

Land at Junction of Water Street and Molesworth Street, Rochdale

Operator Statement

McDonald's Restaurants Ltd

20 March 2025

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1.0 Introduction

1.1 This Operator Statement has been prepared by Lichfields on behalf of McDonald's Restaurants Ltd ('McDonald's'). It accompanies a full planning application in relation to the development of the Land at Junction of Water Street and Molesworth Street.

1.2 The Statement provides an overview of the process and key criteria applied by McDonald's in selecting the subject site as a potential location for a drive-thru restaurant. In addition, it outlines the potential economic impacts that could be unlocked through the delivery of the proposed restaurant.

Proposed Development

1.3 Planning permission is sought for a 474 sq. m (Gross External Area (GEA)) drive-thru restaurant (Use Class E/Sui Generis) to be operated by McDonald's. A detailed summary of the application site and surrounding area, as well as a description of the proposed development, is provided in the accompanying Planning Statement.

Structure

1.4 The remaining sections of the report are structured as follows:

- **Section 2.0:** provides an overview of the site selection process adopted by McDonald's in assessing the commercial viability of the application site;
- **Section 3.0:** outlines the key socio-economic impacts that could be unlocked by the delivery of the application site – during both the construction and operational phases; and
- **Section 4.0:** summarises the key messages from the preceding sections of the document.

2.0 Approach to Site Selection

- 2.1 McDonald's has a well-established methodology for selecting locations for its proposed restaurants. This section outlines the site selection process and the factors used to assess the likely viability of the application site.

McDonald's Store Format

- 2.1 The McDonald's brand is globally recognised and has been trading in the UK since 1974. The company currently trades from more than 1,400 restaurants across the UK and directly employs over 170,000 people.
- 2.2 The 2024 *McDonald's at 50: Our Social and Economic Impact*¹ report highlights the economic contribution of McDonald's operations at the national and regional level. In 2023, McDonald's sites across the North West contributed £767.1 million to the national economy and supported 25,100 jobs. This included:
- 21,450 direct jobs within the 184 restaurants in the region;
 - 860 indirect jobs in the supply chain; and
 - 2,790 induced jobs within the wider economy.
- 2.3 Almost 90% of McDonald's restaurants are operated as local businesses by franchisees. This approach unlocks the opportunity for local investors to leverage the global marketing and branding of McDonald's, as well as benefitting from the organisation's comprehensive training programmes and well-established supply chains. As a result, the development of a new McDonald's restaurant offers the potential for immediate growth and a lower risk of failure compared to an alternative independent start-up. The anticipated employment opportunities supported by the proposals (see Section 3.0) can, therefore, be perceived as more secure than those supported by an independent alternative.
- 2.4 The business' network of restaurants in the UK includes four principal formats, as summarised below:
- High Street;
 - Drive Thru;
 - Drive To; and
 - Delivery Kitchen.
- 2.5 The most prevalent formats are Drive Thru and High Street, which account for approximately 1,000 sites and 400 sites respectively. The application site has been identified as a suitable location for a Drive Thru restaurant.

Site Selection Process

- 2.6 Potential sites are identified through a number of sources, including McDonald's retained commercial property agents and external referrals. Locations are then assessed using a two-stage process, as outlined below:

¹ [mcdonalds-at-50-social-and-economic-impact-report.pdf](#)

- **Stage 1:** potential sites are assessed using McDonald's bespoke analytical model. This is used to determine whether sites are likely to represent suitable locations for investment; and
- **Stage 2:** for sites which progress beyond Stage 1, further analysis is conducted to determine the likely strength of their future trading performance. This assessment draws upon a review of comparable sites within McDonald's existing portfolio of assets.

Stage 1: Initial Modelling

- 2.7 The analytical model used at Stage 1 is proprietary to McDonald's. Details of the modelling approach are therefore commercially sensitive and cannot be disclosed in full. The modelling framework is dynamic. As such, it recognises that interdependencies exist between key metrics and influence the importance of each other. The anticipated role and market position of a site can also impact upon the relative importance of key metrics. The list of criteria, therefore – and the threshold values which must be met for a site to be considered viable – may vary according to the type of site to be delivered.
- 2.8 The application site is proposed to operate as a Drive Thru location and will provide an additional restaurant in a densely populated area, meeting demand for another restaurant to serve central Rochdale and the residential areas to the north of the borough. McDonald's anticipate that the application site will play an important role in easing pressure on existing restaurants in the locality, thereby helping to support an improved customer experience.
- 2.9 In recognition of this, the key issues assessed within the model are:
- 1 Local population catchment.
 - 2 Trading performance of existing McDonalds' restaurants in the surrounding area.
 - 3 Proximity to existing network of McDonald's restaurants.
 - 4 Proximity to retail and other attractions.
- 2.10 The following paragraphs provide an overview of each of these factors and how the application site performs against them. It can be seen from the bulleted list above, that the model does not consider local representation of McDonald's competitors. It is understood, however, based upon discussions with McDonald's that:
- Competition is not considered to have a significant impact on trading levels of McDonald's stores; and
 - Where competition does exert some influence on trading, this can often be positive, with greater range and choice making a destination more attractive and encouraging more customers to stop/visit.

