

WYG PLANNING  
MALDON RETAIL CAPACITY STUDY

TABLE 26: ESTIMATED (BASELINE) CAPACITY FOR NEW COMPARISON GOODS PROVISION WITHIN STUDY AREA

Table 26a: Available Expenditure for Comparison Goods Facilities in Maldon District

Year	Total Turnover - £m <sup>1</sup>	Maldon District Turnover - £m <sup>2</sup>	Maldon District Inflow - £m	Surplus Expenditure - £m
2014	84.4	80.3	4.1	0.0
2019	95.1	98.8	5.1	8.8
2024	105.6	119.4	6.1	19.9
2029	117.7	146.4	7.5	36.1
<b>Market Share (%)</b>	<b>6.5</b>			

1. Allows for increased turnover efficiency as set out in Table 4a Experian Retail Planner 12.1 Addendum (Oct 2014)

2. Assumes constant market share claimed by Maldon facilities at 6.5% from Study Area

2012 prices

Updated Table 26b: Net Quantitative Capacity for Additional Comparison Goods Floorspace in Maldon District

Year	Surplus £m	Comparison Goods			
		Commitments £m	Residual £m	Floorspace Requirement	
				Min <sup>1</sup>	Max <sup>2</sup>
2019	8.8	18.3	-9.6	-1,900	-3,400
2024	19.9	18.5	1.4	200	400
2029	36.1	18.8	17.3	2,800	5,000

1. Average sales density assumed to be £4,500 per sq m which WYG considers to be towards the higher end of what could be achieved in Maldon District

2. Average sales density assumed to be £2,500 per sq m which WYG considers to be towards the lower end of what could be achieved in Maldon District

3. Allows for increased turnover efficiency as set out in Table 4a Experian Retail Planner 12.1 Addendum (October 2014)

2012 prices

Updated Table 26c: Extant Comparison Goods Commitments in Maldon District

Destination	Reference	Proposal	Type of unit	Gross Retail Floorspace (sq m)	Net Comparison Floorspace (sq m)	Estimated Sales Density (£/sq m)	Estimated Comparison Turnover (£m)	Status
<b>Zone 1</b>								
Brooks Brothers Site and Adjacent Land, The Causeway, Maldon	14/00861	Hybrid Application (Part Full/Part Outline) Comprising Demolition Of Existing Buildings And Redevelopment Of Site To Provide Foodstore, Non Food Retail Units Incorporating Flexible A1/A3 Component, Together With Hotel; Access, Servicing, Vehicle And Cycle	<b>Foodstore</b>	2,166	<b>139</b>	<b>4,500</b>	<b>0.63</b>	Extant permission
			<i>Retail Unit 2</i>	715	572	7,000	4.00	
			<i>Retail Unit 3</i>	1,486	1,189	4,325	5.14	
			<i>Retail Unit 4</i>	574	459	1,510	0.69	
			<i>Retail Unit 5</i>	959	768	5,400	4.14	
			<i>Retail Unit 6</i>	1,650	1,320	2,500	3.30	
			<b>Sub-total comparison goods units</b>	<b>5,384</b>	<b>4,308</b>		<b>17.28</b>	
Lidl, land @ corner of Station Road, Maldon		Erection of Foodstore	Foodstore	2,380	139	3,000	0.42	No Open
<b>TOTAL</b>				<b>4,447</b>		<b>18.32</b>		

1. The foodstore comparison element turnover is based on Aldi's average turnover, derived from Verdict.

2. The retail units turnovers are based on the proposal's accepted turnovers; derived from Mintel.

3. Unit 2 is based on an electrical retailer

4. Unit 3 is based on a clothing, footwear, furniture and homewares retailer

5. Unit 4 is based on a footwear retailer

6. Unit 5 is based on a sportswear retailer

**WYG PLANNING**  
**MALDON RETAIL CAPACITY STUDY**

**TABLE 6: ESTIMATED (BASELINE) CAPACITY FOR NEW CONVENIENCE GOODS PROVISION WITHIN STUDY AREA**

**Table 6a: Available Expenditure for Convenience Goods Facilities in Maldon District**

Year	Benchmark Turnover - £m <sup>1</sup>	Surveyed Turnover - £m <sup>2</sup>	Maldon District Inflow - £m	Surplus Expenditure - £m
2014	101.2	133.2	0.0	32.0
2019	99.9	141.6	0.0	41.7
2024	99.8	150.8	0.0	51.0
2029	100.3	160.6	0.0	60.3
<b>Market Share (%)</b>		<b>16.5</b>		

1. Allows for increased turnover efficiency as set out in Table 4a Experian Retail Planner 12.1 Addendum (Oct 2014)

2. Assumes constant market share claimed by Maldon facilities at 16.5% from Study Area (allows for no inflow)

**2012 prices**

**Updated Table 6b: Net Quantitative Capacity for Additional Convenience Goods Floorspace in Maldon District**

Year	Convenience Goods				
	Surplus £m	Commitments £m	Residual £m	Floorspace Requirement	
				Min <sup>1</sup>	Max <sup>2</sup>
2014	32.0	13.7	18.3	1,500	2,100
2019	41.7	13.7	28.0	2,200	3,100
2024	51.0	13.9	37.2	3,000	4,200
2029	60.3	14.1	46.2	3,700	5,200

1. Average sales density assumed to be £12,502 per sq m (rounded) based on the average sales density of the leading four supermarkets as identified by Verdict 2014

2. 50% of residual expenditure assumed to be consumed by leading four supermarkets (£12,502/sq m) and 50% assumed to be consumed by discount operators (£5,289 per sq m) as identified by Verdict 2013. This equates to £8,896/sq m.

3. Residual calculated by subtracting turnover of commitments (sourced from Table 6d) from surplus expenditure (sourced from Table 6a)

4. Allows for increased turnover efficiency as set out in Table 4a Experian Retail Planner 12.1 (Oct 2014)

**2012 prices**

**Updated Table 6c: Extant Convenience Goods Commitments in Maldon District**

Destination	Reference	Proposal	Gross Retail Floorspace (sq m)	Net Convenience Floorspace (sq m)	Estimated Sales Density (£/sq m)	Estimated Convenience Turnover (£m)	Status
<b>Zone 1</b>							
Aldi, The Causeway	FUL/MAL/14/00861	Hybrid application (part full/part outline) comprising demolition of existing buildings and redevelopment of site to provide foodstore, non food retail units incorporating flexible A1/A3 component, together with hotel; access, servicing, vehicle and cycle parking, hard and soft landscaping and associated works. Full consent is sought for the retail element; outline consent for the hotel.	2,166	1,255	7,175	9.00	Granted permission
Lidl, land @ corner of Station Road, Maldon		Erection Of Single Storey Side/Rear Extension, Installation Of New Shopfront And Creation Of 9No. Car Parking Spaces	2,380	1,252	3,763	4.71	Now Open
<b>TOTAL</b>				<b>1,255</b>	<b>13.72</b>		

1. Estimated sales densities derived from Verdict

**2012 prices**



### Introduction

Retail Planner is a service for retail planners, property consultants and retailers. It provides comprehensive and up-to-date information on retail developments and short-, medium- and long-term forecasts for retail planning decisions.

This briefing provides and explains trends and forecasts in expenditure on retail goods, leisure services, retail potential and changes in the efficiency of retail floor space.

### Retail Planner 2014

The report provides:

- forecasts of expenditure growth for the main categories of retail spending to 2035<sup>1</sup>;
- a robust economic explanation for the forecasts, noting upside and downside risks;
- sales densities broken down by convenience and comparison goods, using both constant floorspace and forecast changes to floorspace;
- an appendix focusing on the effect of non-store trading – notably the internet - on the demand for retail space;
- appendices providing data of spending for major categories at current and fixed prices from 1997 to 2035.

Contacts, data sources, and definitions are shown in Appendices 1 and 2.

The key points to emerge from this year's report are:

- UK upswing continues in 2015 with GDP growth at 2.6%.
- headwinds persist—GDP struggles to average 2.4% in 2016-20
- retail sales ease in 2015 from the robust pace of 2014h1
- retail spending growth forecast to average 3.0% a year to 2030, a healthy rate but less buoyant than pre-2008
- special forms of trading continue to siphon off demand, but we believe high st. vacancy rates will decline noticeably in the next ten years.

