly £99 million by 2027. The notional equivalent town centre floorspace equates to an additional 19,500 sq m net.

10.3.3 **Stranraer main catchment:** the forecast spare comparison expenditure capacity is shown in Table 10.2, which amounts to just over £13 million up to 2027. The notional equivalent town centre floorspace equates to 3,600 sq m net, which would support moderate additions to the existing comparison floorspace.

### 10.4 Capacity forecasts- low estimates

10.4.1 The forecast spare comparison capacity at the low end of the range is based on Tables A, B and C in Appendix 12.

10.4.2 In Table A, the higher level of SFT (mainly internet expenditure) has been raised to 30% in 2022, instead of 27% in the high estimate. By 2027, it is raised to 32% instead of 28.5% under the high estimate.

10.4.3 In Table B, the proportion of leakage from the Dumfries main catchment is assumed to increase by 5% from 2016-22 and by a further 5% from 2022-27. No increase is assumed for leakage from the Stranraer catchment, as explained earlier in this section.

10.4.4 **Dumfries main catchment:** under the low forecast in Table 10.1, the forecast spare comparison expenditure is about £68 million by 2027, with a notional retail floorspace equivalent of 14,400 sq m net.

10.4.5 **Stranraer main catchment:** under the low forecast in Table 10.2, the forecast spare comparison expenditure is just over £11 million by 2027, with a notional retail floorspace

equivalent of 3,100 sq m net. This level is not greatly different from the high forecast.

10.4.6 Table 10.3 is a summary of the forecast spare capacity, showing the total for Dumfries & Galloway.

### 10.5 Capacity and retailer requirements

10.5.1 Under both the high and low estimates, the forecast spare comparison capacity would readily support the current potential retail market interest in Dumfries in Table 5.5, plus considerable additions. It would also contribute capacity to support any additional annual take-up of retail properties (existing and new), in both Dumfries and Stranraer, as explained in section 5.

### 10.6 Policy implications

10.6.1 The study findings on forecast spare comparison capacity indicate that there is capacity to support significant additions to the existing floorspace, mainly in Dumfries. There is support for moderate additions to the floorspace in Stranraer, but nothing major.

10.6.2 As with convenience retailing, it will be important to support improvements to the quality of shops in the town centres in the Dumfries and Stranraer main catchments.

**Table 10.3**  
**Dumfries & Galloway: summary of spare comparison expenditure capacity up to 2027 (in 2015 prices)**

		2016-22	2022-27	2016-27
<b>Dumfries main catchment</b>				
High estimate	£million	46.9	51.7	98.6
<i>equivalent net floorspace (sq m)</i>		<i>10,000</i>	<i>9,500</i>	<i>19,500</i>
Low estimate	£million	28.1	40.1	68.2
<i>equivalent net floorspace (sq m)</i>		<i>6,400</i>	<i>8,000</i>	<i>14,400</i>
<b>Stranraer main catchment</b>				
High estimate	£million	6.5	6.8	13.3
<i>equivalent net floorspace (sq m)</i>		<i>1,900</i>	<i>1,700</i>	<i>3,600</i>
Low estimate	£million	4.8	6.2	11.1
<i>equivalent net floorspace (sq m)</i>		<i>1,500</i>	<i>1,600</i>	<i>3,100</i>
<b>Dumfries &amp; Galloway</b>				
High estimate	£million	53.4	58.5	111.9
<i>equivalent net floorspace (sq m)</i>		<i>11,900</i>	<i>11,200</i>	<i>23,100</i>
Low estimate	£million	32.9	46.4	79.3
<i>equivalent net floorspace (sq m)</i>		<i>7,900</i>	<i>9,600</i>	<i>17,500</i>
Note: From Tables 10.1 and 10.2				

## **11 Summary overview and recommendations**

### **11.1 Introduction**

11.1.1 This section briefly summarises the principal retail issues facing Dumfries & Galloway and provides a set of recommendations for the Council on how to support retailing in the town centres, especially Dumfries and Stranraer.

### **11.2 Shopping patterns**

11.2.1 Dumfries & Galloway is relatively isolated from large city conurbations with extensive multiple retailer representation, which creates, to some extent, partly captive catchment shopper populations for Dumfries and Stranraer. While this is supportive of the local retail offer, the research indicates increasing levels of trade loss to centres outside the Council area (10% for convenience spending and 35% for comparison retail expenditure).

11.2.2 In addition, much higher levels of online retailing by residents of the Council area exist today (27% of comparison retail spending) compared to the past. National trends indicate that these patterns will advance further, which will impact on Dumfries & Galloway- see sections 7 and 9.

### **11.3 Trends in retailer demand**

11.3.1 On trends, multiple retailer demand and investment is now focussed on the largest cities and malls (see section 4). The implications for smaller towns is that there will be less demand for retail floorspace in the future, especially against the background of rising levels of internet retail spending. Independent operators are likely to remain as the backbone of the retailing in Dumfries and Stranraer, and most of these are small, with a long presence in the town centres, as revealed by the business occupier survey in section 6.

11.3.2 So the response to these trends needs to ensure that town centres remain as attractive destinations to visit and to shop, and to visit, as a matter of priority for planning policy and economic development initiatives.

### **11.4 Retail property market**

11.4.1 The combination of Dumfries town centre and the retail parks provides a strong local complementary retail offer, which enables the accommodation of significant numbers of multiple retailers, and it has successfully attracted new investment (see section 5). It will be important to continue to provide opportunities to accommodate multiples, and provide policy support the role of Dumfries as the regional shopping centre.

