C&P 25 YEARS

Spring
Retail Report
2020

Anniversary Edition

CHASE & PARTNERS
Retail & Leisure Property Specialists
C&P

25 YEARS

Spring Retail Report 2020

“To see Oxford Street as a wasteland with an image of tumbleweed blowing down the now empty street from Marble Arch to Tottenham Court Road, one of the most populous shopping thoroughfares in the world, has been a sobering sight, enough to put fear into every investor and occupier of retail and leisure property in every corner of this small country.”

Corona Crunch Time

Introduction by Graham Chase

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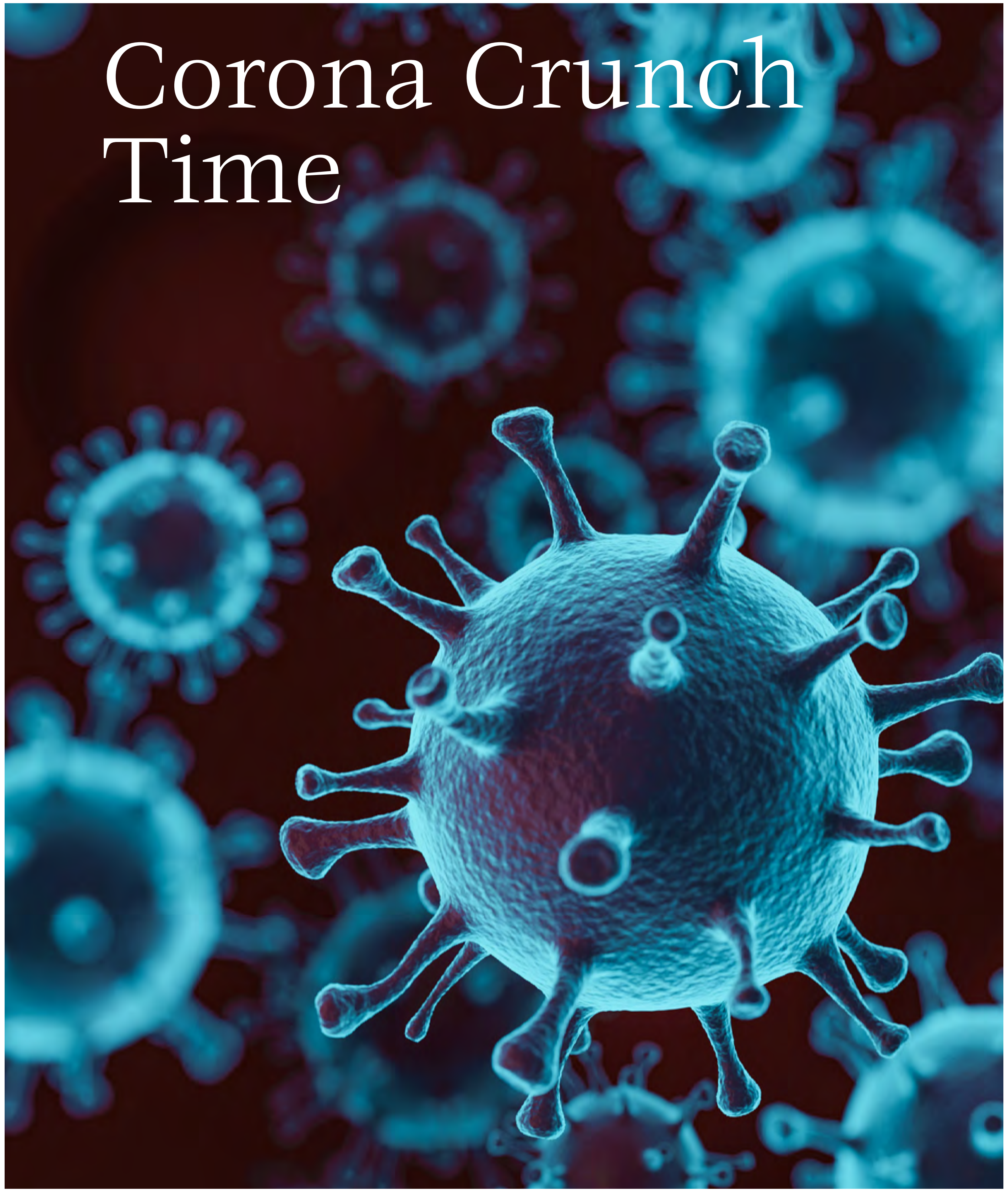
Corona Crunch Time



in 1984 I penned my first written remarks on the property industry in Clive Lewis and Partners 2nd edition of the Midsummer Retail Report, which is still being published by Colliers nearly 40 years later.

Since this time there has been significant change in the property industry mirroring social and business activities alongside a sophistication that was not dreamt about in the early 80s. On the whole commercial property for investment purposes was often undertaken on a seat of the pants decision made by powerful private entrepreneurial individuals, backed by cash and bank loans together with an elite few representing property companies, pension fund and insurance companies.

There were over 3,000 multiple retailers in existence in the early 1980's, many of whom had served their apprenticeship over generations of family ownership. Growth of these chains was both organic and through corporate takeovers, with momentum accelerated by high powered individuals able to take advantage of increasing consumer spending power and credit availability. The weekly manual stocktake and performance of individual shops in a chain, usually undertaken on a Sunday, would inform the retailing Barons what decisions they should take on the following Monday: close that shop, expand that one and secure representation in that town or new out of centre shopping park.

They stamped their mark on the high street which would have ramifications over the next twenty years. Nearly 4 decades later, the profile of retailers, their fortunes and trading activities are almost unrecognisable. The only two true mantras that remain are the science of maximising passing trade and the art of how to sell to the customer. Not even this strap line always holds water in todays dot com online shopping era.

The data and analysis considered by today's investors and occupiers did not become a serious factor in the decision-making process until the early 1990s but even then property was seen as a personal business best undertaken by experienced practitioners with a good handle on market activity and prepared to take "gut feel" risks as to the direction it would take.

In many respects these more personally based policies resulted in many successful transactions and significant returns for investors. Today the concern is more the ability to beat the average and guess the Internal Rate of Return in 10 to 20 years' time! The question is "has this resulted in better decision making and better returns"? - I would argue not!

As more recent events have shown the market has been subject to significant and dynamic events with the inevitable fundamental impact on how the property industry works for both owners and occupiers. Although all the signs were there well in advance of Lehman Brothers failure on the 16th of September 2008 and the near collapse of the western economies banking system, all the data and analysis did not prepare the UK economy, banking sector and property industry for the mind numbing market conditions which followed.

Only six days before Lehman Brothers collapsed the credit rating house of Standard and Poor gave the firm's investment-grade rating an "A" and Moody's waited until the day before Lehman's collapse before downgrading its rating form this nose-bleed level! Madness and an exposure of how little data collection and analysis could help predict the future. For many who had seen the problem coming around the corner and got out, seat of the pants decision making looked a whole lot better than the detailed but inept assessment of those reliant on data analysis, future predictions based on forecasts and investment criteria dogma.

Those involved in the commercial property transactional market had already seen the problems that were likely to emerge from the arrival of the sub-prime mortgage and commercial bond market. In December 2006 I sent an internal email to my colleague partners advising that the boom in the commercial property investment sector was over and that lending would fall of a cliff. All clients should be advised of our negative position and look to secure their property assets as appropriate. By March 2007 our fears were shown to be justified and by September 2007 the damage was obvious but surprisingly the outfall did not manifest itself for another12 months as the banks clung on by shifting paper around and the credit rating authorities appeared to be blind to the situation that was before them.

This demonstrated the poor quality of property lending by the banks and their inability to cover any downturn with a ridiculously high loan to value ratio, despite the requirements (inadequate though they proved to be) of the Basel accords. The catastrophic fall in world stock markets was as a result of the weakness of the banking sector created by poor and reckless lending policies on property based assets. It was in reality a property crash from over inflated and over geared assets. It exposed RBS as just one of many banks who had failed to understand how markets work and the underlying importance of well-funded property with sensible safeguards in place propping up the asset base of banks and many of the financial institutions – in essence UK PLC.

Coronavirus (COVID-19) began to show its dark side as a killer disease in Wuhan China, at the back end of 2019, where it arrived as a mutation from animals traded in so called "wet markets". The potential for a global flu type pandemic had been considered as a real threat by the World Health Organisation and many governments over the previous 15 years. Arguably such a crisis on humanity was readily predictable, strangely enough and as a parallel, was the western banking crisis of 2007/8. Sadly, the world has demonstrated how unprepared it has been to cope, just like the banking sector, governments, and credit rating houses just over a decade earlier.

Such has been COVID-19's contagion that within a few months there was no part of the world which had not been touched by the virus. Hindsight may help us determine how well The UK has done when measured against other countries but the fact is the "science" warned us it would arrive and it has with a vengeance, unprecedented in world events since the great plagues in Europe and Asia of the middle ages. However, every country is different, with the reality is that the UK, as a small densely populated island will have its own characteristics to consider in this war against an unseen foe. London is one of the world's leading financial centres, a hub for international business and a mecca for world tourism with all these aspects on a two-way basis. Any pandemic was likely to have a profound effect on the British people and its economy .

The lockdown and restriction of business activity is likely to reduce The UK GDP in 2020 by at least 25%, devastating the employment market as unemployment rises from a record low of just under 2% in February 2020 to well over 10% just one month later in March.

It is not possible at this time in May 2020 to predict what the future will hold. With social distancing likely to be retained as a key weapon in the war against the virus, many aspects of British life will change with disastrous consequences for sectors of the UK economy including the catering and hospitality industry restaurants leisure across a broad spectrum including

theatres and restaurant and the retail sectors generally. The UK property market, accounting for some 15% of UK GDP will be a heavy casualty both in terms of its value as an asset and its liability as a place of occupation by business and the public at large.

To see Oxford Street as a wasteland with an image of tumbleweed blowing down the now empty street from Marble Arch to Tottenham Court Road, one of the most populous shopping thoroughfares in the world, has been a sobering sight, enough to put fear into every investor and occupier of retail and leisure property in every corner of this small country.

The RICS issued a COVID-19 Practice alert of "Material Valuation Uncertainty" on 15th April 2020. This warns of the difficulty of valuations at this time with restricted evidence, lack of market activity and restrictions against inspections and other investigative/forensic practices normally required to complete a valuation in compliance with the appropriate professional standards – "The Red Book". Such uncertainty is a significant threat to the operation of the property market in both commercial and residential sectors.

Mortgages and loans cannot be considered with any detailed understanding of the risks and without finance the ability of the UK property market to act effectively as a home, a factor of production, a place of work and an investment, with prospects for returns, is all on hold. Recent government emergency legislation understandably has given certain protection to occupiers but any failure by government to properly understand the role of property in the UK market and its position as a business in its own right, similar to occupiers, will create significant challenges in the future.

If government does not balance the equation between owners and occupiers of property there will be disastrous consequences including damaging the UK economy as a global force and the fortunes of the ordinary citizen as pension funds and insurance cover fails or is unable to deliver.

The publication date of this Chase & Partners Spring Retail Report is June 2020. It coincidentally and happily marks Chase & Partners 25th birthday. The current pandemic and economic crisis are a disappointing way to benchmark this special event but on the positive side it provides the opportunity to look back over the past 25 years of this publication and of which we are justly proud.

The retail and leisure property markets have been an exciting area of business for Chase & Partners and we have enjoyed our activities within it. However, over the past five years our business model has changed and now focusses on a more specific client base across a much broader section of property business activity. As well as retail, restaurant and leisure markets, our work covers the areas of mixed use, offices in central London, logistics and industrial in the Midlands and South of England and residential land and development around the UK.

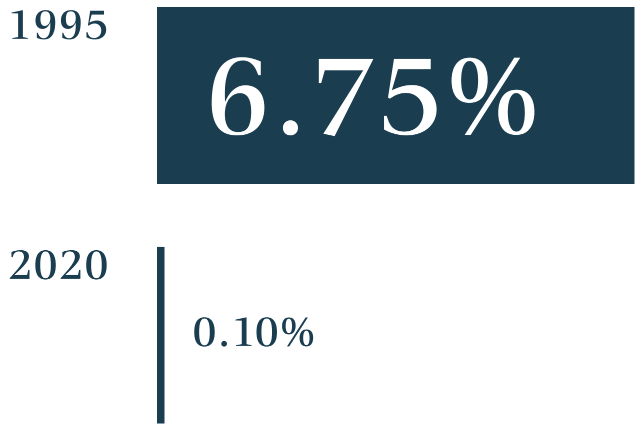
Consequently, this will be our last Spring Retail Report and the end of an era. We are immensely proud of our past of 25 years of continuous trading at the cutting edge of the marketplace and humbled by the many friends we have made, and support received form our loyal client base. We are pleased to promote our current trading profile and satisfied that we can embrace and welcome change. In this respect we thank all our clients over 25 years who have assisted us achieve so much and helping us make this transition so we may continue to provide best advice and add value.

25 years of change

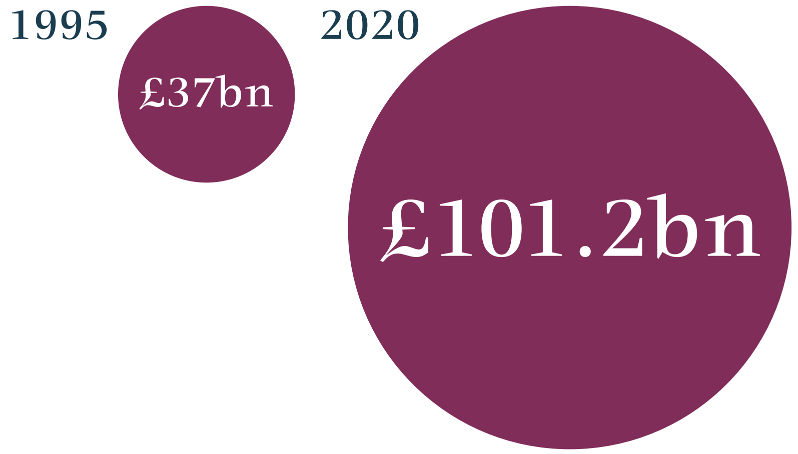
All Figures Pre Covid-19

Bond Street Rental Values per sq.ft.

