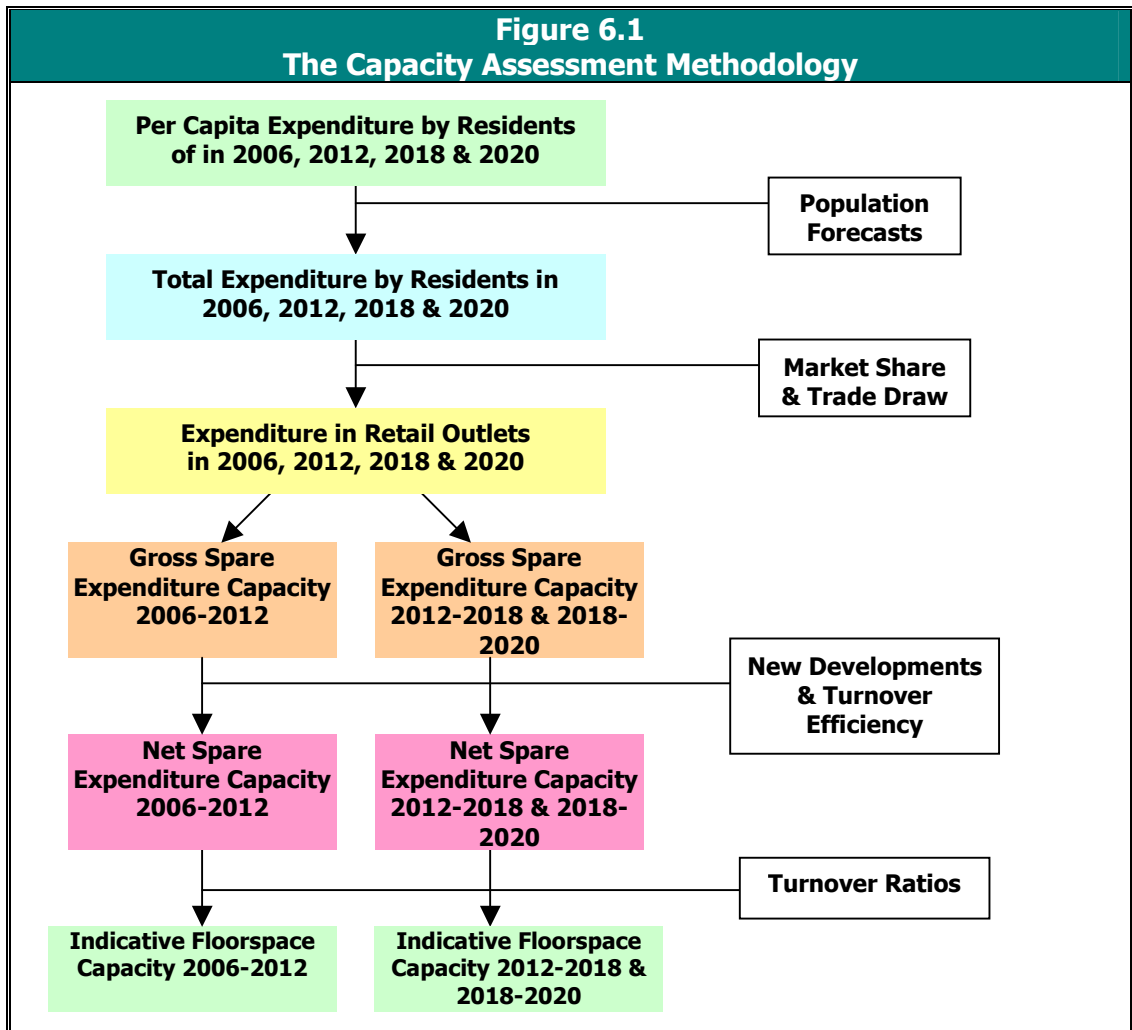


6 CAPACITY ASSESSMENT

- 6.1 The qualitative appraisals of Athy and competing centres and 2004 household shopper surveys confirm that if the town is to achieve and sustain its competitiveness and attraction as the Sub County Town Centre in the south of the County then there is a need for it to significantly improve both its convenience and comparison shopping offer both quantitatively and qualitatively.
- 6.2 To inform what the potential for additional retail floorspace is, this section sets out the capacity assessment and estimates the amount of additional floorspace that can be sustained in the catchment area over the period of the Development Plan to 2012, that of the next plan to 2018 and beyond to 2020, the end of the NSS timescale. We have taken the long term view to 2020 to enable the picture of what the area's needs will be as the town continues to grow to inform the retail planning strategy that requires to be considered now.
- 6.3 It is important to note that the assessed capacity is not set down as a cap on what quantum of floorspace can or should be developed within a particular county or catchment area. On assessing any planning application the key issue is impact on turnover and hence the viability of a centre.

PRINCIPLES & OBJECTIVES

- 6.4 The capacity assessment is the mechanism used to estimate the amount of additional expenditure that will occur in the Athy catchment area over an identified period of time and the type and amount of additional floorspace required to accommodate the projected additional expenditure. The assessment makes allowances for:
- i. New retail outlets that are planned to come on stream, identified by extant planning permissions;
 - ii. Increases in sales in existing stores due to improvements in turnover efficiency; and
 - iii. Expenditure in alternative forms of retailing – this includes the internet, mail order sales and market stalls. It excludes wholesale retail and car sales outlets, as laid down by the RPG.
- 6.5 Figure 6.1 provides an overview of the process used in undertaking the capacity assessment.



6.6 The key steps of the assessment are:

- **Step 1:** Population and Expenditure Estimates
- **Step 2:** Turnover Estimates
- **Step 3:** Turnover Ratios
- **Step 4:** Gross Additional Expenditure Potential