11.4.2 The retail market analysis indicates a surplus of retail unit supply over take-up and demand is at a low level compared to the past, which is likely to continue in view of trends in retailing (see section 5). So there is a risk of increased vacancy levels. However, there is a regular churn of operators and retailer requirements are being met by the supply of units in Dumfries & Galloway.

### **11.5 Business occupiers**

11.5.1 The survey of business occupiers in Dumfries and Stranraer town centres (section 6) reveals that most of the businesses are very small, with a steady trading performance, but probably with correspondingly low trading levels and margins. As a consequence, investment in existing and new premises is quite low generally, from our research. Many of those looking for new premises consider that available units exist, but cost (rent and rates) is often a barrier, especially relating to properties which have been vacant for a long time.

11.5.2 Much will depend on how much the operators propose to improve their businesses. The research indicates that many have plans to achieve this, but many don't.

### **11.6 Quality of the retail offer**

11.6.1 From the household survey (section 6), the research highlights a perceived decline in public perceptions of the range and choice of shopping, especially in Dumfries town centre. So there are local qualitative issues.

11.6.2 In our view, it will be most important to achieve improvements in the range, choice

and quality of retailing in Dumfries and Stranraer as a priority: beyond simply adding to the floorspace. Among the smaller towns, the emphasis on improvements to range and quality of retailing also applies.

## 11.7 Spare expenditure capacity

11.7.1 Analysis of retail expenditure capacity in the Dumfries and Stranraer main catchment areas suggests that there is no spare capacity to support significant new convenience retail developments in the foreseeable future, assuming that the recent consents (Aldi) and proposals (Gretna supermarket) are developed- see section 8. Existing and planned provision is good. The policy implications at the end of section 8 recommend that priority is given to qualitative improvements to the retail offer.

11.7.2 Forecasts of spare comparison expenditure capacity would readily support current and potential retail market interest in Dumfries and Stranraer. It could support significant additions to the retail floorspace in Dumfries, but modest additions in Stranraer, with new development confined to very small scale units and redevelopments- see section 10 and the policy implications at the end of that section.

## 11.8 Town centre environmental quality

11.8.1 It will be essential to continue to maintain and improve the streetscapes, building conditions and frontages, shop fronts, surface paving, planting, accessibility and signage in Dumfries and Stranraer town centres, to ensure that they remain attractive as destinations for shopping, services and leisure. More on this topic is provided later in this section.

## 11.9 Recommended actions

11.9.1 There are a number of measures that the Council may wish to consider with a view to supporting the future of retailing in the town centres. These are partly planning and partly economic development matters, some of which will require further research and consideration by Dumfries and Galloway Council. The recommended actions in the following paragraphs are ordered as they appear in the relevant sections of this report.

## 11.10 Mix of town centre uses

11.10.1 **Supporting services** (section 4): review the provision of non-retail services and leisure in the town centres, including restaurants, with a view to more detailed policy support. As indicated by the research, there is an increasingly symbiotic relationship between retailing and leisure activities such as cafes, cinemas and casual dining.

11.10.2 **Core retail frontages** (section 4): maintain and enforce this LDP policy, with periodic reviews to ensure a consistent concentration of retail occupiers in the town centres which are not diluted with other uses. Where more mixed occupancy becomes appropriate over time, develop protective policies for core activity zones which favour retail, but set criteria tests for other uses.

## 11.11 Environmental quality

11.11.1 **Town centre environment** (section 4): identify a variety of potential additional improvements to the streetscape and frontages of Dumfries and Stranraer, including signage and accessibility. The effects should aim to attract the public, including visitors, to go to the town centre as a destination.

## 11.12 Property availability and opportunities

11.12.1 **Register of available retail units** (section 5): could be established for Dumfries and Stranraer town centres, held and maintained by the Council with online access, based on agents and other sources. This would assist those looking for retail units and those wishing to sell them.

11.12.2 **Re-use of long term vacant units** (section 5): Council to identify such units in Dumfries and Stranraer and assess summary prospects in association with owners. Consider potential for grant assistance towards improvements. Where relevant, consider potential for multi-occupancy economic development projects for mixed retail, service and creative industries uses. Also consider re-use of long term vacant retail units for residential use in the town centres, subject to compatibility with prime retail pitches.

11.12.3 **Pop-up shops** (section 5): encourage occupation of vacant units by short

term users. Alternative short term solutions for vacant shops may include vinyl fascias to maintain the impression of a continuous commercial frontage.

### **11.13 Improving the retail offer**

**11.13.1 Retailer gap analysis** (section 5): the Council may wish to consider building upon the demographic data and shopper research presented in this report, by sourcing socio-economic 'lifestyle' data on consumer groupings and using this to commission a specific detailed study to identify retailers in major centres elsewhere who are not represented in Dumfries for example, and their possible interest in establishing there in the future. Such 'proposition marketing' will become more important in a retail market where there are far fewer national retailer requirements to expand than there were in the past.

### **11.14 Town centre footfall generation**

**11.14.1 Promoting additional town centre events** (section 5): to build upon the extensive existing events programmes and draw more people into the centres of Dumfries and Stranraer.

**11.14.2 Variety of town centre uses generating more footfall** (section 5): following the recommended review of supporting non-retail services in town centres, increase the focus on encouraging a wide variety of uses which attract more footfall, as promoted by planning policy.

**11.14.3 Wifi hotspots** (section 5): encourage more of these in the town centres, as this will increase dwell time and increase visits/ more footfall.

### **11.15 Facilitating development in the town centres**

**11.15.1 Address fragmented ownership** (section 5): building upon emerging policy research, the Council could consider developing approaches to the challenges of fragmented property ownership in traditional town centres such as Dumfries and Stranraer, including reviewing potential solutions such as town centre management (or BIDs, as at 11.5.9), different housing tenures and formats

for vacant sites and floors, and working alongside new community empowerment tools.

