Waterford City & County Retail Strategy

2020

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Chapter 1 - Introduction

- This is the 3rd in a series of report/retail strategies prepared for Waterford Council.
- 2011 Retail Strategy for Waterford City
- 2017 Updated report for City
- 2020 New Retail Strategy – this time for combined City & County
- This 2020 strategy is to feed into a new City & County Development Plan
- This new strategy was prepared pre-Covid-19 – it is too early to predict what the short and longer term impacts of pandemic will have on retailing. However in a concluding slide we present some potential implications.

Chapter 2 Policy Context

- New National & Regional Planning Policy Environment
- Focus very much on promoting compact sustainable urban growth
- Key role identified for Waterford City in national urban hierarchy, with significant population growth forecasted.
- North Quays SDZ Planning Scheme 2018 & recent Planning Permission
- 2012 Retail Planning Guidelines remain unchanged.

Chapter 3 Economic Context

- Up until Covid-19 struck, the Irish economy performing very strongly over recent years
- It is also reflected in retail sales volume figures, which have averaged around 5% growth p.a. since 2016.
- Not translated into retail sales figures to same extent, as the relative costs of both food and comparison goods have been declining over time. e.g. 1980 €1 in €3 spent on food – today €1 in €7

Chapter 3 – Trends in Retailing

- Shopping has become interlinked with social and leisure activities,
- Emerging is what can be termed ‘experience retail’ - provides opportunities for city & town centres.
- <u>Internet Shopping</u>
- Growing but from a relatively modest base – (RSI - 3-4%). Ireland would be several years behind the UK when it comes to penetration of on-line sales

Chapter 3 – Trends in Retailing cont./

- Convenience Retailing
- Marked change in the past 10 years compared with the previous decade - significant reduction of of new larger convenience stores throughout the country.
- New developments focused on continuing expansion of discount foodstores and of smaller stores within urban neighbourhoods.
- Discount Stores now account for c. 25% of convenience expenditure.

Chapter 3 – Trends in Retailing cont./

- Comparison Retailing
- In past decade significant reduction of new comparison retail facilities nationally. Very few new shopping centres have been developed and activities focused mostly on re-structuring/ refurbishing existing centres.
- For retail warehousing, extremely limited development in recent years throughout the country, resulting from an over provision of retail warehousing in the previous decade.

Surveys Findings – Floorspace Surveys

- **Changes** compared to 2005/2012 previous surveys
- **Waterford City**: modest (+300m2) increase in convenience floorspace, and little change in comparison, with exception of bulky goods up 15,000m2.
- **Dungarvan**: Convenience floorspace increased by 50%, comparison little change, but bulky goods increased threefold.
- **Tramore**: Dramatic increase in convenience floorspace (up over 200%) while comparison is slightly down and little change to bulky goods.

Surveys Findings – Household Surveys

- **Convenience goods**
- **79%** of respondents do a regular main shop,
- only **3%** of respondents shop on-line for groceries,
- very little leakage out of County. **91%** satisfaction rating.
- **Clothing & Footwear**
- **89%** of respondents shop in Waterford City and a further 12% in Dungarvan.
- **11%** shop outside county, mainly to Cork, Dublin & Kilkenny.
- **25%** of respondents used on-line shopping for clothes/footwear in last two months.
- **61%** satisfaction rating – main issues are lack of range/choice, and to lesser extent parking.
- **41%** of respondents combine shopping with other activities when visit city/town

Surveys Findings – Street Shopper Surveys

- Social class of the Waterford city respondents was significantly lower than the county
- 47% of shoppers to city travelled by car, with 36% walking and a further 14% by bus. For county the equivalent figures were 75%+ by car.
- Main attractions were the presence of good shopping malls and pedestrianised streets & the overall shopping environment.
- No. 1 improvement to the retail offering was to increase the range of shops
- For environmental improvements the main issues were improved safety/security and more events & for Dungarvan the need for more public toilets and pedestrianised streets.

Chapter 5 – Health Checks

- **Waterford City**
- Overall Waterford City has a reasonably healthy and vibrant City Centre
- Lacks level and range of retailer representation compared to peer cities.
- Waterford is underperforming and its retail profile is not commensurate with its status as a Regional City.
- Vacancy rates are generally low in the prime retail pitch, although vacancy rates are increasing in the secondary streets and along Michael/John Street.