Local Resident Population

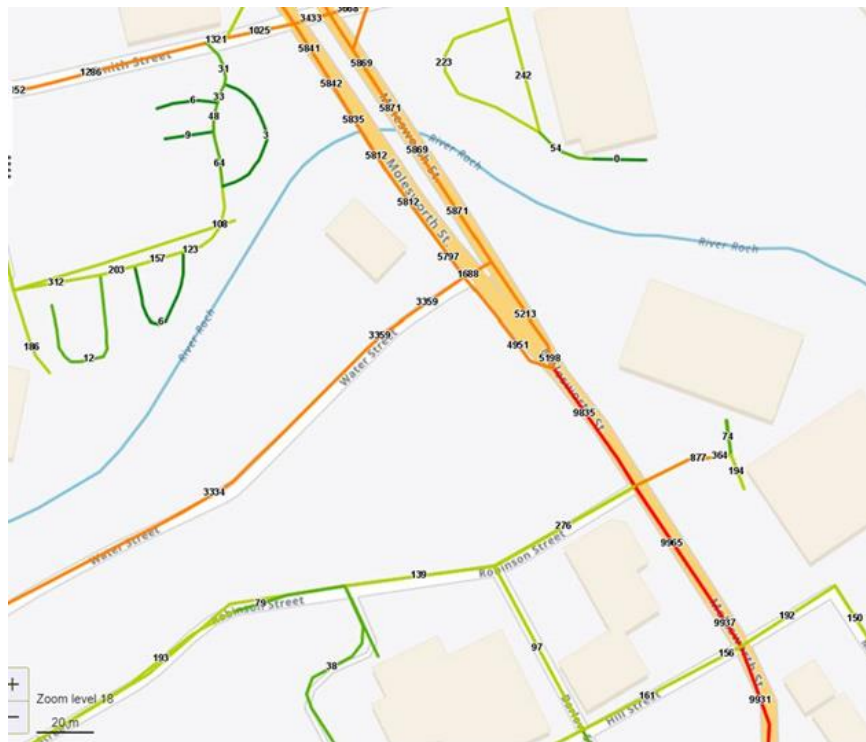
- 2.11 McDonald's recognise that every site is unique in terms of revenue generators and that the level of influence and the importance of each fluctuates. As a general guide, a 15,000 population within an 8-minute drive time is typically sought by McDonald's to support a viable Drive Thru restaurant.

- 2.12 In the context of the above, the application site has a population of 58,000 within an 8-minute drive time, comfortably exceeding the threshold. Furthermore, Rochdale as a wider market area has a population of approximately 59,000. As such, the site clearly satisfies the population catchment threshold.

Traffic Flows

- 2.13 The Department for Transport (DfT) records data regarding traffic flows based on Average Annual Daily Flow (AADF).
- 2.14 The McDonald's model uses a hybrid dataset, which triangulates data from DfT, TomTom and mobile phone activity. This provides estimates of AADF across the entire road network, with the data for the Molesworth Street site shown below.
- 2.15 Using this approach, a traffic flow figure of approximately 9,800 AADF has been identified. This is considered by McDonald's to be sufficient to support a viable restaurant, having regard to the location's performance in relation to population, trading performance of existing restaurants, and proximity to existing restaurants.

Figure 2.1 Traffic Flow Data



Existing Network of Restaurants

- 2.16 In considering a site's relationship to McDonald's existing portfolio of restaurants, the analytical model generally seeks to maximise distance between restaurants. This helps to ensure that new developments are positioned to serve new (or less well penetrated) catchment areas.
- 2.17 In densely populated areas – which also benefit from close proximity to nearby sales generators (such as retail destinations) – McDonald's advise that they are willing to locate

Drive Thru restaurants within 1km of each other. This is particularly true where additional restaurants will help alleviate pressure on existing sites and enable McDonald's to capture additional sales which, in turn, will result in greater economic impact in Rochdale through increased employment and economic output (as discussed in the next section).