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<sup>1</sup> Forecasts of spending are at the UK level. Variations in regional and local area spending are provided in Experian's *Regional Planning Service*. For further information contact Jon Rawson +44 (0) 7811 270 989, email [jon.rawson@uk.experian.com](mailto:jon.rawson@uk.experian.com).

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**Retail sales volumes have risen strongly during 2013 and 2014 as the malign effects of the great recession receded. We expect solid growth to continue. The forecast to 2030 sees annual growth averaging 3.0%, broadly unchanged from last year's forecast**

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**The UK economy has enjoyed a healthy output recovery, labour market strength and low inflation since early 2013. Retail sales volumes have prospered but values, especially for convenience goods stores, have been under pressure**

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## Economic context

### Recent trends and near-term outlook

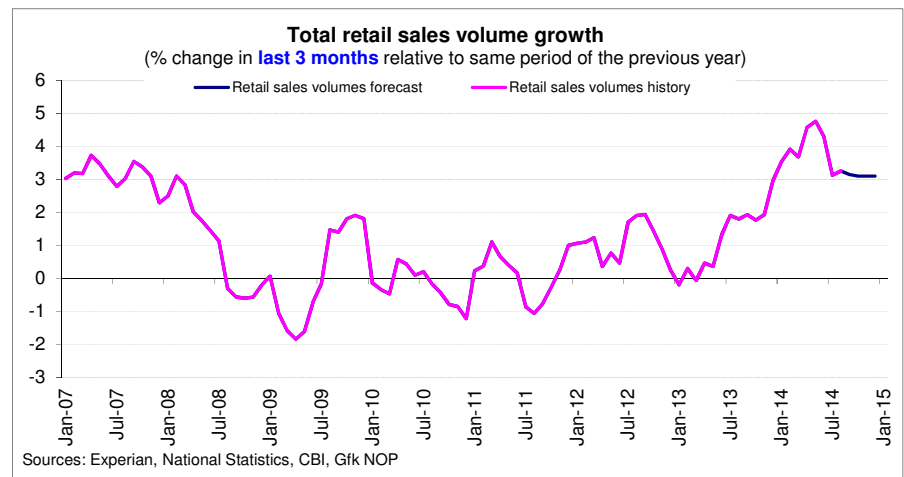
The strong economic upswing in the UK which began in early 2013 has been driven by consumer spending, accompanied in recent months by a vigorous revival in business investment. Fiscal restraint and weak exports remain key drags on growth, but low inflation, strong employment growth and high levels of consumer and business confidence point to sustained expansion, albeit at a more modest pace.

Retail sales have prospered in this environment, but only in volume terms. Values have been constrained by heavy discounting and widespread deflation.

**Household spending:** Consumers have benefited in recent quarters from modestly rising real disposable incomes helped by falling inflation and robust employment creation. Other factors supporting healthy spending trends have been a marked rise in consumer credit (with growth at the sharpest pace since 2006); a boost to confidence from a strong housing market and economic recovery; and some drawdown of savings. We expect household finances to continue to improve as wage growth picks up from recent very low rates. Real disposable incomes are forecast to rise by 2.2% in 2015 after about 1.5% this year, with real consumer spending growth near 2.6% in 2015 before slowing to 2.2% in 2016 as higher interest rates take effect.

**Retail:** Expenditure on retail goods has been buoyant over the past year after a lengthy period of subdued growth during the ‘great recession’. Expansion has been driven by the factors noted above.

**Retail sales growth was very strong in the first half of 2014 with non-food stores performing exceptionally well. Growth is off its peak but still solid**



We expect quarterly retail sales growth to moderate from the recent exuberant pace, near 5% year-on-year in the first half of 2014, but still to show solid gains at an annual rate near 3% in the next few quarters supported by further labour market improvement and gradually rising wage growth.

**Vacancy rates:** According to figures from Experian’s Goad database following a comprehensive review of the dataset in 2013, the UK vacancy rate in July 2014 was 13.4%, a slight decline from the figure a year earlier (13.6%).

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**Retail sales volumes will show solid gains at an annual rate near 3% in the next few quarters supported by labour market strength and gradually rising wage growth. In the medium term, growth will ease to an annual average of 2.8% a year**

**Summary of near term-outlook:** We expect the UK economic upswing to continue, though at a slower pace than in 2014. Progress will be restrained as headwinds persist - government finances remain under pressure, monetary policy will begin to tighten and exports seem likely to remain weak as the key eurozone market languishes. We expect GDP growth to ease from its recent buoyancy in the second half of 2014, followed by year-on-year expansion at 2.6% in 2015 and 2.4% in 2016 as interest rate hikes take their toll on household spending. **Retail sales volumes** will decelerate from their recent strong pace. But rising real disposable incomes will underpin sales volumes at over 3% y-on-y in 2015, easing to 2.7% in 2016.

#### Medium-term outlook

**The medium-term outlook** is for economic growth to average a solid 2.4% a year in 2016-20. Expansion at this pace is however much less buoyant than during the 15 years prior to the recession of 2008/09, when output growth averaged 3.4%. Aspects of the 2008 crisis such as pressure on government finances and weak banks continue to weigh on performance and prospects. Consumer spending growth is forecast to average 2.3% a year in the five years 2016-20, with retail sales averaging 2.8% a year.

Key constraints on medium-term prospects:

- **Government finances stay tight.** The government is still borrowing substantially more than planned. While the economic recovery is strong, it still appears to be having little impact on borrowing needs. In the first five months of the current financial year, borrowing was £45.4 bn, an increase of £2.6 bn compared with the same period in 2013/14. Fiscal stringency will be a feature of economic policy throughout the medium term and maybe beyond. The public sector will continue to cut jobs.
- **Monetary policy** will become gradually tighter.
- **Weight of household debt:** the risk of many households struggling to meet interest payments when rates rise to more 'normal' levels.
- **Savings are likely to be higher than** prior to 2008 as the need to provide for pensions will feature more prominently in household finances.
- **The main engines of growth in the 15 years to 2008 – financial and business services and government spending - will be less buoyant.** The financial services sector will be more tightly regulated and severely

weakened banks will be less expansionary; the now mature business services sector will not be able to repeat its impressive near 8% annual rate of expansion of 1995-2007; and government spending will be much more restrained than in the period 2000-08, when it averaged 3% a year.

- **The eurozone** will see at best subdued growth depressing exports.

**Risks** to the forecast are no longer dominated by the eurozone sovereign debt crisis which has diminished as the authorities continue to 'do what it takes' to maintain financial stability in the euro area.

But important risks remain:

***Eurozone weakness:*** Net trade is likely to remain a drag on UK growth prospects with weak overseas demand and a still strong pound dampening the outlook for UK exports.

***Lack of productivity improvement:*** Output gains are still being driven by rising employment with virtually no improvement in productivity. Until productivity rises it will difficult for significant earnings growth to occur. Unless this happens, household spending prospects will be more subdued than in the base case.

***The combination of still tight fiscal policy and higher interest rates*** could constrain domestic demand in 2016 more than expected in the central scenario. A hard landing is a key risk.

Most of the major upside risks for the UK identified in last year's report have materialised. Commodity prices remain benign enabling inflation to fall faster than expected, providing a boost to real incomes, consumer spending and overall growth. And the rebound in business investment after years of decline was even stronger than expected in the base case.

Upside risks this year are less obvious. Realistically, neither government finances nor eurozone demand is likely to improve in the near future. With commodity prices vulnerable to geopolitical events and confidence notoriously volatile, risks are skewed to the downside.

### Long-term outlook

In the longer term the economy is likely to improve slightly on the 2.4% annual average growth rate forecast for 2016-20 as some of the constraints depressing the UK's medium-term performance dissipate. For the period 2022-

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## Economic growth in the UK in the period 2015 to 2035 will be less robust than in the three decades to 2013

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35 we forecast annual average growth at 2.5%. In conjunction with our medium-term projection for growth at 2.4% a year, the long-term forecast implies an annual average growth rate in the period 2015 to 2035 of 2.4%. This will be slower than the UK's previous long-term trend growth of 2.6% in the three decades to 2013, which was boosted by the exceptional boom of the 1994 to 2007 period.