Chapter 5 – Health Checks cont./

- **Dungarvan**
- Dungarvan is an important market town with an extensive catchment area in the west of the county. Because of this it has a much more developed retail function, and does have a range of comparison outlets in its retail offering.
- Dungarvan has also been developing well as a tourism destination, with a particular focus on activity holidays, and on food tourism.
- Dungarvan town centre is both well presented and has good vitality, with relatively little ground floor vacancy, which is largely limited to one small area.

Chapter 5 – Health Checks cont./

- **Tramore**
- Tramore, is well presented and serves a different function to Dungarvan as being both a dormitory town for Waterford city, as well as being an important tourist destination in its own right, as a seaside resort.
- Tramore has a good convenience retail offering.

Chapter 6 – Quantitative Assessment

- Number of Important Assumptions which underpin the analysis:
- **Catchment area**: Whole county + city catchment into south Kilkenny & parts of Wexford & Tipperary
- **Population projections** – based on NPF/RSES projections
- **Expenditure Estimates** - Based on the 2016 Annual Service Inquiry
- **Leakage** – same assumptions on leakage out of city/county as in previous studies
- **Turnover** – same assumptions on turnover per m2 as used in 2012 study
- **Bulky Goods** - 20% of comparison expenditure.

Chapter 6 – Quantitative Assessment cont./

- **Retail Projections**

Table 6.15 Additional Floorspace Requirements for Waterford City & County					
	2016	2026	2031		
Convenience sq.m.	-7,438	-2,031	863		
Comparison sq.m.	26,967	55,100	76,959		
Bulky Goods sq.m.	-27,671	-14,731	-5,697		
SCENARIO 2: Increase in Inflows & Trade Retention in 2026 and 2031					
Convenience sq.m.	-7,438	-2,031	863		
Comparison sq.m.	29,126	61,396	84,836		
Bulky Goods sq.m.	-27,347	-13,253	-3,951		

Retail Projections

- **Convenience**
- Little capacity for additional convenience floor space within the City & County area in the short term and even by 2031 the capacity is less than 1,000 sq.m. reflective of both the negative inflation in food prices and the extent of convenience floorspace which has been implemented in recent years.
- Notwithstanding the low projected figures, there is likely to be a need for further modest neighbourhood scale convenience development in the short to medium term, particularly in the smaller towns and villages in County.

