

# DELEGATED DECISIONS SUPPLEMENTARY AGENDA

**When: Tuesday 26 September 2023 at 17:30**

**Where: Council Chamber, Civic, 1 Saxon Gate East, Milton Keynes, MK9 3EJ and on [YouTube](#)**

## Agenda

- 2. Galley Hill Land and Asset Proposals (Pages 5 - 26)**  
Annex 2 – Appendix 1 (Savills Annual Grocery Report)  
Annex 2 – Appendix 2 (Investing in Your Community)

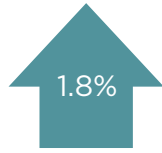
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# UK Grocery Report







The overall market value for the UK grocery market grew by £3.1bn to £171.9bn for 2022, a growth of 1.8%

# The gap between value and volume peaks with inflation growth in the occupational market

Grocery sales have continued to grow in 2022; however, with a slump in volumes comes shopper desertion and trading down for the big four operators as the discounters take advantage of consumer cost of living mitigation.

On the surface, it appears the UK grocery market has once again had a favourable year. The sector's overall market value grew by £3.1bn to £171.9bn for 2022, a growth of 1.8% on the previous year. It therefore remains in positive territory, despite the unusually high pandemic-fuelled comparatives of the previous two years; total market growth reached a record high at 8.4% in 2020. According to GlobalData, this positive growth is set to continue over the next five years, peaking at 6.1% in 2023 (figure 1).

Individual grocery operators have also continued to report positive year-on-year growth. The latest figures for the 12 weeks to 15 May shows that the UK's three largest grocers increased their sales at a similar rate. Asda tops the group with a growth of 10.6%, closely followed by Sainsbury's at 10.5% and Tesco at 8.9%. Morrisons has seen marginal growth at only 0.6%. However, Aldi and Lidl were once again the fastest-growing grocers in this period, with consumer sales increasing by 24.0% and 23.2%, respectively (figure 2).

Nevertheless, the continued positive growth in sales across the UK grocery market does somewhat belie the difficulties the market is facing in the current economic climate. Since July last year, we have seen double-digit price growth on food and non-alcoholic beverages, far outstripping the price growth for all consumer goods and services, which itself rose at the fastest rate in four decades in 2022 (Consumer Price Index (CPI) – figure 3).

Consequently, volumes have slumped as consumers have cut back in

order to mitigate the rise in prices they are seeing at the supermarket. Figure 4 highlights the ONS monthly foodstore sales value versus volume index, compared to pre-pandemic. In August last year, volumes fell below 2019 levels and have remained in negative territory ever since, currently indexing at 97.3, 2.3% below both the same month last year and 2019 levels. Conversely, and as a direct result of inflation, the ONS report an index of 119.4 for foodstore sales value, nearly a fifth higher than we were seeing in the year before Covid.

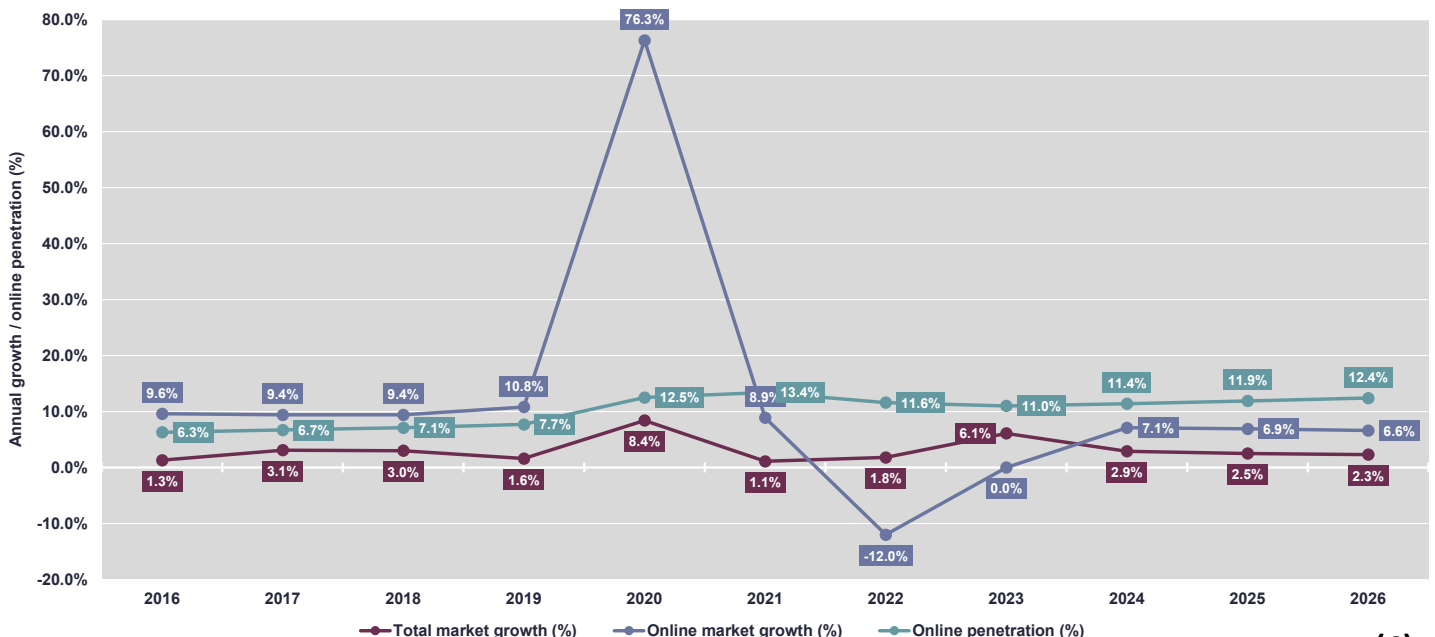
As a result, operators have suffered from smaller transaction values, shopper desertion and trading down, which in turn has made market share growth particularly difficult, with operating profits declining for some of the UK's major brands.

### Profits decline for the UK's top four operators

Tesco for example, posted a fall in adjusted retail operating profit of 6.1% to £2.49bn in the year to February, versus the £2.65bn it made in FY21/22, as a result of "unprecedented levels of inflation". Furthermore, the grocer forecasts flat profits in FY 23/24 as it further attempts to shield shoppers from rising inflation.

Similarly, Sainsbury's reported an underlying operating profit before tax of £690m, a 5% fall versus FY 2021/22, despite group sales increasing by 5.3% and grocery sales by 3.0%. Nevertheless, this can be considered a strong

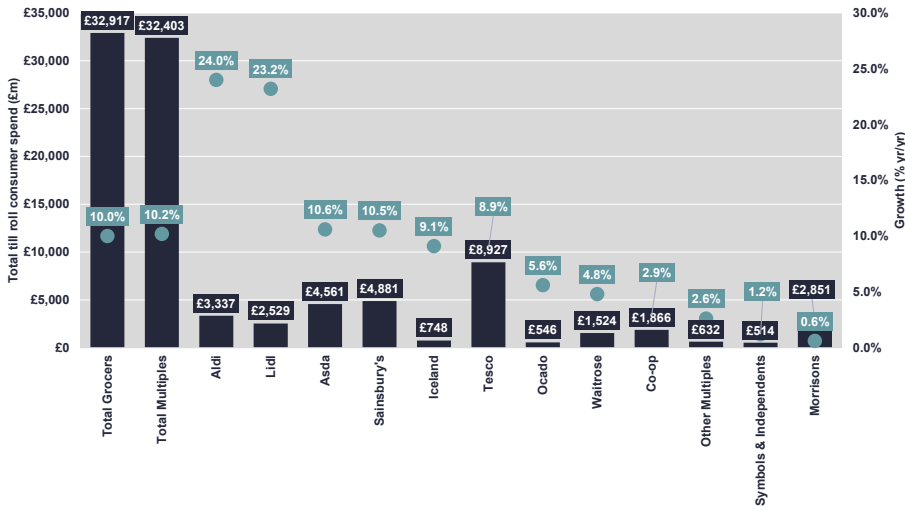
Figure 1: UK Food & Grocery annual market growth (%)



Source GlobalData (4)

