

Tesco drops plans to build new superstore in Carlisle

By Julian Whittle Business editor

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Tesco has pulled out of plans to build a supermarket at Morton, Carlisle, that would have employed 300 people.

The news comes barely two months after it dropped proposals for a store in Wigton.

Chief executive Dave Lewis announced the decision as troubled Tesco also revealed it was closing its head office and 43 under-performing stores.

It has still to confirm which ones, although neither of the two supermarkets in Carlisle is thought to be at risk.

Mr Lewis said: "It is with a heavy heart that I am announcing that we are unable to proceed with 49 planned new store developments across the UK, including Morton in Carlisle.

"Our performance as a business has fallen significantly short of where we want it to be and my imperative has to be to protect the future of our business.

"I know this news will be a real disappointment to many people.

"I am very aware of the importance of the site to the area and I am determined that we will continue to work closely with Carlisle City Council to find the right solution for the local community."

The council owns the land in Wigton Road, Morton, which has outline planning consent for a 90,000sq ft store.

It named Tesco as the successful bidder for the 12-acre site in May 2013. The Cumberland News understands Tesco had agreed to pay £28m for the land.

Its decision to pull out heaps further pressure on the council's finances. Even if the council re-advertises the site, it may struggle to find a taker.

The big supermarkets have cut back on new stores as they lose market share to discount rivals Aldi and Lidl, which tend to build smaller stores. The new Aldi in Dalston Road, Carlisle, is only 16,000sq ft.

Council leader Colin Glover said: "It's disappointing that the Morton store isn't going ahead but, on the plus side, the city is growing and plenty of other businesses are looking at Carlisle."

He revealed that the council had drawn up contingency plans when Tesco ran into financial difficulties last year.

It no longer includes money from the sale of the land in its medium-term financial plan.

Mr Glover added: “We need to work up what we do regarding re-marketing the site. I wouldn’t anticipate that other large supermarkets will be queuing up.

“We need to talk to our property advisers to see the best direction of travel on that piece of land.”

Tesco already has one superstore in Carlisle, at Rosehill, and a smaller Metro branch in the city centre. It has planning permission for a 40,000sq ft store in Viaduct Estate but mothballed that scheme when it was named as the successful bidder at Morton. It also has planning consent for a convenience store behind the former Horse & Farrier pub in Wigton Road.

A report this week by property agent CBRE revealed that the big supermarkets are sitting on more than 1,000 acres of land they have yet to develop.

Tesco has suffered a calamitous year. It is under criminal investigation by the Serious Fraud Office following the discovery of a £263m hole in profit expectations.

Last autumn it reported a 92 per cent plunge in half-year profits to £112m. And yesterday it revealed that like-for-like sales for the 19 weeks to January 3 fell by 2.9 per cent.

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