- **Step 5:** Future Sources of Retail Sales
- **Step 6:** Capacity Potential.

STEP 1: POPULATION & EXPENDITURE ESTIMATES

- 6.7 The first step is to calculate the total amount of expenditure on convenience and comparison goods by the resident population of the catchment area over the periods up to 2020. The estimated per capita levels of expenditure are multiplied by the population forecasts derived in Section 3. The per capita expenditure estimates for comparison and convenience goods are derived from the CSO's ASI and Regional Incomes and County Gross Domestic Product (GDP) statistics for 2003, the latest year for which comparable disaggregated information was available at the time that the baseline for the strategy was being prepared. Table 6.1 provides the per capita expenditure estimates for convenience and comparison goods and projects them forward based on recent personal consumption growth estimates. The figures take into account the impact of internet shopping.

Table 6.1 Expenditure by the Resident Population (2003 prices, €m)					
Year	Per Capita Expenditure		Population	Total Expenditure	
	Conv (€m)	Comp (€m)		Conv (€m)	Comp (€m)
2006 High	3,352	3,927	22,002	74	86
2006 Low	3,292	3,787	22,002	72	83
2012 High	3,665	4,501	27,221	100	123
2012 Low	3,494	4,149	26,720	93	111
2018 High	4,008	5,113	34,159	137	175
2018 Low	3,709	4,518	33,061	123	149
2020 High	4,129	5,383	36,963	153	199
2020 Low	3,783	4,676	35,641	135	167

Sources: Derived from CSO Annual Services Inquiry, June 2003 and County Incomes and Regional GDP, 2000, March 2003. Population derived from projections based on observed trends, and CSO and RPG population projection figures.

- 6.8 The table shows that comparison expenditure growth is increasing at a faster rate than that of convenience. This is a trend that is evident across the country and reflects a maturing retail economy.

STEP 2: TURNOVER ESTIMATES

- 6.9 The current turnover of retail outlets in Athy can be estimated by using the expenditure potential of the catchment area's population plus information on inflows and outflows of expenditure. These are defined as follows:

- i. **Market Share:** the proportion of total expenditure by the catchment population that is retained in the catchment area; and
- ii. **Trade Draw:** the proportion of total turnover that is due to persons living outside of the catchment area.