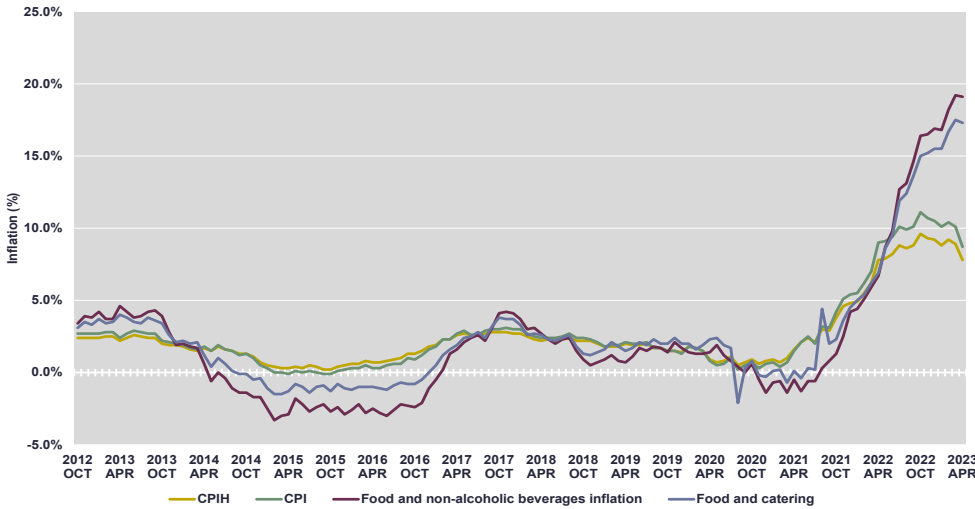
👉 Since July last year, we have seen double-digit price growth on food and non-alcoholic beverages, far outstripping the price growth for all consumer goods and services, which itself rose at the fastest rate in four decades in 2022 🐉

**Figure 2: Total till-roll consumer spend (£m) versus growth (% yr/yr) - 12 weeks to 15 May 2023**



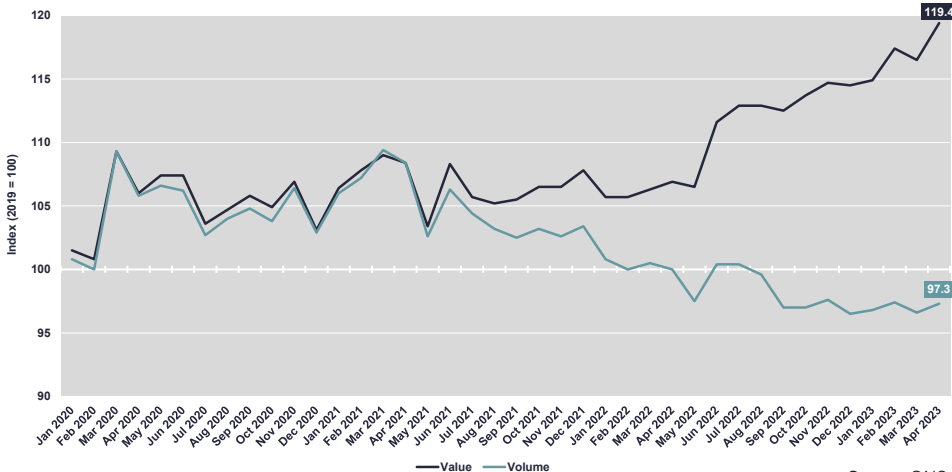
Source Savills Research: Kantar

**Figure 3: Consumer Price Index versus food inflation**



Source ONS

**Figure 4: UK foodstore sales (value versus volume)**



Source ONS

performance from Sainsbury's in view of recent inflationary pressures, having landed at the top end of its expected guidance range of between £630m and £690m and recording an 18% increase on the profit achieved in FY2019/20. Sainsbury's now expects underlying profit before tax to be between £640m and £700m in the new financial year.

Toward the end of last year, Morrisons also reported a 15% drop in full-year profits to £828m for the 52 weeks ending 30 October 2022. Asda, meanwhile, reported a 24% drop in profits to £886m for FY2022 to 31 December, despite a marginal increase in total sales of 0.1% to £20.452 billion and like-for-like sales up 5.1% in the second half of the year.

Interestingly, each of these brands has attributed a reduction in their overall profit to a commitment to support their customers by investing in strategies that alleviate the impact of inflation and keep prices as low as possible.

Tesco has committed to prioritising investment in its customer offer and attempting to relieve cost of living challenges with its 'Aldi Price Match', 'Clubcard' offers and 'Low Everyday Prices'.

Sainsbury's has invested as much as £560m over the last two years in both its 'Food First' strategy and, most recently, the launch of 'Nectar Prices' to help shoppers save – increasing its focus on value goods, keeping prices low and reducing costs across its business, that can subsequently be passed on to the consumer.

Similarly, Asda has reduced the price of more than 100 branded and own-branded lines by an average of 12% and launched its new 'Just Essentials' value range, over the last 12 months. Since it published its financial results in October last year, Morrisons has also executed a rolling programme of meaningful price cuts, price freezes and fuel promotions for its consumers, in order to sharpen its competitive position.

It is evident that the UK's largest grocers have made a conscious decision to support customers by investing heavily in strategies that mitigate the impact of inflation and keep prices as low as possible. This may result in decline in profitability in the short-term however; the strategy suggests that it will ultimately help to deliver long-term growth for each of the operators moving forward.

This approach has undoubtedly been driven by the savvy nature of the consumer in recent months, who have increasingly been trading down and purchasing more own-label goods. These lines grew by 15.2% in May. The very cheapest value own-label lines now find their way into nearly one in five baskets, with sales soaring by 46% in April versus a year ago, according to Kantar.

Branded sales are still continuing to grow, but much more slowly at 8.3%. However, the gap between own lines and brands is narrowing in most stores, helped in some cases by the loyalty discounts the operators have begun to implement. Sainsbury's Nectar Prices scheme has boosted the sale of brands bought on deal by more than a quarter in the last month.



Consumers have increasingly been trading down and purchasing more own-label goods. These lines grew by 15.2% in May

**The discount operators continue to see both the strongest sales and market share growth**

What is clear, the UK's supermarkets are fighting to offer value to shoppers throughout their range of products, undoubtedly driven by the continued success of the discount operators, and a desire to curtail their sustained improvements in market share.

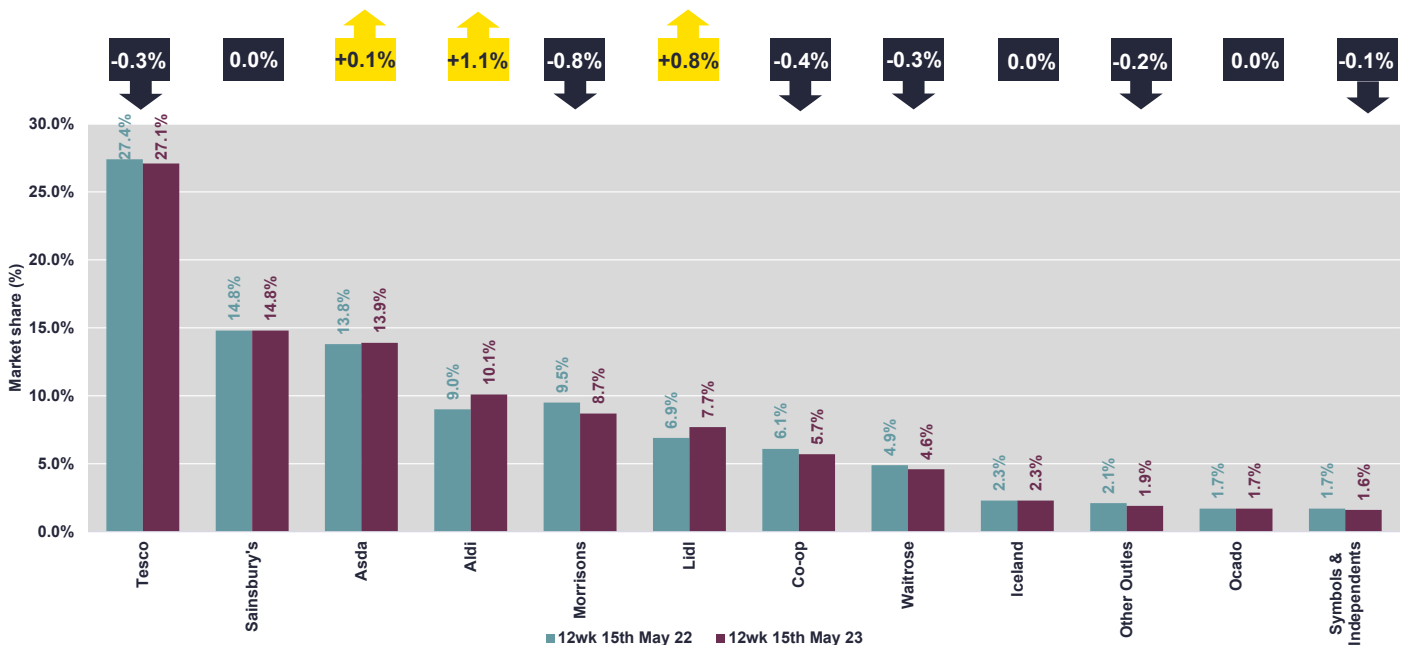
The latest figures published in May see Aldi and Lidl with more than double the year-on-year sales growth of any other UK grocer (figure 2). In April they both hit new record market shares, with Aldi surpassing a 10% market share for the first time, up from 5% only eight years ago. Even before the cost of living crisis began to bite, the discounters had steadily increased their influence on the UK grocery market, driven largely by their aggressive acquisition strategies over the last five years. In September last year, Aldi overtook Morrisons to become the UK's fourth-biggest supermarket in terms of market share.