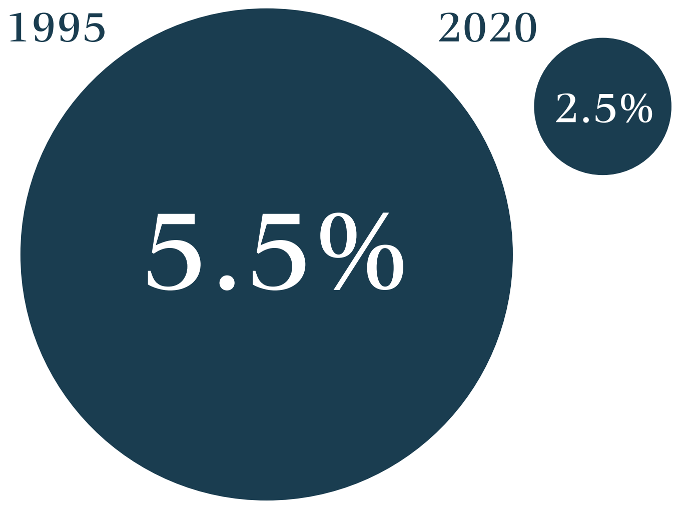
Historical Interest Rates



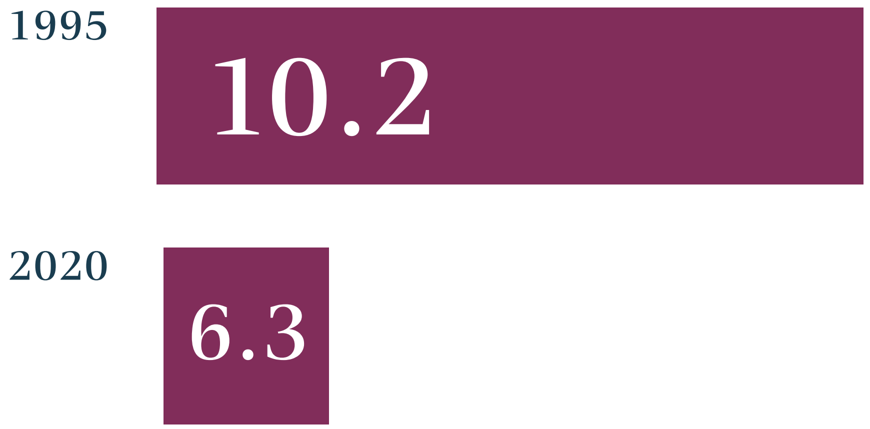
Commercial Property Industry Value to UK Economy



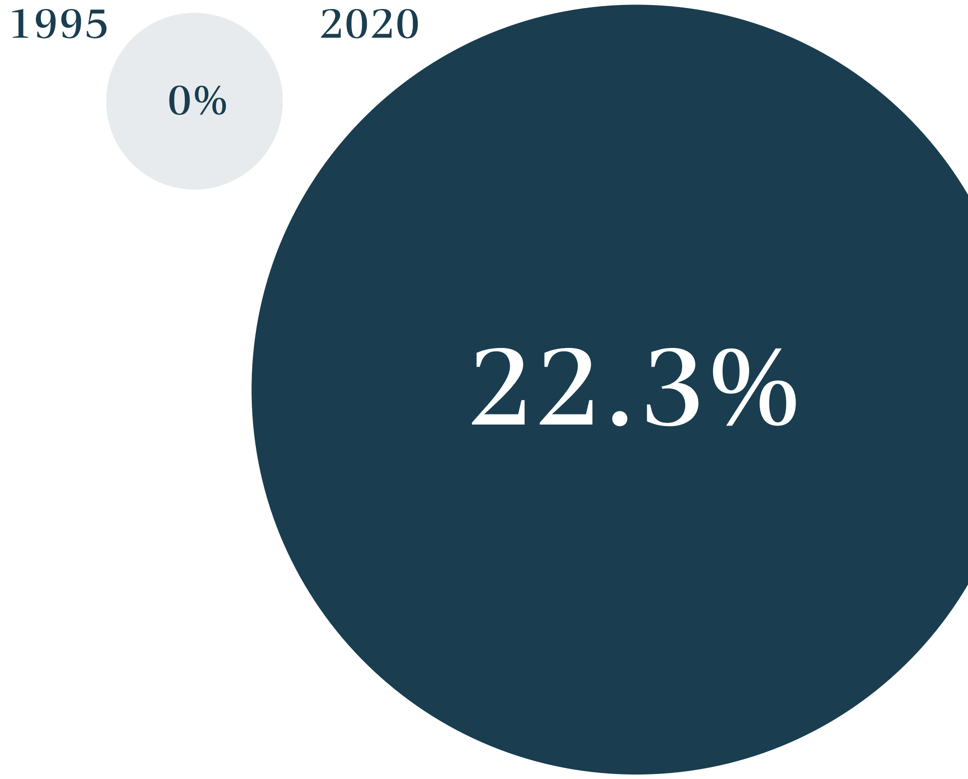
Bond Street Yield Values



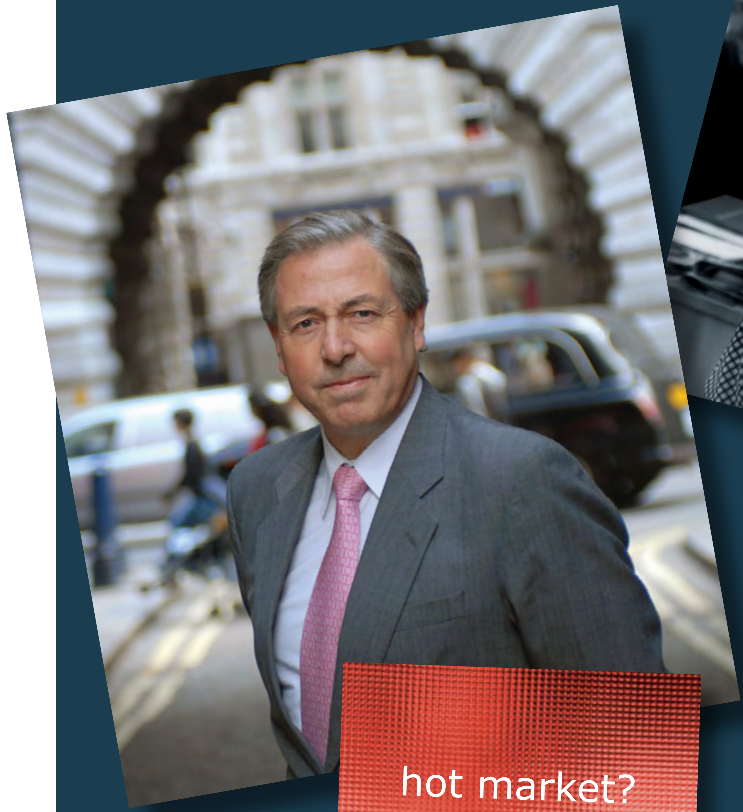
Average Property Lease length for Retail

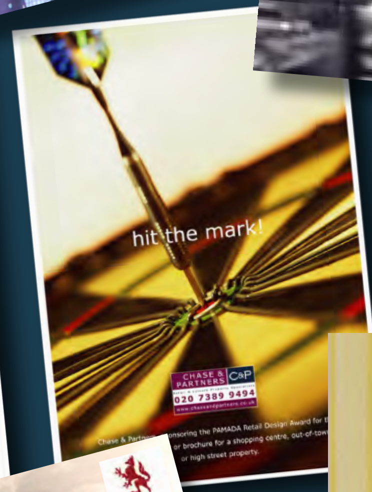


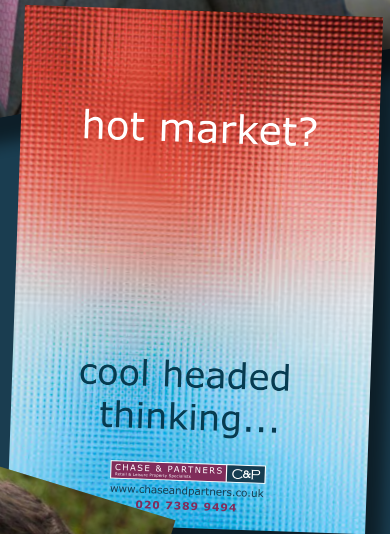
Percentage Share of Online Shopping to Total Retail Sales



25 years of Expertise







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25 years of Expertise

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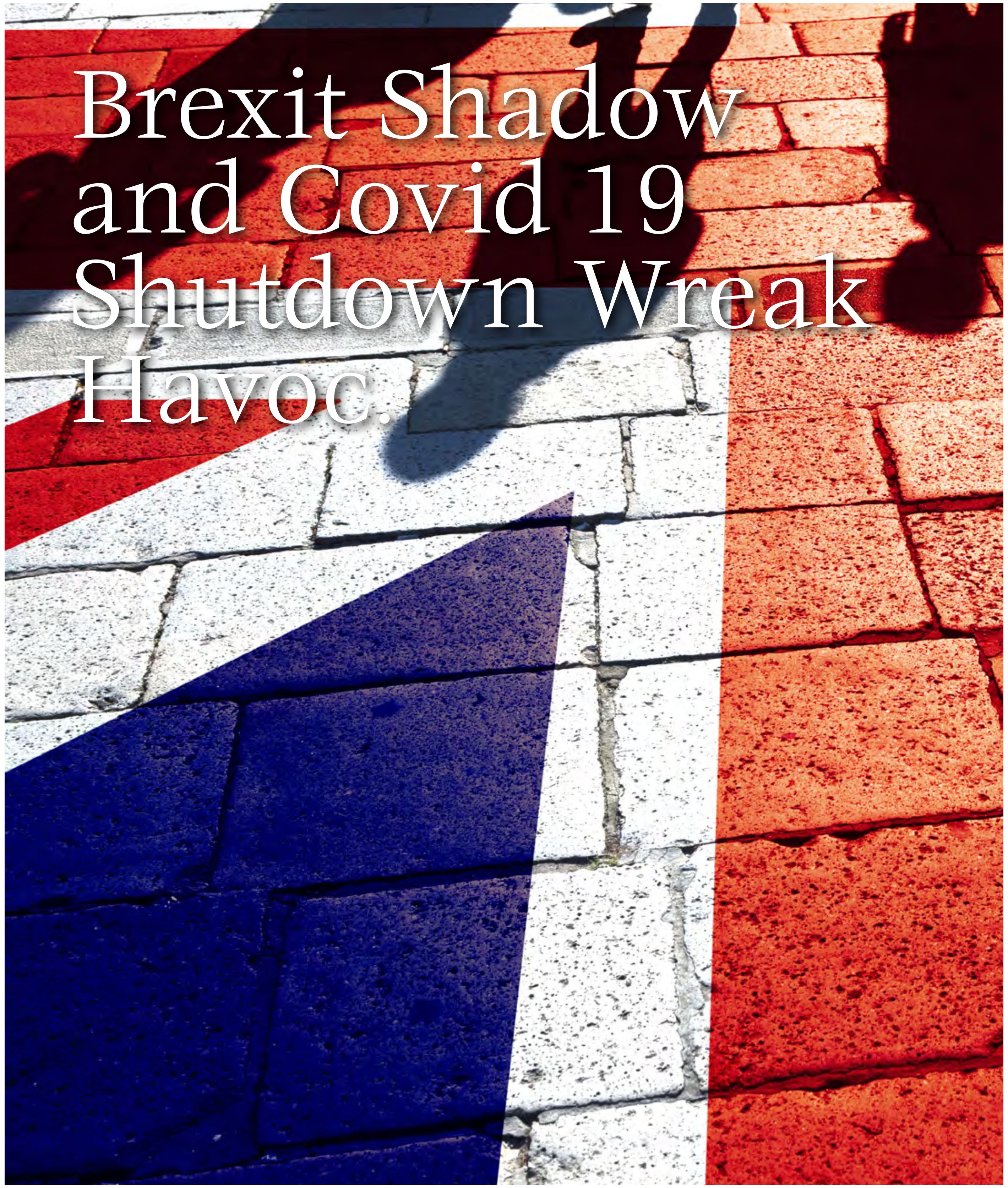
In-Town Agency - Summary of Market Activity

Brexit Shadow and Covid 19 Shutdown Wreak Havoc.



Q2 2019 - Q1 2020

QUARTER 2 (April to June) 2019

Market Analysis

• Retail slump has put 21,000 jobs at risk in 2018 so far as retail store closures, company restructuring, and Carillion's collapse resulted in a bleak quarter.

• A Chinese firm which supplies LK Bennett has joined the race to buy the fashion retailer from administrators.

• Mike Ashley slammed Debenhams advisers after bondholders backed the embattled retailer's £200m refinancing plans.

• Select is on the brink of collapse after filing a notice of intention to appoint administrators, , which would leave the future of Select's 180 stores and 2,000 workers hanging in the balance.

• Sir Philip Green is considering offering landlords shares in his struggling Arcadia group as he bids to win their backing for a restructure.

• Bricks-and-mortar operators face an additional £200m in annual property bills from today, after the business rates multiplier jumped to 50.4p in the pound. Rates have surged 45% since their introduction in 1990, when they were set at just over 38p in the pound.

• Mothercare like for likes fell in its fourth quarter but the retailer hailed "significant strategic progress and full-year profit in line with market expectations".

• Debenhams has been put up for sale after lenders took control of the department store group through a pre-pack administration.

• Edinburgh Woollen Mill owner and chief executive Philip Day has acquired fashion retailer Bonmarche for £5.7 million.

• The owner of Boots is conducting a store portfolio review in the UK that may result in closures, after issuing a profit warning.

• For the second year in a row, Cambridge has beat a host of central London locations to be named the best-quality retail destination in the UK. Eight of the top 10 retail destinations were based in London, although Marlborough clung onto its top 10 berth from last year.

• For the second straight year, Newcastle upon Tyne's Shields Road in Byker was the worst retail destination in the UK.

• Pretty Green has been bought out of administration by JD Sports in an undisclosed deal. JD Sports have acquired Pretty Green's business, brand, online and wholesale business as well as its flagship store in Manchester. However, the remaining 11 Pretty Green stores and its 33 House of Fraser concessions will cease trading immediately – affecting 97 employees.

• Holland & Barrett slammed by landlords for new rent terms from quarterly to monthly.

• The Galleries shopping centre in Bristol has changed hands at a sharp discount to its previous sale, from £50m to £32m, acquired by LaSalle Investment Management.

• Retail footfall climbed over the Easter holiday when shoppers hit the high street.

• The ongoing Extinction Rebellion climate change protests in London have cost the city's retailers £12m over the last two days, according to the New West End Group.

• The Restaurant Group has instructed Savills to market a further 22 of its former Frankie & Benny's and Chiquitos sites as part of its ongoing disposal strategy.

• Debenhams is expected to fall into administration today after a last-ditch rescue offer by Sports Direct was rejected by the department stores group and its lenders. Delivering bad news to the 25,000 employees who work at the 165-shop chain, it said that it could not accept an offer from Sports Direct to underwrite a £150m emergency rights issue, which would involve existing shareholders buying newly issued shares.

• RDI Reit has breached its lending covenants on four of its shopping centres.

• Debenhams fall into adminstration

• A net 2,481 stores vanished from Britain's top 500 high streets during 2018 in a record depletion. It marks the first time that closures have exceeded the 2,400 mark. This compares to with a net loss of 1,772 stores on the high street during 2017.

• World's biggest Primark store opens in Birmingham, its 187th store in the UK and spans five floors across 160,000sq ft.

• LK Bennett has been purchased by Rebecca Feng, who runs the fashion retailer's Chinese franchise business, after going into administration in early March. As part of the sale, LK Bennett closes 15 stores.

• Intu's will sell stakes in its shopping centres in a bid to reduce its loan-to-value (LTV) ratio. It is already looking to sell 50% of its Derby centre, its Sprucefield retail park in Northern Ireland and its Spanish portfolio.

• Metro Bank has selected Manchester as its first location in the north, with a view to open 29 more stores by 2025.