Retail Projections cont./

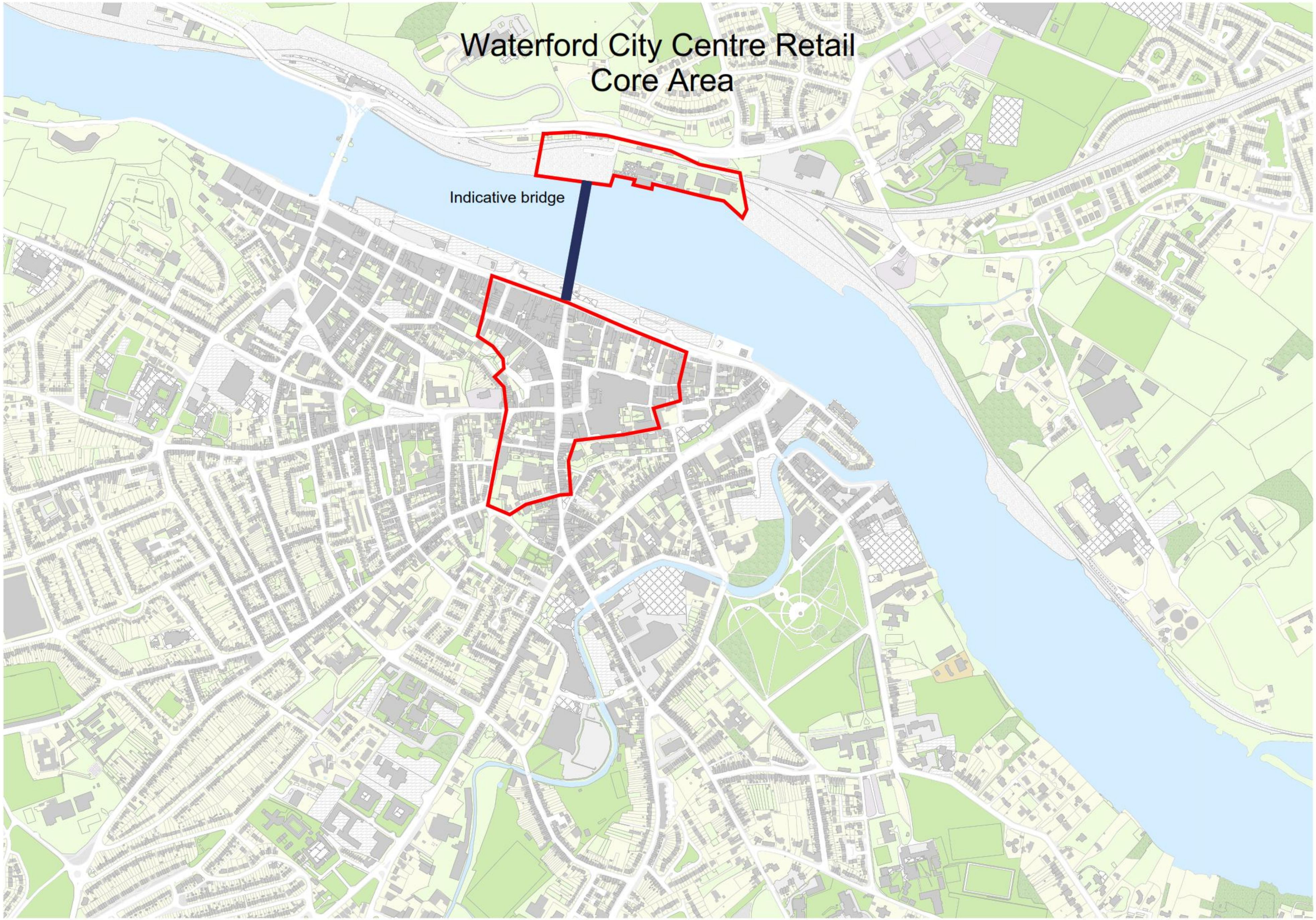
- **Comparison**
- The requirement for additional comparison floorspace within the City & County is significant over the period to 2026 and beyond to 2031 - a requirement for an additional 55,100 sq. m. of comparison floorspace under Scenario 1 by 2026 and this increases to 61,400 sq. m. under Scenario 2. Of this approximately 30,000 sq.m. will be absorbed by the proposed mixed use development in the North Quays, and a further circa. 9,500 sq.m. in Michael Street shopping centre.