6.10 Assumptions on both market share and trade draw are informed by the 2004 household and shopper surveys respectively. These studies indicate that the baseline (current day) market share and trade draw estimates for the Athy catchment area are estimated to be:

- Convenience market share of 81%
- Comparison market share of 59%
- Convenience trade draw of 2%
- Comparison trade draw of 10%.

6.11 The surveys identified that there were high levels of convenience and comparison expenditure leakage from the catchment area, particularly the latter, and very low levels of convenience and comparison expenditure inflows. If the retail potential of the town and catchment area were to be maximised and Athy was to sustainably perform its role as the Sub County Town Centre serving the south of the County then both trade draw and market share required to be increased. To achieve this, the study recommends that the following planning targets for trade draw and market share are adopted and incorporated in the capacity assessment for the remainder of the plan period to 2020:

- i. Convenience market share of 90%;
- ii. Comparison market share of 70%;
- iii. Convenience trade draw of 10%; and
- iv. Comparison trade draw of 20%.

6.12 To calculate turnover, the amount spent by the catchment area residents in retail outlets located outside the catchment area (leakage) is subtracted from the total amount of potential retail expenditure by catchment area residents. To this is added the additional expenditure which is due to people living outside the catchment area needs to be added. The combination of these deductions and additions provides the derived total turnover of retail outlets located in the catchment area. This is the process used in calculating the turnover figures presented for 2006, 2012, 2018 and 2020 in Table 6.2 for both convenience and comparison floorspace under the low and high growth scenarios.

Table 6.2 Projected Turnover from Retail Outlets Located in Athy (2003 prices, €m)						
Period	Convenience			Comparison		
		Low	High		Low	High
2006						
Resident Expenditure		72.4	73.7		83.3	86.4
Less Expenditure Outflow	19%	13.8	14.0	59%	49.2	51.0
Spend by Residents on Outlets in County		58.7	59.7		34.2	35.4
Add Imported Expenditure	2%	1.2	1.2	10%	3.8	3.9
Spend in Retail Outlets in Athy		59.9	61.0		38.0	39.4
2012						
Resident Expenditure		93.4	99.8		110.9	122.5
Less Expenditure Outflow	10%	9.3	10.0	30%	33.3	36.8
Spend by Residents on Outlets in County		84.0	89.8		77.6	85.8
Add Imported Expenditure	10%	9.3	10.00	20%	19.4	21.4
Spend in Retail Outlets in Athy		93.4	99.8		97.0	107.2
2018						
Resident Expenditure		122.6	136.9		149.4	174.7
Less Expenditure Outflow	10%	12.3	13.7	30%	44.8	52.4
Spend by Residents on Outlets in County		110.4	123.2		104.6	122.3
Add Imported Expenditure	10%	12.3	13.7	20%	26.1	30.6
Spend in Retail Outlets in Athy		122.6	136.9		130.7	152.8
2020						
Resident Expenditure		134.8	152.6		166.7	199.0
Less Expenditure Outflow	10%	13.5	15.3	30%	50.0	59.7
Spend by Residents on Outlets in County		121.4	137.3		116.7	139.3
Add Imported Expenditure	10%	13.5	15.3	20%	29.2	34.8
Spend in Retail Outlets in Athy		134.8	152.6		145.8	174.1

STEP 3: TURNOVER RATIOS

- 6.13 The turnover figures for 2006 set out in Table 6.2 are an estimate of the amount of expenditure that is sustaining the existing retail floorspace in the town and its catchment area. By applying the existing convenience and comparison floorspace to the 2006 gross expenditure figures the turnover ratios which prevail can be derived.

This calculation identifies that in 2006 the Athy catchment area had approximately 4,244m² of convenience floorspace that was generating a turnover of approximately €60.45m and 4,080m² of comparison floorspace that was generating approximately €38.7m. Dividing the floorspace into the gross expenditure figures identifies that existing convenience and comparison floorspace had approximate turnover ratios of €14,244 and €9,485 per m² respectively. Founded on the Draft County Retail Strategy, the figures indicate that when compared to accepted industry norms of €12,000 per m² for convenience floorspace and €4,500 per m² for comparison then there is a high level of overtrading in floorspace currently prevailing. It is a trend which generally prevails across the County and the wider GDA – essentially existing and new floorspace are generally not matching the potential expenditure which is available.

