Just 32 per cent of planned supermarket construction from the ‘big four’ ever gets completed

Since 2010, just 32 per cent of projects submitted for planning permission from the ‘big four’ supermarkets across the UK have been built.

According to the latest data from Barbour ABI, a chosen provider of construction data for the Office for National Statistics (ONS) and the Government, there were 556 planning applications submitted for the construction of new stores by the ‘big four’ since January 2010, with just 179 successfully completed or currently under construction. (See figure 1.1)

(Figure 1.1)

Of the ‘big four’ Tesco have put forward the most planning application since 2010 with 206 and also have the lowest planning to construction ratio at just 21 per cent, compared to Morrisons who have a ratio of planned completed construction at 56 per cent.
Supermarket competition has broadened in recent years, with the likes of discount chain stores Lidl and Aldi coming into the fold, with the latter estimated to spend £109 million in 2015 on construction, with a target of 1,000 UK stores open by 2022. The ‘big four’ have not been able to stop the dispersion of market share to the newer competition.

Commenting on the figures, Michael Dall, lead economist at Barbour ABI, said: “With the ‘big four’ already having a fairly solid foundation of stores across the UK, some may suggest that there isn’t a glaring need for them to build new stores at a significant rate. However, it is interesting to note that a planning approval does not necessarily indicate future development.

“Perhaps many of the supermarkets were competing for ‘development options’ rather than actually building new stores. Defending market share was a key strategy of the ‘big four’ as the data suggests. However given the changing nature of the supermarket sector in the UK and the concentration on price competition from the ‘big four’ this may allow others to challenge their traditional dominance by increasing construction rates.”

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About Barbour ABI:
Barbour ABI is a leading provider of construction intelligence services. With a team of in-house research specialists and a dedicated lead economist, it provides commercially relevant insight and unique analysis of trends and developments within the building and construction industry.

Barbour ABI is the chosen provider of Construction New Orders data to the Office for National Statistics and the Government’s Construction and Infrastructure Pipeline, outlining future construction and infrastructure projects where public funding is agreed. Barbour ABI also provides data for independent organisations, such as the Construction Products Association.

Barbour ABI is part of global events-led marketing services and communications company, UBM, and is headquartered in Cheshire Oaks, Cheshire.
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