Retail Projections cont./

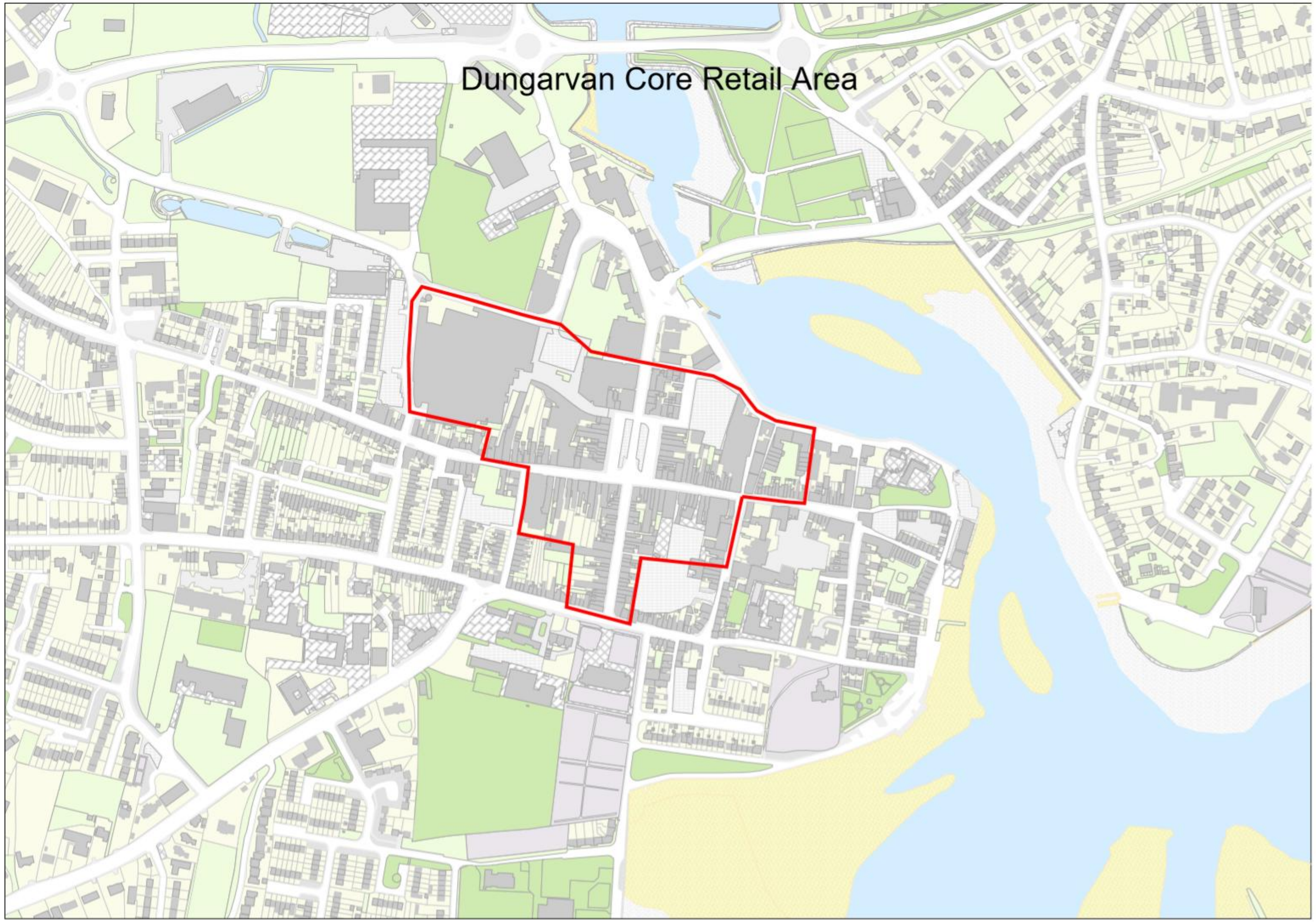
- **Bulky Goods**
- No requirement for additional retail warehouse floorspace within the catchment up to 2031.
- This is not surprising having regard to the extent of this format of retail floorspace developed within both Waterford City, Dungarvan and Tramore over the last number of years.

Chapter 7 - Policies, Action and Vision for the Future – Proposed Retail Hierarchy

Level/Function		Centre
Tier 1	**Metropolitan**	Waterford City Centre
Tier 2 (L1)	**Sub-Regional**	Dungarvan Town Centre
Tier 2 (L2)	**District/Suburban Centres**	Tramore Town Centre
	(In excess of 10,000 Population)	Ardkeen/Farronshoneen
		Waterford Shopping Centre, Lisduggan
		Kilbarry, Tramore Road, Inner Relief Road
		Ferrybank District Centre Abbeylands
Tier 3	**Small Towns and Rural Areas**	Dunmore East
	(1,500 - 5000 Population)	Portlaw
		Lismore
		Tallow
		Kilmacthomas
		Cappoquin
Tier 4	**Neighbourhood Centres**	Cleaboy
		Kilcohan
		Ballinakill
		Ross Abbey SC, Rathculliheen, Ferrybank
		Ballybeg
		Hypermarket Morgan Street
		Carrickpherish
		Proposed Neighbourhood Centre at Knockboy
Tier 5	**Village & Local Shops**	Villages in County & Local shops in City