Comparison goods will feel a much greater impact from slower economic growth over the forecast period than convenience goods where population growth is a main driver. The rapid expansion of comparison sales from 1973 to 2013 reflected not only steady growth in real incomes, but also several other key factors that will either be reversed or not be repeated on the same scale:

- the boost from globalisation to audio-visual and clothing sales as prices dropped dramatically
- the liberalisation of financial markets which supported a credit-fuelled consumer boom
- the baby-boomer generation with strong demand for comparison goods.

Our central forecast has convenience goods sales per head growth at 0.6% a year from 2016 to 2035 (up from 0.4% in 1973-2013) while comparison growth slows from 4.2% a year in 1973-2013 to 3.3%.

### Alternative long-term scenarios

A 65% probability is attached to the central scenario projection of annual growth in GDP averaging 2.4% from 2015 to 2035. We present one upside and two downside scenarios, with our projections of annual expansion in retail spending under each scenario. In the two pessimistic scenarios, the main impact is felt in the medium term (to 2021); growth after 2021 shows some recovery from the shock imposed in the next few years in those cases.

### Optimistic scenario (15% probability)

UK GDP growth to 2035 approaches the previous long-term trend (1981–2007) of 3.0% a year. This outcome depends upon a combination of favourable developments: i) household spending remains buoyant in the absence of renewed inflation and a continuation of labour market strength, including a



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**The optimistic scenario  
assumes:  
Household spending  
remains strong;  
Public finances improve  
markedly by 2019;  
Exports pick up in line  
with eurozone recovery;  
Investment remains  
robust**

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recovery in earnings growth from recent weak rates ii) fixed investment follows the strong rebound of 2014 with steady expansion; iii) the fiscal problems which continue to depress demand in the medium term ease by 2019 and government finances permit a neutral fiscal stance in the early 2020s and an expansionary phase for a period thereafter; iv) exports do well both to and outside the EU. This outcome depends crucially on a satisfactory resolution of the eurozone's problems. Key features of this optimistic scenario, in which GDP growth averages 2.8% a year to 2035 are:

1. Export revival not likely in next few years but eventually occurs in response to eurozone recovery
2. Benefits of rising exports and low inflation support consumer spending at a higher growth rate than in the base case
3. Constraints on business lending ease, underpinning stronger fixed investment than in base case
4. Government finances improve faster than expected and no longer constitute a major drag on growth after 2019. An expansionary phase becomes possible in the 2020s.

**Pessimistic scenarios (20% probability)**

1. **Eurozone stays in the doldrums for many more years (12% probability).** The likelihood of a full-blown eurozone crisis flaring up again has diminished significantly. But severe problems persist in both the major and periphery countries. Deflation concerns are rising, banks remain weak and low confidence is widespread. In the event of the eurozone experiencing poor and occasionally negative growth in the medium term, the UK is bound to be affected. Net trade (assuming no major export gains in to other markets) would become a persistent drag, limiting annual average GDP growth in the period 2015-21 to 2.0% compared with 2.4% in the central case. If these adverse conditions persist albeit less forcefully, throughout the forecast period, growth in 2015-35 would be constrained to 2.1% against 2.4% in the central case.
2. **Failure to rebalance and consumer spending fades (8% probability).** Attempts to rebalance the economy away from dependence on consumer spending are hit in pessimistic scenario 1 above. The impact would be exacerbated by two other downside

developments. The eventual unwinding of Quantitative Easing (QE) could put strong upward pressure on long-term interest rates, which would constrain investment, the other crucial component of rebalancing. If we also consider pessimistic assumptions on consumer spending i) through a failure of wage growth to accelerate in the absence of productivity gains and ii) the vulnerability of up to 1 million households as rates return to more normal levels, we face a scenario in which all the components of demand are weak (given persistent constraint on government spending). In this scenario, GDP growth averages 1.5% a year to 2021, followed by growth at 2.1% a year to 2035, an annual average for 2015-35 of 1.8%.

**Table 1: Retail spending per head under alternative scenarios**

% per annum	Probability	2015-21	2022-35	2015-35
Central case	65%	2.3	2.6	2.5
Optimistic case	15%	2.6	2.9	2.8
Eurozone in the doldrums scenario	12%	1.9	2.3	2.2
Rebalancing fails/consumers hit	8%	1.4	2.3	2.0

### Implications of the forecast for UK floorspace

The following table presents our view of floorspace requirements at the UK level to 2025 and 2035 taking into account retail sales volume growth in the central case; the impact of special forms of trading (SFT) and efficiency gains.

**Table 2: Implications for national retail floorspace**

	% p. a. 2015-25	Cumulative 2015-25*	% p.a. 2015-35	Cumulative 2015-35**
Retail sales growth	3.0	38	3.1	90
Retail sales growth <b>less SFT</b> adjusted for sales from stores	2.6	33	2.8	79
Efficiency gains	1.8	22	1.7	42
<b>% increase in floorspace required after efficiency gains (sales growth less efficiency gains)</b>		<b>11</b>		<b>37</b>

\*11 years using 2014 as the base year

\*\*21 years using 2014 as the base year

In the absence of additions to floorspace between now and 2025, the above calculations suggest that the 13.4% vacancy rate in mid-2014 would be largely removed by that date. More realistically, if we assume new building **adding an**

annual average of 5 million sq ft a **year to** existing retail floorspace (estimated by Experian at 625 million sq ft), 55 **million** sq ft would be added by 2025, i.e. an 8.8% increase in floorspace. This compares with our calculated requirements of an 11% increase in floorspace in table 2 above. On these assumptions, therefore existing void space would be reduced by 2025 despite the addition of considerable new floorspace. Looking to 2035 a 37% rise in requirements from table 2, suggests that considerable scope exists for a further reduction in void space even after appreciable new building.

But the position is even more favourable if one considers other factors supporting the high street.

Firstly, changes in shoppers' habits have to some extent reduced the threat from out-of-town centres, although such outlets will continue to siphon off some of the expected growth in retail sales, especially comparison goods, shown in the above table. As people work more irregular hours, the idea of the weekly shop at an out-of-town superstore has become less attractive. Consumers have taken to shopping locally and frequently, as supermarkets have established a major presence of small convenience stores in the high street.

Secondly, in addition to the growth of retail sales, high streets are benefiting from an increasing number of service outlets. While clothing shops for example have suffered from on-line competition, growth in cafes, restaurants, betting shops and nail parlours has boosted demand for space.

There are three caveats to this analysis:

- Out of town developments capture an unexpectedly large share of retail sales
- These conclusions apply at the national level, and ignore marked local differences. Uncomfortably high void rates are still likely in many localities, for example where population is falling or footfall has decreased such as in many seaside towns.
- The discounting wars that have affected convenience sales over the past two years result in significant closure of some stores among the main chains.

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## Non-store retailing growth will continue to outpace store-based trading growth over the forecast period, but the gap will narrow steadily

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But the overall conclusion of this analysis is much less bleak than some of the more pessimistic forecasts about the impact of internet shopping on high streets.

### Retail spending volumes in the central case

The following table (figure 1a) shows projected growth rates to 2035 for spending **per head** on various categories of retail goods and for leisure spending, using our central forecast.

The table also contains historic growth rates over three time periods: 1973-2013 (the ultra long-term trend); 1983-2013 (the long-term trend) and 1993-2013 (the medium-term trend).

Included in the final row of figure 1a is an estimate of retail spending excluding special forms of trading (SFT)<sup>2</sup> to provide an idea of growth from purely physical outlets that is the major concern of clients of this service. SFT driven by the increasing use of the internet has significantly outpaced traditional retail sales in recent years and we expect this pattern to persist for several more years. The differences between retail sales growth rates with and without non-store sales are quite considerable in the short to medium term.