• Neil Woodford offloads NewRiver REIT stake worth £45m to Invesco

• Bonmarché warns £5.7m offer for the business undervalues it

• Monsoon has said it is looking to "accelerate" the process of its store closures as it mulls a potential CVA in order to restructure its estate which operates 268 stores under its Monsoon and Accessorise fascias

• Card Factory posted a loss in full-year profits due to lower footfall but will continue its growth strategy with the aim of 1,200 stores.

QUARTER 2 (April to June) 2019 - Continued

• Mauritius-based shopping centre owner New Frontier Properties has reported a loan-to-value ratio of 90% in the six months to 28 February, after asset values plummeted.

• Intu is to sell a 50% stake in its Derby shopping centre to Cale Street Investments, an investment firm backed by the Kuwait Investment Office, London, for £186.3m. The 1.3m sq ft East Midlands mall was valued at £372.5m on 31 December 2018, representing a net initial yield of 6.6%.

• The new owners of Debenhams are reportedly days away from launching a CVA which could include plans to shut down 20 stores in early 2020.

• Debenhams has named 22 of the 50 stores it plans to close as part of a plan by new owners to revive the department store chain. The retailer says the store closures will start next year and 1,200 staff will be affected by the first phase. Stores in Canterbury, Guildford, Wolverhampton and Kirkcaldy are among those earmarked for closure.

• The retail sector stands to benefit most from the introduction of 5G across the UK, which stands to contribute £15.7 billion to the country's economy by 2025.

• The harsh trading environment drove down retail rents on prime properties in the first quarter of this year.

• Cotswold Outdoor's parent company Outdoor & Cycle Concepts has launched a CVA proposal in a bid to stem falling profits. The specialist retailer, whose fascias include Cotswold Outdoor, Runners Need, Cycle Surgery and Snow + Rock. Outdoor & Cycle Concepts is seeking reduced rents across 50 stores, aims to shut four unprofitable branches within three months and exit a further three stores with immediate effect.

• Intu has warned its rental income will fall below expectations this year following a "higher than expected level of CVAs".

• New Look has completed its restructuring, slashing its debt to enable it to invest in its turnaround strategy. The retailer, which struck the debt-for-equity swap with a group of key stakeholders in January, has reduced its debt to £1.35bn to £350m and freed up £150m of new capital.

• Shop price inflation slowed for non-food goods in April, driven by "double the number" of products on discount.

• A host of Britain's biggest property owners have joined forces to demand a larger equity stake in Arcadia, should the fashion group push forward with a CVA.

• Watches of Switzerland considers IPO as sales rise.

• Hamleys has been snapped up by Indian titan Reliance Industries in a £70m deal.

• Debenhams' creditors have approved the department store chain's CVA, paving the way for it to close 22 stores next year. It will involve around further 30 closures over the coming years and also required Debenhams' landlords agreeing to big rent cuts.

• Mike Ashley is set to rebrand up to seven House of Fraser stores as 'Frasers', turning the clutch of shops into a new luxury chain.

• Superdry has issued a profit warning, after cautioning full-year profits would come in "lower than the current range of market expectations".

• Cotswold Outdoor owner Outdoor Cycle Concepts has won approval for its CVA by a majority of over 97% of creditors.

• Mike Ashley has pledged to invest hundreds of millions of pounds into House of Fraser in exchange for three-year rent holidays on the redeveloped stores.

• National town vacancy rates were at their highest in four years, as high street footfall declined again, according to new figures from the BRC.

• eBay has launched a pop-up store in Wolverhampton which showcases products from small local businesses.

• Select has collapsed into administration, leaving the future of its 169 stores and 1,800 employees hanging in the balance and has confirmed it will launch a CVA in the coming weeks.

• Property giant British Land has reported a rise in rental growth, but the value of its portfolio has taken a hit.

• John Lewis has announced it is partnering with the Co-op to launch a click-and-collect trial in six of its food stores.

• Fashion giant Arcadia aims to shut 23 stores and as part of a proposed CVA that will put 520 jobs at risk.

• B&M has posted a jump in full-year profits despite ongoing struggles in the German market, driven by its rapid store expansion programme.

• The tech giant, Microsoft, will launch its flagship 22,000 sq ft store in London's Oxford Circus on July 11.

• Shop prices increased during May at the second highest rate in the past six years, driven by non-food inflation and "spiralling" business property tax.

• Walgreens Boots Alliance is exploring the possible closure of over 200 underperforming stores in a bid to stave off falling sales and profits.

• Select has filed proposals for a CVA in order to slash rents, after it fell into administration earlier this month.

• Monsoon founder Peter Simon has offered £34m worth of rescue funds in a bid to win approval for rent reductions from landlords as part of a CVA. Monsoon is not looking to close any stores as part of its delayed CVA proposal , but it is looking to resize a number of units in its estate as well as slash or even eliminate rents on a number of others.

• Sir Philip Green has offered £185m in additional funds primarily made up of property assets to reduce Arcadia's

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QUARTER 2 (April to June) 2019 - Continued

pension deficit in a bid to win approval for its CVA.

• Karen Millen's Icelandic owner is mulling a sale of the high street fashion chain, after receiving multiple offers for it. The retailer employs around 1,700 staff and has 57 shops and a number of concessions in the UK.

• Mountain Warehouse has posted its 22nd year of consecutive sales growth and committed to investing in its bricks-and-mortar presence, both in the UK and internationally.

• Monsoon landlords call for equity stake ahead of CVA, however, Monsoon rejected landlords' demands for an equity stake in favour of a share of future profits.

• Big four shopping centre landlords face 'long-term risk' from CVAs. One fifth of shopping centre floorspace being let by the four biggest real estate investment trusts is to retailers in administration or with shrinking sale.

• Specialist retailer Watches of Switzerland has floated on the London Stock Exchange at 270p per share, giving the retailer a market capitalisation of £647m.

• Sports Direct has tabled a £51.9m offer for Game Digital.

• UK retailers suffered the steepest level of monthly footfall decline in six years during May.

• Arcadia CVA passes in June, safeguarding 17,000 jobs.

• Select has secured approval for its second CVA in just over 12 months as 87% of creditors backed its latest proposal.

• Bathstore.com has collapsed into administration following years of tough trading conditions, putting hundreds of jobs at risk.

• Boots plans to replace plastic carrier bags with paper alternatives across 53 stores today, with the entirety of its store estate to switch over by next year.

• Italian fashion brand Stefanel UK arm has crashed into administration and is set to close both its London stores.

• Boohoo has taken event space and showrooms in London's West End, marking the formerly pureplay retailer's first foray into bricks and mortar.

• Boots' UK boss Seb James has confirmed the retailer's plans to close approximately 200 stores by 2021.

• UK shopping centre transactions reached £295 million across eight deals in Q2. Sixteen sales with a total value of £240 million were launched during the second quarter as stock starts to flow more freely.

QUARTER 3 (July to September) 2019

Market Analysis

• Office is considering launching a CVA as part of a restructuring process which is expected to take place over the next few weeks of July.

• US private equity firm Fortress is closing in on a £100m deal to buy Majestic Wine.

• Japanese outdoor and leisure brand Snow Peak has chosen London for the site of its European flagship store.

• Monsoon Accessorize's CVA has been passed by its creditors, paving the way for hefty rent reductions at around half of its stores.

• Primark sales have risen thanks to new space as like-for-likes declined over the past three quarters.

• Fashion retailer Jack Wills' private equity owner BlueGem is soliciting interest in the business from potential buyers.

• Retail sales declines in June dragged the 12-month average increase to the lowest since records began.

• UK retailers suffered a tough start to summer, as footfall dropped across high streets and shopping centres, though retail parks saw a marginal uptick.

• Poundland owner sales rise as chain 'outperforms' high street.

• Almost one in six high street shops lie empty. The shop vacancy rate in the UK stands at 15.9%.

• Hotel Chocolat has recorded a healthy rise in its full-year sales bolstered by "strong growth" across all divisions of its business.

• Debenhams is set to ask its lenders for a further £50m cash injection to carry the struggling retailer through Christmas trading.

• A controlling stake in Liberty has been sold by current owner BlueGem to private equity consortium Glendower Capital.

• Lego is set to open two new stores in the UK this year, both at flagship shopping centres owned by Hammerson.

• The health of the UK retail sector is on the cusp of hitting record lows as businesses battle "some of the toughest trading conditions they have experienced".

• CMA will start an investigation into JD Sports' Footasylum acquisition.

• Demand for retail property in London is approaching lows last seen after the 2008 financial crash.

• Primark is calling on landlords to slash rents by 30% as other retailers benefit through CVAs.

QUARTER 3 (July to September) 2019 - Continued

• Hammerson, which owns shopping centres including London's Brent Cross and Birmingham's Bullring, reported that net rental income at its UK flagship destinations was down 6.8% in the first half, impacted by CVAs and administrations.

• Hammerson eyes leisure and co-working space as future anchors as it continues to alter its tenant mix away from retail.

• Westfield's UK rental income over the first half of the year fell amid an increase in vacancies due to the rash of retail CVAs and administrations and delays with leasing due to Brexit.

• The chief executive of Intu has said that the landlord will stand firm should Primark or any other retailer request rent reductions on schemes in line with those who have recently undergone CVAs.

• Majestic Wine acquired by US investment firm, Fortress, for an undisclosed figure.

• Flying Tiger Copenhagen has halted UK store openings after a plunge in profits.

• Struggling fashion retailer Jack Wills has been bought out of administration by Sports Direct, following a tussle between Mike Ashley and fellow retail tycoon Philip Day's Edinburgh Woollen Mill Group.

• One of London's most famous department stores, Debenhams' former Arding and Hobbs branch, is to close next year.

• Mattress in a box specialists Eve Sleep and Simba are in early-stage merger talks as the loss-making businesses seek to guard against a challenging landscape.

• The number of empty stores across the UK has hit its highest level for over four years. More than one in 10 shops lay empty in July – 10.3% of units – the highest level since January 2015.

• More than 50 retailers have written to new chancellor Sajid Javid demanding action to lighten the burden of business rates.

• Variety store group Poundland is to pilot prices below £1 for the first time, along with higher price points to deliver "even more amazing value" for shoppers.

• Sports Direct closes eight Jack Wills stores with more at risk.

• Poundland owner Pepkor Europe is understood to be mulling a €4bn (£3.6bn) sale or flotation next month in September.

• Office is mulling the closure of 15 stores in the UK over the next two years as part of a wider turnaround strategy from parent company Truworths.

• Ann Summers has won better property terms from landlords on most of its 100 branches but the refusal of property owners to be more flexible means a CVA may be considered for those where terms have not been struck.

• UK shopping centre investment plummeted by more than 80% in the first half of the year compared with the same period in 2018, in what has been the worst half for deal activity on record.

• Shopping centre investment propped up by local authority spend. Less than £400m has been invested in shopping centre assets so far in 2019, which is set to be the lowest annual figure since 2012 if the current rate of spend continues, a far cry from the halcyon figure of £6bn back in 2014.

• Footwear brand Clarks is demanding rent reductions of up to 30% from landlords, as it seeks to overcome a spell of poor trading.

• Shop prices fell slightly in August, driven by weak consumer spending and "stiff competition" between retailers.

• Alibaba launches first European store in Spain.

• HMV will open a new flagship in Birmingham city centre next month which will act as a live music space and focus on vinyl records.

• Giorgetti, the luxury Italian furniture and homeware brand, has opened its first store in the UK in London.

• August sales flatline in 'incredibly disappointing month for retail'.

• Fast-fashion etailer Boohoo has grown faster than expected this year and expects sales to exceed previous guidance.

• Intu circled by buyout firms as it faces £1bn debt crunch.

• Topshop and Topman have slumped to a loss of more than half a billion pounds after suffering a fall in sales and booking a raft of one-off charges.

• Mike Ashley, who has already swooped on ailing retailers including House of Fraser, Evans Cycles, Sofa.com and Jack Wills over the past two years, has tabled a bid for Brookfield Shopping Park. Ashley had bid around £28m for the 90,000 sq ft destination in Cheshunt, which had an asking price of around £45m. His bid was also just a third of what current owner JP Morgan Asset Management paid for the retail park four years ago.

• Debenhams has won a High Court battle with a landlord to secure its CVA, paving the way for the department store to shut 50 shops.

• Eve Sleep issues profit warning as Simba merger talks collapse.

• Miss Selfridge suffered ballooning losses last year after a slump in sales and a writedown in the value of its property.

• Around 600 of Thomas Cook's high street stores have shut down after the travel company collapsed. Alongside its raft of high street stores, the company's four airlines have been grounded and its 21,000 employees in 16 countries, including 9000 in the UK, are now unemployed.

• Foot Locker will be moving to a larger unit in the Manchester Arndale centre to develop a new experience-led flagship.

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QUARTER 4 (October to December) 2019

Market Analysis

• John Lewis Partners has become the latest retailer to demand better terms from landlords.

• Selfridges sales boosted by in-store experiences

• The government has unveiled temporary tariffs on clothing products from developed countries in the event of a no-deal Brexit.

• Department store group Debenhams has secured an additional £50m of funding that will enable it to trade at full-tilt over the vital Christmas period.

• Jewellery chain Links of London has tumbled into administration, putting up to 350 jobs at risk. The retailer, which operates 35 stores and concessions in the UK and Ireland, had been seeking a buyer prior to falling into administration yesterday. Links of London also trades from 300 other physical stores.

• Swedish furniture giant Ikea is expanding its UK property team as it seeks to snap up lowly valued shopping centres to accelerate its urban expansion.

• Nike is to end its supply agreements with dozens of independent retailers as it accelerates efforts to sell more of its products direct to consumer.

• Sports Direct has announced the acquisition of Brookfield Shopping Park in Cheshunt, Hertfordshire, as part of a £25.4 million.

• Retail is bracing itself for the toughest Christmas in a decade as Brexit uncertainty, high property taxes and deep discounting grip the market just two weeks into the golden quarter.

• The BRC has warned that retailers face a £137m business rates hike from next April based on the latest figures from the government's consumer price index (CPI), which will pile more pressure on the sector.

• Photographic retailer Jessops has approached administrators in a bid to salvage its struggling property arm.

• Fenwick has swung to a loss after suffering a slump in sales during a "challenging year for retail".

• Bonmarché has tumbled into administration, with its boss blaming "a period of historic difficulty" on the high street for its demise.

• Inditex-owned Zara UK has posted tumbling full-year profits despite sales increasing.

• Family owned The Entertainer recorded rising sales and profits last year despite ongoing struggles with the high street.

• Christmas spending is forecast to be lacklustre as concerns about Brexit weigh on shoppers.

• Poundland is rolling out its 'simple' price proposition across its 840-strong store estate following a successful trial.

• Forever 21 has commenced a £30m stock clearance sale from its three remaining UK stores, as its administrators look to wind up the business here.

• The UK retail sector is set to lose another half a million jobs over the next five years to artificial intelligence and automation.

• Unibail-Rodamco-Westfield registered increased tenant sales and "strong footfall growth" across all its locations.

• John Lewis Partners Oxford branch is poised to become the first department store to eradicate plastic bags.

• General merchandise giant Argos has cautioned customers that Brexit uncertainty may lead to higher prices.