Waterford City Centre Retail
Core Area
Indicative bridge

Dungarvan Core Retail Area



Chapter 7 - Policies, Action and Vision for the Future cont./

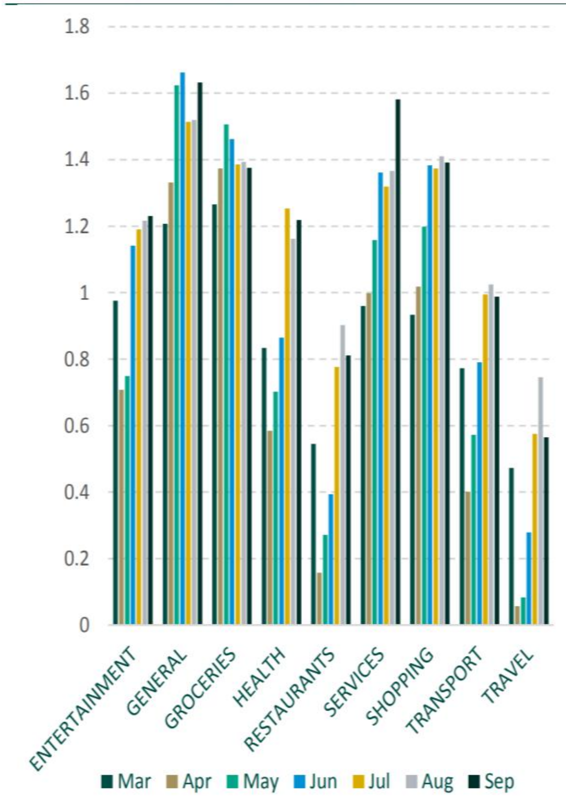
- **Distribution of Additional Floorspace**
- Distribution of future floorspace must have regard to the identified retail hierarchy.
- City Centre must be targeted and be the focus for higher order comparison retailing
- Comparison floorspace should also be directed towards Dungarvan town centre.
- Based on the NPF/RSES population projections recommended that c. 85% of all future additional comparison floorspace in the county should be directed towards Waterford city centre.
- To ensure continued vitality of smaller towns and villages, modest retail expansion should be facilitated.

Covid-19 Pandemic & Potential impacts on retailing

- It is too early to assess either the short term or longer term impact which the pandemic will have on the retail sector.
- Limited official statistics published to date which captures the changes which have been occurring and will continue to occur to retail trends.
- However, the monthly Retail Sales Index & the Department of Finance monthly document titled *'Emerging Economic Developments - real-time economic domestic indicators' provide some indications of changes which may be occurring in retailing.*

Emerging Economic Developments - Dept of Finance Oct. 2020

Figure 1.7– Ireland average daily expenditure per user by sector by month, (February=1)

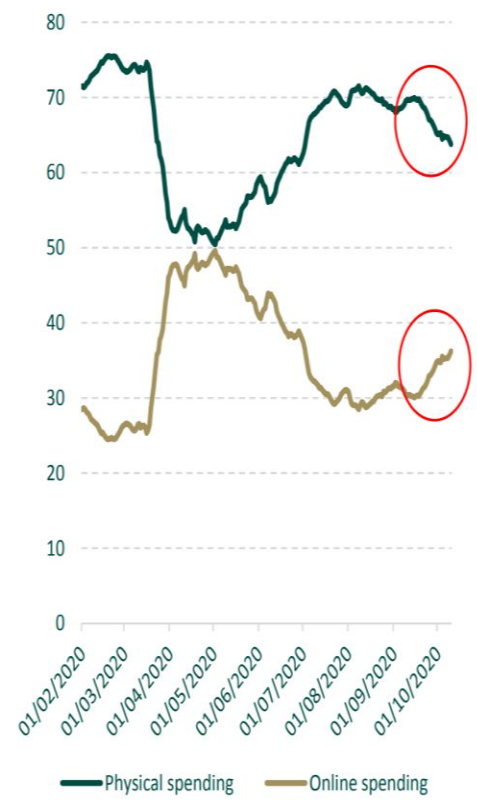


Latest developments: expenditure stable in most sectors

- Spending in most Revolut categories remains close to their August figures. This may indicate a levelling off in spending following the rapid recovery seen over the summer.
- Restaurant and travel spending saw declines relative to their August figures as the traditional holiday window drew to a close and restrictions on hospitality took effect in Dublin.

Source: Revolut

Figure 1.9 – Share of Irish spending, physical vs. online



Latest developments: recent increase in online spending

- The pandemic led to an increase in a proportion of expenditure carried out online, accounting for 30 per cent of total expenditure in early February, to close to 50 per cent in late April.
- However this trend has reversed since early May as restrictions have been lifted.
- Since early September, an increase in the proportion of spending taking place online has been observed.