The two discounters now account for 17.8% of the market, with Aldi's share at 10.1% and Lidl at 7.7%. This represents the two largest market

share improvements over the last 12-months, with 1.1% and 0.8% growth, respectively. Tesco, Sainsbury's, Morrisons, Waitrose and Co-op have all seen shares fall over the same period, hence their commitment to invest in strategies that focus on value and help the consumer combat the impact of inflation (figure 5). A survey conducted by Retail Week as early as February last year found that 82% of UK consumers were likely to switch their shopping to value and discount retailers across essential categories, as rampant inflation and surging energy prices began to deepen the cost of living crisis. Of those shoppers, 80% said they would look to save money on their food shopping by switching to a cheaper grocer.

Asda was the only other food operator to see an improvement in its share of the market, which now stands at 13.9%, a rise of 0.1 percentage points when compared to the same 12 weeks last year (figure 5). Having launched its 'Just Essentials' range 12 months ago, this operator is beginning to see the benefit of its strategy to soften the impact of inflation. Nearly two in five Asda baskets contained at least one of these value items this May, according to Kantar.

**Figure 5: UK grocery market share (%) & growth (% yr/yr)**



Source Savills Research; Kantar

**The appetite for portfolio expansion slows a little but remains above the decade average**

The success of the discount operators has once again seen them top the charts in terms of portfolio growth in the grocery sector. 2022 saw 160 new store openings in the out-of-town grocery market, above the decade average of 144 (figure 6). Significantly, 63% of those units opened were done so by value-orientated or discount brands (78% on a sq ft basis).

Lidl and Aldi remained the two most acquisitive grocers in 2022, with 50 and 25 new stores, respectively. In fact, Lidl was the most acquisitive brand overall in the out-of-town retail market, a position it has held for the last five years (Aldi came in 6th). With the out-of-town retail market undergoing a structural change in rents in recent years, the value-orientated grocers have been particularly opportunistic in order to seize the opportunity to acquire space on more favourable terms.

Nevertheless, the number of new out-of-town grocery stores in 2022 marks the lowest total in the last four years, suggesting even the discounters are undoubtedly feeling a squeeze on profits, particularly with the unprecedented hike in energy prices the sector has had to absorb in the last 6 months. This may also be a contributing factor in the continued negative rental growth the sector has seen as retailers keep a strict eye on the cost of their operations; MSCI reported year-on-year rental value growth of -1.19% for supermarkets in April 2023 (figure 7).

The good news is, inflation has begun to fall. The Office for National Statistics (ONS) announced that overall Consumer Prices Index (CPI) inflation fell to 8.7% in April, down from 10.1% in March, as last year's energy price hikes were not repeated. This is the first time inflation has been in single digits since last August.

Subsequently, grocery price inflation has also begun to recede, which

is without doubt welcome news for consumers; however, positivity remains muted in this sector. Food prices remain centre stage in the cost of living crisis, continuing to place significant pressure on household budgets. A fall in grocery price inflation does not actually equate to lower prices. Instead, it means prices are not increasing as quickly, and the simple fact is they still remain incredibly high.

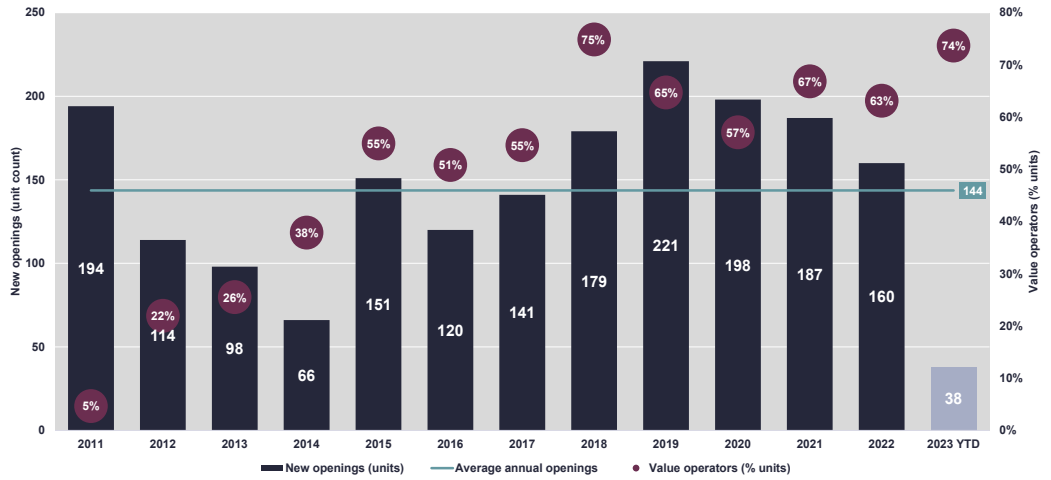
Food and non-alcoholic beverages inflation is at 19.1% for April, having fallen 0.1 percentage points from the previous month. Like-for-like food and catering inflation has fallen for the second month in a row and now sits at 17.2% for the four weeks to 14 May 2023. Although perhaps too early to call the summit, it is certainly a move in the right direction; however, this still represents the third fastest rate of grocery inflation we've seen since 2008, continuing to add an extra £833 per annum to the average consumer's bill (Kantar).

**Are consumer headwinds beginning to ease?**

There are signs consumer headwinds are beginning to ease. Consumer confidence has improved greatly from its September 2022 nadir, although still low by historical levels. A three-point improvement in GfK's May 2023 Consumer Confidence Index (CCI) saw levels reach their highest since February 2022 and represented the fourth consecutive month of improvement (figure 8).

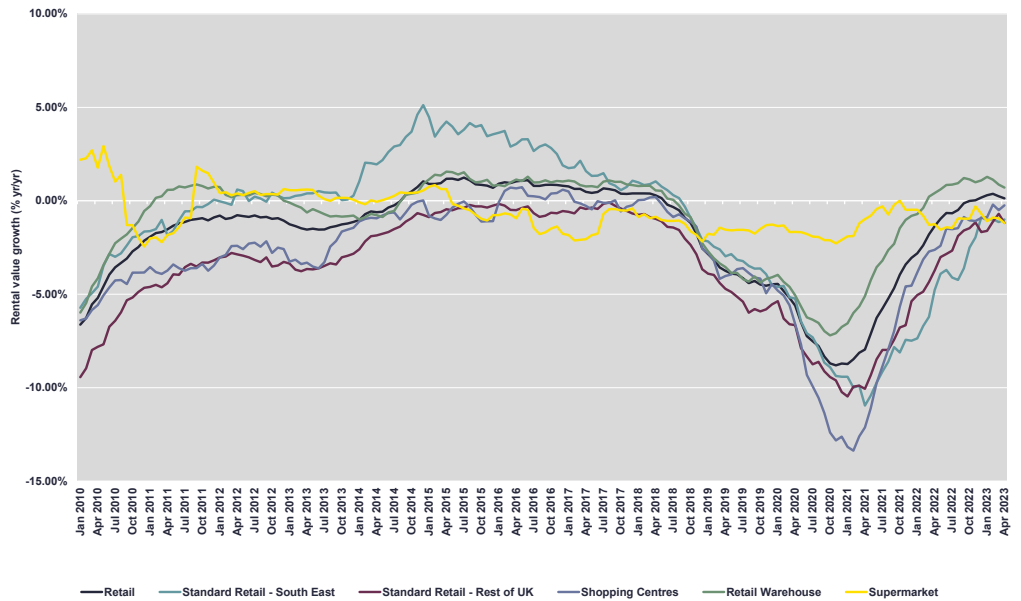
If inflation forecasts are anything to go by, this upward trajectory in consumer confidence could continue in the coming months. CPI inflation is expected to ease slightly faster than previously anticipated, down to 3.2% by Q4 2023 according to Oxford Economics. This deflation, led by less expensive energy, could begin to unlock some disposable household income this year.

