Ikea, Braehead

Update of Retail Floorspace Survey

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Contents

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1. Introduction

Context

1.1 In September 1999 a Retail Impact Analysis was prepared by Town Planning Consultancy Ltd in relation to the then proposed Ikea store at Braehead. The retail report accompanied an application for planning permission for a store extending to 24,500sq m gross floorspace. Planning permission for the development was granted in November 2000 and the store commenced trading in September 2001.

1.2 A key issue during the processing of the planning application was the possible effect that a new Ikea store could have on existing town centres. In addressing this matter the Retail Impact Analysis identified all existing retail floorspace devoted to the sale of goods that could be available in the Ikea store. The analysis covered a wide catchment area, identifying both in-centre and out-of-centre floorspace.

1.3 As part of an on-going monitoring process Ikea has instructed Muir Smith Evans to revisit the floorspace study conducted in 1999 in order to do two things:

- Identify what changes, if any, have taken place by way of competing floorspace within nearby town centres; and
- Assess any evidence that the Ikea store at Braehead might have had a role in influencing the changes.

1.4 This document contains the findings of the survey update and highlights the overall conclusions that can be drawn.

2. The Survey Update

Context

2.1 The Ikea store at Braehead adjoins the Braehead shopping mall and retail park both of which were trading before the Ikea store was constructed. In 1999 the store site lay within the ambit of Glasgow City Council but due to a recent local government boundary alteration it now lies within Renfrewshire.

2.2 The overall scale of retail development at Braehead has been such that trade appears to be drawn from a very wide catchment area. It is likely that some of this trade will have been drawn from freestanding retail warehouses, retail parks and existing town centres across west central Scotland. However, the greatest effects are likely to be felt by the retail parks and, to a lesser extent, the town centres closest to Braehead.

2.2. The closest major town centre to Braehead is Paisley which is some 6 kilometres away. In scoping the exercise to update the 1999 retail floorspace survey Ikea indicated that the focus should be on any discernable effects on Paisley town centre. However, the exercise was widened to include an update on the position in two other centres in the wider area namely Clydebank and Glasgow Central Area (western sector).

2.3 The survey work was carried out in March and April 2005. The 1999 survey was taken as a basis for the update exercise. The aim therefore was to identify changes in floorspace trading the full range of furniture and furnishings also available in Ikea including lighting, floor coverings, china, glass and hardware.

General Trends

2.4 While a survey of the type undertaken can identify changes in specific shop units it cannot say conclusively why these changes have come about. For example, it is impossible to separate out any effects that Ikea might have had from those attributed to the Braehead shopping mall and retail park.

2.5 The update exercise revealed no discernable increase in general vacancy rates within the core areas of the existing town centres. However, in both Paisley and Glasgow Central Area (western sector) there was evidence of a general "die back" of the retailing area with the smaller, more constrained units on the periphery of the town centres either being vacant or being taken up by other uses.

2.6 The re-survey identified a high turnover of shop units. This was most obvious in Paisley where 66% of the units trading in furniture and furnishings in 1999 were no longer in such use. In Clydebank the turnover rate was 63% with Glasgow Central Area (western sector) at 48%.

2.7 Notwithstanding the turnover of shop units trading the identified range of goods, Paisley and the other town centres all contained units now trading in furniture and furnishings that were not in such use in 1999.

2.8 The update identified a large number of changes where the key factor had clearly been corporate policy on the part of the retail operator. In many cases the change in occupier of the units was due to the company as a whole ceasing to trade rather than any effects that might have been experienced by one individual unit. Examples of this would include Textile World, What Everyone Wants, Knightingales, Harveys, Traesco Pine and House Works.

2.9 A significant number of the units surveyed across the three town centres traded in goods beyond the range sold by Ikea. In such cases the proportion of floorspace devoted to the sale and display of Ikea and non-Ikea goods can often change regularly. It is important, therefore, to treat the overall statistics regarding total floorspace with some caution.

Key Survey Findings

2.10 Table 1 notes the furniture and furnishings floorspace within Paisley, Clydebank and Glasgow Central Area (western sector) at the time of the original Retail Impact Analysis in 1999. Table 2 notes the operators and floorspaces identified in the 2005 survey update. Table 3 summarises the change in unit numbers trading such goods in each town centre. Table 4 summarises the changes in floorspace. Table 5 provides a more detailed picture of the floorspace within Paisley town centre trading Ikea-type goods in both 1999 and 2005.