- 2.18 In deriving the list of nearby sites, the analytical model considers the impact of Drive To and Drive Thru formats to be comparable. Taking this into account, as well as the size of the population catchments that could be served by the location, the site's proximity to existing restaurants is considered acceptable by McDonald's.

Trading Performance of Existing McDonald's Restaurants

- 2.19 Typically, in assessing sites through the Stage 1 modelling process, McDonald's aim to maximise the distance between restaurants. This reflects a desire to maximise the market penetration achieved by new restaurants. With respect to the application site, however, this is not the case. This is because the rationale for investing in a new restaurant in the Rochdale market is to provide additional capacity with a view to easing the pressure on existing restaurants in the area, which are currently overtrading.
- 2.20 The closest restaurant to the application site are listed below:
- Kingsway Retail Park (2.25km away); and
 - Sandbrook Retail park (3.37km away).
- 2.21 Both Kingsway Retail Park and Sandbrook Retail Park restaurants are trading at very high levels and well above the design capacity for restaurants of their age and size. McDonald's have, therefore, identified a need for assistance to help alleviate this and respond to the high demand in the area. The proposed site has been identified to respond to this demand and cater for the central and north Rochdale market. As a standalone Drive Thru, the proposed restaurant will cater to transient visitors, local residents and workers at the nearby employment areas, as well as relieving the pressure from the overcapacity retail park locations.
- 2.22 In addition to the above, McDonald's customer satisfaction data indicates that although the Sandbrook Park restaurant trades very strongly, it currently performs below the company average in relation to customer channel satisfaction metrics. McDonald's anticipate that providing an additional restaurant will reduce the pressure on the Sandbrook Park restaurant and improve the customer experience.

Proximity to Retail and Other Attractions

- 2.23 Proximity to retail and employment areas can act as a significant attractor of custom for McDonald's restaurants. Indeed, analysis by McDonald's concluded that being located within 500m of a supermarket increases revenue by an average of 10%. Furthermore, analysis of card transaction data indicates that – on average – 18% of McDonald's Drive Thru customers had used their card at a retail outlet located within 500m. The potential for retail attractions to increase revenue is clear.

- 2.24 The proposed Drive Thru restaurant is set within an existing commercial location which includes car sales and large format retail units (TK Maxx, Home Bargains and Halfords), along with an employment area to the south. It is also on the edge of Rochdale Town Centre and therefore offers the potential to generate linked trips with existing facilities.

Stage 2: Site Comparators

- 2.25 Based upon the Stage 1 analysis, the application site was identified as a potentially strong location for a Drive Thru restaurant. In large part this reflects the size of the location population and the need to reduce the pressure on existing restaurants in the local area.
- 2.26 Stage 2 of the McDonald's assessment process generates a modelled sales estimate for sites which progress beyond Stage 1. This is used to determine the likely commercial viability of a site and draws principally upon an analysis of similar existing McDonald's locations. It is understood that the sales forecasts for the application site were developed using comparator Drive Thru restaurants in locations with a similar population and a maximum of two McDonald's restaurants in the market area.
- 2.27 The estimated sales figures for any site assessed at Stage 2 are an aggregate of three individual sales estimates. This approach is intended to reflect the core customer markets served by McDonald's across all formats:
- **Transient custom:** this is based on passing trade influenced by proximity to the strategic road network, volume of traffic flows and distance to the nearest Drive Thru;
 - **Residential and delivery sales:** which reflect the size of the residential catchment within an 8-minute catchment (as well as the relationship to existing locations in the area); and
 - **Retail-related sales:** which take account of the size and strength of an area's retail draw and the potential of this to drive custom.
- 2.28 McDonald's assessment has identified the proposed restaurant at Molesworth Street as being commercially viable and a location that further develops McDonalds' representation in the local market.
- 2.29 It is clear from the preceding paragraphs that McDonald's have been through a comprehensive site assessment process and that this process has identified the application site as a viable commercial opportunity.

3.0 Socio-Economic Impact of Development

- 3.1 This section of the report sets out the potential socio-economic impacts associated with the proposed development. The key impacts relate to the new employment opportunities and additional economic output that will be generated by the proposals (during both construction and operation). The environmental and wider community impacts associated with the scheme are also considered.