**Figure 6: Out-of-town grocery - new openings**



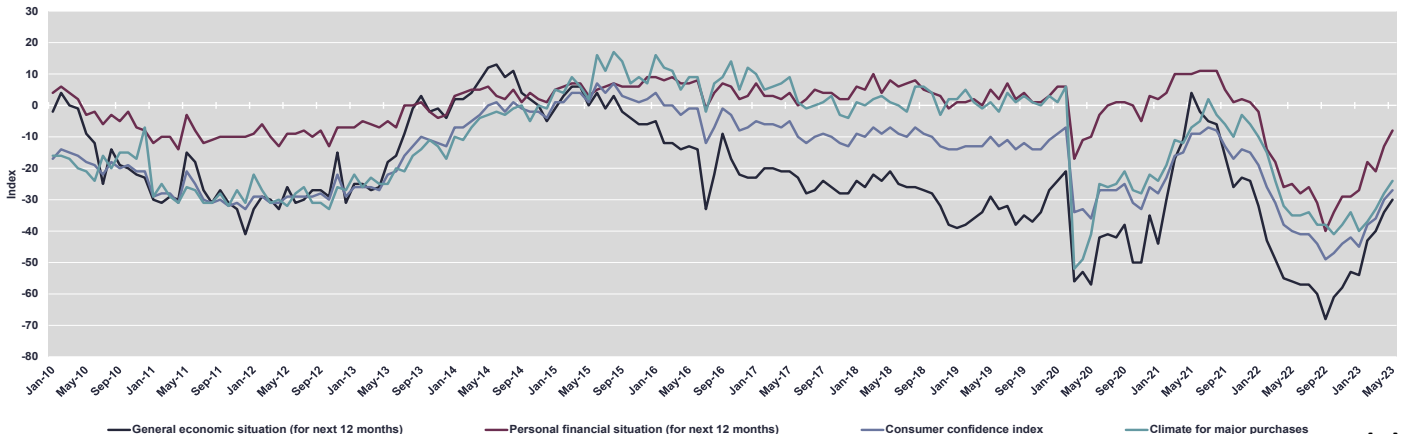
Source Savills Research

**Figure 7: Rental value growth: MSCI monthly index (% yr/yr)**



Source MSCI

**Figure 8: GfK Consumer Confidence Index**



Source GfK

**Business rates reform will lead to a net tax saving for grocery retailers of nearly £550m over three years; however, the positive impact is mixed dependent on the specific format exposure of each operator**

The long-awaited business rates reform has been largely welcomed by the retail property sector, with an average reduction across England and Wales of -10% when it came into effect on 01 April 2023. The good news, however, is nuanced, with the rate changes differing significantly depending on retail category, retail sector and geography.

In the grocery market, this means large supermarkets have seen significant reductions while small convenience stores have seen the opposite. It is not all good news for the discounters in the current climate either, with food stores of the size favoured by Lidl and Aldi also paying more in business rates also over the next three years.

Large supermarkets have seen average reductions of -15%. Analysis from Altus Group revealed that supermarkets over 27,000 sq ft in England and Wales will see their rateable values drop from £2.86 billion to £2.43 billion in 2023, saving around £218.6 million, which could rise to £686.78 million over the next three years. In the case of the very largest superstores, the rateable value has dropped by as much as 50%, according to Altus Group's analysis. This undoubtedly will benefit the traditional big four operators as well as Waitrose.

This year's revaluation is based on the open market rent values as of the 01 April 2021. The reduction seen on larger food stores is therefore argued to be a direct reflection of the change in shopping patterns since the previous rating list came into effect in 2017 and was based on 2015 open market rents. The growth in online shopping is said to have reduced demand for the weekly shop and shaved margins on non-food items, meaning some grocers have found they have more space than they need. The new rates will reflect the falling property values we have seen over six years as rents have undergone structural change.

As an example, a Tesco Extra in Worsley, Greater Manchester, will benefit from one of the biggest tax cuts, having seen its rateable value fall 52%, from £3.3m to £1.6m. This is closely followed by an Asda superstore in Watford, which is to benefit from a 51% reduction.

In contrast, the rateable value of smaller food stores has risen - by 8.4% for those between 8,000 sq ft and 27,000 sq ft from £651.01m to £705.5m. Stores at this format are set to pay £28m extra tax in the first year alone, taking the annual bill to £362.1m. According to Atlas Group, 2,950 stores fall into the category in England and Wales, the majority of which will be Aldi and Lidl stores. In addition, convenience stores are set to see a 12.7% increase. Overall, both formats will collectively see their business rates bill rise by £141m over three years.

**The UK's biggest grocers look to take advantage of consumers thirst for convenience, with many looking to grow their c-store portfolio exposure**

Clearly, the increase in rates for the discounters is a reflection of their growing success with the consumer in recent years and how that has played out in property acquisitions. However, we have also seen an increased demand for convenience from the consumer. Convenience shopping remains more popular now than it ever was pre-pandemic. In the five years between 2015 and 2020, convenience sector sales grew by an average of 2.6%, according to Lumina Intelligence UK's convenience market report. In 2020, sales shot up by three times that, rising by 6.3% in just 12 months.

This success has clearly caught the attention of the government in its business rates reform, with this sector seeing some of the largest increases in the retail market. Nevertheless, the UK's grocery operators clearly still see the advantage in growing their exposure in the convenience market.

Asda opened its 150th 'On the Move' convenience store in April, well on its way to its goal of rolling out 200 c-stores by the end of 2023. The format, launched in October 2020, is designed to allow more customers to access the operator's range of products at roadside and neighbourhood locations. Asda have also announced plans to open 30 new 'Express' convenience stores this year around residential areas and transport hubs, aiming to have 300 total stores opened by 2026. In addition, the supermarket operator has also acquired 132 convenience stores with attached petrol filling stations from the Co-op Group, subject to a review through the Competition and Markets Authority (CMA).

Asda is not the only brand looking to expand upon its convenience format. Morrisons opened its 500th 'Morrisons Daily' convenience store in January this year, whilst Tesco opened its 2,000th 'Express' store in February. In March, Sainsbury's announced that its convenience stores had achieved sales of £3 billion for the first time, with 12% more customers shopping in 'Sainsbury's Locals' than in the previous year, up 7% on pre-pandemic levels. With more than 800 c-stores, the retailer is continuing its convenience rollout, looking to add 25 new stores over the next twelve months.

**Online grocery sales growth inevitably falls against pandemic-driven comparatives**

The value of online grocery sales suddenly spiked in 2020 as a direct result of the pandemic, and the subsequent lockdowns and stay-at-home advisories. However, with online grocery penetration peaking at 13.4% in 2021, last year saw market growth shrink by -12%. Whilst online grocery sales generated more than £21bn in revenue in 2022, growth of the market is expected to remain muted in 2023, according to GlobalData (figure 1).

The simple fact is, as regulation surrounding the pandemic ended, the high demand for online grocery ordering has lowered in turn. The desire for consumers to avoid crowds and the risk of infection at physical stores continues to wane. Furthermore, a 2022 survey by Statista suggested that too many substituted items, not being able to find suitable delivery times, and unfresh groceries were the most common negative aspects of online grocery shopping in the UK. These factors may be part of why in 2022 nearly 42% of consumers bought their groceries primarily in stores, and only partially online, according to the survey.



Large supermarkets (over 27,000 sq ft) have seen average business rate reductions of 15% in England and Wales



In contrast, the rateable value of smaller food stores has risen - by 8.4% on average for those between 8,000 sq ft and 27,000 sq ft



In addition, convenience stores are set to see a 12.7% increase in business rates on average this year



# UK supermarket investment demand bounces back in 2023

More available stock on the market is expected to boost year-end 2023 volumes, led by sale and leaseback transactions.