• Retail sales registered a slight uptick following a heavy discounting period during October.

• Mamas Papas has closed six stores in pre-pack administration and will be reviewing operations at its head office which could lead to as many as 127 redundancies across shopfloor and back office.

• Lovehoney has launched its first physical pop-up store in London.

• Clintons has been forced to reach out to landlords to seek concessions on store closures and rent cuts, as the greetings card chain becomes the latest high street retailer to suffer. Clintons wants to close 66 of its 332 stores and demanded rent cuts for more than 200 others.

• Chinese ecommerce giant Alibaba is building up a retail team as it eyes a possible move on to the British high street.

• British Land is the latest institutional landlord to suffer as the high street malaise reduced its retail property portfolio values by a tenth.

• Nike has ended its long-term pilot programme with Amazon, as it looks to focus more on selling direct to consumer.

• Landsec, which owns shopping centres such as Trinity Leeds and Gunwharf Quays in Portsmouth, wrote down the value of its overall portfolio by £368m for the six months to the end of September. driven predominantly by the issues facing retail and leisure, which accounts for roughly half of its portfolio. Particularly hard hit was the value of its retail park portfolio, which fell 11.1% to £523m, while regional shops and shopping centres fell 9.4% to £1.9bn. This resulted in a pre-tax loss of £147m for the period, compared to a £42m profit for the same period last year.

• Sports Direct owner Mike Ashley has demanded of landlords that all new rent deals across his sprawling retail empire be linked to sales.

• The owner of Primark has defended its fast-fashion offering and said shopping in-store is more environmentally friendly and sustainable than online delivery.

• Selfridges has partnered with independent boutique cinema operator Olympic Studios and opened a cinema inside its Oxford Street store.

QUARTER 4 (October to December) 2019 - Continued

- Black Friday footfall to slump as low consumer confidence bites.
- The world's biggest luxury goods company LVMH, owner of Louis Vuitton, is set to buy US-based jeweller Tiffany Co in a deal worth in excess of $16bn (£12.5bn).
- Clarks has drafted in management consultants to conduct a review of the ailing high street business amid fear of store closures and possible job losses. Clarks has 553 shops across the UK and Ireland, employing around 12,000 people.
- Just 5% of deals being pushed by UK retailers over the Black Friday period will offer genuine discounts.
- Menswear specialist Baird Group has appointed real estate advisor Savills to spearhead the growth of its store portfolio across the UK and Europe.
- Peacocks set to buy Bonmarché out of administration. Despite the emergence of Peacocks as a potential buyer, administrators said 30 underperforming Bonmarché stores will still close by December 11. Bonmarché's remaining 285 stores will continue trading in the immediate future and the "vast majority" of those are expected to be kept as part of any deal with Peacocks.
- Fortnum & Mason has reported soaring profits and sales for the year off the back of what it described as strong multichannel performance.
- Black Friday shoppers have flocked online for deals while early footfall numbers surpassed expectations in a boost for the retail industry.
- Black Friday sales advanced 16.5% by value and shoppers are continuing to spend on Cyber Monday.
- Dr Martens' owner – private equity firm Permira – is looking to sell the shoe brand for £1bn.
- Boohoo hails record-breaking Black Friday weekend.
- Greetings cards specialist Clintons has been bought out of administration by Esquire Retail Limited, safeguarding all 2,500 jobs and in a deal that has enabled all of its UK 334 stores across the UK to continue to trade.
- Quiz has said it is in discussions with landlords on stores with leases coming up to expiry looking for an average of 30% rent reductions as it battles to turnaround the flagging fortunes of its estate.
- Allbirds takes stand against Black Friday by emptying London flagship.
- Ted Baker has called in consultancy firm AlixPartners to help with a root-and-branch review of operations after a difficult year that has seen it issue three profit warnings.
- JD Sports planned £90m takeover of struggling footwear firm Footasylum has been halted by an ongoing investigation by the Competition and Markets Authority (CMA).
- John Lewis Partners has posted a rise in sales during its Black Friday and Cyber Monday promotional events.
- Majestic Wine has confirmed its sale to US firm Fortress Investment group for £95m. The specialist retailer will continue to trade from all of its 190 stores across the country following the threat of closure of 140 stores under the previous owner.
- Sports giant Adidas opened a four-storey 27,000sq ft space on London's Oxford Street.
- Sports Direct is to rebrand as the Frasers Group in the latest turnaround plan set out by owner Mike Ashley.
- Premium home and design retailer Heals has announced it will open a new outlet store on Chiswick High Road next week. The 2,080 sq ft store will offer a selection of cancelled, returned and overstocked items at significantly reduced prices.
- Intu Properties has called in PwC to help advise on the restructuring of its balance sheet
- Reserved has put the brakes on its UK store expansion until political uncertainties "become clear".
- The Conservative Party has won a crushing majority in the General Election, sending the pound soaring to a 19-month high.
- Sir Philip Green's Arcadia has refinanced the £310m loan on its flagship Topshop store on London's Oxford Street.
- Boots is to start selling Mothercare products after agreeing to become its exclusive franchise partner in the UK.
- Shoppers spent £2bn on Christmas gifts during Black Friday.
- Discounting by retailers has hit an unprecedented level in the run-up to Christmas and even deeper price cuts are expected.
- Blackpool Council has acquired the Houndshill Shopping Centre in Blackpool out of receivership for £47.6m – less than half (55%) of what its previous owners paid for it only four years ago.
- Festive footfall in the run-up to Christmas is forecast to rise despite Black Friday numbers pulling sales forward.
- The Book People has called in administrators for the second time in a bid to secure its future.
- The White Company has posted an uplift in full-year profits as investments in IT and its infrastructure helped it navigate the "turbulent retail environment".
- Debenhams has raised concerns for its future after seeking further rent cuts only seven months after they were slashed in a restructuring process.
- Hedge funds are betting that big-name retailers' share prices will fall as the industry faces continued tough conditions.
- Retail job losses reach highest level in more than two decades. Almost 150,000 retail jobs were lost in 2019 as the industry battled high costs and changing shopping habits.

QUARTER 4 (October to December) 2019 - Continued

- Joy, the fashion and accessories specialist, looks likely to plunge into administration and become the first retail collapse after Christmas. The retailer employs 182 people and has 10 stores, most of which are in London.
- The first 14 high streets to receive £1bn funding revealed. The High Streets Task Force is to give 14 town centres up to £25 million worth of training, face-to-face support and access to research to give small business owners an edge.
- JD Sports shares have risen by 3200 per cent from 25 per cent at the beginning of the decade. The sports retailer entered the FTSE 100 earlier this year after a period of surging sales bucked the downbeat trend among rival retailers.
- Retail administrations in the UK have declined by 30 per cent this year despite several retailers facing increased pressure.
- Barbour sales smash £225m.
- Westfield crowned UK's best shopping centre for 2nd year running.
- 2019 will mark a historic low in shopping centre deal volumes. At just under £1.1 billion, this will be the lowest amount transacted since our records began.
- Councils will remain active buyers of shopping centres in 2020 having made 22% of all acquisitions in 2019.

QUARTER 1 (January to March) 2020

Market Analysis

- Ikea has acquired a West London shopping centre where it will also launch its first UK small-format store. The Swedish retail giant's property arm, Ingka Centres, bought Kings Mall Shopping Centre in Hammersmith for £170 million as the company pushes on with strategy to develop mixed-use sites around urban stores.
- Music sales hit their highest level since 2006 in the UK last year, despite sales of physical CDs continuing to plummet.
- Topshop in the Westfield Stratford City shopping centre is set to shut after its lease runs out.
- Shop prices fell in December as non-food prices dropped significantly below the 12-month average for the fifth consecutive month.
- Bonmarche's creditors are unlikely to retrieve the £23.9 million they are owed, as there may not be enough cash to make any distributions.
- HMV has warned of job losses and the closure of up to 10 stores unless it is able to secure new deals with its landlords including rent cuts. 3 stores have already recently been axed.
- Debenhams has revealed the locations of the 19 stores which are due to shut in the UK this month – resulting in 660 job losses.
- Jigsaw seeks 30% rent reduction from landlords.
- Total sales for 2019 decreased by 0.1%, compared with 1.2% growth in 2018, making it the worst year on record.
- The number of retailers entering into CVA has decreased year on year while administrations are on the rise. The retail sector's CVAs decreased 24% year on year from 38 to 29 in 2019. The number of retailers opting for an administration process decreased from 125 in 2018 to 124 in 2019. However, in December, there was an increase with 11 in December 2019 compared to seven in December the previous year.
- Ikea has unveiled plans to open a new smaller store concept as part of its plans to make the homeware giant more accessible. The new city-centre store is due to open in Hammersmith, London, in spring 2021 located in Kings Mall, which has been acquired by Ikea's parent company Ingka Group as part of a £170m investment.
- Game has said it intends to close 40 stores across the UK unless it can renegotiate rents with landlords as it blamed a "challenging retail market".
- Lush is considering swooping on vacant Debenhams and House of Fraser stores following the success of its large store in Liverpool.
- Beales on brink of collapse after disappointing Christmas. The department store retailer, which began trading in 1881 and today operates 22 stores and employs over 1,000 staff.
- Games Workshop half-year profits surge 44%.
- Five HMV stores which had been at risk of closing will now remain open after the music retailer was able to secure new agreements with landlords. However, the five other stores out of the original batch of 10 remain at risk of closure.
- Frasers Group set to close six Jack Wills stores including Bournemouth, Camberley, Cheltenham, Soho, Truro and Witney.
- Beales collapses into administration which put around 1,300 full-time roles in jeopardy, as well as the future of 22 stores.
- Experiential retail will be "tipping point" in 2025 according to Westfield.
- While the total number of retail job losses fell year on year at the end of 2019, store growth slowed to the lowest level in four years.
- Nearly 10,000 retail jobs were lost in the first three weeks of 2020.
- Adidas to make 20 million shoes from plastic waste by 2024.
- Despite the so-called doom and gloom, there are some retailers bucking the trend and posting positive trading results throughout 2019. These include Primark, The Body Shop, Aldi and Lidl, Boohoo and IKEA.

QUARTER 1 (January to March) 2020 - Continued

- Covent Garden has welcomed eight new stores in recent weeks, two of which are new flagships. The two new flagship concept stores on Floral Street are for fashion brands American Vintage and a brand-new Jigsaw concept.
- Hawkin's Bazaar fell into administration for the second time after failing to find a buyer. It has 18 stores.
- Luxury Australian skincare retailer Aesop has opened its newest UK store in London's West End. Aesop's new store is opens in Seven Dials, London's West End.
- Arlo & Jacob has opened the doors to its fourth new store in the space of 18 months. The new store, touted as the furniture retailer's new flagship, is located within Islington Square, North London.
- The rate of deflation on shop prices eased slightly in January as falling costs in non-food were offset by increased grocery prices.
- Allbirds is set to open the doors to its second bricks-and-mortar store in the UK later this month. Located on 46 Marylebone High Street, the store will open on February 20 – just a year after opening its first London space in Covent Garden.
- Poundland's former owner Advent International has reportedly teamed up with two rival private equity firms for a planned takeover that could value it at over €4.5 billion (£3.8 billion).
- Shopping centre footfall increases for first time in three years.
- Shopping centre landlord Unibail-Rodamco-Westfield has scaled back its development pipeline and ramped up its disposal programme as net rental income fell across its UK centres last year.
- Apple has warned that the disruption in China due to the coronavirus will begin to hit its sales forecasts.
- US-based fast-fashion retailer Forever 21 has been bought out of bankruptcy by three buyers with international ambitions for the brand.
- Victoria's Secret is set to be taken private as a controlling stake in the business is acquired by investment firm Sycamore Partners.
- Nearly half (48%) of shoppers have said they would avoid goods from sellers shipped directly from China if coronavirus continues to spread.
- Boux Avenue has reportedly appointed advisers from Deloitte to discuss a potential insolvency process resulting in store closures.
- Hammerson eyes further disposals this year with 'nothing off the table'.
- Oddbins, the wine and drinks off-licence business of European Food Brokers, went into administration at the beginning of February. There are 56 stores, mostly trading as Oddbins or Wine Cellars: two have now closed. Employees number around 567.
- Intu credit extension dependent on raising £1.3bn equity. The new £440m revolving credit facility (RCF), which will be provided by all seven of its existing banks, would replace its existing £660m facility that is scheduled to expire in October 2021, but was dependent on it raising £1.3bn in fresh equity.
- Coronavirus could spark UK economic growth downgrade.
- 2000 business rates appeals filed every week.
- KPMG reports 5% rise in administrations.
- WHSmith joins retailers renegotiating with landlords over rate payments. WHSmith will look to switch from payments in advance to payments in arrears.
- CMA says JD Sports/Footasylum merger may leave shoppers worse off.
- Plans for a new shopping centre in Croydon have been put on hold again after Unibail-Rodamco-Westfield said the project "requires major redefinition". Westfield said the scheme was among €3.2 billion (£2.66 billion) of projects removed from its pipeline "due to market or administrative circumstances.
- Primark to open first ever pop-up store at Boxpark Shoreditch.
- Castore has raised £7.5 million from undisclosed private investors to help expand its range into professional team sports kit and footwear as well as accelerate international growth. Castore picks Liverpool for second store.
- Apple issues financial alert as Covid-19 outbreak hits supply chain.
- Beales to close final 11 stores after failing to secure a buyer.
- Storms Ciara & Dennis leave big dents on UK retail footfall.
- The basket of goods that average UK households buy has increased faster than expected after inflation increased to the highest rate in six months. The latest data from the ONS shows that the rate of the Consumer Price Index (CPI) increased to 1.8 per cent in January, up from 1.3 per cent in December.
- Adidas & Puma warn on coronavirus disrupting business.
- London's Oxford Street is set to be transformed into a residential area in a bid to have more homes than shops.
- Gymshark has revealed the opening date of its first-ever high street presence with the opening of a pop-up store in Central London. Dubbed GymsharkLDN and located in Long Acre, Covent Garden, the pop-up store will operate until March 29.
- Hammerson full year loss balloons to £573.8m.
- Hotel Chocolat revenue smashes £90m thanks to new stores.
- Feather & Black is reportedly on the brink of new ownership less than two and a half years after it last underwent a change of hands.