Construction Impacts

Direct Employment

- 3.2 The total construction cost of the development is estimated to amount to £4.67 million, with this figure provided to Lichfields by McDonald's.
- 3.3 Using labour coefficients from the HCA Calculating Cost per Job Best Practice Note (2015), it is possible to calculate the number of direct construction jobs supported by the proposed development over the course of the construction phase. Taking account of the nature of the proposed development, a 'private commercial' coefficient is considered as the most appropriate for calculating the number of direct construction jobs. This coefficient assumes that 16.6 direct FTE jobs a 12-month period for every £1 million of construction value (in 2011 prices).
- 3.4 To use the coefficient, the construction cost of £4.67 million has been deflated from 2024 to 2011 prices using UK Government GDP deflator data (2023). Applying the private commercial coefficient to the deflated construction cost of £3.49 million and then dividing the result by the length of the construction period (13 weeks, or 0.31 years), indicates that the proposed development could be expected to support 185 gross direct FTE jobs during the construction phase.

Indirect Employment

- 3.5 The construction of commercial property involves purchases from a range of suppliers, who in turn purchase from their own suppliers further down the supply chain. The relationship between the initial direct expenditure and total economic impacts is referred to as the 'multiplier effect' and demonstrates that an initial investment can have substantially larger economic benefits as this expenditure is transmitted through the economy.
- 3.6 As a result, it is anticipated that some businesses in the local and regional economy would benefit from trade linkages established during the construction of the scheme. Consequently, a number of indirect jobs would be supported through the supply of construction materials and equipment.
- 3.7 ONS data indicates that the construction industry in the North West has an indirect multiplier of 2.21². Applying this multiplier to the 185 direct FTE construction jobs derived above results in a further 225 indirect FTE jobs being supported through the construction phase. In total, therefore, the proposed development could be expected to support 410 direct and indirect FTE jobs during construction.

² ONS Detailed Input-Output Tables (2019); an employment multiplier of 2.21 implies that for every one direct job generated a further 1.21 indirect jobs supported in the supply chain.

- 3.8 It should be noted that the preceding analysis is based upon the application of a Type I multiplier and therefore makes no allowance for any induced employment impacts associated with the proposed development. Induced employment impacts relate to the jobs generated in the local economy (in shops, bars, restaurants and service providers) as a result of expenditure by direct or indirect employees associated with the scheme. On this basis, the total employment impact derived in the preceding paragraphs is considered to represent a conservative estimate.

Economic Output

- 3.9 The construction phase of the development will also make a contribution to local economic output, as measured in terms of Gross Value Added (GVA). GVA is a measure of the difference between what is produced as output (goods and services) and the inputs (raw materials, semi-finished products etc.) used in the production of the output. It represents the additional value that is added through economic activity. In measuring economic growth, economists typically have regard to the quarterly (or annual) change in GVA for a given area.
- 3.10 Based on recent data (2023) provided by Experian, it is estimated that the scheme could be expected to deliver an additional £10.75 million of GVA during the construction phase. This estimate has been derived having regard to:
- The level of direct employment to be supported during construction;
 - The length of the build period;
 - Average GVA per construction worker for the North West region³; and
 - An appropriate GVA multiplier for the construction industry⁴.
- 3.11 It should be noted that a Type I multiplier has been applied and, as such, no induced effects are captured within the analysis. In reality, therefore, £10.75 million of GVA is likely to represent a conservative estimate of the scheme's impact.

Operational Impacts

Direct Employment

- 3.12 Lichfields estimate that the development could support the creation of around 120 gross direct headcount jobs (or 90 gross direct FTE jobs). Both employment figures have been estimated by Lichfields, drawing upon analysis of floorspace and employment data for a sample of almost 900 McDonald's restaurants across the UK.

Indirect and Induced Employment

- 3.13 In addition to direct jobs considered above, some indirect employment would also be created in the supply chain by the additional spending on goods and services by McDonald's. The wage expenditure of workers directly employed, as well as those employed indirectly in the local and regional supply chain would also support induced jobs in shops, services, and other businesses in the wider economy.

³ Experian, 2023

⁴ A multiplier of 2.27 has been applied, based on ONS Detailed Input-Output Tables (2019)

- 3.14 Having regard to appropriate local and regional multipliers⁵, it is estimated that the 90 direct FTE jobs created by the proposed development would support the creation of approximately 34 'spin-off' FTE jobs in the local economy. At the regional level, a total of 50 'spin-off' FTE jobs could be supported, including the 34 to be captured locally.
- 3.15 In total, therefore, the proposed development could support up to 140 FTE jobs (comprising direct, indirect, and induced components) across the wider region.