The surge of e-tailing, boosted by the take-up of new technology, is likely to be followed by a phase when non-store retailing will grow only modestly faster than traditional shopping. But we do not expect this to occur for several more years. Our specific forecast is for the boost to SFT from the increasing use of the internet to become less substantial from the mid-2020s, when retail sales in total are forecast to expand at 3% p.a, compared with 3.4% p.a for SFT.

However, the effect of strong growth continuing over the next two decades is that over the period 2015-35 we forecast total retail sales per head at 2.5% per annum, but excluding SFT growth is much more restrained at 2.0% a year. The difference is less marked, however when adjustment is made for internet trading which relies on floorspace in existing stores. Detailed calculations of this effect are located in Appendix 3. On this basis annual average growth in the period 2015 to 2035 is 2.2%.

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<sup>2</sup> SFT is considered in detail in Appendix 3, which contains a section on internet and other non-store sales and our view on their treatment in retail capacity assessments.

## Detailed analysis of the central case

Figure 1a: UK retail and leisure spend per head 2014-35

Vol growth per head (%)	2014	2015	2016	2015-25*	2017-21**	2022-35***	1973-2013	1983-2013	1993-2013
Retail spend	3.3	3.0	2.1	2.4	2.2	2.6	2.7	3.2	3.6
Convenience goods	-0.5	0.5	0.4	0.6	0.6	0.6	0.2	0.2	-0.2
Comparison goods	5.6	4.4	3.1	3.3	3.1	3.3	4.5	5.6	5.9
of which bulky	5.9	4.8	3.2	3.5	3.2	3.5	4.9	5.9	7.3
non- bulky	5.4	4.3	2.9	3.2	3.0	3.2	4.3	5.4	5.2
Leisure	2.1	2.8	1.3	1.3	1.1	1.3	-0.3	0.0	-0.4
Consumer spending	1.4	1.9	1.7	1.8	1.7	1.9	2.2	2.5	2.1
Retail spend ex SFT****	2.6	2.2	1.4	1.9	1.6	2.5	2.6	2.9	2.9

\*Annual ave. over 11 yrs 2015-25;\*\*Annual ave, over 5 yrs 2017-21;\*\*\* Annual ave. over 14 yrs 2022-31

\*\*\*\*Taking into account adjustments for internet trading that relies on floorspace in existing stores

Figure 1b: UK retail and leisure spend per head 2005-13

Vol growth per head (%)	2005	2006	2007	2008	2009	2010	2011	2012	2013
Retail spend	3.4	4.0	3.1	1.7	-3.1	0.3	-0.8	1.2	2.3
Convenience goods	-0.2	-0.7	-1.4	-4.9	-5.0	-0.8	-2.7	-0.5	-1.3
Comparison goods	4.7	6.2	5.2	4.7	-2.4	0.9	0.5	2.6	4.6
of which bulky	11.2	8.9	9.0	7.5	-4.4	0.1	2.2	5.6	4.6
non- bulky	1.7	4.6	3.1	3.4	-1.6	1.1	-0.3	1.3	4.5
Leisure	-1.4	-1.7	-0.9	-2.8	-9.6	0.2	1.9	-0.6	0.0
Consumer spending	2.3	1.5	2.0	-1.3	-4.0	-0.3	-0.9	0.8	1.0
Retail spend ex SFT*	3.2	3.3	2.0	0.2	-4.5	-0.4	-1.5	0.8	1.5

\* Taking into account adjustments for internet trading that relies on floorspace in existing stores

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## Economic constraints, an ageing population and weaker consumer credit will subdue comparison sales volume growth in the long term compared with historic trends.

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Key features of the forecast are:

- **In 2015**, growth in retail spending will be slower than in 2014 but will remain robust amid low interest rates and stronger earnings growth. Still tight public finances and higher interest rates will take their toll in **2016**.
- In the **medium term (2017-21)**, growth in retail sales volumes will remain solid, but will be slower than in the long-term history. This reflects the constraints on overall economic growth outlined in the **Economic Context** above, and more modest growth in consumer lending than pre-2007.
- Growth in retail sales is forecast to pick up in the **longer term (2022-35)** to an annual average of 2.6% per head. This remains well below the 1983-2013 and the 1993-2013 rates, but is broadly in line with the ultra-long-term trend (1973-2013). The slowdown from long-term growth trends since 1983 reflects less expansionary consumer credit, slower overall economic growth and an ageing population.
- **Convenience goods** growth is forecast to remain subdued over the forecast period, though picking up from the exceptionally weak performance from 2006 to 2014. Growth is expected to exceed by a modest margin long-term trends.
- The significant deceleration in growth for **comparison goods** from the pace seen in 1973-2013 reflects a less pronounced globalisation effect on prices of electronics and clothing as well as the economic constraints posed by the need for fiscal restraint for several years to come; the ageing of the baby-boomer generation; and the absence of credit-fuelled booms such as those of the 1980s and late 1990s.

### Summary of long-term growth prospects

In figure 2, the growth projections shown in figure 1a are summarized so that convenient long-term future time periods can be readily compared with the long-term past trends.

Our projections of future spending covering various periods in figure 1a have been merged to provide a long-term forecast covering expected growth from 2015 to 2024, from 2025 to 2030 and from 2015 to 2035.

**Figure 2: UK retail spending (including non-store) and leisure spending**

Volume growth per head (%) Annual averages	2015-24	2025-30	2015-35	1973-2013	1983-2013	1993-2013
Retail spending	2.4	2.5	2.5	2.5	3.1	3.6
Convenience goods	0.5	0.6	0.6	0.4	0.4	0.2
Comparison goods	3.3	3.3	3.3	4.2	5.2	5.7
of which bulky	3.5	3.4	3.4	4.3	5.4	6.8
non- bulky	3.2	3.2	3.2	4.2	5.0	5.1
Leisure	1.3	1.3	1.3	1.4	1.0	0.3
Consumer spending	1.8	1.9	1.8	2.5	2.6	2.2
Retail spend ex SFT*	1.9	2.5	2.2	2.4	2.9	2.9

\* Taking into account adjustments for internet trading that relies on floorspace in existing stores

This table specifically excludes recent trends and individual years. It focuses on long-term trends which are key to development projects.

The constraints on economic activity and household spending in the medium term and the slower growth in consumer spending in the long term, as outlined above, outweigh the effect of faster population growth in our forecast of retail sales. The impact is much more significant for comparison goods than for convenience goods. The forecast growth rates shown in columns 2, 3 and 4 of figure 2 reflect the shift in economic circumstances outlined earlier in this report. The more difficult environment is likely to persist into the longer term, highlighting the case for using these figures rather than some of the long-term, medium-term or ultra long-term trends in projecting retail demand.

## Retail sales density

The rapid increase in comparison goods sales densities in the early years of this century was a product of the retail spending boom and growth rates of well over 3% a year are unlikely to be repeated.

The following tables provide Experian's forecasts of retail sales density under two broad assumptions: i) constant floorspace to obtain a pure measure of changing efficiency, and ii) including additions to floorspace. Two points should be borne in mind in considering the figures shown in figures 3 and 4.

## 1. Constant floorspace from 2014

**Figure 3: Retail sales density - constant floorspace**

Total retail	2013	2014	2015	2016	2017-21*	2022-35*
Total retail floorspace (millions of sq ft)**	623	625	625	625	625	625
Retail sales £bn (2011 prices)	335.5	348.7	361.7	371.7	404.7	542.1
Sales density £/sq ft	538.5	558.0	578.8	594.8	647.5	866.7
Density growth rate (%)	2.6	3.6	3.7	2.8	2.9	3.1

\*Annual average; \*\*Source: GOAD.