- 6.14 The level of overtrading identified in both sectors would indicate that there is a considerable reservoir of additional potential expenditure available to support additional floorspace. This has been calculated and is incorporated in the capacity assessment of the requirement for additional convenience and comparison floorspace.

STEP 4: GROSS ADDITIONAL EXPENDITURE POTENTIAL

- 6.15 Using the turnover estimates presented in Table 6.2 for the catchment area, it is possible to estimate the growth in spare expenditure capacity that will occur in the catchment area up to 2012, 2018 and 2020. These estimates are provided in Table 6.3.

Period	Convenience		Comparison	
	Low	High	Low	High
2006-2012	34	39	59	68
2012-2018	29	37	34	46
2018-2020	12	16	15	21

- 6.16 The table shows that population growth coupled with projected growth in per capita consumption, particularly for comparison goods, will increase the expenditure capacity of the catchment area by between €34m – €39m for convenience goods and between €59m – €68m for comparison goods between 2006 – 2012. This can be seen to increase further when the next Athy Town Development Plan and NSS timeframes are considered.

STEP 5: FUTURE SOURCES OF RETAIL SALES

- 6.17 The expenditure figures that have been estimated in Table 6.3 are gross estimates and need to be adjusted to take account of expenditure that may occur through new retail developments that are due to come on stream post October 2006 and through increases in turnover efficiency (the possibility of growth in internet retailing has already been taken into account).

Extant Planning Permissions

- 6.18 In considering new retail outlets, regard is had only to those developments with a net floorspace of over 500m² for convenience and 1,000m² for comparison. This is consistent with the approach adopted within the CDP, the GDA Retail Strategy, the Draft County Retail Strategy and other county retail strategies. With the assistance of Town and County Council Officers, all relevant extant planning permissions were identified. The freeze date for the extant consents was the end of February 2007.
- 6.19 The review identified that there is currently only one extant planning permission which requires to be taken account of. This is the comparison floorspace permission granted for the refurbishment and expansion of the Shaws store in Athy Town Centre. There were no extant convenience floorspace planning consents. The extant permission was in force at the time the Draft County Retail Strategy was prepared. Consultations with the operator, plus the fact that the consent is soon to expire, indicate that it is unlikely that this planning permission will be implemented. This is not to rule out a revised application coming forward. Noting these observations, in the interests of completeness and the fact an extant planning consent does exist, it has been considered as a future source of retail development and thus will capture some of the expenditure capacity which is available to support new retail floorspace over the period to 2012. The proposal relates to 2,663m² of net comparison floorspace which if implemented will capture in the order of €17.6m of comparison expenditure per annum. The estimated turnover has been derived by applying up to date industry accepted retail turnover ratios for new middle order comparison retailing to the net floorspace figure.

Turnover Efficiency

- 6.20 Turnover efficiency in retail floorspace will absorb some of the gross expenditure potential which is available. Founded on the GDA Retail Strategy and the Draft County Retail Strategy the following principles are applied:
- Convenience floorspace is assumed to be operating efficiently and there is no scope for increased efficiency

- The efficiency of comparison floorspace is assumed to increase by 1% per annum.

6.21 Application of a turnover efficiency growth rate of 1% per annum to existing and new comparison floorspace results in the capturing of some €0.26m of available comparison expenditure per annum up to 2020.

STEP 6: CAPACITY POTENTIAL

6.22 The expenditure accounted for by the potential new retail development and turnover efficiency growth is subtracted from the estimates of gross additional expenditure potential in Table 6.3. This results in estimates of net additional expenditure capacity potential, as set out in Table 6.4.