Grocery investment transaction volumes fell off a cliff in H2 2022, akin to themes experienced across the wider commercial property markets. Multiple interest rate hikes and the cost of debt skyrocketing limited appetite, with 2022 year-end volumes down -55.2% on the ten-year average.

However, it appears investor appetite has begun returning to the grocery investment sector. Year-to-date (January-April) investment volumes reached £804.1 million, already exceeding full-year 2022 levels by 34.7%, and up 91.9% on the three-year pre-Covid (2017-2019) January-April average. This includes Supermarket Income REIT's reversionary sale to Sainsbury's in March, involving 21 stores and totalling £430.9 million. Even when excluding this deal, year-on-year January-April volumes have more than doubled.

Investor appetite continues to be driven by the strong underlying fundamentals of the grocery market. Lease tenures tend to range from 15-25 years, equipped with upwards only rent reviews (either RPI/CPI-linked, or fixed annual growth), providing buyers with long-term secure investment opportunities, while strong tenant covenants provide an element of security. This continues to suit long leased funds and institutions, that remain particularly active.

Supermarket Income REIT remain the most acquisitive buyer in the market, accounting for a 29.3% share of volumes in 2023 to date, following a 41.6% share in 2022. Its approach to investment continues to be centred around well-located larger stores with online fulfilment capabilities, with 93% of its current portfolio involving omnichannel stores.

## Sale and leasebacks are back

Sale and leaseback activity has picked up pace in recent months following the acquisition of Morrisons, and Asda's potential sale this year. Should the Issa Brothers sell Asda in 2023 near the £1 billion asking price, it is likely that year-end investment volumes will top record annual levels.

Morrisons has offloaded five stores since its takeover by CD&R in 2021, as the new buyers seek to recoup some capital following acquisition. Buyers include abrdn, and property investment companies Brydell Partners, Fiera Real Estate, and Mayfair Capital. Morrisons remains in a strong position to raise further funds, owning c.85% of its portfolio at time of writing, suggesting further leaseback deals are pending.

The sale and leaseback trends appear to have switched over the last 15 years. Tesco and Sainsbury's, who accounted for the majority of sale and leaseback activity between 2010 and 2014 (totalling 49 deals), now have strong financial positions to allow them to acquire assets and lower their rental overheads. Sainsbury's/Supermarket Income REIT reversionary buy somewhat epitomises this trend, whilst Tesco acquired two stores in H2 2022, including Tesco Mansfield for £19.5 million in August and Melton Mowbray for £13.8 million in December 2022.

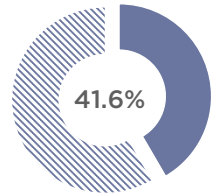
## Outlook - appetite for supermarket investment likely to remain strong despite economic uncertainty

Supermarket investment remains a comparatively secure investment option for long-term income, which is particularly pertinent in the face of current economic uncertainty. While further interest rate hikes could hamper the buyer pool in the short term, it is unlikely to impact the price of good-performing stores in well-positioned locations. Property investment companies are likely to continue dominating the buyer market, with sale and leaseback deals set to generate capital for new owners in the supermarket sector.

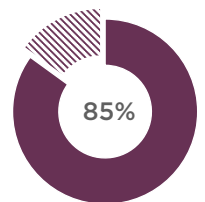
Larger, omnichannel stores continue to be the preferred option for investors, although continued stock growth in smaller units (led primarily by the discount operators or high street rollouts by the likes of Asda, Amazon and M&S) could bring more smaller units to the market over the next few years.



Year-to-date 2023 (Jan-Apr) investment volumes reached £804.1 million, up 34.7% on full-year 2022 levels

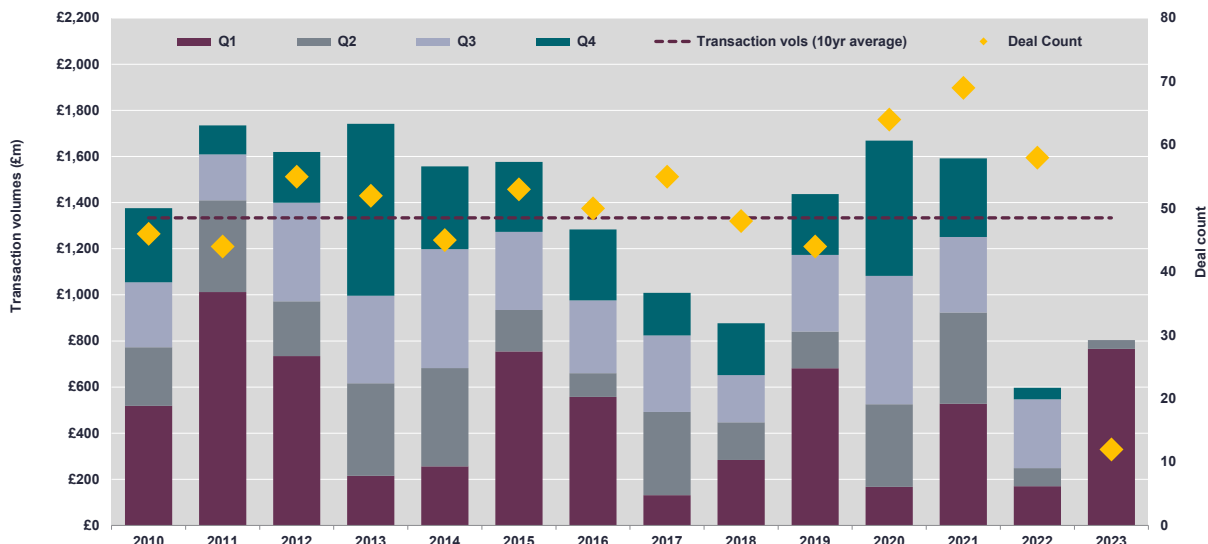


Supermarket Income REIT accounted for a 41.6% share of investment volumes in 2022



Morrisons owners, CD&R, own c.85% of its portfolio, opening opportunities for further sale and leaseback activity

Figure 9: UK grocery investment volumes



Source Savills Research; PropertyData



### Savills Commercial Research

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# Investing In Your Community

Planning opportunities and benefits





# Introduction

Aldi is one of Britain’s fastest-growing supermarkets that sells quality products at low prices. The supermarket believes in making everyday amazing and delivering the best possible value for millions of families throughout the UK and Ireland. Everyone should have access to fresh, healthy, affordable food. It’s a right, not a privilege.

That’s why Aldi is the UK’s Cheapest Supermarket, according to consumer champion Which? (December 2022) as well as being named the UK’s Cheapest Supermarket for 2021 and 2022. The Grocer magazine found that a basket of 33 everyday items at the ‘major multiples’ supermarkets is on average 19% more expensive than at Aldi.

Aldi stores are more compact than most traditional, more expensive supermarkets, making them ideal for serving local communities. The stores are smaller due to a streamlined range of products which enables them to be efficient and keep costs low without compromising on quality.

Aldi opened its first store in the UK in 1990 and now has more than 990 stores and around 40,000 colleagues.

In 2022, Aldi increased its market share further and officially became Britain’s fourth largest supermarket, ahead of Morrisons, Lidl and Co-op, in addition to achieving a record market share of 9.3% against the ‘major multiples’ and other grocery stores in the UK.

Aldi consistently racks up award after award for quality and treats its suppliers and employees with fairness and respect. Leading the way in supporting British farmers, 100% of their fresh everyday meat and poultry in the UK is from British, Red Tractor approved farms and 75% of all produce is sourced from British suppliers. At the end of 2020, Aldi

announced plans to spend an additional £3.5 billion a year with British suppliers by 2025.

Supporting valued institutions such as Team GB and Paralympics GB to demonstrate the importance of health and wellness, Aldi makes the everyday amazing. But amazing doesn’t happen overnight, which is why Aldi is continuing to make changes to be better everyday, to be fairer, greener and healthier for customers, society and the environment.

## Purpose of this Document

The purpose of this document is to demonstrate to Local Authorities how Aldi meets the sustainable development objectives set out in Development Plans and the National Planning Policy.

The brochure sets out significant economic, environmental and community (social) benefits which can be achieved through the opening of new Aldi stores within towns and communities.