**Figure 3a: Retail sales density convenience goods - constant floorspace**

Convenience goods	2013	2014	2015	2016	2017-21*	2022-35*
Total floorspace (millions of sq ft)**	151	152	152	152	152	152
Convenience sales £bn (2011 prices)	127.6	127.8	129.4	130.7	135.1	152.9
Sales density £/sq ft	845.1	840.8	851.2	860.1	888.5	997.0
Density growth rate (%)	-1.3	-0.5	1.2	1.0	1.2	1.2

\*Annual average; \*\*Source: GOAD

**Figure 3b: Retail sales density comparison goods - constant floorspace**

Comparison goods	2013	2014	2015	2016	2017-21*	2022-35*
Total floorspace(millions of sq ft)**	472	473	473	473	473	473
Comparison sales £bn (2011 prices)	207.9	220.9	232.4	241.0	269.6	389.2
Sales density £/sq ft	440.4	467.1	491.3	509.5	570.0	828.4
Density growth rate (%)	5.0	6.1	5.2	3.7	3.7	3.9

\*Annual average ; \*\*Source: GOAD



## 2. Changing floorspace

**Figure 4: Retail sales density- including changes to floorspace**

Total retail	2013	2014	2015	2016	2017-21*	2022-35*
Total retail floorspace (millions of sq ft)**	623	625	630	634	653	750
Retail sales £bn (2011 prices)	335.5	348.7	361.7	371.7	404.7	542.1
Sales density £/sq ft	538.5	558.0	574.2	586.0	619.5	719.6
Density growth rate (%)	2.6	3.6	2.9	2.0	1.8	1.6

\*Annual average; \*\*Source: GOAD

Estimates of sales density using the more realistic assumption of changing floorspace are shown in figure 4

**Figure 4a: Retail sales density convenience – inc. changes to floorspace**

Convenience goods	2013	2014	2015	2016	2017-21*	2022-35*
Total floorspace (millions of sq ft)**	151	153	155	157	162	179
Convenience sales £bn (2011 prices)	127.6	127.8	129.4	130.7	135.5	152.9
Sales density £/sq ft	845.1	835.3	834.7	833.5	833.9	852.9
Density growth rate (%)	-1.3	-1.2	-0.1	-0.2	0.1	0.3

\*Annual average; \*\*Source: GOAD

**Figure 4b: Retail sales density- comparison goods including changes to floorspace**

Comparison goods	2013	2014	2015	2016	2017-21*	2022-35*
Total floorspace(millions of sq ft)**	472	472	475	478	491	571
Comparison sales £bn (2011 prices)	207.9	220.9	232.4	241.0	269.3	389.2
Sales density £/sq ft	440.4	468.1	489.2	504.7	548.5	677.3
Density growth rate (%)	5.0	6.3	4.5	3.2	2.6	2.2

\*Annual average; \*\*Source: GOAD

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## **The future for retail sales densities**

Over the next few years, we expect volume increases in convenience sales to remain very slow, accompanied by only modest additions to floorspace. Thus scope for density increases is very limited for convenience goods, much more so than for comparison goods. Continuing trends towards more modern, higher density, stores and the demolition of older inefficient space means that the expected comparison rate is likely to be close to 2.5% a year over the next two decades, but this is well below the rate seen during the boom of the early years of this century.

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# Appendix 2: estimating consumer spending on retail goods and leisure

## Sources

Total household spending on goods and leisure is derived from the ONS' (Office for National Statistics) publication *Consumer Trends*. We have used the September 2014 issue published on 30<sup>th</sup> September which shows expenditure at 2011 prices. *Consumer Trends* provides data breaking down total household spending according to the internationally recognised COICOP (Classification of Individual Consumption by Purpose) categories. This is consistent with the definitions used in the ONS' National Accounts (*Blue Book*) and therefore includes spending in the UK by foreign households. Leisure spending is aggregated from COICOP categories as shown below.

*Consumer Trends* data are based on surveys of consumers. There is a difference which is generally not significant from the figures reported monthly in the ONS' *Retail Sales Statistical Bulletin* which is based on surveys of shops and other businesses.

## Aggregations

*Retail Planner* contains a number of special aggregations of retail goods and services:

1. **Convenience goods** – low-cost, everyday items that consumers are unlikely to travel far to buy. Defined as food and non-alcoholic drinks, tobacco, alcohol, newspapers and 90% of non-durable household goods.<sup>3</sup>
2. **Comparison goods** – all other retail goods.

**Bulky goods** – defined as:

- DIY goods
- Furniture and floor coverings.
- Major household appliances whether electric or not.
- Audio-visual equipment
- Remaining 10% of non-durable household goods
- Bicycles.

**Non-bulky goods** – all other comparison goods

3. **Leisure**

Recreational and sporting services (COICOP 9.4.1)

Cultural services (COICOP 9.4.2)

Games of chance (COICOP 9.4.3)

Restaurants, cafes etc (COICOP 11.1.1)

Accommodation services (COICOP 11.2)

Hairdressing salons & personal grooming (COICOP 12.1.1)

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<sup>3</sup> Non-durable household goods comprise cleaning materials, kitchen disposables, household hardware and appliances, kitchen gloves, cloths etc and pins, needles, tape measures and nuts and bolts. We have assumed, based on Expenditure and Food Survey (EFS) data, that 10% of non-durable household goods are DIY-type goods and, therefore, are properly classified as comparison goods while the remaining 90% have the characteristics of convenience goods.

# Appendix 3: non-store retail sales (special forms of trading)

The strong increase in online shopping in the past decade has lifted the share of special forms of trading (SFT) to a level where it now accounts for over a tenth of total retail sales. The Office for National Statistics (ONS) collects data for SFT, comprising sales via the internet, mail order, stalls and markets, door-to-door and telephone sales. On-line sales by supermarkets, department stores and catalogue companies are all included. The ONS figure of internet sales plus their estimate of mail order and market/stalls sales is therefore a comprehensive estimate of SFT in retailing.

The rising share of internet sales in total retail transactions dominates the picture of SFT. Internet sales' share of total retail sales stood at 10.6% in mid-2014 against 4.7% in June 2008. The value of internet sales in 2014 is estimated at £37.2bn at current prices. In addition to internet transactions, SFT includes mail order sales, stalls, markets and other non-store sales. Based on ONS data we estimate the value in 2014 of non-internet SFT at £8.3bn giving a total broad definition (internet plus non-internet) of non-store retail of £45.5bn at current prices, £45.4bn at 2011 prices.

The following table shows Experian's estimate of growth since 2006 in all retailing compared with non-store retailing. No official breakdown is available between convenience and comparison goods – the market shares are our own estimates. Forecasts to 2035 reflect our assumptions of retail spending growth and the future expansion of the internet.

## Estimated and projected market share of non-store retail sales

Volumes at 2011 prices	All retailing* £bn	Non-store £bn	Growth in retailing %	Growth in non-store %	Non-store retailing market share (%)			Adjusted for SFT sales from stores**		
					Total	Comparison	Convenience	Total retail	Comparison	Convenience
2006	303.8	17.1	4.7	14.2	5.6	8.1	2.4	3.7	6.1	0.7
2007	315.7	18.7	3.9	9.4	5.9	8.4	2.6	3.9	6.3	0.8
2008	323.6	21.9	2.5	17.1	6.8	9.3	3.2	4.5	7.0	1.0
2009	316.0	25.8	-2.3	17.8	8.2	11.0	4.1	5.4	8.2	1.2
2010	319.4	28.8	1.1	11.6	9.0	12.0	4.6	5.9	9.0	1.4
2011	319.6	31.9	0.1	10.8	10.0	13.0	5.5	6.5	9.8	1.6
2012	326.0	35.2	2.0	10.3	10.8	13.9	6.0	7.0	10.4	1.8
2013	335.5	40.3	2.9	14.5	12.0	14.7	7.6	7.7	11.1	2.3
forecast										
2014	348.7	45.4	3.9	12.7	13.0	15.6	8.5	8.4	11.7	2.6
2015	361.8	50.8	3.8	12.0	14.1	16.6	9.4	9.0	12.5	2.8
2016	371.7	55.9	2.7	10.0	15.0	17.6	10.3	9.7	13.2	3.1
2017	381.9	61.2	2.7	9.5	16.0	18.6	11.1	10.3	14.0	3.3
2018	392.8	66.7	2.9	9.0	17.0	19.6	12.0	10.9	14.7	3.6
2019	404.3	72.1	2.9	8.0	17.8	20.4	12.8	11.4	15.3	3.8
2020	416.3	77.1	3.0	7.0	18.5	21.0	13.5	11.9	15.7	4.0
2021	428.5	81.7	2.9	6.0	19.1	21.2	14.7	12.2	15.9	4.4
2022	441.6	85.8	3.1	5.0	19.4	21.4	15.2	12.4	16.0	4.6
2023	455.4	89.2	3.1	4.0	19.6	21.4	15.6	12.5	16.0	4.7
2024	469.6	92.3	3.1	3.5	19.6	21.3	15.9	12.5	16.0	4.8
2025	484.1	95.5	3.1	3.5	19.7	21.2	16.3	12.6	15.9	4.9
2026	498.7	98.8	3.0	3.4	19.8	21.1	16.6	12.6	15.9	5.0
2027	513.7	102.1	3.0	3.4	19.9	21.1	17.0	12.7	15.8	5.1
2028	529.3	105.6	3.0	3.4	19.9	21.0	17.4	12.7	15.7	5.2
2029	545.6	109.2	3.1	3.4	20.0	20.9	17.7	12.8	15.7	5.3
2030	562.5	112.9	3.1	3.4	20.1	20.8	18.1	12.8	15.6	5.4
2031	580.0	116.7	3.1	3.4	20.1	20.7	18.5	12.8	15.5	5.6
2032	598.2	120.7	3.1	3.4	20.2	20.6	18.9	12.9	15.5	5.7
2033	617.1	124.8	3.2	3.4	20.2	20.5	19.4	12.9	15.4	5.8
2034	636.8	129.0	3.2	3.4	20.3	20.4	19.8	12.9	15.3	5.9
2035	657.1	133.4	3.2	3.4	20.3	20.3	20.2	12.9	15.2	6.1