Fiscal Impacts

- 3.16 It is estimated that the proposed development would generate business rates in the order of £74,800 per annum. This estimate has been calculated having regard to the following:
- The overall quantum of floorspace to be delivered;
 - The average Rateable Value (RV) of other nearby McDonald's Drive Thru sites⁶; and
 - The application of a standard national business rate multiplier of 0.546.
- 3.17 Under the Business Rates Retention Scheme, 99% of the figure calculated above will be retained by the local authority. Whilst this is higher than other local authorities in the England, it is part of the existing business rate settlement with Greater Manchester authorities as part of the 2024/25 finance settlement.⁷ Although future changes to the Scheme are being considered, under the existing fiscal arrangements it can therefore be expected that £74,050 per annum is likely to be retained by the local authority.

Environmental Impacts

- 3.18 The scale of McDonald's operations presents an opportunity to have a positive impact on some of the biggest challenges facing the world today. The threat of climate change is one such challenge and McDonald's are proud of the investment they have made to reduce their carbon footprint in the UK.
- 3.19 McDonald's was the first global restaurant chain to set science-based greenhouse gas reduction targets at a global level. Their aim is to achieve net zero emissions across all restaurants and offices by 2030, as well as net zero across the entire business and value chain by 2040.
- 3.20 To meet these targets, McDonald's as an organisation operate the following initiatives to promote environmental good practice:
- Purchase 100% renewable electricity for all sites that McDonald's own and operate;
 - Cooking oil from restaurants is recycled into biodiesel using local collectors. The biodiesel is then used as fuel for McDonald's vehicles. In 2023, this helped to reduce carbon emissions by 16,250 tonnes;
 - In the UK in 2023, 97.5% of customer packaging was designed to be recyclable or compostable; and

⁵ HCA Additionality Guide, Fourth Edition 2014 – 'Recreation' multiplier: 1.38 local; 1.56 regional

⁶ Sandbrook Park and Kingsway Retail Park

⁷ Local Government Finance Report (2024). Available at: [The Local Government Finance Report \(England\) 2024-25 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1244442/2024-25-local-government-finance-report-england.pdf)

- Customer recycling stations are installed in all new restaurants, to encourage customers to dispose of their food packaging responsibly.

Community Impacts

- 3.21 The new McDonald's restaurant is anticipated to provide several community benefits. It will provide a new place to eat for local residents in central and north Rochdale and those travelling along Molesworth Street and Whitworth Road.
- 3.22 McDonald's as an organisation is committed to operating as a valued and responsible member of the communities in which it operates. This is supported by a range of activity including:
- **Delivering strong staff training programmes** – McDonald's invested more than £62 million in training in 2023. Approximately two-thirds of McDonald's employees are aged between 16-25, and for many a job at McDonald's is the very first step in their career. This highlights the importance of a strong training programme to enhance the development and work experience of school leavers and young people.
 - **Encouraging young people to lead more active lives** – McDonald's have a long tradition of supporting community football, providing financial support to grow and improve standards in grassroots football across England, Scotland, Wales and Northern Ireland. McDonald's most recent initiative, the Fun Football programme was launched in 2019. It is the UK's largest grassroots participation programme for children aged 5-11. By 2026, the programme aims to deliver:
 - a Access to free football coaching for more than 1 million children; and
 - b Diversity, Equality and Inclusion training to over 800 grassroots coaches.
 - **Supporting charities** - McDonald's operate their own independently registered charity, Ronald McDonald House Charities UK (RMHC), which helps support families with sick children in hospital. In 2023, franchisees, suppliers and customers raised £10.3 million for RMHC, which supported 8,415 families across the UK. In addition, McDonald's franchises donated a further £4.5 million in 2023 to support a range of local causes.

4.0 Summary

4.1 The development proposals will deliver a McDonald's Drive Thru restaurant on land at Molesworth Street, Rochdale. The application site has been identified – using McDonald's bespoke analytical model – as a commercially viable location.

4.2 The analytical model has had regard to the following criteria, with the site performing well against each:

- Local resident population within an 8-minute drive time;
- Trading performance of and proximity to existing McDonald's restaurants;
- Anticipated volume of traffic flows; and,
- Proximity to nearby commercial development;

4.3 In addition to the commercial opportunity the development proposals present, the scheme also offers the opportunity to generate the following economic impacts:

- Support 185 direct FTE construction jobs, as well as supporting a further 225 indirect FTE jobs during the construction phase;
- Generate an additional £10.75 million of Gross Value Added during construction;
- Create 120 direct headcount jobs (90 direct FTE jobs) on-site, once the proposals are completed and operational. This could support a further 50 indirect and induced FTE jobs in the wider region; and
- Deliver an uplift in business rates revenue in the order of £74,800 per annum – of which £74,050 would be retained locally.