### **11.16 Promoting businesses and town centre projects**

**11.16.1 Business rates incentives** (section 5): a range of Scottish Government incentives are applied by Dumfries and Galloway Council. Following the 2017 revaluation which will reset rates to 2015 levels, the Council may wish to consider whether any further local targeting of rates support is merited.

**11.16.2 Business improvement districts (BIDs)** (section 5): a BID may offer considerable potential to engage the most proactive traders on projects to support Dumfries town centre.

**11.16.3** The above list of suggested actions is not exhaustive, but any of the actions or combination of actions in relevant circumstances, would assist the promotion of retailing in Dumfries and Stranraer, and to some extent, in the smaller towns.



## **Appendix 1**

### **Catchment and zone populations 2011, and NEMS household survey samples**

Retail catchment areas and zones for 2016 household survey				
Postcode sector	Population 2011 Census	%	Survey Quotas adjusted	
<b>Dumfries retail catchment area</b>				
<b>Zone 1</b>				
DG1 1	5,971			
DG1 2	2,593			
DG1 3	7,005			
DG1 4	11,005			
DG10 9	3,962			
DG11 1	4,739			
DG11 2	5,263			
DG11 3	3,299			
DG2 0	7,666			
DG2 7	4,966			
DG2 8	3,974			
DG2 9	7,768			
DG3 4	2,253			
DG3 5	2,571			
DG4 6	4,660			
DG5 4	5,311			
DG6 4	5,188			
DG7 1	5,741			
DG7 2	2,319			
DG7 3 part in D&G	4,112			
ML12 6 part in D&G	150			
<b>Zone 1 total</b>	<b>100,516</b>	66%	399	<b>385</b>
<b>Zone 2 Annan, Gretna, Langholm</b>				
DG12 5	6,066			
DG12 6	7,071			
DG13 0	2,958			
DG14 0 part in D&G	1,400			
DG16 5	3,984			
<b>Zone 2 total</b>	<b>21,479</b>	14%	85	<b>100</b>
<b>Dumfries catchment area total</b>	<b>121,995</b>			
<b>Stranraer retail catchment area (Zone 3)</b>				
DG8 0	1,962			
DG8 6 part in D&G	4,651			
DG8 7	1,236			
DG8 8	2,200			
DG8 9	2,931			
DG9 0	3,884			
DG9 7	6,250			
DG9 8	3,820			
DG9 9	2,395			
<b>Stranraer catchment area total</b>	<b>29,329</b>	19%	116	<b>115</b>
<b>Total Dumfries &amp; Galloway</b>	<b>151,324</b>	100%	<b>600</b>	<b>600</b>
<i>A minimum survey sample size of 100 is desirable generally</i>				

## **Appendix 2**

### **Available retail units in Dumfries & Galloway – some examples**

Address	Description	
<u>Dumfries</u>		
Unit B, 9-13 Castle Street, Dumfries	348 sq.m. ground floor retail unit. For lease	
5-7 Castle Street, Dumfries	97 sq.m. retail unit for lease. £20,000 pa	
8 Church Place, Dumfries	382 sq.m. double fronted retail unit. For lease £60,000 pa	
88-90 Friars Vennel, Dumfries	186 sq.m. retail unit over ground and first floors. To let / may sell. Offers in the region £12,000 pa	
73-75 High Street, Dumfries	117 sq.m. retail unit. For lease £40,000 pa	
Unit 7 Dumfries Retail Park, Dumfries	167 sq.m. retail pod. For lease £40,000 pa	
<u>Stranraer</u>		
14 George Street, Stranraer	153 sq.m. retail unit over ground and first floors. For lease £14,000 pa or for sale £150,000	
3 South Strand Street, Stranraer	84 sq.m. two story retail / office unit. For lease	
<u>Elsewhere</u>		
Bank Square, Moffat	72 sq.m. ground and basement of a three storey building. New FRI lease, offers in the region of £8,000 pa.	
107 King Street, Castle Douglas	79 sq.m. ground floor retail unit. For lease £11,000 pa	
Unit 64 Gretna Gateway, Gretna	264 sq.m. new-build retail unit in Phase 3. For lease £77,000 pa	