Ex automotive fuel

\*\* Using the proportions shown on page 21

Non-store retailing continues to grow rapidly, outpacing traditional forms of spending. We retain our assumption that non-store retailing will increase at a faster pace than total retail sales well into the long term. There were 52.7 million internet users in the UK (representing 84.1% of the population) in mid-year 2012 according to Internet World Stats. So growth of the internet user base will be less of a driver than in the past decade. But growth momentum will be sustained as new technology such as browsing and purchasing through mobile phones and the development of interactive TV shopping boost internet retailing. We expect that the SFT market share will continue to increase over the forecast period, although the pace of e-commerce growth will moderate markedly after about 2020. Our forecast has the SFT share of total retail sales reaching 18.5% by 2020 rising to 20.3% by the mid-2030s.

### **Special Forms of Trading and the demand for retail floorspace (see also comments on page 8 of this report)**

The calculation of how demand for retail floorspace will be affected by the rapid expansion of SFT remains a key issue. While it is undeniable that the challenge to traditional store-based shopping will continue to grow strongly, a number of crucial factors temper the threat. The commentary on page 8, aimed at providing a realistic assessment of how this will affect demand for retail floorspace in the longer term, takes these factors into account.

- Many stores sell online but source sales from regular stores rather than warehouses, implying an increase in required store floorspace to cater for rising internet sales.
- Even if non-store retailing outpaces store-based shopping as assumed over the next 20 years, **store-based shopping** is still expected to continue to expand at an annual average of 1.9% per annum in *per capita* terms to 2035 (see figures 1a and 2 of the main report the relevant portions of which appear below). This means actual growth (after adjusting for population) is at an annual average of 2.6%. The table on page 8 examines the implications for floorspace requirements at the national level.
- It is probable that sales via the internet will begin to grow less rapidly at some point in the next few years. Much of the rapid expansion of the internet share of retail sales in the early years of the internet's rise was driven by easily transferable sales of music, video, and e-books. Growth in this area has slowed as this market is now mature.
- This leaves **click-and-collect** as the key driver of current and future internet growth. But since this requires a bricks-and-mortar presence in easily accessible locations, this is largely space demand neutral.
- **Home delivery** with the goods delivered sourced from warehouses is not space demand neutral in the way that click-and-collect is. It presents a major potential threat to future demand for retail floorspace in the high street. Demand for retail floorspace would ease if in future supermarkets moved increasingly to a centralised system to reduce pressure on stores. But it still appears that most retailers opt to distribute from stores rather than a centralised warehouse. While warehouse space has increased, growth has been through relatively modest additions to space such as Amazon's announcement that it plans to open a number of warehouses for sorting parcels of books, music and gifts, rather than a concerted move on the part of retailers in general.
- A significant development is multi-channelling, where internet shopping actually drives demand for traditional outlets. An increasing numbers of retailers are using bricks-and-mortar stores as a showroom for products, a service location and collection/drop-off points for online orders. In-store product and services offer forms part of a co-ordinated multi-channel strategy and will continue to support demand for retail space.

### **Which growth rates should be used to calculate demand for retail floorspace?**

Given the factors noted above, it is not appropriate to use total retail spending to calculate future demand for retail space; nor is it entirely satisfactory to use retail spending excluding SFT. We therefore calculate growth rates for convenience

and comparison goods that take into account the proportion of trading using traditional floor space. These results are summarised in the following table:

Vol growth per head (%)	2013	2014	2015	2016	2017-21	2022-35	2015-35
Retail spend	2.3	3.3	3.0	2.1	2.2	2.6	2.5
Retail spend ex SFT	0.9	2.1	1.8	0.9	1.2	2.4	2.1
All retail*	1.5	2.6	2.2	1.4	1.6	2.5	2.2
Comparison*	3.9	4.9	3.5	2.2	2.4	3.4	3.1
Convenience*	-1.8	-0.8	0.2	0.2	0.3	0.6	0.5

*\*Adjusted for SFT sales via traditional floorspace using the assumptions shown below*

The detailed indicative growth rates for sales of comparison and convenience goods to reflect the proportion of trading using traditional retail space are shown below. For comparison goods, we exclude from the calculation 25% of SFT sales to provide our best estimate of growth of required floorspace (column 4); and for convenience goods 70% of sales are excluded (column 7) to reflect the proportion of convenience sales that is effected through stores. The proportion excluded in this calculation would be even higher were it not for the fact that SFT includes other sales channels such as mail order and market stalls that do not service sales from traditional stores.

#### Growth in sales volumes (retail spend) per head 2010-35 (% per annum) adjusted for SFT

	Comparison growth rates			Convenience growth rates		
	Total	Exc all SFT	Exc, SFT adjusted for sales via stores	Total	Exc all SFT	Exc, SFT adjusted for sales via stores
2010	0.9	-0.4	0.0	-0.8	-1.3	-0.9
2011	0.5	-0.6	-0.3	-2.7	-3.6	-3.0
2012	2.6	1.5	1.8	-0.5	-1.0	-0.6
2013	4.6	3.6	3.9	-1.3	-2.9	-1.8
2014	5.7	4.5	4.9	-0.5	-1.5	-0.8
2015	4.4	3.2	3.5	0.5	-0.5	0.2
2016	3.1	1.8	2.2	0.4	-0.5	0.2
2017	3.0	1.7	2.1	0.5	-0.4	0.3
2018	3.0	1.8	2.1	0.4	-0.6	0.1
2019	3.2	2.2	2.5	0.7	-0.3	0.4
2020	3.2	2.4	2.6	0.7	-0.2	0.4
2021	3.0	2.8	2.9	0.5	-0.9	0.2
2022	3.3	3.0	3.1	0.8	0.1	0.6
2023	3.3	3.3	3.3	0.8	0.3	0.7
2024	3.3	3.5	3.4	0.8	0.4	0.6
2025	3.3	3.4	3.4	0.7	0.3	0.6
2026	3.2	3.3	3.3	0.7	0.2	0.5
2027	3.2	3.3	3.3	0.6	0.2	0.5
2028	3.3	3.4	3.4	0.8	0.4	0.7
2029	3.3	3.4	3.4	0.6	0.2	0.5
2030	3.3	3.4	3.4	0.6	0.1	0.5
2031	3.4	3.6	3.5	0.7	0.3	0.6
2032	3.5	3.6	3.5	0.8	0.2	0.6
2033	3.3	3.4	3.4	0.6	0.1	0.5
2034	3.5	3.6	3.6	0.8	0.2	0.6
2035	3.5	3.6	3.6	0.7	0.2	0.6
Averages 2015-21	3.3	2.3	2.6	0.5	-0.5	0.3
2022-35	3.3	3.4	3.4	0.7	0.2	0.6
2015-35	3.3	3.0	3.1	0.6	0.0	0.5