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QUARTER 1 (January to March) 2020 - Continued

- Emma Mattress has completed its second financial year of profitability in 2019 with a record €150 million (£125 million) in sales, up 86 per cent year-on-year.
- Intu has failed to raise the equity needed to refresh its credit ahead of publishing its full-year financial results next week, but said it remained hopeful of fixing its balance sheet.
- Hawkins Bazaar, a Norwich-based toy/games retailer with a focus on adult merchandise, went into administration in the latter days of January. There are 18 stores and 177 staff. The company went into administration previously in 2011. Weak trading in 2019 and a poor Christmas have led the firm's current problems. The stores will remain open while a buyer is found, but by mid-February were all to close.
- BrightHouse is reportedly on the brink of collapse, putting 2400 jobs at risk of redundancy. The company, which operates around 240 stores, appointed Grant Thornton to keep running the business, and collecting money from customers.
- New Look has confirmed that it requested a three-month rent holiday from landlords amid measures to help the retailer navigate the economic impact of the coronavirus pandemic.
- Intu has revealed that it received 29% of the rent that was due yesterday on rent quarter day, down from 77% at the same point last year.
- Fashion giants Next and TK Maxx have closed their warehouses and stopped taking online orders to protect staff from the coronavirus pandemic.
- Poundland is expanding its offer of frozen and chilled food 'shop-in-shops' across 60 stores in a bid to cash in on the growing food-to-go market.
- Ashbury Furniture, a large furniture and soft furnishings salesroom, went into administration in February, caused by constant road engineering on the M20 (making it hard to get to the showroom) and the impact of rent and rates.
- Card Factory has completed the roll out of 356 branded concessions across the entire store network of Australian discount retailer The Reject Shop.
- More than half of UK retailers are already grappling supply chain disruption in the wake of coronavirus.
- John Lewis Partnership will pay staff its lowest bonus for more than 60 years after suffering a drop in full-year profits and a write-down in the value of its property.
- The owner of Reading's Broad Street Mall shopping centre has gained planning permission to add new retail space as well as residential accommodation as part of its regeneration project.
- Lego plots store expansion amid profit growth.
- Sportswear giants Adidas and Puma have suffered a drop in sales in China as a result of coronavirus and warned the disruption would impact other markets.
- Moss Bros is set for a return to private ownership after agreeing terms on a cash bid from the owners of Crew Clothing.
- Shopping centre giant Intu has reported a £2bn loss for its last financial year and warned it is at risk of going under if it cannot raise more funds.
- Poundland parent delays flotation amid coronavirus volatility.
- Dixons Carphone to shutter Carphone Warehouse stores. The closure of its 531-strong standalone Carphone Warehouse store estate, Dixons Carphone said it expects to make 2,900 redundancies.
- Embattled department store chain Debenhams has heaped further misery on its landlords by requesting a rent holiday of up to five months as fears over coronavirus dent high street footfall.
- Laura Ashley's owners have filed an intention to appoint administrators and have suspended trading, blaming the coronavirus pandemic for a "significant" impact on trading. Laura Ashley employs 2,700 people and operates from 150 stores.
- Mountain Warehouse boss mulls 2,000 redundancies amid coronavirus sales slump.
- The chancellor has announced 12-month business rates holidays for all retailers and pubs as part of a sweeping set of measures designed to support business in the face of the coronavirus outbreak.
- Superdry will miss its financial guidance after the coronavirus outbreak hit sales overseas and in the UK.
- Fashion giant Inditex has reported a rise in full-year profits but the advance was scaled back by a coronavirus provision.
- Dr Martens set to be sold to US private equity firm Carlyle Group LP for £300m.
- Department store group Selfridges is to shut its stores, including its Oxford Street flagship to play its part in minimising the spread of coronavirus.
- Next profits rise as it braces for £1bn coronavirus hit.
- Burberry has suffered an eye-watering slump in sales after admitting the negative impact on demand sparked by coronavirus has intensified over the past month.
- Footwear specialist Clarks has announced a temporary closure of all of its UK and Ireland stores in the wake of the coronavirus pandemic.
- TK Maxx to shutter UK store estate amid outbreak.
- Homewares giant Ikea has announced it will close all its UK stores as a precautionary measure against the ongoing risk posed to staff and customers by the coronavirus.
- Retail footfall has plummeted so far this week as shoppers increasingly stay at home amid the coronavirus crisis.

QUARTER 1 (January to March) 2020 - Continued

• Hotel Chocolat has raised £22m through a share placing to help fuel its online and international growth once the coronavirus pandemic has dissipated.

• Debenhams CVA now free from legal challenges as appeal period ends.

• Superdrug owner launches £40m staff support package.

• High street fashion giant Primark, department store chain John Lewis and shoe repair specialist Timpson all shuttered stores in response to the burgeoning coronavirus epidemic.

• H M has ramped up its supply chain to produce protective personal equipment for frontline medical staff battling the ongoing coronavirus pandemic.

• Ted Baker has sold its London headquarters in a £79m deal and increased its loan facility after warning that coronavirus-related store closures have shuttered the majority of its global store estate.

• Retail footfall declines worst on record as 'true effect' of coronavirus emerges.

• Next will close all their stores temporarily.

• All shops selling non-essential goods have been told to shut as part of strict new measures enforced by the prime minister to combat coronavirus.

• The spending limit for contactless payments in store will be increased from next month in a bid to minimise the spread of coronavirus.

• Sports Direct is planning to keep all of its stores open during the coronavirus crisis despite the UK-wide lockdown implemented by the government.

• A host of retailers including JD Sports, Dunelm, ScS and Games Workshop have confirmed that their stores will close following prime minister Boris Johnson's address to the nation.

• Intu is set to slash service charges in its shopping centres to help offset costs as a growing number of struggling retailers refuse to pay first quarter rents.

• Motor accessories specialist Halfords aims to keep some of its retail stores open to play its part in keeping the UK moving.

• Fashion giant Primark has withheld its quarterly rent and is seeking to revise terms with landlords urgently.

• Intu has removed its full-year financial guidance and warned that it may break banking covenants after receiving just 29% of its quarterly rent payments from tenants.

• 100 redundancies at Edinburgh Woollen Mill Group and staff face 50% pay cut.

• Frasers Group to close five Jack Wills stores immediately. The affected stores are in Dublin, Exeter, Cambridge, Bath and Manchester Trafford Centre

• Schuh is temporarily shuttering its online operation alongside store closures to ensure the safety of our teams and customers.

• Fashion giants Next and TK Maxx have closed their warehouses and stopped taking online orders to protect staff from the coronavirus pandemic.

• River Island to shut distribution centre amid coronavirus crackdown.

• New Look requests 3 month rent holiday.

• Allbirds gives 2000 free pairs of shoes to NHS frontline.

• Frasers Group chief executive Mike Ashley has apologised after his Sports Direct business was embroiled in a row about whether stores could open during the coronavirus crisis. Ashley has written an open letter saying Frasers Group would never have acted against government advice and offered to put the retailer's fleet of trucks at the disposal of the NHS as the fight against the pandemic continues.

• Retailers without high credit ratings have warned the government they face "a ticking time bomb" if they are not given access to its coronavirus support loans.

• Frasers Group to close 9 Jack Wills stores immediately, just one week after announcing they would close a further 5 stores. Affected stores are in Abersoch, Aldeburgh, St Andrews, Dartmouth, Harrogate, St Ives, Lincoln, Rushden Lakes and Southwold

• Swedish fashion giant H M has threatened landlords with walking away from store leases if they do not see a return in turnovers to pre-coronavirus levels once the pandemic passes.

• Experts warn that that thousands of shops may not re-open after the coronavirus lockdown. 20,600 shops expected to not re-open by the end of the year, this compares to the 4,547 that closed in 2019

• Pureplay fashion retailer Zalando says it will keep its warehouses open in a bid to preserve "business continuity" despite saying it had seen a drop in consumer demand for its products due to the coronavirus pandemic.

• RWRC – the home of Retail Week and World Retail Congress – Retail Trust and the British Retail Consortium have joined forces to raise £10m for retail staff who are facing financial distress as a result of the coronavirus pandemic.

• Autonomy Clothing, a small fashion chain with three stores, 100 concessions and 44 staff, went into administration towards the end of March 2020. It has been beset by the same problems as the rest of the industry, the lockdown being the last straw. All employees have been made redundant.

• Lombok, the aspirational furniture and furnishings business, went into administration at the end of March. It operates both online and offline and is best known for its teak products made mostly from reclaimed timber. It has experienced two pre-pack administrations before (2009 and 2011). All 43 staff have been made redundant.

• Mike Ashley's Frasers Group has announced plans to close 17 Jack Wills stores with immediate effect bringing the

QUARTER 1 (January to March) 2020 - Continued

total number of store closures in the last week to 31. Since Frasers Group acquired Jack Wills in late 2019, 50 stores have permanently closed.

• Boots and Amazon have joined forces with the government to launch a new coronavirus testing drive for frontline NHS staff.

• Hammerson says it has only been paid 37% of the rent that was billed in the UK for Q2. Stripping out rent that was waived, deferred, or switched to monthly payments, the figure climbs to 57%

• British Land said deferrals from this quarter's rent payments to total around £40m.

• Footasylum joins list of retailers requesting rent holidays.

• Wilko stores remain open amid pandemic but opening hours reduced.

• 90% sales drop forecast for M&S's clothing & home.

• After meeting backlash from its staff, Waterstones made the decision to close its 280-strong store estate, despite "unprecedented demand" for books. The coronavirus pandemic has led to a 17% increase in sales for the retailer.

• Ikea opens Croydon essentials store exclusively for vulnerable & NHS staff.

• Rent-to-own retailer Brighthouse has tumbled into administration, putting 2,400 jobs at risk. The rent-to-own retailer, which operates a 240-strong store estate, has appointed Grant Thornton as its administrator.

• Topshop parent company Arcadia has launched a series of measures to cut down on costs amid the coronavirus crisis, including deferring payment into its pension scheme.

• Poundland puts 100 stores into 'hibernation'.

• Ted Baker furloughs 2000 staff.

• Shoe Zone furloughs majority of 3500-strong workforce, cancels final dividend.

• JD Sports did not pay any rents or service charges across its store estate for the second quarter of the year and is in discussions with its landlords about the rents due in June.

• The administrators in charge of winding down Laura Ashley announced overnight they had made more than 200 redundancies and placed the retailer's remaining store staff on furlough.

• Coronavirus pandemic contributes to 29.8% drop in retail job applications

• Arcadia has said it will furlough "a substantial number" of staff, and its board and senior leadership team will take salary reductions as it battles to deal with the fallout from the ongoing coronavirus crisis.

• Debenhams stakeholders are understood to be preparing to place the department store chain into administration as soon as next week.

• Barbour uses supply chain to make PPE for frontline healthcare workers

• Unibail-Rodamco-Westfield executives have said they will donate 25 per cent of their salary to Covid-19 relief efforts.

• Primark has created a fund to cover wages of factory workers in countries such as Bangladesh and Sri Lanka where the value fashion giant has cancelled orders as coronavirus led to the closure of stores.

• Topshop owner Arcadia is likely to close many more shops as it reels under the blow of the coronavirus pandemic.

• Chancellor Rishi Sunak extends furlough scheme until June.

• Debenhams has filed a notice of intention to appoint administrators in a bid to protect the business from liquidation.

• Struggling footwear specialist Clarks has drawn up plans to permanently close some of its stores after drafting in bankers to review its finances.

• Footwear specialist Schuh has resumed trading online after putting in place "exhaustive welfare measures" to protect staff from coronavirus.

• WHSmith has successfully raised more than £165m to shore up its balance sheet amid the current ongoing health crisis.

• Trading over the coming Easter weekend will be "unrecognisable" due to the government's mandated lockdown and closure of non-essential stores. Retail footfall across the country has plummeted since the government made the decision to close all non-essential stores on March 23 and will have a deleterious effect on trading over the long weekend.

• Footfall across retail destinations dropped 75.1% in the week beginning March 22 and by 81.4% last week.

• Asos has launched an equity share raise and extended its revolving credit facility to deal with the impact coronavirus on its business.

• Holland Barrett has qualified as an 'essential' retailer as defined by government guidelines, but staff are campaigning for closures.

• Naked Wines has said its full-year 2020 revenues will be in excess of £200m due to higher levels of demand from new and repeat customers under lockdown because of coronavirus.

• Arcadia owner Sir Philip Green wants to borrow £50m against one of his fashion group's new distribution centres as his stable of brands fights for survival.

• As many as 11.7m people across all sectors could be furloughed or unemployed over the next 3 months. Retail has been identified as one of the two most at-risk sectors that would be affected by a surge in unemployment or furloughed staff in the coming months.

• Boots to temporarily shut 60 stores and redeploy pharmacists.

• The coronavirus crisis has prompted interest from a raft of fashion brands to sell through Asos as lockdowns worldwide decimate sales through bricks-and-mortar stores.

QUARTER 1 (January to March) 2020 - Continued

• Ailing department store chain Debenhams has appointed administrators for the second time in 12 months and has liquidated its Irish business.

• Next has resumed selling online this morning less than three weeks after temporarily closing its ecommerce, warehouse and distribution operations amid the coronavirus crisis.

• Retail footfall across the UK slumped to an all-time low in March as the impact of the coronavirus lockdown hit the high street hard.

• Retail suffers miserable March as coronavirus sparks record sales slump.

• Fashion retailer Oasis and sister business Warehouse have collapsed into administration as the coronavirus outbreak pushed them over the edge.

• Edinburgh Woollen Mill is inserting pandemic clauses into new leases it is signing with landlords on Bonmarche stores after it bought the retailer out of administration.

• The private equity owner of men's shirt specialist TM Lewin has put the retailer up for sale despite its store estate being closed due to the coronavirus pandemic.

• Value fashion giant Primark is providing care packs containing 74,000 products to London's new NHS Nightingale Hospital to help support efforts to beat coronavirus.

• Debenhams has agreed on terms with landlords that will enable most of its stores to carry on trading following the department store group's administration last week.

• Retail footfall across the UK fell to the lowest levels on record in March, although retail parks were better able to weather the storm compared with high streets and shopping centres.

• Retailers and landlords have written to the chancellor pleading for help with rents, saying the future of the high street will be decided in "weeks rather than years".

• Primark is to pay suppliers for hundreds of millions of pounds' worth of additional stock to help support them through the coronavirus crisis.

• Fashion brand Ted Baker has launched a digital pop-up store with 100% of profits going to local community charities still operating during the coronavirus pandemic.

• Alibaba has unveiled plans to ramp up the number of international brands on its Tmall Global marketplace, pledging to add 1,000 over the next 12 months.

• Fashion retailer Cath Kidston's 60 UK stores are likely to be closed and the business will focus on trading online and wholesale. CK Acquisitions, a company controlled by Baring Private Equity Asia, has bought the brand, ecommerce platform and wholesale business from administrators. The UK shops will remain under the management of administrator, Alvarez & Marsal. It is expected that all shops will be shut, with the loss of 740 jobs in the UK.

• LK Bennett's administration process has been extended for another year as joint administrators seek to complete remaining work and address "property matters".

• Value fashion giant Primark has signalled that reopening stores after the coronavirus pandemic is likely to be a "complex" process to ensure the health and safety of staff and shoppers.

• Apparel retailer Joules has successfully struck new financing arrangements and reported better than expected online sales.

• The John Lewis Partnership has forecast that its full-year sales decline could double at John Lewis and slide at Waitrose despite the current coronavirus-induced surge in grocery sales.

• Boohoo full-year sales and profits soar in 'great' year.

• Crew Clothing owner Brigadier Acquisition Company is aiming to have its offer the acquire Moss Bros in a £22.6m deal lapse.

• Restructuring and investment firm Gordon Brothers has bought the Laura Ashley brand and its intellectual property from administrators PwC.

• The Competition and Markets Authority (CMA) is set to maintain its stance on JD Sports' acquisition of Footasylum despite the damaging impact coronavirus has had on the latter's finances.