## **Appendix 3**

### **Selection of retail transactions in Dumfries & Galloway**

Address	Details
<u>Dumfries</u>	
96 Friars Vennel, Dumfries	Let in April 2016 to The Tech Repair Shop Ltd. 80 sq.m. of ground and first-floor retail space on a 10-year lease at £6,500 pa, subject to a rent review in year five.
127 Queensberry Street, Dumfries	Former Barnardo's let in April 2016. Totals 49 sq.m.
65-67 English Street, Dumfries	Lease renewal in January 2016 to Salon 67. Comprises 22 sq.m. of ground floor retail accommodation on a one year rolling lease at £4,500 pa (£205 per sq.m.)
Unit, A 9-13 Castle Street, Dumfries	Let in December 2015 to Greggs plc. Comprises 160 sq.m.) of ground-floor retail space on a 15-year lease at £22,000 pa, subject to a rent review and a tenant-only option to break in years five and 10. (former Blockbuster store)
65 English Street, Dumfries	Let in July 2012 to Infiniti Computer Repairs & Networks. Comprises 21 sq.m. of ground floor retail space on a one year lease at £3,000 pa (£143 per sq.m.)
7b St Andrew Street, Dumfries	Let in December 2014 to Cibo Deli Ltd. 40 sq.m. of ground floor retail space, on a 10-year lease at £7,000 pa (£176 per sq.m.) subject to a rent review and an option to break in year three
<u>Stranraer</u>	
2 Charlotte Street, Stranraer	Let in September 2015 to Card Factory. Comprises 90 sq.m. of ground and first floor retail accommodation. The quoting rent was £14,500 pa.
14 Bridge Street, Stranraer	Sold in 2016 to Galloway Bridal, 69 sq.m. retail unit.
<u>Elsewhere in the region</u>	
High St/ Market Place, Moffat	Former Edinburgh Woollen Mill let in April 2016 to Manse Furnishings. 255 sq.m. of retail space on a 10-year lease at £17,500 pa. Zone A rent is £12.40 per sq.ft.
97 High Street, Annan	Let in August 2014 to Line Out (Retail) Ltd. Comprises 149 sq.m. of ground and first floor retail space at £10,660 pa (£71 per sq.m.) on a one year lease.
41 High Street, Annan	Let in August 2014 to Vapouriz Ltd. Totals 41 sq.m. of ground retail space on a one year lease at £5,200 pa.
14-16 High Street, Sanquhar	Sold in July 2014 to Upper Nithsdale Arts & Crafts Community Initiative Ltd for £60,000. 27 sq.m. retail unit

## **Appendix 4**





### **Selection of recent investment transactions in Dumfries & Galloway**

Address	Details
Cuckoo Bridge Retail Park, Dumfries 	Sold in June 2016 for £20.2 million (net yield 7.05%) to NewRiver Retail. Seven retail units totalling 12,000 sq.m., retailers include Homebase, Dunelm, Laura Ashley and B & M.
141-143 High St, Dumfries 	Sold in July 2015 for £525,000 (12.1%). Retail unit totalling 342 sq.m. and let to H Samuel Ltd for £63,500 pa
10 English Street, Dumfries 	Sold in February 2015 to NFMN Dumfries Ltd for £75,000 (15.7%). The 219 sq.m. property is let to Cash Generators for £12,000 per annum
71-75 High Street, Dumfries 	Sold at auction in February 2014 for £435,000. (12.7%). Let to Thorntons Plc (£22,750 pa) and Semichem Ltd (£35,000 pa)
Dumfries Retail Park 	Sold November 2014 to Merseyside Pension Fund for £11.8 million (7.66%). 7,770 sq.m. retail warehousing, tenants include Wickes, Carpetright and Currys PC World
Loreburn Shopping Centre, Dumfries 	Sold in September 2014 as part of a portfolio to Edinburgh House Estates and Cerberus European Capital Advisors LLP from Glanmore Property Fund Ltd for £81.5 million (5.5%). The shopping centre totals 8,238 sq.m.
71 High Street, Annan 	Sold in March 2016 Ltd for £208,000 (7.6%). The 128 sq.m. property is let to Ladbrokes Betting and Gaming Ltd for £16,250 pa



## **Appendix 5**

### **Retail investment properties on the market**

Address	Details
Bellevilla Road, Stranraer 	Modern retail scheme (built 2003) comprising 3 retail units. Let to Argos, New Look and O2 generating an income of £198,000 pa. Offers over £1.85 million
160-164 High Street, Dumfries 	Town centre retail and office premises. Let to Ryman. Available at auction in July 2016. £275,000
92 Friars Vennel, Dumfries 	Ground floor retail unit, let to a private individual, the lease expires on the 31st January 2020. Available for £35,000.
Portfolio of two retail properties, English Street, Dumfries 	Three retail properties on the ground and basement level and residential accommodation above. £190,000