# Appendix 4a: Data & forecasts: spending volumes

	Spending (£bn 2011 prices)				Spending at 2011 prices per head (£)				Growth rates: overall spending (%)				Growth rates: spending per head (%)			
	Consumer spending(1)	Total retail	Convenience	Comparison	Consumer spending(1)	Total retail	Convenience	Comparison	Consumer spending(1)	Total retail	Convenience	Comparison	Consumer spending(1)	Total retail	Convenience	Comparison
1997	704	184	142	81	12,070	3,160	2,429	1,383								
1998	735	195	140	89	12,561	3,332	2,385	1,523	4.4	5.8	-1.5	10.5	4.1	5.4	-1.8	10.1
1999	772	210	141	99	13,147	3,571	2,400	1,678	5.0	7.5	1.0	10.5	4.7	7.2	0.6	10.2
2000	813	224	141	109	13,801	3,796	2,396	1,844	5.3	6.7	0.1	10.3	5.0	6.3	-0.2	9.9
2001	843	234	138	117	14,262	3,963	2,332	1,986	3.7	4.7	-2.3	8.1	3.3	4.4	-2.7	7.7
2002	877	250	139	130	14,756	4,200	2,333	2,180	4.0	6.5	0.6	10.3	3.5	6.0	0.0	9.8
2003	912	267	139	143	15,302	4,473	2,336	2,396	4.1	6.9	0.4	10.3	3.7	6.5	0.1	9.9
2004	945	279	142	150	15,742	4,645	2,373	2,498	3.6	4.5	2.3	5.0	2.9	3.8	1.6	4.3
2005	973	290	143	158	16,111	4,805	2,373	2,616	3.0	4.1	0.6	5.4	2.3	3.4	0.0	4.7
2006	994	304	143	169	16,352	4,997	2,357	2,778	2.2	4.7	0.0	6.9	1.5	4.0	-0.7	6.2
2007	1,022	316	143	179	16,667	5,150	2,325	2,922	2.8	3.9	-0.6	6.0	1.9	3.1	-1.4	5.2
2008	1,017	324	137	189	16,448	5,236	2,212	3,058	-0.5	2.5	-4.1	5.5	-1.3	1.7	-4.9	4.7
2009	983	316	131	186	15,770	5,072	2,098	2,984	-3.3	-2.3	-4.4	-1.6	-4.1	-3.1	-5.2	-2.4
2010	987	319	131	189	15,717	5,086	2,081	3,008	0.5	1.1	0.0	1.6	-0.3	0.3	-0.8	0.8
2011	986	320	128	191	15,573	5,049	2,025	3,024	-0.1	0.1	-1.9	1.3	-0.9	-0.7	-2.7	0.5
2012	1,001	326	129	198	15,713	5,118	2,017	3,102	1.5	2.0	0.2	3.2	0.9	1.4	-0.4	2.6
2013	1,017	336	128	208	15,871	5,234	1,991	3,243	1.6	2.9	-0.7	5.2	1.0	2.3	-1.3	4.5
2014	1,039	349	128	221	16,101	5,406	1,981	3,425	2.1	3.9	0.2	6.3	1.4	3.3	-0.5	5.6
2015	1,067	362	129	232	16,412	5,566	1,991	3,575	2.7	3.8	1.3	5.2	1.9	3.0	0.5	4.4
2016	1,092	372	131	241	16,699	5,683	1,998	3,685	2.4	2.7	1.0	3.7	1.7	2.1	0.4	3.1
2017	1,118	382	132	250	16,986	5,804	2,009	3,795	2.3	2.7	1.1	3.6	1.7	2.1	0.6	3.0
2018	1,144	393	134	259	17,261	5,925	2,018	3,908	2.4	2.9	1.2	3.8	1.6	2.1	0.4	3.0
2019	1,172	404	135	269	17,571	6,061	2,030	4,031	2.4	2.9	1.2	3.8	1.8	2.3	0.6	3.1
2020	1,200	416	137	279	17,882	6,204	2,045	4,159	2.4	3.0	1.3	3.8	1.8	2.4	0.7	3.2
2021	1,228	429	139	290	18,170	6,339	2,055	4,284	2.4	2.9	1.2	3.8	1.6	2.2	0.5	3.0
2022	1,258	442	141	301	18,499	6,494	2,071	4,424	2.4	3.1	1.4	3.9	1.8	2.4	0.8	3.3
2023	1,289	455	143	313	18,845	6,658	2,086	4,570	2.5	3.1	1.3	3.9	1.9	2.5	0.7	3.3
2024	1,321	470	145	325	19,203	6,826	2,103	4,722	2.5	3.1	1.4	3.9	1.9	2.5	0.8	3.3
2025	1,354	484	147	338	19,561	6,996	2,117	4,879	2.5	3.1	1.2	3.9	1.9	2.5	0.7	3.3
2026	1,386	499	148	350	19,914	7,165	2,131	5,034	2.4	3.0	1.2	3.8	1.8	2.4	0.7	3.2
2027	1,419	514	150	364	20,273	7,339	2,144	5,194	2.4	3.0	1.2	3.8	1.8	2.4	0.6	3.2
2028	1,453	529	152	377	20,670	7,529	2,162	5,367	2.4	3.0	1.3	3.8	2.0	2.6	0.8	3.3
2029	1,488	546	154	392	21,050	7,717	2,175	5,542	2.4	3.1	1.2	3.8	1.8	2.5	0.6	3.3
2030	1,524	563	156	407	21,436	7,911	2,188	5,723	2.4	3.1	1.2	3.9	1.8	2.5	0.6	3.3
2031	1,561	580	158	423	21,863	8,123	2,206	5,919	2.4	3.1	1.2	3.9	2.0	2.7	0.8	3.4
2032	1,599	598	159	439	22,297	8,343	2,222	6,121	2.4	3.1	1.1	3.9	2.0	2.7	0.7	3.4
2033	1,637	617	161	456	22,709	8,559	2,236	6,323	2.4	3.2	1.2	3.9	1.8	2.6	0.6	3.3
2034	1,677	637	163	474	23,162	8,796	2,253	6,543	2.4	3.2	1.2	3.9	2.0	2.8	0.8	3.5
2035	1,717	657	165	492	23,622	9,039	2,268	6,770	2.4	3.2	1.1	3.9	2.0	2.8	0.7	3.5

(1) Including spending by foreigners

Sources: Historic data - ONS (*Consumer Trends 2014q2*); Forecast – Experian, September 2014