• Primark has lent it support the UN's call for fashion industry stakeholders to help garment industry workers impacted by the coronavirus pandemic.

• Boots has recruited new delivery drivers to meet an increase in demand for prescription medicine deliveries as a result of the coronavirus.

• The government has placed a temporary ban on landlords issuing statutory demands and winding up orders over unpaid rent to protect high street businesses under strain from coronavirus.

• Animal to shut down all 29 stores & cease business completely. The Poole-based retailer plans to close all of its stores, website, concessions and business by 2021, seven years after initially filing for liquidation.

• The real estate debt market was experiencing a sharp slowdown and showing signs of weakness even before the Covid-19 outbreak hit the global economy. Outstanding development finance remained stable in 2019, but undrawn loan facilities increased to £27bn during the first half of the year and remained high at £25.5bn. This, according to Cass, indicated that a significant amount of development came to a standstill during the year.

• New lending fell by 12% last year, in line with property investment volumes.

• The amount of defaulted loans also increased year on year by 36%. it is also expected loan write-offs and debt losses for real estate of between £8bn to £10bn due to coronavirus, as well as an additional £22bn of development loans affected by construction delays and defaults.

QUARTER 1 (January to March) 2020 - Continued

• The Office for National Statistics (ONS) has recorded the steepest decline in retail sales in March since the tracker was launched in 1996.

• Using data from leading managing agents on 18,350 commercial and residential properties shows that 21 days after March's rent quarter day, 67% of the rents due had been collected, up from 57% after seven days. On rent quarter day itself, just 48% of rents were paid.

• Retail sales suffer biggest monthly drop since records began as sales volumes slump by 5.1 per cent from February to March - even as panic-buying boosted food stores by 10 per cent and alcohol buying soared 31 per cent. Clothing store sales had sharp fall compared to February, at 34.8 per cent down.

• Department store business John Lewis is making plans to reopen stores next month as other retailers also move out of the coronavirus lockdown.

• The British Retail Consortium (BRC) and shopworkers' union Usdaw have issued guidance on social distancing for non-food retailers in anticipation of a wider reopening of stores. The guidance recommends that retailers will need to implement social distancing both in and around stores – including on the shopfloor and till areas, as well as in changing rooms, customer seating areas, cafes and toilets.

• Argos has made the decision to temporarily close the majority of its UK stores as a result of the coronavirus pandemic. All of Argos' standalone stores have now shut their doors, but its stores inside Sainsbury's supermarkets remain open. Argos is owned by Sainsbury's.

• The UK's high streets are expected to continue struggling next year if a new rule on business rates is allowed to pass through parliament unchanged, retailers have warned. Chancellor Rishi Sunak's budget includes plans for a £22 billion support package through grants and a business rates holiday. He has also committed to a review of the system, following pressure from retailers to overhaul the commercial property tax.

• British retailers have cancelled an estimated £2.5bn in clothing orders from Bangladeshi suppliers, pushing the country's garment industry towards a "major crisis".

• Poundstretcher has reportedly drafted in KPMG advisers to begin a review of the business' finances amid the coronavirus pandemic.

• Games Workshop has confirmed that it will begin making trade sales in Europe and North America this week and will take online orders from May.

• Debenhams pursuing discounted, unwanted stock from suppliers in order to help fill gaps in its seasonal ranges.

• High street retailer Next saw a 41% slump in sales in the year to 25 April, in a drop off that was "faster and steeper" than the retailer expected.

• Shop prices dropped at their steepest rate in over 3 years due to Covid-19 impact. Shop prices in the UK fell by 1.7% in April, compared with the 0.8% recorded in March.

• Non-essential retailers' click-and-collect services can continue to operate as long as customers do not enter stores.

• TK Maxx and Homesense Foundation has created a £1.7 million programme in response to the coronavirus pandemic.

• Next and Dixons Carphone executives have reportedly called on the government to provide answers over the taxpayer-funded furlough scheme as concerns grow over a huge wave of redundancies.

• Shoe Zone has scrapped its final dividend for the year to October 5 as turnover for the six months to March 31 took a hit due to the coronavirus lockdown. Turnover dropped by 3.4 per cent to £69.9 million for the half year, compared with the same period in the previous year.

• Intu could reportedly lose some of its key retail assets as early as June, as bondholders draw up plans to take control of the assets. Law firm Clifford Chance and investment bank Moelis & Company have been appointed to advise bondholders of £1.3 billion of debt secured against some of Intu's centres. Lakeside in Essex, Braehead in Glasgow, Watford in Hertfordshire and the Victoria Centre in Nottingham could be seized if Intu breaches debt covenants in June.

• Argos has outperformed since coronavirus hit the UK. Owner Sainsbury's revealed that sales at Argos jumped 9% in the seven weeks to April 25, compared to 0.4% in its previous quarter.

• The coronavirus crisis will wipe $2.1trn (£1.7trn) off of global retail sales in 2020, new data has predicted. Retail sales in the UK, France, Germany, Spain and Italy combined are forecast to slide €260bn (£225.9bn) this year. The decline would mark a 10.4% drop in sales on 2019 levels. Research suggests UK retail sales will plummet £56bn, or 11.4%, on last year's total.

• Intu has drafted in a chief restructuring officer in a bid to beef up its turnaround efforts. The ailing shopping centre owner has appointed turnaround specialist David Hargrave – a former partner at both PwC and EY – to the new role as it battles to revive its fortunes.

• One-fifth of high street stores plan to stay closed permanently after the coronavirus lockdown unwinds, retail leaders have warned MPs.

• More than 1800 jobs cut as Oasis & Warehouse administrators fail to find buyer for the whole business. IP and stock sold to restructuring expert Hilco Capital, but Hilco decided not to buy the rest of the business. Administrators say Oasis & Warehouse's stores will close indefinitely & online sales will be stopped.

• Westfield says it is ready to open stores with safety precautions. The centre owner said Covid-19 has had a "limited effect" on its business. However, the company warned that Covid-19 is expected to impact business heavily in the second quarter.

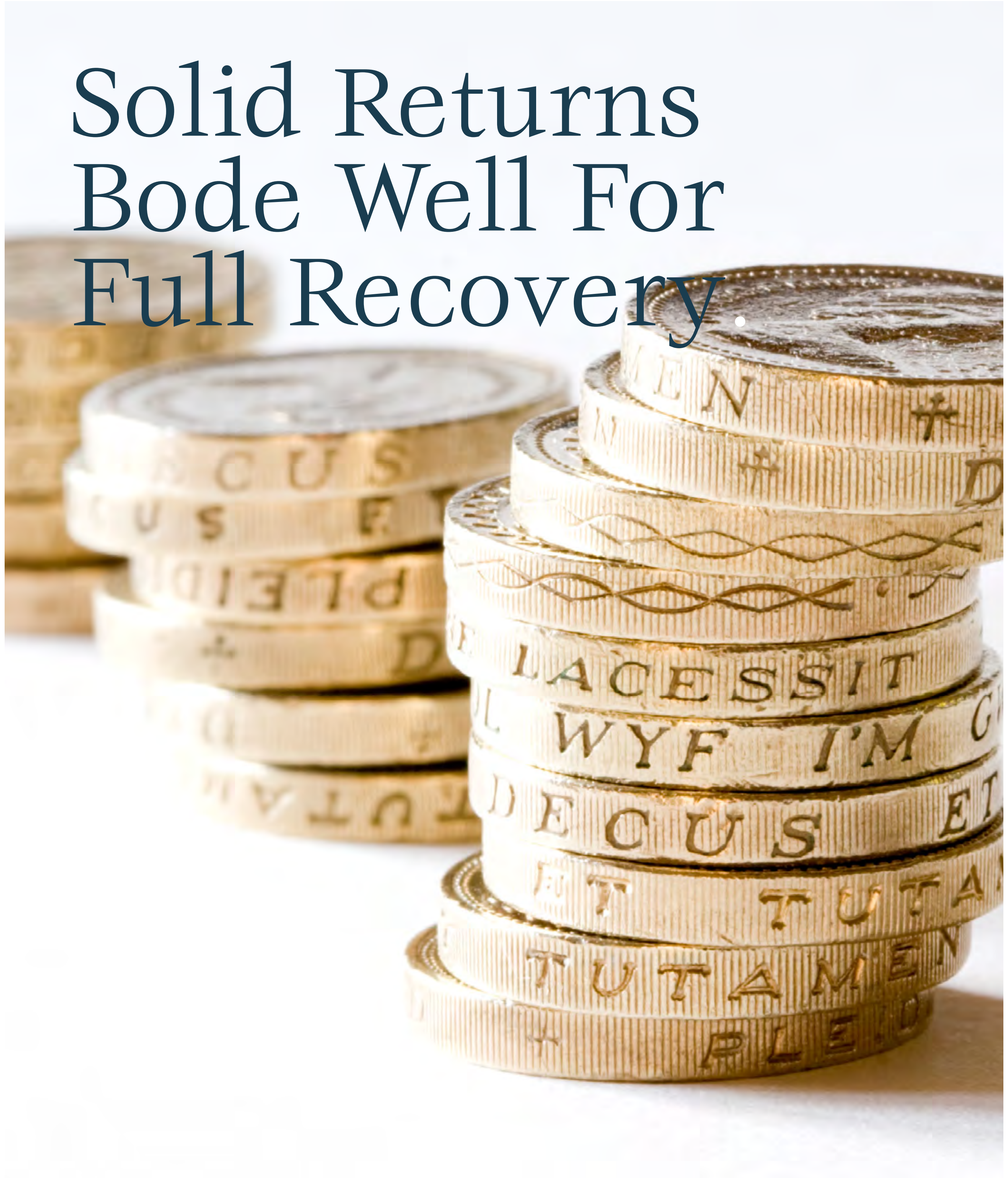
• Intu could lose some of its key retail assets as early as June, as bondholders reportedly draw up plans to take control of the assets.

C&P 25 YEARS

Spring
Retail Report
2020

Out-of-Town Agency - - Summary of Market Activity

Solid Returns Bode Well For Full Recovery



Q2 2019 - Q1 2020

QUARTER 2 (April - June) - 2019

Market Analysis

- Office Outlet is to shutter 16 stores and axe 160 jobs after administrators conceded that hopes of selling the business were fading.
- Dobbies has acquired 31 stores from Wyevale, making it the largest garden centre operator in the UK.
- Carpetright has unveiled a new partnership with Furniture Village and opened its first concession with the furniture retailer.

QUARTER 3 (July - September) - 2018

Market Analysis

- Matalan has reported a rise in first-quarter sales and earnings but cautioned that price-cutting is taking a toll on margins.
- Dunelm has posted a rise in quarterly sales and is confident that full-year profits will come in at the top end of expectations.
- Travis Perkins is ramping up plans to sell its Wickes DIY business and could offload the chain by the middle of next year.
- Pets at Home has taken a stake in online pet-sitting service Tailster as it targets a bigger slice of a market said to be worth more than £1bn per year.
- B&M posts 'record-breaking' sales.
- Mothercare has warned that its full-year losses are likely to be in line with its previous financial year's as it kicks off talks to sell struggling UK stores.
- Travis Perkins has firmed up plans to offload DIY chain Wickes – and hopes to complete the demerger within the next year.
- ScS expects its full-year results to be in line with expectations as like-for-like order intake growth has increased consecutively for two years.
- Homebase has rescued Bathstore from administration, taking on more than 40 of its stores and saving 154 jobs.
- Hammerson has exchanged contracts for the sale of Abbotsinch Retail Park in Paisley to Ashby Capital for £67m.
- An analysis of all 270 retails parks in the east and the South East of England totalling 1,483 units has revealed 11 where units would be ripe for conversion into logistics space.
- Some 4m sq ft of retail floor space in England and Wales have been lost or converted to other uses over the past year.
- Hammerson disposes of Abbotsinch Retail Park, Paisley for £67m, 3% below book value as at 30 June 2019.

QUARTER 4 (October - December) - 2019

Market Analysis

- Home Bargains' full-year sales passed the £2.5bn milestone as the business ramps up for aggressive bricks-and-mortar expansion.
- Wickes has posted a strong uplift in third-quarter like-for-like sales as parent company Travis Perkins says the retailer's demerger from the group is "on track" for next year.
- Carpetright is in talks about a potential takeover offer from its financier Meditor as the retailer seeks cash to repay debt and provide working capital.
- Mothercare's UK arm has officially appointed administrators and will close all of its remaining 79 stores and offices with the loss of 2,800 jobs. Mothercare UK underwent a company voluntary arrangement in May 2018, when it closed 55 high street stores in a bid to survive, however, still made an operational loss of £36.3m in the year ending March 2019.
- Bensons for Beds and Harveys Furniture are to be sold by owner Steinhoff to specialist investor Alteri.
- Institutional landlord Hammerson has sold a Gloucester retail park for £54m to the local authority, as it continues its asset disposal programme in order to balance its books. The price reflects a "net initial yield of 8.5%" and 8% below the June 30, 2019 value. The sale of St Oswald's brings the total number accrued through asset disposals by Hammerson this year to £577m, exceeding its minimum disposal target for the year set at £500m.

QUARTER 4 (October - December) - 2019 - Continued

- Intu has announced it had completed the sale of the 231,000 sq ft Sprucefield Retail Park outside of Lisburn to NewRiver for £40m, its June 2019 valuation.
- The boss of Pets at Home has said the retailer plans to roll out 30 of its new format stores next year, as he looks to continue to grow the business through targeted use of customer data.
- The Original Factory Shop (TOFS) has recorded declines in full-year sales and profits but boss Emma Fox credits the retailer's CVA for improving profitability.
- Blackpool Council has bought the Houndshill Shopping Centre for £47.6m – less than half of the price originally paid for it – after it was forced into receivership.
- The Crown Estate has released new CGI footage which reveals how Fosse Park would look once its £168 million transformation is complete. The video was released to mark six months since construction on the 140,000sq ft expansion commenced, which will create new retail and food space along with communal areas, event spaces, improved landscaping and parking, widened walkways and enhanced accessibility.
- Toys R Us will officially return from the retail graveyard as it launches a new tech-focused experiential store.
- Carpetright investors yesterday voted through a takeover by backer Meditor.
- Harrods is set to open its first standalone beauty store at the Lakeside shopping centre in Essex, as it looks to take advantage of the downturn in the fortunes of department stores.
- The ongoing evolution of the online retail market will continue to drive the pursuit of the 'last mile' logistics.