## **Appendix 6**

### **Household survey – list of questions**

Q01	Where did you last do your MAIN FOOD shopping for the household?
Q01A	Which internet retailer did you use for your main food shopping (Q01)?
Q02	Where did you last go the time before that to do your MAIN FOOD shopping?
Q02A	Which internet retailer did you use for your main food shopping, the time before last (Q02)?
Q03	Where did you last go to do small, day-to-day TOP-UP food shopping?
Q03A	Which internet retailer did you use for your top- up shopping (Q03)?
Q04	On average, how often do you do your MAIN food shopping?
Q05	On average, how often do you do your TOP UP food shopping?
Q06	Could you tell me what other things you usually combine with doing your MAIN food shopping? [MR]
Q07	Moving on to NON-FOOD shopping, where do you most often buy clothes, shoes and other fashion items? You can mention up to two answers. [MR]
Q08	Where do you most often buy furniture, floor coverings and soft furnishings? You can mention up to two answers. [MR]
Q09	Where do you most often buy large domestic electrical appliances (such as fridges, washing machines, vacuum cleaners etc.)? You can mention up to two answers. [MR]
Q10	Where do you most often buy DIY and hardware goods? You can mention up to two answers. [MR]
Q11	Where do you most often buy other items of a mainly personal nature, such as sports goods, jewellery, books, toys, computers, mobiles, cameras, electronic games etc.? You can mention up to two answers. [MR]
Q12	How often do you use the Internet for buying non-food goods such as personal itmes and household goods?
Q13	Thinking about Internet shopping for non-food items such as personal items and household goods, what do you like most about shopping on the Internet? [MR] <i>Those who use the Internet for non-food shopping in Q12</i>
Q14	What is the main reason why do you never do non-food shopping via the Internet? [MR] <i>Those who never use the Internet for non-food shopping at Q12:</i>
Q15	Looking to the future, how frequently do you intend to use the Internet for non-food shopping? [PR]
	<b>The respondents were asked about the main town centre in the catchment in which they live :</b> <i>Dumfries TC Stranraer TC</i>
Q16	Thinking about ..... Town Centre, how often do you visit it, on average?
Q17	How do you normally travel to ..... Town Centre?
Q18	What typically, are your main reasons for visiting ..... Town Centre - i.e. what range of things do you do when you get there? (MR)
Q19	On average, how long do you normally spend in ..... Town Centre when you visit?
Q20	What do you LIKE MOST about ..... Town Centre for shopping and as a place to visit generally? [MR]
Q21	What do you DISLIKE MOST about ..... Town Centre for shopping and as a place to visit generally? [MR]
Q22	Overall, how do you rate ..... Town Centre on the following aspects as 'Good', 'Average' or 'Poor'? [MR/PR] <i>Range and choice of shops</i> <i>Quality of shops</i> <i>Town centre environment</i> <i>Parking availability</i> <i>As a pleasant place to visit</i>
Q23	Overall, do you think ..... Town Centre is <i>getting better/staying about the same/ getting worse/ don't know</i> ? [PR]
Q24	Compared to two years ago, how frequently do you visit ..... Town Centre now? [PR] <i>More often/ about the same/ less often/ don't know</i>
Q25	Has your internet shopping contributed towards your reduced visits to Dumfries Town Centre Town Centre?
Q26	Which towns or shopping malls do you now visit for shopping more often, if any, instead of Dumfries Town Centre? [MR]
Q27	On average, how often do you visit ..... Town Centre in the evenings - i.e. after 6pm?
Q28	Do you undertake any of the following leisure related activities when you visit ..... Town Centre in the evenings? [MR/PR] <i>Visit restaurants or cafés</i> <i>Buy take-aways</i> <i>Visit pubs / wine bars</i> <i>Visit community cinema or theatre</i> <i>Walking about / strolling</i> <i>Use sports halls or gyms</i> <i>Swimming</i> <i>Community hall activities / meetings</i> <i>Late shopping (when open)</i> <i>Indoor bowling</i> <i>Other</i>
Q29	What would make you visit ..... Town Centre more often in the evenings? [MR]
GEN	Gender of respondent.
AGE	Which of the following age ranges do you fall in to?
PC	Postcode sector of home address
<b>Note:</b> <i>MR means multiple responses allowed. PR means prepared response (choice form specified options)</i>	

## **Appendix 7**

### **Business occupiers survey-list of questions**

- Q01 Which industry (the main one) is your business in?
- Q02 Is your business an independent trader or a chain / multiple?  
*Independent trader*  
*Chain / multiple*  
*Other*  
*(Don't know)*
- Q03 What is the MAIN reason why you chose your current premises for your business?
- Q04 How long has your business been operating from these premises?
- Q05A Including working partners / directors / owners, how many FULL-TIME employees does your business have at this location?
- Q05B Including working partners / directors / owners, how many PART-TIME employees does your business have at this location?
- Q06 Where do most of your staff usually park?
- Q07 Where do your customers mainly come from? [PR]
- Q08 Please could you indicate the approximate proportion of your turnover which relates to spending by visitors? [PR]
- Q09 Very roughly, what do you estimate to be the most common age group of your customers? [PR]
- Q10 Which other town do you think offers the main competition to your business (you can also mention the internet)?
- Q11 Do you own or rent your business premises?
- Q12 Thinking about the maintenance of your business premises, what level of financial investment have you made during the past five years? [PR]
- Q13 Thinking about property related issues affecting your premises, could you please tell me the level of impact that the following changes could make to your business performance...? [PR]  
*List of various aspects read out for respondent to address*
- Q14 Generally speaking, what is your feeling about the likely sales performance of your business over the next two years? [PR]  
*Lower sales*  
*No change in sales*  
*Increasing sales*  
*Don't know / no answer / not relevant*
- Q15A What are the main THREE reasons why you are expecting lower sales over the next 2 years? [MR]  
 Those who are expecting lower sales in the next 2 years at Q14:
- Q15B What are the main THREE reasons why you are expecting no change in sales over the next 2 years? [MR]  
 Those who are expecting no change in sales in the next 2 years at Q14:
- Q15C What are the main THREE reasons why you are expecting an increase in sales over the next 2 years? [MR]  
 Those who are expecting an increase in sales in the next 2 years at Q14:
- Q16 Is your business actively considering any of the following over the next 5 years? [MR/PR]  
*Adding to the range of merchandise, pricing and sales promotion*  
*Improvements to existing premises*  
*Move to larger premises*  
*Looking for smaller premises*  
*Relocation within the local area*  
*Leaving the area*  
*Closure*  
*No change*  
*Other*  
*Opening extra premises in other areas of Scotland, as well as existing one*
- Q17 Have you had any difficulty finding suitable available units?  
 Those who are considering relocating premises at Q16:
- Q18 What size of unit are you seeking?  
 Those who are considering relocating premises at Q16:
- Q19 Thinking of some of the shop units in the town centre that have remained vacant for a long time (more than three years), what do you consider are the main obstacles to these units being taken up by businesses like yours? [MR]

## **Appendix 8**

### **Convenience shopping patterns from the household survey**

<b>Q1&amp;Q2 combined: Where visited last, and the time before that, to do main food shopping</b>					
	<b>Origin</b>				
	Zone 1 Dumfries	Zone 2 Annan/ Gretna/ Langholm	Zones 1 & 2 Dumfries catchment	Zone 3 Stranraer catchment	Total
<b>Destination</b>					
Zone 1	92%	7%	73%	1%	61%
Zone 2	2%	54%	14%	0%	12%
Zones 1 & 2	95%	60%	87%	1%	72%
Zone 3	0%	0%	0%	95%	16%
Outside Council area	5%	40%	13%	4%	11%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Note The above data relates to the weighted survey data and filtered to remove don't know s, varies, internet and mail order					