Source: Revolut

Covid-19
Potential impacts on retailing
Retail Sales Index
Sept 2020
CSO

Table 6 Percentage of Turnover generated by Online Sales[1] for Total Retail Sales

Period		Total Retail Sales for all Businesses Combined
		% sales online
2019	Year	3.3
2019	1st quarter	2.9
	2nd quarter	3.1
	3rd quarter	3.3
	4th quarter	3.8
2020	1st quarter	3.7
	2nd quarter	11.7
	3rd quarter[2]	4.9
2019	January	2.8
	February	3.0
	March	3.0
	April	3.0
	May	2.9
	June	3.4
	July	3.4
	August	3.2
	September	3.2
	October	3.4
	November	4.0
	December	4.1
2020	January	3.2
	February	3.5
	March	4.5
	April	15.3
	May	13.2
	June	6.7
	July	4.6
	August	4.5
	September[2]	4.3

[1]Only enterprises registered in Ireland are included

[2]Provisional subject to revision

Covid-19
Potential impacts on retailing
Retail Sales Index Sept. 2020
CSO

Table 2 Seasonally Adjusted Indices of Total Retail Sales (Excluding Motor Trades)[1]

Base Year: 2015=100

Period		Total Retail Sales for all Businesses Combined (Excl Motor Trades)					
		Value of Sales			Volume of Sales		
		Index	% change on previous period	Annual % change	Index	% change on previous period	Annual % change
2015	Year	100.2			100.3		
2016	Year	101.2	1.8	1.8	104.4	4.9	4.9
2017	Year	104.7	3.5	3.5	110.5	5.8	5.8
2018	Year	107.2	2.4	2.4	114.6	3.7	3.7
2019	Year	109.7	2.3	2.3	119.6	4.4	4.4
2018	4th quarter	108.1	-0.1	1.9	116.0	0.6	3.1
2019	1st quarter	109.2	0.9	3.9	118.4	2.0	5.7
	2nd quarter	109.9	0.7	2.6	119.4	0.9	4.2
	3rd quarter	110.1	0.2	1.7	119.9	0.4	3.9
	4th quarter	109.6	-0.4	1.4	120.3	0.3	3.7
2020	1st quarter	108.7	-0.9	-0.5	119.8	-0.4	1.2
	2nd quarter	93.0	-14.4	-15.3	105.3	-12.1	-11.9
	3rd quarter[2]	112.5	20.9	2.2	127.7	21.3	6.5
2020	January	109.9	-0.2	2.0	120.9	-0.2	3.1
	February	109.1	-0.7	-0.7	120.1	-0.7	0.8
	March	107.0	-1.9	-2.6	118.4	-1.4	-0.2
	April	81.5	-23.8	-26.6	90.3	-23.8	-24.9
	May	90.0	10.5	-17.7	102.4	13.4	-14.1
	June	107.6	19.5	-1.5	123.2	20.4	3.6
	July	112.0	4.1	2.0	126.4	2.5	5.5
	August	112.5	0.5	2.4	127.7	1.1	6.7
	September[2]	113.0	0.4	2.2	129.0	1.0	7.4

[1]Based on Seasonal Patterns up to September 2020

[2]Provisional value and volume of sales indices based on early returns from sample retailers

Covid-19 Pandemic & Potential impacts on retailing - Concluding Remarks

- During the period of the initial lockdown March-June, both the volume and value of retail sales declined, but since the initial restrictions were lifted retail sales rebounded, particularly in volume terms.
- Strong correlation between level of on-line sales and level of Covid restrictions. However when shops reopen Irish customers appear to favour ‘bricks & mortar’ stores, with on-line sales reverting to levels of under 5% of total retail sales.
- The convenience market is likely to hold its position from pre-Covid times. For comparison retailing the situation is likely to be more fluid, particularly with increased competition from on-line sales from outside the State.
- Overall the retail sector appears to be pretty resilient and has the ability to bounce back once the general economic conditions in the country improve.
- Important is to monitor and review trends as emerge from the pandemic to see if new patterns are emerging in the retail sector and customer behaviours.