

Shop development Background data



Introduction

Initial research for the Columbus project has identified three possible locations for the new retail outlet. This document describes the characteristics of each location; provides detailed financial benefit analysis and recommends the optimum choice based on a combination of the characteristics and financial data.

Options

Option 1 - The Cascades shopping centre

The Cascades has a compact layout and has attracted the interest of a large number of leading retail outlets. The local authority is keen to attract new business to the centre.

The site is located off the main street but is designated by the planning authorities as a high street premise. It is well maintained and is a thoroughfare between the main street and the bus station. It has a high volume passing traffic.

The site needs considerable refurbishment. There is a problem with damp that has been uncovered during the initial survey - the result of the building standing empty for three years.



Option 2 - The Village quarter

The Village quarter is regarded by locals to be the best retail area in the town. There has been a great deal of investment and the latest development of four restaurants is now complete. The centre now houses over 50 outlets. There is full disabled access the local authority claims that this



has substantially increased the attractiveness of the area for shoppers. Loading facilities are available to the rear of the premises.

The site is a newly built premise offering ample space and a particularly attractive wide frontage suitable for product display. The Village quarter is popular with tourists visiting the town. The additional restaurants have proved to be very successful bringing increased traffic.



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Option 3 - Town Square

Town Square is recognised as a good shopping area but has a main road running through it that prevents easy car parking. The area, however, attracts both shoppers and sightseers, being located on a picturesque stretch of the local canal.

Many of the buildings within the square are of architectural interest and as such the local authority exercises careful control over shop fronts. In some instances it has fully dictated the colour and presentation of the exterior. Early discussions with the planning authorities have, however, been encouraging.

The square has a strong tradition with local shopping with the fruit and vegetable and farmers market being held on Wednesday and Saturday of each week.



The site is the ground floor of a Victorian style building in which the ground floor is split-level because the premise is built on a bank leading to the canal. Some difficulties may be encountered in providing wheelchair access to the premises.

Financial data

Although the project is only required to acquire, refurbish and launch the new shop, the business case needs to reflect longer term benefits.

Therefore, this investment appraisal extends four years beyond the likely completion of the project and will be included in handover documentation at the end of the project.

The marketing department has provided sales estimates. Initial cost estimates cover acquisition, refurbishment and launch costs.

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Option 1 – The Cascades

Initial investment = £595k

Year	Income £k	Outgoing £k
1	900.00	500.00
2	954.00	544.00
3	1011.00	575.00
4	1071.00	600.00
5	1136.00	650.00

Option 2 – The Village Quarter

Initial investment = £693k

Year	Income £k	Outgoing £k
1	900.00	529.00
2	954.00	550.00
3	1011.00	572.00
4	1071.00	595.00
5	1136.00	619.00

Option 3 – Town Square

Initial investment = £725k

Year	Income £k	Outgoing £k
1	900.00	450.00
2	954.00	495.00
3	1011.00	525.00
4	1071.00	588.00
5	1136.00	630.00