<b>Q3: Where visited last to do small, day to day top-up food shopping</b>					
	<b>Origin</b>				
	Zone 1 Dumfries	Zone 2 Annan/ Gretna/ Langholm	Zones 1 & 2 Dumfries catchment	Zone 3 Stranraer catchment	Total
<b>Destination</b>					
Zone 1	96%	1%	75%	3%	63%
Zone 2	1%	90%	22%	0%	18%
Zones 1 & 2	98%	92%	96%	3%	82%
Zone 3	0%	0%	0%	97%	15%
Outside Council area	2%	8%	4%	0%	3%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Note The above data relates to the weighted survey data and filtered to remove don't know s, varies, internet and mail order					

<b>Dumfries &amp; Galloway Council area residents- all convenience shopping patterns (Q1-Q3 combined)</b>					
	<b>Origin</b>				
	Zone 1 Dumfries	Zone 2 Annan/ Gretna/ Langholm	Zones 1 & 2 Dumfries catchment	Zone 3 Stranraer catchment	Total
<b>Destination</b>					
Zone 1	93%	6%	73%	2%	61%
Zone 2	2%	61%	16%	0%	13%
Zones 1 & 2	95%	67%	89%	2%	74%
Zone 3	0%	0%	0%	95%	16%
Outside Council area	4%	33%	11%	3%	10%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Note The weighting assumes 80%:20% main food: top shopping					



## **Appendix 9**

### **Visitor spending on convenience and comparison shopping in the Council area**

<b>Dumfries &amp; Galloway: estimated visitor spending on shopping 2016</b>	<b>% of total</b>	
<b>Dumfries &amp; Galloway STEAM report 2015</b>		
Total visitor spend on shopping (page 15)	£18.8m	
Split between convenience & comparison		
Convenience (35%)	£6.6m	
Comparison (65%)	£12.2m	
<i>R MacLean estimates based on research in Highland Council area</i>		
Split between main catchment areas		
Convenience- based on 2016 Study turnover		
Dumfries main catchment (80%)	£5.3m	2%
Stranraer main catchment (20%)	£1.3m	2%
Comparison- based on 2016 Study turnover (approx)		
Dumfries main catchment (85%)	£10.4m	
Stranraer main catchment (15%)	£1.8m	
Gretna Outlet- allow for roughly 50% of comparison turnover from visitors	£10m	

## **Appendix 10**

### **Internet and mail order spending on comparison goods from the household survey**

<b>Special forms of trading (SFT)- internet and mail order from the household survey</b>	
Clothing, shoes and fashion	18.2%
Furniture, floorcoverings & furnishings	15.7%
Large domestic appliances	28.9%
DIY and hardware	8.0%
Personal goods	36.4%
<b>All comparison goods</b>	<b>27.2%</b>

<b>Weighting-</b> from Pitney Bowes expenditure per capita data for Dumfries & Galloway 2015 in 2015 prices	
<b>All comparison shopping</b>	
Clothing, shoes and fashion	30.4%
Furniture, floorcoverings & furnishings	11.4%
Large domestic appliances	3.1%
DIY and hardware	4.0%
Personal goods	51.2%
Total comparison expenditure	100.0%
Comparison expenditure per capita	£3,503
Note	
Under the DIY and hardware category, china, glass and cutlery has not been included	

## **Appendix 11**

### **Comparison shopping patterns from the household survey**

**Q7: Where do you most often buy clothes, shoes and fashion items?**

	Origin				
	Zone 1 Dumfries	Zone 2 Annan/ Gretna/ Langholm	Zones 1 & 2 Dumfries catchment	Zone 3 Stranraer catchment	Total
<b>Destination</b>					
Zone 1	55%	15%	46%	19%	42%
Zone 2	4%	17%	7%	2%	6%
Zones 1 & 2	59%	32%	53%	20%	48%
Zone 3	0%	0%	0%	16%	3%
Outside Council area	41%	68%	47%	63%	50%
Total	100%	100%	100%	100%	100%

Note

The above data relates to the weighted survey data and filtered to remove don't know s, varies, internet and mail order

**Q8: Where do you most often buy furniture, floorcoverings and soft furnishings?**

	Origin				
	Zone 1 Dumfries	Zone 2 Annan/ Gretna/ Langholm	Zones 1 & 2 Dumfries catchment	Zone 3 Stranraer catchment	Total
<b>Destination</b>					
Zone 1	74%	24%	61%	10%	53%
Zone 2	2%	24%	8%	0%	6%
Zones 1 & 2	76%	48%	69%	10%	59%
Zone 3	0%	0%	0%	62%	10%
Outside Council area	24%	52%	31%	28%	31%
Total	100%	100%	100%	100%	100%

Note

The above data relates to the weighted survey data and filtered to remove don't know s, varies, internet and mail order

**Q9: Where do you most often buy large domestic appliances, such as fridges, washing machines and vaccum cleaners?**

	Origin				
	Zone 1 Dumfries	Zone 2 Annan/ Gretna/ Langholm	Zones 1 & 2 Dumfries catchment	Zone 3 Stranraer catchment	Total
<b>Destination</b>					
Zone 1	92%	26%	76%	13%	66%
Zone 2	0%	4%	1%	0%	1%
Zones 1 & 2	92%	30%	77%	13%	67%
Zone 3	0%	0%	0%	69%	10%
Outside Council area	8%	70%	23%	18%	22%
Total	100%	100%	100%	100%	100%