QUARTER 1 (January - March) - 2020

- M&G has sold Ravenside Retail Park in Edmonton, north London, to warehouse company Prologis for £51.4 million. The 128,000sq ft retail park has been bought to be converted into warehouses for online retailers.
- Centre:MK reports footfall growth bucking national trend.
- Over the festive period, London Designer Outlet in Wembley Park had its best week ever in revenue terms.
- DFS has reported a decline in sales but should hit earnings expectations despite tough trading conditions.
- Toolstation opens landmark 400th store.
- Mothercare is losing nearly £50 in revenue every second of every day laying bare the dismal profit margins of high street retailers.
- Ikea is set to shut its store in Coventry following "consistent losses" over the years due to changing customer shopping habits in the area.
- Hammerson sells remaining retail parks at a discount. The landlord said this morning it had sold its nine remaining retail parks across the UK – with seven being purchased by Orion's European real estate fund for £395m, with a further two parks in Swansea and Belfast being sold separately for a combined £55m. The deals combined will generate £455m and bring Hammerson's total disposals since the beginning of last year to £975m.
- In total, Hammerson has sold 14 retail parks since revealing its strategy to exit retail parks in July 2018, generating sales proceeds of £764m. The group has an interest in one remaining retail park, Brent South, part of the Brent Cross estate, which is held in a joint venture with Aberdeen Standard Investments and is marked for sale.
- Homebase has hailed a return to profit ahead of plan in its full-year results and plans to open new smaller-format stores.
- BauMont Real Estate Capital has acquired a retail park in Edinburgh for £65m in its second investment in the UK and first in partnership with Ediston Properties.
- Intu to open UK's first store dedicated to curating pureplay brands at Lakeside.
- Bicester Village suffers 85% shopper decline over coronavirus fears.
- The owner of Harveys and Bensons for Beds has reportedly put the furniture chains up for sale, putting the jobs of 2700 people at risk.
- ScS has reported increases in both gross sales and profit in its half-year results, despite low customer confidence and the developing coronavirus situation. ScS sales smash £160m.

QUARTER 1 (January - March) - 2020 - Continued

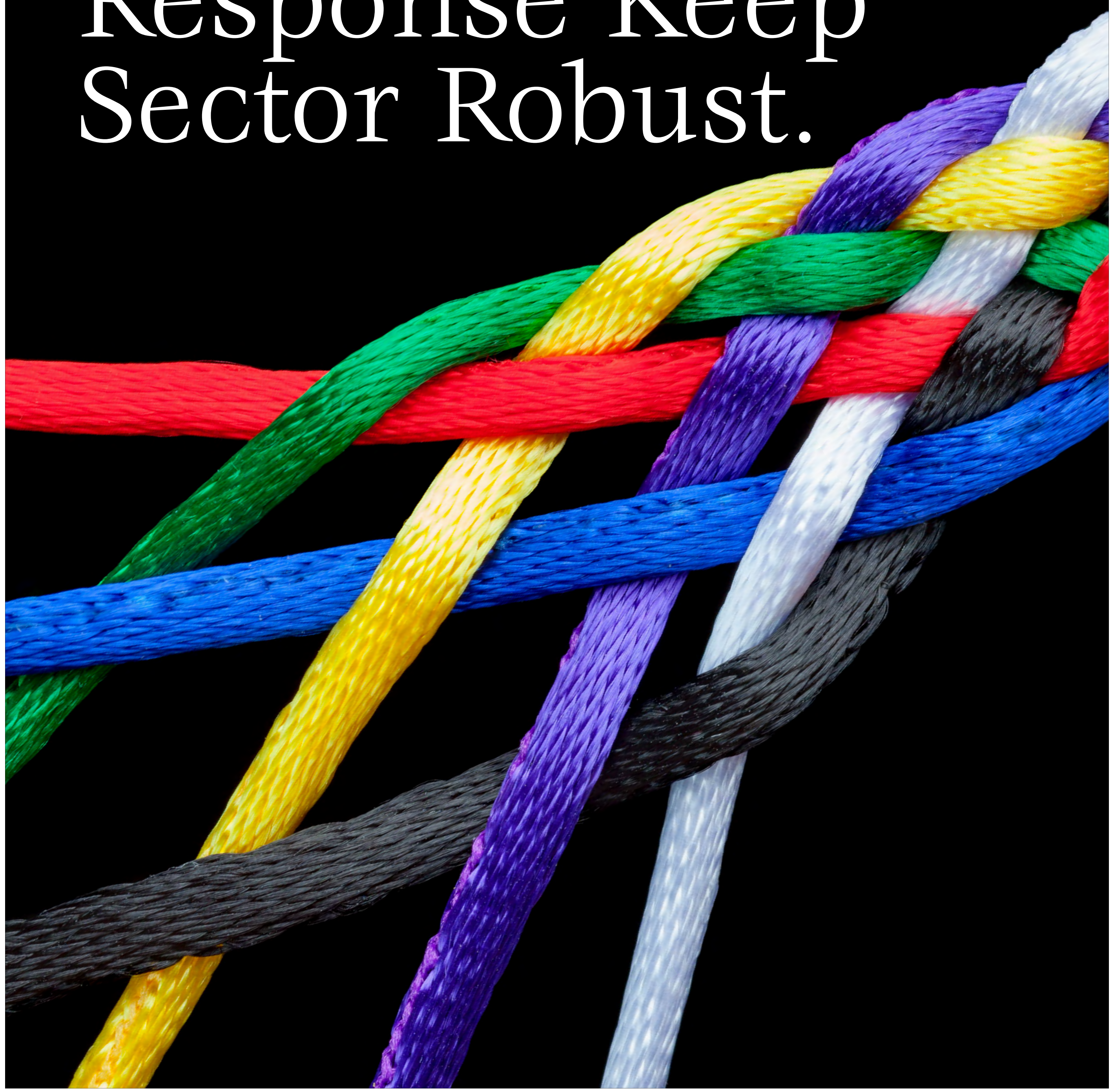
- Travis Perkins has put its planned demerger of home and DIY business Wickes on hold in light of "extreme stock market volatility".
- Kingfisher sales in the UK inched up last year driven by the strong performance of its Screwfix brand, as the retailer suffered from enforced store closures in France and Spain.
- The majority of Pets at Home stores remain open but the specialist retailer has prioritised food, bedding and medicine ranges. The retailer has stopped offering grooming and other service treatments, limited the number of shoppers allowed in-store at any one time, is imposing social distancing through floor signage and stopped accepting cash payments, as well as reducing its opening hours to allow for stock replenishment.
- Intu is reportedly making preparations to take further actions with tenants who don't pay the rent and service charges they owe despite the challenges they face during the coronavirus pandemic.
- Homewares giant Dunelm has opened its online business for orders again after implementing measures to protect staff and customers from coronavirus.
- After closing down all stores due to the coronavirus pandemic, B Q has now made the decision to reopen a number of its stores on a trial basis with social distancing measures enforced.
- Ikea has acquired augmented reality (AR) start-up Geomagical Labs in a bid to drive shoppers to purchase more big-ticket items without needing to visit a store.
- DFS has raised £64m in its equity fundraising round, which the furniture retailer said will give the business headroom should the lockdown last "to December 2020".
- Hammerson's plan to offload a swathe of retail parks to Orion European Real Estate Fund V for £400m has failed to complete by the deadline. In February Hammerson announced it had exchanged unconditional contracts on the sale of the portfolio which included assets in Falkirk, Middlesbrough and Rugby. If completion does not occur by 6 May, Hammerson has said it will take steps to terminate the SPA and the £21m deposit which is currently held in escrow will become immediately due and payable to Hammerson.
- Homebase has reopened 20 of its bricks-and-mortar stores on a trial basis, one month after closing its entire estate due to the coronavirus pandemic.
- Wickes owner Travis Perkins hit by 2/3 fall in sales in April.
- Homebase re-opens 50 extra stores, with plans to reopen all this weekend.
- B&Q reopens all 288 its stores across the UK as the coronavirus lockdown continues

C&P 25 YEARS

Spring Retail Report 2020

Superstores & Supermarkets - Summary of Market Activity

Multi Channel Response Keep Sector Robust.



Q2 2019 - Q1 2020

QUARTER 2 (April - June) 2019

Market Analysis

- Shop and food price inflation hit their highest levels since 2013 in March after the weather and higher global commodity prices took a toll.
- Marks Spencer has slashed the prices of almost 500 food lines as it bids to win back shoppers over the Easter weekend.
- The CMA has blocked the proposed mega-merger between Sainsbury's and Asda, which would have created a £10bn grocery giant.
- Online grocery shopping struggles to maintain growth. In 2018, 45 per cent of shoppers in the UK said they did their grocery shopping online, down from 49 per cent in 2016, while a further 42 per cent of older people said they had never shopped online and didn't intend to do so.
- Tesco has called for a 2% online sales tax to help fund a 20% business rates cut.
- Sainsbury's profit nosedives as Asda deal costs mount
- Sainsbury's has edged out Asda as the second-biggest UK grocer this month after being usurped for the first time since 2015 in March, according to the latest data.
- Sainsbury's has today opened the first till-free grocery store in the UK in central London, following a number of trials with pay-and-go technology in other convenience stores.
- Shop price inflation slowed for food goods in April, driven by "double the number" of products on discount.
- Tesco is preparing for another round of sweeping cuts to the number of brands it stocks on its shelves, as boss Dave Lewis reiterates calls for an online sales levy to even the playing field for bricks-and-mortar retailers.
- Environment Secretary Michael Gove has urged supermarkets to commit to halving food waste by 2030 or risk facing Government fines.
- Asda has reported a fall in like for likes as a later Easter this year contributed to a drop in comparative sales in its first quarter.
- Waitrose has struck a deal with ecommerce platform TDP to succeed its Ocado partnership and plans to treble the size of its online business over the next three years.
- Discounters Aldi and Lidl reached a combined record market share in May, while Sainsbury's clung on as the second-biggest UK grocer, according to the latest data.
- Supermarket sales slipped over the last month as grocers came up against tough annual comparisons.
- Food sales dropped for the first time in May in nearly four years.
- Sainsbury's is scrapping plastic bags for loose fruit, vegetables and bakery items from all of its stores as it ramps up its war on plastic.
- Aldi is trialling paper and compostable bags in a bid to remove more than 33 million plastic bags from its estate.
- Lidl to plough £500m into London expansion and is set to open on Tottenham Court Road as part of plans to supercharge its bricks-and-mortar presence in London.
- Sainsbury's has said that since February it has reduced prices on more than 1,000 of its own-brand products as it continues to invest "to offer the customers the best choice".
- Grocery sales have risen 1.4% year on year, representing three years of continuous growth.

QUARTER 3 (July - September) 2019

Market Analysis

- Sainsbury's like-for-like sales fell by 1.6% in the first quarter, as the grocer struggled in what it described as a "tough market".
- Asda is to launch 30-minute grocery deliveries after extending its tie-up with Just Eat.
- Sainsbury's-Asda merger blocked for 10 years. The competition watchdog said Sainsbury's is prohibited from acquiring a stake in Asda or any of its subsidiaries or from buying an interest in any business that has a holding interest in Asda for the next 10 years. The decision comes just two months after the CMA blocked Sainsbury's and Asda's £12 billion merger proposal.
- Waitrose offloads seven stores putting 700 jobs at risk. Three branches will be taken over by Lidl – Bromley Burnt Ash Lane in southeast London, Oadby in Leicestershire and Wollaton in Nottinghamshire. The shop in Sandhurst, Berkshire, has been acquired by a purchaser which has not yet been named. A further three branches – Marlow in Buckinghamshire, Stevenage in Hertfordshire and a small branch at British Airways headquarters near Heathrow – are also to close.

QUARTER 3 (July - September) 2019 - Continued

• Sainsbury's is set to partner with food delivery company Deliveroo to deliver freshly baked pizzas and snacks to customers' homes from five stores across four UK cities.

• Supermarket sales decline for first time in two years.

• Tesco is to stop using plastic carrier bags to deliver its groceries as the war on single-use plastics steps up.

• Iceland has become the first major supermarket to entirely remove plastic bags from one of its stores, as part of a pilot programme in London.

• Sainsbury's has held talks with Uber Eats about launching a delivery service enabling customers to order convenience staples.

• Marks Spencer has launched a scheme incentivising customers to bring their own reusable containers when shopping at its Market Place food-to-go counters.

• Waitrose is set to extend a packaging trial to three new stores, after the success of its 'Unpacked' refillable concept in Oxford.

• Tesco has revealed plans to make operational changes at Metro stores and a small number of Express branches, which are expected to lead to 4,500 job losses.

• The UK food industry has called on the government to waive aspects of competition law to allow businesses to coordinate and direct supplies with one another in the event of a no-deal Brexit.

• British households have spent £4bn stockpiling goods in preparation for a potential no-deal Brexit in October.

• Waitrose's total weekly sales fell across the board last week as changeable weather altered people's shopping behaviour.

• Lidl has written to British suppliers warning them they will bear the brunt of no-deal Brexit costs.

• Tesco boss promises ban on brands that use 'excessive' plastic.

• Morrisons is to close four stores, putting about 400 jobs at risk. The shops to shut are in Crawley, West Sussex, Ince in Wigan, Shirley in Solihull and Swindon town centre – the latter branch has been open for less than five years.

• McColl's has suffered a fall in third-quarter sales, which it blamed on a "highly unseasonable summer" and "ongoing macroeconomic uncertainty".

• Grocery retailers have hit back at the Government by issuing a fresh warning that a no-deal Brexit will spark shortages of fresh food and potential price rises.

• M&S opens second new-format food store featuring urban farming.

• Sainsbury's has committed to cutting its plastic packaging use by 50%, in an "ambitious" plan to "help drive change across the industry".

• Aldi has suffered a fall in full-year profits after ramping up its investment into its store portfolio and slashing prices.

• The grocery market returned to growth in the recent weeks in September, when value player Lidl generated the greatest sales rise among bricks-and-mortar retailers.

• Some of Britain's biggest grocers have urged ministers to cut VAT in the event of a no-deal Brexit, to help them protect shoppers from price rises.

• Sainsbury's has hailed improved sales momentum during its second-quarter despite challenging trading at Argos weighing on its top line.

• Shop prices declined in September as non-food prices decreased and grocery inflation also eased to its lowest rate since April 2018.

QUARTER 4 (October - December) 2019

Market Analysis

• The grocery market continued its recovery with further growth, as discounters Aldi and Lidl solidified their combined market share.

• Marks Spencer has taken 60,000 sq ft at British Land's Nottingham Giltbrook Retail Park.

• Lidl has committed to investing £15bn into UK businesses over the next five years, as the discounter aims to provide suppliers with support and ability needed to invest and grow.

• The BRC has warned that retailers face a £137m business rates hike from next April based on the latest figures from the government's consumer price index (CPI), which will pile more pressure on the sector.

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QUARTER 4 (October - December) 2019 - Continued

• Asda's owner Walmart has signed a deal to offload nearly £4bn of the UK grocer's pension liabilities, clearing the path for a stock market flotation.

• Costcutter has struck a deal with takeaway delivery app Uber Eats, marking the tech company's first foray into grocery delivery.

• Lidl has said it plans to spend more than £25m installing rapid charging points for electric vehicles at 300 stores by 2022.

• Tesco will launch its Clubcard Plus loyalty subscription service next week as it bids to create "lifetime value" for shoppers by combining the different divisions of its business.

• The rate of falling shop prices slowed in October as the inflation of ambient grocery products rose ahead of the 12-month average.

• Tesco plans to remove 1 billion pieces of plastic from products it sells in its UK stores by the end of next year.

• Lidl has said it has reduced its plastic footprint and food wastage per store significantly over the last two years.

• Tesco and Co-op called on the government to cut business rates for all retailers by 20% and introduce a 2% online sales levy on the sale of physical goods in order to save the high street.