2.11 Despite the high turnover of retail occupiers already noted above, Table 3 shows that the total number of units in Paisley trading goods similar to Ikea has actually increased by 6%. In Clydebank the number of units has increased substantially. The result of this is that, across all three town centres, there are now nine more units trading such goods, ie an 11% increase overall.

2.12 Looking at floorspace, the new survey identified 30,972sq m across the three town centres trading Ikea-type goods compared with 29,550sq m in 1999. The rise of 1,422sq m represents a 5% increase on the 1999 figure.

2.13 Table 4 indicates an increase in furniture and furnishings floorspace in Paisley from 9,780sq m in 1999 to 10,422sq m in 2005. This represents a 7% rise which, in itself, is encouraging but is even better when the effects of certain corporate decisions on the town centre are taken into account. The withdrawal of Harveys from the town centre is a case in point.

2.14 By far the biggest factor, however, has been the closure of the Arnotts department store. This was clearly due to a corporate decision on the part of the owner, House of Fraser, and cannot be seen to relate directly to the existence of Ikea at Braehead. The site of the former Arnotts store has been identified for many years as a retail redevelopment opportunity and in the latter part of 2004 planning permission was granted for 14,250sq m of new retail floorspace to replace the former department store.

2.15 The change resulting from the closure of Arnotts skews the figures to a significant extent. To demonstrate this Table 4 includes a summary of the floorspace changes in Paisley excluding the Arnotts site. This shows that the underlying increase in furniture and furnishings floorspace was actually around 28%. When these adjusted figures are added to the total for the three town centres it results in an overall increase in floorspace of 11% across the survey area.

2.16 It is clear from the survey update that Paisley town centre has suffered as a result of several high profile operator failures such as Traesco Pine, Harveys and Mackays. That said, a greater number of new operators has more than filled the gap in the market created by such failures. Also, some established operators such as Marks & Spencer have introduced home goods ranges in the town centre store since the original survey.

2.17 The arrival of Walmsley Furniture, Gael and The Bed Shed in particular has significantly broadened the range of Ikea-type goods available through town centre outlets. These are all good sized stores and between them they offer a wide selection of furniture, furnishings, lighting, glass and hardware.

2.18 The survey results do not provide any basis for concluding that Ikea has had any significant impact on the town centre’s role in the provision of furniture and furnishings. Indeed it could be argued that the town centre now enjoys a more robust line up of outlets offering a serious alternative to Ikea.

2.19 Table 4 shows that there have also been increases in floorspace in both Clydebank and Glasgow Central Area (western sector). The overall increase in floorspace across the survey area devoted to furniture and furnishings is particularly noteworthy given widely publisized concerns that the opposite position might come about.

2.20 It is well known that the retail industry is dynamic compared with other sectors of the economy and it is clear that a new range of retail operators has emerged in recent years to take the place of those no longer trading. It can be expected that such on-going changes in the retail industry will continue resulting in further variations over time in the floorspace devoted to the sale of furniture and furnishings in the surveyed town centres. The evidence suggests that such changes have had a greater impact on the town centres than has the existence of Ikea.

2.21 In planning policy terms the key test for any major new retail development is the effect it might have of the vitality and viability of an existing town centre **as a whole**, not the effect on any individual unit as this would effectively prevent competition. The survey update has revealed that the furniture and furnishings sector in Paisley and the other town centres has actually improved over time. This has had a positive impact on vitality and viability. It is safe to conclude that any negative impact on the town centres as a whole has been due to factors other than the presence of Ikea at Braehead.

3. Conclusions

3.1 An update of the floorspace survey carried out in relation to Ikea at Braehead has revealed an overall increase in the floorspace devoted to selling the same range of goods within nearby town centres.

3.2 In Paisley alone a 7% increase in floorspace devoted to the sale of furniture and furnishings has been observed along with an improved range of outlets. This has come about despite the closure of a department store which is now to be redeveloped for an increased amount of new retail floorspace.

3.3 A wide range of factors has been identified as influencing the amount of retail floorspace devoted to the sale of furniture and furnishings. The presence of Ikea appears to have been of little significance compared with other factors such as corporate restructuring.

3.4 Given all of the above the overall conclusion is that there are no grounds for believing that Ikea, Braehead has in any way undermined the vitality or the viability of the town centres surveyed.

Appendix

Summary Survey Tables