Note

The above data relates to the weighted survey data and filtered to remove don't know s, varies, internet and mail order

**Q10: Where do you most often buy DIY and hardware?**

	Origin				
	Zone 1 Dumfries	Zone 2 Annan/ Gretna/ Langholm	Zones 1 & 2 Dumfries catchment	Zone 3 Stranraer catchment	Total
<b>Destination</b>					
Zone 1	92%	27%	76%	11%	67%
Zone 2	1%	12%	3%	0%	3%
Zones 1 & 2	92%	39%	80%	11%	70%
Zone 3	0%	0%	0%	70%	10%
Outside Council area	8%	61%	20%	18%	20%
Total	100%	100%	100%	100%	100%

Note

The above data relates to the weighted survey data and filtered to remove don't know s, varies, internet and mail order

**Q11: Where do you most often buy other items of a mainly personal nature?**

	Origin				
	Zone 1 Dumfries	Zone 2 Annan/ Gretna/ Langholm	Zones 1 & 2 Dumfries catchment	Zone 3 Stranraer catchment	Total
<b>Destination</b>					
Zone 1	84%	19%	66%	7%	57%
Zone 2	3%	27%	10%	0%	8%
Zones 1 & 2	86%	46%	75%	7%	65%
Zone 3	0%	0%	0%	45%	7%
Outside Council area	14%	54%	25%	48%	28%
Total	100%	100%	100%	100%	100%

Note

The above data relates to the weighted survey data and filtered to remove don't know s, varies, internet and mail order

**Q7-Q11 combined: Shopping patterns for all comparison goods by Dumfries & Galloway residents**

	Origin				
	Zone 1 Dumfries	Zone 2 Annan/ Gretna/ Langholm	Zones 1 & 2 Dumfries catchment	Zone 3 Stranraer catchment	Total
<b>Destination</b>					
Zone 1	75%	19%	60%	11%	52%
Zone 2	3%	22%	8%	1%	7%
Zones 1 & 2	77%	41%	68%	12%	59%
Zone 3	0%	0%	0%	40%	6%
Outside Council area	23%	59%	32%	48%	35%
Total	100%	100%	100%	100%	100%

Note

The above data relates to the weighted survey data and filtered to remove don't know s, varies, internet and mail order

## **Appendix 12**

### **Comparison expenditure capacity- low estimate**



<b>Table A</b> <b>Dumfries &amp; Galloway residents' comparison expenditure per capita per annum (in 2015 prices)</b> <b>(underpins low capacity estimate)</b>						
2015 £	2016 £	2020 £	2022 £	2025 £	2026 £	2027 £
3,503	3,656	4,266	4,620	5,150	5,348	5,553
<i>*Excluding special forms of trading (SFT)</i>						
	2,810		3,234			3,776

Sources;  
 Figures in bold are from the Pitney Bowes' projected expenditure data commissioned for the study area. Figures for the other years are interpolations/ extrapolations.  
 The figure for 2015 from Pitney Bowes is in 2015 prices. For the other years, Pitney Bowes provided forecasts in 2014 prices. These have been adjusted to 2015 prices by a factor of 0.99398 from the *Retail Expenditure Guide 2015/16* by Pitney Bowes.

Deductions require to be made to allow for special forms of trading (SFT- internet expenditure ,mail order etc), which do not relate to conventional floorspace. On page 38 (Table 3.4) of the *Retail Expenditure Guide 2015/16* by Pitney Bowes, the following estimates of comparison SFT are made in relation to non- store sales.

2015	2016	2020	2022	2025	2026	2027
18.1%	19.0%	21.4%	22.2%	23.0%	23.2%	23.4%

The proportion from the household survey is higher than the national average for 2016. For this study, the survey based proportion is applied for 2016, with the rate of increase to 2020 and 2025 based on the national average.  
**\*Applied proportions: 27.2% in 2016** from the survey, reduced by 15% (R MacLean estimate) as explained below .

2015	2016	2020	2022	2025	2026	2027
	<b>23.1%</b>		<b>30.0%</b>			<b>32.0%</b>

Note that there is some overlap between non-store sales and store-related internet sales, so the proportions will be a bit lower than indicated from the survey and the UK data. However, Pitney Bowes point out that there is no evidence of what the lower level might be. A reduction of 15% has been applied above in acknowledgement of the issue.

<b>Table B</b> <b>Dumfries and Stranraer main retail catchment areas: comparison expenditure potential of the residents (in 2015 prices)- underpins low capacity estimate</b>			
	2016 £million	2022 £million	2027 £million
Dumfries main catchment	338.9	386.6	447.1
Stranraer main catchment	81.5	92.9	107.5
<b>Dumfries &amp; Galloway</b>	<b>420.4</b>	<b>479.5</b>	<b>554.6</b>

Note  
 From Tables 2.1 and 9.1. Excludes special forms of retailing (SFT- mostly internet, but includes mail order)

<b>Table C</b> <b>Dumfries &amp; Galloway comparison expenditure patterns (in 2015 prices)</b> <b>(underpins low capacity estimate)</b>						
	%	2016 £million	%	2022 £million	%	2027 £million
Dumfries catchment residents' expenditure potential		338.9		386.6		447.1
Add: (1) inflows	9%	30.0	9%	34.3	9%	41.7
Less: outflows	-32%	-108.3	-34%	-129.8	-35%	-157.6
Retained expenditure (turnover)		<b>260.6</b>		<b>291.1</b>		<b>331.2</b>
Stranraer catchment residents' expenditure potential		81.5		92.9		107.5
Add: (2) inflows	2%	1.8	2%	2.1	2%	2.5
Less: outflows	-60%	-49.0	-60%	-55.8	-60%	-64.6
Retained expenditure (turnover)		<b>34.3</b>		<b>39.1</b>		<b>45.4</b>
Dumfries & Galloway residents' expenditure potential		420.4		479.5		554.6
Add: inflows (visitor spending)	5%	22.2	5%	25.3	6%	30.8
Less: outflows	-35%	-147.7	-36%	-174.6	-38%	-208.8
Retained expenditure (turnover)		<b>294.9</b>		<b>330.2</b>		<b>376.6</b>