Period	Convenience		Comparison	
	Low	High	Low	High
2006-2012	34	39	39	48
2012-2018	29	37	31	43
2018-2020	12	16	14	20
Total 2006-2020	75	92	84	111

6.23 The final part of the capacity assessment is to determine the amount of floorspace that is required to accommodate this anticipated increase in expenditure over the period of the plan, the next plan and up to 2020. This requires to incorporate both the net expenditure capacity which is available and that which can be attributed to the level of overtrading in both convenience and comparison floorspace that has been found to prevail. It is achieved by applying a weighted average of the turnover ratios (derived in the GDA Retail Strategy for new floorspace) to the expenditure figures, adjusted to reflect a 2003 price year. For convenience floorspace, a turnover ratio of €14,160 per m² is used, while a ratio of €6,433 per m² is used for the comparison floorspace. Applying these turnover ratios to the net expenditure capacity growth, and the reservoir identified from overtrading, provides estimates of the new floorspace potential available in the catchment area, as set out in Table 6.5.

Table 6.5 Indicative Net Floorspace Potential (m ²)				
Period	Convenience		Comparison	
	Low	High	Low	High
Overtrading	1,420	1,420	9,178	9,178
2006-2012	2,366	2,741	6,033	7,401
Total 2006-2012	3,786	4,161	15,211	16,579
2012-2018	2,066	2,622	4,830	6,684
2018-2020	863	1,110	2,214	3,167
Total 2006-2020	6,715	7,893	22,255	26,430

- 6.24 The table clearly shows that there is significant capacity for additional convenience and comparison floorspace in the catchment area both in the short term (to 2012) and the long-term (to 2020). At 2012, there is capacity for between 18,997m² (Low Scenario) – 20,740m² (High Scenario) with of the order of 20% being convenience floorspace. It also highlights that a substantial proportion of this, particularly in respect of comparison floorspace, is as a direct consequence of the fact that a significant level of overtrading currently prevails.

CONCLUSIONS

- 6.25 The capacity assessment has indicated the significant order of floorspace required if the town and its catchment area are to catch up and meet the needs of local people in a way which is *efficient, equitable and sustainable* over the period of the current plan, the next plan and up to 2020. The totals are 28,970m² (Low Scenario) – 34,323m² (High Scenario) by 2020 with the large majority (between 60% – 65%) required by 2012. The significance of this has to be set in the context of the current quantitative and qualitative offer of the town which comprises some 4,244m² of convenience floorspace and 4,080m² of comparison – a total of 8,324m² net trading floorspace (excluding vacant floorspace).
- 6.26 Of importance, the quantum of floorspace required in the broad assessment of the need for additional floorspace is consistent with the levels which are emerging in other Sub County Town Centres in the GDA. It is also well below what is emerging or anticipated in higher order centres in the national, GDA and County retail hierarchies such as the competing centres of Carlow, Naas, Newbridge and Portlaoise. What is identified is, therefore, not inconsistent with what Athy should be seeking to achieve in its role in these retail hierarchies as the Sub County Town Centre serving the south of the County.

- 6.27 However, it is important to also highlight that the quantum assessed is greatly influenced by the setting of planning targets for market share and trade draw against the trends of high leakage and low inflows of both convenience and comparison expenditure which prevail in the catchment area. This approach has been validated by the outcomes of the capacity assessment which will enable the town to realise parity in its role and importance as a Sub County Town Centre in the GDA and County Retail Hierarchies.
- 6.28 Additionally, it is important to note that, consistent with the GDA and Draft County Retail Strategies, any expenditure/floorspace capacity potential which is not captured by new floorspace within a particular timeframe rolls over to the next period respectively. This is an important factor given that the majority of the emerging proposals for the town are unlikely to have Design Years – reached their established trading patterns – within the period of the current plan.
- 6.29 Finally, it is important to bear in mind that the figures presented in the capacity assessment provide a broad assessment of the requirement for additional new floorspace. They should, therefore, be taken as **indicative** and as **guidance** on the quantum that will be required and are in no way intended to be prescriptive. It is not a function of the capacity assessment to place a cap on the scope for future retail development in Athy Town or its catchment area.