A new store can provide benefits such as:

- new employment opportunities
- increased competition resulting in lower prices
- greater economic activity within a particular area
- reducing the distance required to travel
- increased retail choice
- regeneration of a local area

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## Benefits and Advantages of an Aldi Store

By addressing the objectives of local and national policies in planning applications for new stores, more households will realise the benefits that Aldi brings to the wider community.

These direct benefits include:

- Increased footfall to nearby businesses and centres
- A catalyst for future development in a local area including pump-priming sterile sites
- Stimulating competition, which lowers grocery prices and offers greater choice
- Reducing travel costs for customers as they can shop locally
- Creating permanent, local retail jobs and training opportunities for the workforce
- Increasing business rates and other revenues for the local council
- Bringing multi-million pound investment into each site
- A sustainable business model

### Investment

Not only do new Aldi stores create jobs but they trigger further investment. New stores often attract other retailers and businesses, acting as a catalyst for regeneration, often by redeveloping failing or redundant sites. This encourages further development and improvements to existing businesses.

Many of Aldi's stores are developed on brownfield sites which were underperforming or derelict. New stores bring life back to a community and provide security for local businesses and residents.

The investment an individual store brings directly to a site at the development stage is considerable. The knock-on effects for suppliers, local contractors and the revenue created for Local Authorities help to boost the local economy and bring additional benefits to the community.

### Linked Trips

Aldi is not a one-stop shopping destination like large supermarkets. Its stores do not feature many of the amenities provided by larger supermarket formats, such as butchers, fishmongers, deli counters, pharmacies or cafes, thus reducing competition with small independent traders.

Aldi stores are modest in size, providing a discount food store choice within a given catchment area. The limited product line of circa 1,800 products means that, unlike a large supermarket format (which may sell up to 40,000 product lines), shoppers will often visit other local operators to complete their weekly shop. This means that shoppers typically supplement their Aldi shop with additional trips to other shops in nearby centres and supermarkets. Therefore, real linked trips occur.

Aldi's stores dedicate approximately 80% of their floorspace to convenience goods and approximately 20% to comparison goods, made up of weekly specials. Given the short-term, seasonal availability of these special lines, they have a negligible effect on town centres.



### Price and Choice

Aldi sells high-quality goods at the lowest possible price. Discounted prices are usually achieved through bulk buying and economies of scale, specialising in the number of lines offered and maximising efficiency within the operation of its stores. The end result is that shoppers benefit by paying less.

The increased competition Aldi brings to the larger supermarkets provides shoppers with more choices and lower prices.



“On a personal level, it offers choice and I think many people would appreciate having an Aldi to shop at due to the great quality prices!”

**Local resident**





## Benefits and Advantages of an Aldi Store

### Job Creation

Aldi currently employs over 38,000 colleagues in the UK.

Aldi plans to recruit thousands of additional colleagues at all levels during the next few years to support its store expansion strategy. This means new opportunities in the stores and distribution side of the business. A vast percentage of these will be hired from within the local communities where Aldi is planning to open a store. Store roles range from Caretakers and Store Assistants to Deputy Store Managers, Assistant Store Managers and Store Managers.

Aldi employs between 40 and 50 colleagues in its new stores and prefers to recruit colleagues locally, demonstrating its commitment to the community.

Aldi also offers one of the best working environments in the UK and one of the highest rates of pay in the supermarket sector. The majority of Aldi colleagues now receive a minimum rate of £11.00 per hour nationally and £12.45 per hour inside the M25, regardless of their age, as of July 2022. Aldi colleagues also remain the only supermarket workers to be paid for breaks in shifts.

The majority of distribution centre roles now receive a minimum rate of £13.18 per hour and night-premium payments have increased from 20% to 25% as of August 2022.

### Construction Jobs

At the construction stage, due to the scale of the projects for new Aldi stores, both local and national construction companies will subcontract large parts of their projects to local or regional companies. Usually, a range of skills, such as groundworks, steel, brick and block work and shop fitting, are sourced locally, as well as cleaners and labourers.

The expansion in store numbers is leading to requirements for new distribution centres and growth in existing distribution centres. This results in job increases in the logistics part of the business, ranging from drivers to management.

On average, Aldi distribution centres account for the creation of around 500 jobs per region.

Aldi offers exceptional, market-leading salaries and offers full training for all colleagues, tailored to each position as well as each individual. For example, all Aldi Store Assistants receive a structured training programme which typically lasts around six weeks and, where possible, the training will take place in their local store.

### Apprenticeships

Aldi demonstrated its commitment to employing young people even before the Apprentice Levy was introduced in April 2017 – having made a significant investment in the development and training of apprentices since it first launched its Stores Apprenticeship Programme in 2012. It then introduced the Logistics Apprenticeship in 2013 and further extended its apprenticeship offering with the Drivers' Apprenticeship in 2016. The three apprenticeship programmes have created more than 1,000 jobs for young people since the initiatives began.

### Graduate Area Manager Programme

There were more than 80 graduate places available for the 2022 Area Manager Programme in the UK. Graduate Area Managers spend 12 months training and learning the ropes before being given responsibility for some stores of their own. The training covers the entire spectrum of running a retail operation and is a UK-wide programme. Candidates who have, or are working towards a 2:1 in any discipline and with 96 UCAS points (or equivalent) are eligible to apply.

### Career Changer Programme

Those with experience of managing a team and with a 2:2 in any discipline are also eligible to join the programme via the Career Changer route, starting on a year two salary. Aldi also offers vast internal career progression opportunities across the business and provides additional training and qualifications to support colleagues' development.



“One word to sum up my apprenticeship experience would be – boundless. There is so much that I've learned and am still learning. I'm really excited to see where my Aldi career journey will take me next.”

**Apprentice Store Manager**

THE  TIMES  
**TOP 100**  
GRADUATE EMPLOYERS



## How We Differ

Aldi's business model limits operating costs to ensure the lowest possible prices for its range of exclusive brands and to challenge the 'Big 4' supermarkets.

By ensuring its prices are affordable, customers can be reassured that their grocery bills will remain consistently low over a sustained period of time.

This is evidenced by Aldi's increasing market share, indicating that shoppers have been impressed with their overall experience.

Aldi offers a consistent, familiar shopping environment, compared to the confusing formats and promotions used by competitors in order to increase or retain market share, which resonates with consumers.

So, Aldi does not operate a loyalty card scheme or gimmicky offers which result in price fluctuations for shoppers from week to week.

Aldi uses three key formats on its products, its 'Core Range', 'Specially Selected' and 'Everyday Essentials', which are easily understood by consumers.

It has a core range of around 1,800 products and only around 4% of these are recognised brands, unlike the major superstores which stock between 15,000 and 40,000 lines.

Aldi stores do not feature in-house bakeries, butchers, pharmacies, cafes or Post Offices.

As a result, an Aldi shopping trip often forms part of a wider shopping trip for convenience goods. This allows existing businesses within local communities, as well as the larger supermarkets, to continue trading as they have minimal impact on small, local businesses.

This format is backed up by a range of award-winning products, which have been endorsed by industry leaders. Aldi was awarded the 'Favourite Supermarket of the Year' award, amongst others, in the prestigious 2021 Good Housekeeping Food Awards and was voted Which? Cheapest Supermarket 2021.

Aldi continually features within the Times Top 100 places to work, and the Guardian Best Graduate Employers lists. Aldi offers a significant choice of locally sourced fresh meat and produce, all from the UK. Fresh fruit and vegetables are also sourced in the UK when in season, such as strawberries, salads, carrots and potatoes.

In addition, Aldi works with a range of local businesses and suppliers in order to supply fresh bread, milk and other dairy products. As such, new Aldi stores provide a boost to the regional business community. Aldi launched its Corporate Social Responsibility Policy (CSR Policy) in 2012, ensuring that responsibility is an integral part of Aldi's corporate decision-making processes, including within the supply chain.

Aldi's CSR Policy is constantly evolving as an important component of Aldi's investment in local communities and is a strong offering compared to most other retailers.



"Aldi leads the way in supporting British farmers. 100% of their fresh everyday meat and poultry is from British, Red Tractor approved farms."



## Expansion Strategy

Aldi plans to continue its ambitious growth strategy for the next few years, which has seen growth from 600 stores in 2015 to over 990 stores in 2022. This strategy is underpinned by high-performing individual stores across the UK.

Over the next decade, Aldi hopes to significantly increase its store portfolio, offering significant development opportunities for Councils across the UK to enhance their communities.