Note:  
 From Table 9.3 (household survey), plus visitor spending shown in Appendix 9. Figures are rounded  
 (1) Inflows from Stranraer catchment (12% of Stranraer expenditure= £9.1m), plus visitor spending (£10.4m)+ visitor spend at Gretna (£10m)  
 (2) Inflows from Dumfries main catchment (0%) plus visitor spending £1.8m

## **Appendix 13**

### **Dumfries Retail Parks and comparison floorspace in supermarkets**

<b>Dumfries Retail Parks: comparison goods floorspace and turnover, 2016 (in 2015 prices)</b>				
	Floorspace sq m		Turnover ratio £/sq m	Turnover £million
	gross	net		
<b>Cuckoo Bridge Retail Park</b>				
Dreams- beds/ furniture-unit 7A	697	558	2,477	1.4
Laura Ashley Home - wallpaper, furnishings-unit 5	697	558	2,164	1.2
Storey Carpets-unit 4	927	742	1,258	0.9
Dunelm Mill- soft furnishings- unit 2	1,883	1,506	2,631	4.0
Homebase- DIY-unit1	4,527	3,622	1,301	4.7
B&M-unit 6/7	2,081	1,665	3,432	5.7
Poundstretcher- unit 3	927	742	2,176	1.6
Tesco- excluded (see tables in report)				
Total occupied	11,739	9,391		19.5
<b>Dumfries Retail Park (College Mains)</b>				
Carphone Warehouse-unit 7	210	168	20,774	3.5
Currys- unit 6	1,256	1,005	5,643	5.7
Home Bargains- unit 2	1,115	892	8,738	7.8
Carpet Ways- unit 4	929	743	1,258	0.9
Harveys/Bensons- unit 3	929	743	2,164	1.6
Carpetright- unit 5	929	743	1,258	0.9
Wickes-unit1	2,600	2,080	2,258	4.7
2 vacant units- total 334 sq m gross				
Total occupied	7,968	6,374		25.1
<b>Peel Centre</b>				
B&M-unit 7	700	560	3,432	3.5
TK Maxx- clothes, shoes, housewares- units5/6	1,625	1,300	3,198	4.2
Sports Direct-unit 4	929	743	5,464	4.1
Brantano- shoes- unit 2	697	558	1,443	0.8
Pets at Home- unit 3	697	558	2,691	2.1
Matalan- clothing etc- unit 1	2,962	2,370	2,123	5.0
Vacant unit (288 sq m)				
Total occupied	7,610	6,088		19.7
<b>Grand total</b>	<b>27,317</b>	<b>21,854</b>		<b>64.3</b>
Sources:				
Cuckoo Bridge Retail Park: <i>Simply Retail</i> Website- tenants & floorspace 2016. Unit nos. from Assessor.Also ref Council survey 2015				
Dumfries Retail Park: similar to above- Unit floorspace mainly from 2012 Retail Study				
Peel Centre: Similar to above- Unit floorspace mainly from 2012 Study				
Turnover ratios based on the average company levels in the Retail Rankings 2016				

**Dumfries main catchment area: supermarket comparison floorspace and turnover at average levels (in 2015 prices)**

	Floorspace sq m		Average turnover levels £ per sq m	Turnover £million
	gross	net		
<b>Zone 1</b>				
Tesco, Lockerbie Rd (5,560 sq m gross-20% comp)	1,112	667	6,381	4.3
*Morrisons, Brooms Rd- (5,330sqm gross-15% comp)	800	400	3,418	1.4
Aldi, Annan Rd (1,511 sq m gross-20% comp)	302	227	6,039	1.4
Lidl, Brooms Rd (1,700 sq m gross-20% comp)	340	255	4,444	1.1
Tesco, Cuckoo Bridge (8,147 sq m gross-35% comp)	2,851	3,345	6,381	21.3
Sub total Dumfries	5,405	4,894		29.5
<b>Lockerbie</b>				
Tesco, Goods Station Rd (4,319 sq m gross-20% comp)	864	518	6,381	3.3
<b>Castle Douglas</b>				
Tesco, Earnespie Rd (2,800 sq m gross-10% comp)	280	168	6,381	1.1
<b>Zone 2</b>				
<b>Annan</b>				
Tesco, Watchhall (4,230 sq m gross-20% comp)	846	508	6,381	3.2
<b>Total Dumfries catchment</b> at average turnover levels	7,395	6,087		<b>37.1</b>

**Stranraer main catchment area: supermarket comparison floorspace and turnover at average levels (in 2015 prices)**

	Floorspace sq m		Average turnover levels £ per sq m	Turnover £million
	gross	net		
<b>Stranraer town centre</b>				
Morrisons (3,586 sq m gross-10% comp)	359	179	3,418	0.6
<b>Other Stranraer shops</b>				
Lidl (1,934 sm gross-20% comp)	387	290	4,444	1.3
<b>Newton Stewart</b>				
Aldi (1,570 sq m gross-20% comp)	314	236	6,039	1.4
<b>Total Stranraer catchment</b> at average levels	1,059	705		<b>3.3</b>