# Appendix 4b: Spending at current prices and price indices

	Total spending (current prices, £bn)				Growth rates: spending at current prices (%)				Price indices (2010=100)			
	Consumer spending(1)	Total retail	Convenience	Comparison	Consumer spending(1)	Total retail	Convenience	Comparison	Consumer spending(1)	Total retail	Convenience	Comparison
1997	531	194	81	113					75.6	105.3	57.4	139.9
1998	565	205	84	121	6.4	5.5	2.7	7.4	77.2	105.0	59.9	136.1
1999	595	217	87	129	5.3	5.8	4.6	6.7	77.8	103.4	61.9	131.3
2000	630	226	89	137	5.9	4.4	2.4	5.7	78.3	101.2	63.4	125.9
2001	653	236	92	144	3.6	4.3	3.0	5.3	78.5	100.8	66.8	122.5
2002	683	248	95	154	4.6	5.3	2.6	6.9	79.1	99.5	68.2	118.8
2003	718	262	98	164	5.1	5.6	3.7	6.7	80.1	98.3	70.4	115.0
2004	759	270	102	168	5.7	3.0	3.9	2.5	81.7	96.9	71.4	112.3
2005	800	277	105	172	5.4	2.6	2.8	2.4	83.5	95.4	73.0	109.0
2006	839	287	108	179	4.8	3.6	3.2	3.9	85.6	94.4	75.3	105.9
2007	885	297	111	185	5.5	3.4	3.2	3.5	87.9	93.9	78.1	103.4
2008	912	305	116	189	3.1	2.8	4.2	2.0	91.2	94.3	85.0	100.0
2009	898	301	118	184	-1.6	-1.2	1.6	-2.9	92.4	95.4	90.2	98.7
2010	944	310	123	188	5.2	3.0	3.9	2.3	96.6	97.2	93.7	99.4
2011	978	320	128	191	3.6	2.9	4.7	1.9	100.0	100.0	100.0	100.0
2012	1,015	331	134	198	3.8	3.7	4.4	3.2	102.1	101.6	104.1	100.0
2013	1,053	346	138	208	3.8	4.4	3.4	5.1	104.1	103.1	108.4	99.9
2014	1,103	362	141	221	4.7	4.5	1.7	6.5	106.3	103.7	110.0	100.0
2015	1,159	375	145	230	5.0	3.7	2.8	4.2	108.6	103.6	111.8	99.1
2016	1,215	388	150	238	4.9	3.5	3.8	3.3	111.3	104.3	114.8	98.7
2017	1,273	401	156	245	4.7	3.4	3.9	3.1	113.9	105.0	117.9	98.2
2018	1,331	414	162	253	4.6	3.3	3.7	3.0	116.3	105.4	120.8	97.5
2019	1,392	427	168	260	4.6	3.2	3.7	2.9	118.8	105.7	123.7	96.6
2020	1,455	441	174	267	4.5	3.1	3.6	2.8	121.2	105.8	126.6	95.6
2021	1,519	454	180	274	4.4	3.1	3.6	2.7	123.7	106.0	129.5	94.7
2022	1,587	468	187	282	4.5	3.1	3.6	2.8	126.1	106.0	132.5	93.6
2023	1,659	483	193	290	4.5	3.1	3.6	2.8	128.7	106.0	135.3	92.6
2024	1,735	498	200	298	4.6	3.1	3.6	2.9	131.3	106.0	138.3	91.7
2025	1,816	514	207	306	4.6	3.1	3.5	2.9	134.1	106.1	141.4	90.8
2026	1,900	529	214	315	4.6	3.1	3.5	2.8	137.0	106.1	144.5	89.9
2027	1,987	545	222	324	4.6	3.0	3.5	2.7	140.0	106.1	147.7	89.0
2028	2,078	562	230	332	4.6	3.0	3.5	2.7	143.0	106.1	150.9	88.0
2029	2,173	579	237	341	4.6	3.0	3.4	2.7	146.0	106.1	154.3	87.1
2030	2,272	596	246	350	4.5	3.0	3.4	2.7	149.0	105.9	157.8	86.1
2031	2,374	614	254	360	4.5	3.0	3.5	2.6	152.1	105.8	161.3	85.1
2032	2,481	632	263	369	4.5	3.0	3.4	2.6	155.2	105.6	164.9	84.1
2033	2,592	651	272	379	4.5	3.0	3.5	2.6	158.3	105.4	168.7	83.1
2034	2,709	670	281	389	4.5	3.0	3.5	2.7	161.6	105.3	172.6	82.1
2035	2,832	690	291	399	4.5	3.0	3.5	2.6	164.9	105.1	176.6	81.1

(1) Including spending by foreigners

Sources: Historic data - ONS (*Consumer Trends 2014q2*); Forecast – Experian, September 2014

# Appendix 5: Estimates of spending on retail goods in 2013 –coarse categories

2013 Household spending (current prices £m)		Total	Spend by	UK residents	UK spend
COICOP	Description	spending	foreigners	spend in UK	per head £
1	Food and non-alcoholic beverages	95,369	1,230	94,139	1,468
2.2	Tobacco	18,886	158	18,728	293
2.1	Spirits (off trade)	4,805	137	4,668	73
9.5.2	Newspapers and periodicals	3,913	47	3,866	60
3.1.1; 3.1.2; 3.1.3	Clothing materials & garments	52,335	3,429	48,906	763
3.2.1	Shoes and other footwear	8,869	456	8,413	131
4.3.1	Materials for maintenance & repair of dwellings	1,282	37	1,245	19
5.1.1;5.1.2	Furniture and furnishings; carpets & other floor coverings	18,036	118	17,918	280
5.2	Household textiles	6,182	37	6,145	96
5.3.1	Major household appliances whether electric or not	5,962	81	5,881	92
5.3.2	Small electric household appliances	909	66	843	13
5.5.1;5.5.2	Small tools and miscellaneous accessories	3,489	7	3,482	54
5.4	Glassware, tableware and household utensils	5,094	20	5,074	79
5.6.1	Non-durable household goods	4,460	151	4,309	67
6.1.1; 6.1.2	Pharmaceutical products	5,444	46	5,398	84
6.1.3	Therapeutic appliances and equipment	3,314	0	3,314	52
7.1.3	Bicycles	1,493	44	1,449	23
9.1.4	Recording media	4,083	24	4,059	63
9.2.2; 9.3.1; 9.3.2	Games, toys; sport & camping equip; musical instrumnts	22,355	66	22,289	348
9.3.3	Gardens, plants and flowers	3,169	0	3,169	49
9.3.4	Pets and related products	3,650	0	3,650	57
9.5.1; 9.5.3; 9.5.4	Books & stationary	6,864	24	6,840	107
9.1.1	Eqpt fr recptn, recrdng & reprdtn of sound & pics	4,463	29	4,434	69
9.1.2	Photographic & cine eqpt & optical instruments	2,513	16	2,497	39
9.1.3	Information processing equipment	7,367	48	7,319	114
8.2	Telephone and telefax equipment	613	4	609	10
12.1.2; 12.1.3	Appliances for personal care	20,499	90	20,409	318
12.3.1	Jewellery, clocks and watches	7,475	46	7,429	116
12.3.2	Other personal effects	4,328	7	4,321	67
				0	
	Convenience	138,912	1,709	137,203	2,143
	Comparison	200,234	4,709	195,525	3,055
	<b>Total Retail</b>	<b>339,146</b>	<b>6,418</b>	<b>332,728</b>	<b>5,198</b>

Source: ONS Consumer Trends, Q1 2014

# Appendix 6: Classification of retail spending

Convenience	Comparison	Bulky
		Non-bulky C
COICOP		
02.2	Tobacco	
02.1.3	Beer	
01.1	Food & non-alcohol	
02.1.2	Wine	
02.1.1	Spirits	
09.5.2	Newspapers & mags	
05.6.1	Household cleaning materials and misc items	
05.5.1	Major tools	
09.1.1/3	Audio-visuals	
04.3.1	Materials for repair & maintenance of homes	
05.5.2	Small tools	
05.1.1;05.1.2	Furniture & floor coverings	
05.3.1	Major appliances	
07.1.3	Bicycles	
03.1.1/3	Clothing	
05.3.2	Small appliances	
09.5.1;09.5.3/4	Books, stationery etc	
05.4	Utensils	
03.2.1	Footwear	
06.1.3	Therapeutics	
12.3.1	Jewellery	
09.1.4	Recording media	
12.1.2/3	Personal care goods	
05.2	Textiles	
06.1	Medical goods	
12.3.2	Other personal effects	
09.3.1/4	Other recreational goods	

More information on the classification of individual consumption by purpose (COICOP) is available if required.

# Appendix 7: Note on long-term data

We have not changed our view of the long-term prospects for the UK economy – the forecasts are very similar to those presented last year (*Retail Planner Briefing Note 11*). Our approach to constructing the long-run history is also unchanged from the methodology adopted last year, which followed detailed consultations with the Office for National Statistics (ONS). Thus our estimates for long-term history incorporate and are consistent with the latest available official data and the estimates of long-term trends in deflators and volumes are similar to last year's.

In accordance with the best practice adopted for National Accounts, our volume data is published accordingly to the method of annual chain-linking (known as Chain Volume Measure (CVM)). The volumes data is reported in terms of the purchasing power of money in a given year (the reference year: 2011 in this case). It does this by using weight data for every year up to and including the reference year. A consequence of this is that before the reference year, the components of a category are not additive (i.e. the value of the category is not equal to the simple sum of its parts.) This applies to the spending aggregates presented in this report such as comparison, convenience and retail sales.