The Regional Distribution Centres (RDC) are situated across the country to accommodate further new store openings within all Aldi regions.

## Typical Site Requirements

Aldi is constantly on the lookout for new sites that can accommodate new stores. Aldi has a standard store format which is essential to minimise development costs, which are otherwise reflected in prices for customers.

A typical site would be at least 0.8 hectares (ha) (2 acres) with prominent main road frontage, with good visibility and access and can accommodate:

- a store of circa 1900sqm gross
- at least 100 car park spaces, including Electric Vehicle charging spaces
- provision for site access
- provision for servicing and deliveries
- landscaping

Aldi's stores are modest in size and provide a neighbourhood function which is reflected in the scale of development and relationship with the community.

New sites are identified by Aldi when it is a viable business opportunity in order to allow prices in store to remain consistently low.



“Aldi aims to continue an ambitious expansion of its UK store estate, as well as expand its existing logistics infrastructure.”





## London Strategy

### London is Different

- Car ownership is significantly lower than the rest of the UK, with the majority of customers travelling by bus or tube
- Greater London is just over 40 miles wide yet has a larger population than Scotland and Wales combined
- The capital makes up 15% of all retail spend in the UK (CACI – January 2022)
- In just over one square mile, the City of London counts around 8000 residents, 513,000 daily commuters and 10m annual visitors (cityoflondon.gov.uk – May 2022)
- London's demographic profile is the most polarised in the UK, with more of the country's most affluent demographic groups, as well as high volumes of the least affluent (CACI – March 2018)

### City Stores Concept

- The Aldi Local concept has been specifically designed for busy high street customers, shopping frequently and on foot for smaller quantities of convenience items
- The concept follows the theme of larger Aldi stores to ensure core values around product quality, product freshness and low pricing are consistently applied throughout London
- The first Aldi Local store opened in 2019 in Balham, South London and, with an area of 550sqm, is half the size of a regular Aldi store

### Design

- Option 1 Standard Store**  
Indicatively larger than 850sqm Retail area  
50+ Car Parking Spaces
- Option 2 Aldi Local Store**  
Indicatively 500sqm + Retail area  
No car parking spaces



“London's demographic profile is the most polarised in the UK.”







## Sustainability & Corporate Responsibility

### Sustainability

Examples of Aldi's sustainability initiatives are:

- Aldi aims to achieve net zero carbon emissions by 2030 for Scope 2 (the emissions Aldi makes indirectly – such as the energy it buys for heating and cooling buildings) and 2035 for Scope 1 emissions (the emissions Aldi makes directly – such as delivery vehicles)
- While Aldi strives towards these targets, they have been investing in carbon offsetting for direct operational emissions, making Aldi UK & Ireland a carbon-neutral business since January 2019
- Since 2015, Aldi has been certified to ISO 50001, an internationally recognised best practice standard for energy management to help continually improve energy efficiency
- All new and refurbished stores are greener and more energy efficient
- 100% of the electricity used to power operations come from green, renewable sources since 2015
- There are over 400 stores in the UK with solar panels, as well as all 11 Regional Distribution Centres (RDCs), providing on-site renewable energy
- All stores are upgrading to CO<sub>2</sub> refrigerants
- All stores install LED lighting
- All stores install chiller doors. The chiller doors reduce energy use by up to 20%, as well as help to keep products cool and the stores warm
- All stores benefit from a heat recovery system where heat is generated and reused from a refrigeration plant, resulting in 100% of each store's heating system
- Aldi UK is continually investigating further opportunities for energy and water savings using intelligent data monitoring and targeting
- External energy and carbon performance reporting is conducted annually via SECR and Company Carbon Footprint reports

Aldi has also set ambitious plastics and packaging pledges:

- 100% of own-label packaging to be reusable, recyclable or compostable by 2022 (2025 for branded products)
- Reduce plastic packaging by 50% by 2025
- Reduce all packaging by 50% by 2025
- Plastic packaging to contain 50% recycled content by 2025
- Increase the volume of loose, refillable or reusable transactions year on year

Aldi has invested in improving the efficiency of logistics operations where possible by using:

- fuel-efficient tyres
- improved aerodynamics
- double-deck trailers

In 2021, Aldi began transitioning its company car fleet to electric vehicles.



“100% of the electricity used to power operations comes from green, renewable sources.”



# Sustainability & Corporate Responsibility

## Corporate Responsibility

Aldi has a comprehensive Corporate Social Responsibility (CSR) programme in place, covering three key pillars:

- Simplicity
- Consistency
- Responsibility

Aldi is responsible for its:

- Customers
- Supply Chain
- People
- Community
- Environment

### Customers

In addition to ensuring customers only buy products of the highest standards and quality at the lowest prices, Aldi helps customers make healthy choices when buying food and drink, including alcohol, by providing accurate and transparent information through clear product labelling.

### Supply Chain

Sustainable buying practices are essential to the long-term success of Aldi's business.

Aldi's aspiration is that all its products are made sustainably. Together with its suppliers, Aldi works towards increased transparency and continuous improvement within the supply chain.

### People

Aldi's colleagues are the key to its success and the company employs over 38,000 people in the UK. It provides an appealing, efficient and supportive work environment and is committed to ensuring that each colleague receives the opportunity for individual personal growth.

### Community

Aldi seeks to make a positive contribution to the communities it is a part of by applying its skills and resources beyond the core business operations. Aldi supports charitable organisations with donations of money and products, as well as by using other resources available to the company, including the time and skills of employees.

### Environment

Aldi aims to minimise the ecological footprint of the entire business and strives to become a climate-neutral company. Aldi continues to increase energy efficiency across the business, minimising the impact of refrigerants, improving logistics efficiency, using renewable energies and supporting climate protection projects. Aldi aspires towards zero-waste business practices to **reduce, reuse and recycle**.

In cooperation with architects, planners, engineers and construction companies, Aldi implements innovative concepts to reduce the environmental impact of stores and distribution centres.

## Building a Sustainable Future

Aldi UK is committed to reducing its environmental impact, in line with the company's international CR strategy of **'making sustainability affordable to our customers'**.



"Aldi's colleagues are the key to its success."







## Planning Policy

The National Planning Policy Framework (NPPF) states that, at a high level, 'the objective of sustainable development can be summarised as meeting the needs of the present without compromising the ability of future generations to meet their own needs.'

It is about positive growth – making economic, environmental and social progress for this and future generations. The planning system should therefore seek to facilitate sustainable development.

Aldi supports the three overarching objectives of achieving sustainable development set out in the NPPF:

- an economic objective – to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth
- a social objective – to support strong, vibrant and healthy communities, including fostering a well-designed and safe built environment, with accessible services
- an environmental objective – to contribute to protecting and enhancing our natural, built and historic environment; including making effective use of land, and mitigating and adapting to climate change, including moving to a low-carbon economy

Most of Aldi's sites are well connected to town centres or within the heart of communities, with many customers travelling on foot and by public transport.

National Policy recognises that to deliver sustainable development, Local Authorities need to build a strong, competitive economy and ensure the vitality of town centres.

## Town Centre Locations

As a retail operator, Aldi recognises that town centres form an integral part of communities. Many of Aldi's stores are located in town centres, neighbourhood centres and on edge of centre sites. Many sites provide the opportunity to redevelop and regenerate centres which have suffered from high levels of vacant units and old building stock.

## Community Site Locations

Increasingly, Aldi is opening stores in the heart of communities, many in residential and mixed commercial areas. Often the local catchment areas that Aldi stores serve are outside of town centres and local authorities recognise that their supermarkets provide a local offer, keeping spend local and reducing the need to travel.

## Competition Commission

During the investigations by the Government's Competition Commission into the grocery sector, the Office of Fair Trading stated that:

'consumers benefit from ... choice, wider availability, greater innovation and lower prices.'

Aldi is a prime example of how increased competition provides customers with greater choice whilst not reducing quality. The key factor when choosing where to buy convenience goods is the quality and the price, ensuring healthy competition with the larger supermarket operators and helping save shoppers money.



"Keeping spending local to support strong, vibrant and healthy communities."



# Planning Compliance

## Planning Policy Encourages

- A positive approach from decision takers
- Approval of applications for sustainable development where possible
- Councils to work proactively with applicants to secure developments that improve the economic, social and environmental conditions of the area

Aldi's stores are modest in size, providing a complementary convenience retail offer to existing convenience shopping provisions in their respective catchment areas.

## Community Engagement

Aldi engages in pre-application consultation with councils and the local community, involving meetings with local councillors, planning officers and members of the public.

Aldi holds virtual or in-person exhibitions, provides letters to local residents, sets up a website, and places advertisements in the local press. At exhibitions, members of local communities, councillors and other stakeholders can visit Aldi's project team to discuss the proposals and get answers to any questions. To ensure maximum access to the community, a website with online information is made available. Local engagement is important and allows Aldi to work with the community to provide the right scheme and establish support.

## In-centre

Aldi's stores in town, district and local centres comply with Development Plan policies which meet the national 'town centre first' policy objectives.

## Out-of-centre

Aldi's edge of the centre, community and retail park stores which are not attached to defined centres have been approved by Local Planning Authorities because each have demonstrated they pass the town centre impact tests of nearby centres, there are no suitable town centre sites available and they provide Sustainable Development.

Aldi's stores in local catchments serve local communities, helping reduce the need to travel.

## Choice

Aldi stores do not provide a one-stop shop due to their modest scale and limited product range. This means Aldi's customers generally shop elsewhere as well, often town centre shops, to complete a full weekly shop. Aldi's complementary offer, therefore, provides a balance for shoppers who want the freedom to choose where they shop in their local area to get the best value for their money.

## Catchment

Aldi's modestly sized stores mean that many towns can accommodate more than one store, serving shoppers visiting a town centre and within local neighbourhoods. A new store often provides a shorter shopping trip, therefore reducing the need to travel as far, often to a store outside of the catchment area. This assists in clawing back trade which may otherwise be spent elsewhere.

## Viability

Aldi's cost-efficient concept means that often it has to avoid complicated sites with land assembly issues which are often involved with town centre locations. In such catchments, Aldi will seek to identify less complicated sites further afield, to edge and out-of-centre locations. This is a positive response to consumer choice for shoppers as it allows Aldi to keep its prices low and therefore, combined with other benefits, offsets any perceived adverse impact on those centres.

## Highway Compliance

Aldi considers highway matters within all its planning applications. Proposed developments are encouraged to promote accessibility by all modes of travel, specifically public transport, cycling and walking. Given that the proposed stores are conveniently located, the majority of car trips are not new to the network but transferred or linked trips. The local nature of many of Aldi's stores also encourages pedestrian shoppers and users of public transport. Pedestrian shoppers are particularly common in residential areas.

## Design Compliance

Aldi recognises that design is a key consideration and takes great pride in their appearance. Aldi injects multi-million-pound investments into its sites to provide modern buildings.

Moving forward, the design of each store is consistent across Aldi's portfolio, promoting modern, smart buildings with clean lines on main elevations and glazed frontages. In sensitive areas, such as conservation areas, bespoke detail can be implemented. Aldi's maintenance programme ensures all buildings are reviewed and maintained to retain standards.

## Residential Amenity

The form, scale, appearance and layout of the proposed developments are taken into consideration within all planning applications located close to residential areas. Aldi's project team works closely with residents to ensure they are informed of the development progress.

## Response to Climate Change

As set out in previous sections of this brochure, Aldi deploys a series of measures across its business to ensure the potential impact on the environment is minimised. Some of the key initiatives in store are:

- 100% of the electricity used to power operations has come from green, renewable sources since 2015
- There are over 400 stores in the UK with solar panels, as well as all 11 Regional Distribution Centres (RDCs), providing on-site renewable energy
- Installing chiller doors, which help reduce energy use by up to 20%
- Upgrading to CO<sub>2</sub> refrigerants and installing LED lighting

Electric Vehicle Charging Point





Holliers Walk, Hinckley

## Snapshots

### Holliers Walk, Hinckley

LPA: Hinckley & Bosworth Borough Council

- Edge of town centre location
- 2.3 acres vacant brownfield site since circa 2010
- History of anti-social behaviour on vacant land
- Aldi secured planning permission for a new store creating over 40 jobs
- S106 to improve connectivity with the town centre
- Store opened in August 2019
- Construction period of seven months
- Hinckley BID director, Steve Wegerif, welcomed the store opening. He said: "With more than 400 businesses in Hinckley Town Centre, the addition of Aldi's offer is bound to be popular with the increasing number of consumers who are choosing to come to Hinckley to do their shopping"
- Aldi received over 110 responses when the store proposals were announced, with 93% of residents supporting the plan

### Oxford Road, Spennymoor

LPA: Durham County Council

- Town centre relocation
- The site forms part of a major redevelopment of Festival Walk, identified in the Spennymoor Regeneration Masterplan, in partnership with Durham County Council and Hellens Group. It aimed to regenerate part of Spennymoor Town Centre that has been largely vacant space for many years
- The Oxford Road store replaced the pre-existing store on Cambridge Street and will be run by the Store Manager along with a team of 26 colleagues from the local community
- Excess demand from the local catchment meant the former Aldi store appeared outgrown and outdated
- The site at Oxford Road had been identified for a modern store that will deliver a better shopping experience for residents, bringing high-quality, discount produce in a more spacious and comfortable retail environment
- There is free parking for 95 cars, which is not limited to Aldi customers only and can be used by those visiting Spennymoor town centre
- The regeneration scheme represents a multi-million-pound investment in Spennymoor and will create new jobs in retail and via the supply chain during construction



Oxford Road, Spennymoor

### Scartho Top, Grimsby

LPA: North East Lincolnshire Council

- The site comprised an undeveloped parcel of land, part of a wider strategic housing-led allocation
- Aldi store anchors the local centre which services the day-to-day needs of the wider area which includes 1000 new homes, with 900 more to be delivered
- Reduces pressure on the release of more remarkable and less sustainably located greenfield land
- Significant investment into the local economy and delivery of up to 40 new job opportunities for local people
- The Sequential and Impact Tests were passed. Justification provided to justify the inclusion of a discount food store in place of a smaller 'top-up' facility and demonstrating that it does not prejudice residential delivery
- Permission secured within 16 weeks
- Permission was granted under delegated powers subject to planning conditions



Scartho Top, Grimsby

### Speke Hall Road, Liverpool

LPA: Liverpool City Council

- Out-of-centre location
- 5.9 acres vacant brownfield site since 2002
- Planning permission for a mixed-use scheme of 3120sqm anchored by Aldi, including an employment unit, drive-through coffee shop and petrol filling station
- Undeliverable employment allocation for over 20 years
- An employment land assessment was completed, demonstrating the proposal did not harm the overall employment land supply within the city
- A viability assessment with a series of development appraisals, demonstrated the site achieved a negative value with any employment units at the site
- The Sequential and Impact Tests were passed. Objections from competing stores were rebutted
- 120 jobs proposed
- Permission was granted unanimously by the Planning Committee, subject to an S106 unilateral undertaking, including securing delivery of the single employment unit with a timing trigger



Speke Hall Road, Liverpool



## Aldi is sustainable in so many ways:

- Creates development on brownfield sites
- Acts as a catalyst for regeneration in underperforming areas
- Creates jobs in stores, logistics and construction
- Provides choice and accessibility for shoppers in local communities
- Aldi is not a one-stop-shop so it forms part of a wider weekly food shop, therefore shoppers continue to support other convenience store provisions, including niche and larger stores
- Stores encourage linked trips to other convenience stores, services and other businesses
- Stores are modest in scale, therefore town centres continue to thrive and function side by side
- Customers can make shorter trips
- Many customers live within walking distance of new stores
- Efficient business format keeps costs down, prices down and contributes to improving the environment
- Is loyal to and committed to the development of its staff
- Locally sourced produce benefits local suppliers
- All fresh meat is sourced in the UK
- Local contractors benefit from new stores
- 100% of the electricity used to power operations comes from green, renewable sources since 2015
- Sells quality products at low prices, which is attractive to all members of our communities
- Aldi stores serve local communities, thus complying with national planning policy by encouraging local, sustainable developments

### Summary

Aldi is keen to demonstrate to Councils that it considers all factors in preparing its development proposals for new stores.

In addition to its town centre stores, both edge and out-of-centre stores continue to provide benefits to shoppers and communities by providing economic, social and environmental benefits, therefore delivering Sustainable Development in line with planning policy.

Aldi shoppers continue to shop in smaller, local shops, thus keeping competition alive in the convenience sector of local towns.







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