• Former Sainsbury's chief executive has said business rates for retailers should be halved and VAT increased to 22% in a bid to save the flagging high street.

• Grocery retailers have been urged to stop charging more for loose fruit and vegetables and to scrap 'use by' dates on produce in a bid to tackle food waste.

• Sainsbury's has launched a concession tie-up with Fat Face as it ramps up efforts to bring third-party retailers and services into its larger stores.

• Marks Spencer's sales and profits fell during its half-year following poor performance in its clothing and home ranges.

• Lidl targets 1,000 stores as pressure grows on big four.

• Amazon has revealed its plans to open a new grocery store format – separate from Amazon Go and Whole Foods Market – as part of its long term plans to ramp up its food offering.

• Morrisons has teamed up with an app to offer boxes of unsold food that has reached its best before date, in a bid to cut down on food waste.

• Plastic use at supermarkets has risen despite commitments to reducing plastic waste.

• Ocado has revealed it is opening a sixth customer fulfilment centre in Bristol as part of ongoing growth plans.

• Marks Spencer has launched in-store farms to six branches after an enthusiastic customer reaction to the first.

• Marks Spencer is to downsize around 20 of its largest stores inexpensive city-centre locations as part of its turnaround plan.

• Ocado has recorded in its quarterly sales as the grocery etailer says it will add 'many more lines' to its M S range than the 4,000 product lines currently offered via Waitrose.

• Ocado will become the "Microsoft of retail" following a decision by the Competition and Markets Authority (CMA) to de-designate the grocers as a retailer.

QUARTER 1 (January - March) - 2020

Market Analysis

• The Co-op is extending its online reach with the roll-out of same-day delivery services accompanied by the launch of a vegan range.

• Marks Spencer is rolling out a 150-piece sportswear collection today in a bid to cash in on the booming athleisure market.

• Henley Investments has acquired a Tesco superstore in Hayes, west London, from funds managed by LaSalle Investment Management in a £52m deal.

• UK sales in Aldi's four weeks to December 24 topped £1 billion for the first time. This marked a 7.9% rise on the same Christmas period in 2018.

• Tesco has slashed prices on hundreds of products as part of its ongoing centenary celebrations.

• Asda is to close all of its in-store meat and fish counters as part of efforts to increase its focus on the food-for-now market.

QUARTER 1 (January - March) - 2020 - Continued

• Asda is to launch its first "sustainability store" as part of efforts to crack down on the amount of plastic it uses in its supermarkets.
• Lidl expected to launch UK online shop this year.
• Asda has launched a new click-and-collect service that allows shoppers to pick up their online orders in under an hour.
• Aldi has hiked its base rate of pay for all shopfloor staff to what it has dubbed "market-leading" levels.
• Sainsbury's is to shed hundreds of jobs across its head office functions in a bid to slash costs and drive further synergies with the Argos business.
• Planet Organic has announced plans to double its store numbers over the next four years as it defies the current challenges plaguing UK retail.
• Aldi opens £64m East Midlands distribution centre.
• Grocery market set to grow while big four lose share.
• Lidl has pledged to invest more than £1bn in new stores over the next two years as it ramps up expansion plans to reach its target of 1,000 stores in the UK by 2023.
• Tesco is to axe more than 1,800 roles as part of sweeping changes to the way it operates its in-store bakeries.
• Amazon has opened its first cashier-less supermarket in what is a big step forward in the onetime ecommerce giant's growing battle with Walmart for control of the US grocery market.
• McColl's to close more than 300 stores over next four years.
• Asda's parent company Walmart has said it may sell a stake in the business and has opened discussions with a "small number of interested parties".
• Waitrose expands online delivery network in preparation for Ocado split.
• Big 4 grocers to lose £1.9bn market share as discounters grow.
• The Food Warehouse enters Northern Ireland with new flagship.
• Morrisons has revealed plans to sell only free range eggs by 2022 in a bid to pressure other grocers into following the initiative.
• Lidl opens 800th store amidst £1.3bn investment announcement. The 800th store milestone comes after the discount grocer opened 50 new stores in the past 12 months, creating over 2500 new jobs.
• Sainsbury's opens 300th "milestone" Argos concession.
• Superdrug & Savers to open 80 new stores between them this year. 50 new stores planned for Savers and 30 for Superdrug
• Sainsbury's offers refill service on cleaning products.
• UK supermarkets experienced 15m more visits in the second week of March
• Lidl has become the latest grocer to install cough and sneeze-proof checkout protection screens in all its stores.
• Aldi raises staff salary as it puts new coronavirus measures in place
• Asda & M&S latest to set new social distancing measures.
• Off-licence retailers have been added to the government's list of high street businesses that can remain open during the lockdown
• The coronavirus pandemic has reportedly affected Walmart's plans to sell a majority stake of its British subsidiary Asda.
• Sainsbury's the only Big 4 grocer to record sales growth.
• UK grocers have drawn up "feed the nation" plans aimed at alleviating the increased stockpiling brought on by the coronavirus outbreak.
• Tesco is to price match Aldi on hundreds of grocery products as it bids to win back market share from its discount rival.
• Lidl confirms plans to open its first pub in one of its supermarkets.
• CMA warns of coronavirus price hike crackdown.
• Sainsbury's picks Birmingham for second On The Go store.
• Morrisons slashes prices on 500 grocery products.
• Morrisons has vowed to make immediate payments to smaller suppliers in a bid to help them get through any disruption caused by the coronavirus outbreak.

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QUARTER 1 (January - March) - 2020 - Continued

• The UK's big grocers appealed for calm over the weekend as shoppers continued to empty shelves in coronavirus stockpiling, while around the world-leading retailers closed stores en masse as the crisis bit.
• Asda has attracted several interested private equity firms for a potential takeover which, according to reports, could value the business at over £7bn.
• Aldi has become the first supermarket in the UK to effectively ration the sale of all lines as customers continue to stockpile in the face of the coronavirus outbreak.
• Morrisons is to hire 3,500 new workers as part of plans to ramp up its home delivery service during the coronavirus pandemic.
• Sainsbury's and Tesco have each unveiled measures ranging from dedicated shopping times for the vulnerable to limited trading hours to cope with the impact of coronavirus.
• Asda has become the latest supermarket to begin rationing products to limit stockpiling and is closing counters to free up staff as the coronavirus outbreak continues.
• Morrisons calls for relaxed competition laws during coronavirus crisis.
• Nearly three-quarters of UK consumers are struggling to purchase basic grocery items such as tinned food and toilet roll as shoppers increase stockpiling.
• Frozen food sales jump as coronavirus fears grows.
• Tesco is to place a restriction of three items per customer on every product it sells as part of changes to combat stockpiling sparked by the coronavirus crisis.
• Ecommerce grocer Ocado has been forced to temporarily close access to its website and stopped accepting new deliveries as it struggles to deal with "staggering" levels of demand.
• Tesco sells Thailand & Malaysia divisions for £8.2bn.
• M&S launches contact-free delivery and ups UK food production.
• Asda will only open its stores to elderly and vulnerable shoppers before 9am tomorrow to give them easier access to products during the coronavirus pandemic.
• Ocado Retail has posted a rise in sales during its first quarter but warned that the coronavirus pandemic could cause "further disruptions" to the business.
• Ocado says it closed its website yesterday for the first time ever so it could begin making changes to its algorithm to make deliveries fairer for would-be customers.
• UK supermarkets experienced 15m more visits in the third week of March
• Marks Spencer has extended its temporary purchase restrictions of two items per person across a raft of products including grocery, homecare, frozen food and eggs.
• Co-op to hire 5,000 new store staff to meet coronavirus demand.
• The government has temporarily relaxed elements of competition law to allow UK supermarkets to work more closely together to feed the nation in the face of the coronavirus crisis.
• Marks Spencer has said profits for the end of the 2019/20 financial year could be at or even below the bottom end of expectations as a result of the ongoing coronavirus epidemic.
• Tesco, Asda, Aldi and Lidl have all ramped up their hiring of temporary staff to help stack shelves and ease the burden on existing colleagues due to the coronavirus outbreak.
• Marks Spencer will start selling a range of products on Deliveroo for the first time in a bid to meet demand from shoppers social distancing as a result of coronavirus.
• Asda and Marks & Spencer have both implemented further in-store initiatives designed to keep staff and shoppers as safe as possible during the coronavirus outbreak. Measures include limiting the number of customers allowed in shops at any one time and markers on the floor to ensure social distancing and the installation of protective screens at checkouts. Asda has also made hand sanitizer available and encouraged shoppers to use contactless payment to limit the spread of the virus.
• Morrisons is to dish out £10m of food to food banks across the UK during the coronavirus crisis by ramping up production from its own manufacturing sites.
• Sainsbury's has offered its concession partners and tenants a one month rent holiday.
• Ocado shuts down mobile app and turns away new orders due to increase in demand for online delivery.
• Co-op fast tracks 5000-strong recruitment drive. It has filled the 5000 temp jobs on offer within a week
• 9000 new workers needed at Aldi as part of coronavirus response.
• Grocery sales in the UK increase by over 22% compared to the same period in 2019. This is the same as an additional £467 million more in purchases than this time last year. For the first time during the Covid-19 outbreak, sales surged for beer, wine and spirits.

QUARTER 1 (January - March) - 2020 - Continued

- Tesco imposes 80-item limit on online orders and puts one item limit on essentials at some Express stores. The limit applies to products such as eggs, loaves of bread, and toilet rolls
- Waitrose reserves delivery slots for elderly & vulnerable.
- Co-op mulls 60 store closures to continue operating.
- Sales of groceries in the UK in March beat all previous records as shoppers stocked up for a long period at home. In the last four weeks, year-on-year supermarket sales grew by 20.6%. Kantar's said £10.8bn sales in the past four weeks were even higher than levels seen at Christmas.
- Brits have spent at extra £1.9 billion on stockpiling groceries in the run-up to the coronavirus lockdown. In the four weeks to March 21, grocers saw an additional 79 million shopping trips as consumers scurried to find essentials.
- As the UK enters its fifth week of the coronavirus lockdown, sustained consumer demand for everyday and store-cupboard essentials remains a challenge to the grocers and their suppliers.
- Food stores reported their strongest growth on record in March. Supermarkets saw sales volumes increase by 10.3 per cent following lockdown
- Sainsbury's chief executive has written to customers saying the grocer will be extending trading hours at supermarkets and convenience stores to reduce queuing inside and outside stores.
- Supermarket sales growth for March was the biggest on record as nervous consumers stockpiled groceries as the UK went into lockdown to contain coronavirus pandemic.
- Major UK food retailers are keen to push the government to relax Sunday trading laws as part of their bid to continue feeding the nation during the coronavirus pandemic.
- Tesco has launched a £30m support package to help communities and charitable causes during the coronavirus crisis.
- Shop prices fell in March driven by falling non-food prices and easing food inflation, but grocery prices may rise amid seasonal shift and increased demand.
- Marks Spencer has temporarily added a number of branded items to its ranges to help maintain what it calls "strong availability" during the ongoing coronavirus epidemic.
- Marks Spencer is to award frontline store and supply chain staff a 15% pay rise and furloughed employees will receive full pay during the coronavirus pandemic.
- Morrisons will give frontline staff a bonus three times larger than normal for continuing to work during the coronavirus crisis.
- Sainsbury's is testing home deliveries through its rapid Chop Chop service from 'dark' convenience stores.
- Walmart has shelved efforts to sell a majority stake in Asda so it can focus on running the business during the coronavirus pandemic.
- Asda and Marks Spencer have launched pre-paid cards to help older, vulnerable and self-isolating customers have their shopping picked up by volunteers.
- Tesco has joined an alliance of businesses, including fulfilment specialist Yodel, to deliver meals to NHS staff on the front line of battling coronavirus.
- Convenience store chain McColl's has teamed up with Deliveroo to offer home delivery of its goods to give vulnerable customers access to daily essentials.
- Tesco plans to open pop-up shops at NHS Nightingale sites across the UK to give healthcare workers easy access to food and essential household items.
- Big-four grocer Morrisons has announced a new partnership with Deliveroo to offer home grocery delivery from stores.
- Marks Spencer is donating pyjamas to be used as scrubs by the NHS as part of several initiatives to support the health serviced during the coronavirus outbreak.
- Supermarket chain Morrisons is offering a 10% discount for NHS staff for the next 12 weeks on all purchases.
- Waitrose unveils coronavirus supplier support package. The grocer will provide cash to supplier communities in Africa and Central America, help small businesses bring their products to market, and pay small and vulnerable suppliers more quickly.
- Discounter Aldi has made its first foray into the online grocery market, offering food parcels on its website for vulnerable customers during the coronavirus pandemic.
- Marks Spencer has adapted capacity at its online warehouse to enable the processing of food parcels for vulnerable shoppers during the coronavirus crisis.

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QUARTER 1 (January - March) - 2020 - Continued

- Family-run food retailer Booths has launched a next-day click-and-collect service to help customers better access groceries during the coronavirus pandemic.
- Waitrose is set to treble the number of rapid deliveries available every week and increase click-and-collect slots by 50% as it works to support older and vulnerable customers.
- Supermarket chain Asda has become the latest retailer to turn up the pressure by cancelling orders and reneging on full payments to its clothing suppliers.
- Ecommerce giant Amazon is planning to leverage its existing depots in the UK to help launch a super-fast grocery delivery service.
- The pandemic could accelerate the shift to ecommerce in the grocery sector and suggested that the increase in demand for cleaning products such as soap and hand sanitisers would persist long after the health emergency has passed, as consumers place greater importance on hygiene, health and wellbeing.
- Supermarket chain Morrisons has announced it will be giving its farmers a discount on grocery purchases as a thank you gesture for their help "feeding the nation".
- The Co-op has warned that it faces additional costs of more than £200m associated with the coronavirus crisis as it ramps up efforts to "feed the nation".
- A new app has been released which informs shoppers about the size of queues outside their local supermarkets, enabling them to pick the best time to shop.
- Sunday trading hours to be reviewed to smooth food shopping. The big grocers do not all agree on the need for longer Sunday hours. Morrisons, Aldi and Lidl are all supportive. The Co-op, Sainsbury's and Tesco – all of which operate extensive convenience chains, which are not limited by the Sunday trading rules – are less keen on change.
- Ocado has been accused of raising the prices of nearly 1000 products during the COVID-19 crisis as it continues to face a backlash from customers on social media.
- Ocado has opened its first automated warehouse in North America as the online grocer-cum-technology provider presses ahead with progress on its overseas partnerships.
- Marks Spencer has secured fresh funding as it moves to shore up its balance sheet during the coronavirus crisis.
- Tesco lays off first wave of 45,000 temporary workers as demand levels return to normal.
- Sainsbury's installs new safety screens between checkouts to speed up shopping time.
- Supermarkets across the UK will add an extra 300,000 delivery slots in the coming weeks, but this will "still not be enough to meet demand".
- Aldi takes on increased volume of beef & plants to support farmers.
- Over-65s spent 94% more on online grocery deliveries than they did this time last year.
- Online grocery sales now account for 10.2% of total sales vs 7.4% last month.
- Overall grocery sales growth slowed considerably, dropping from 20.6% in March to 5.5% in April.
- Sainsbury's has reported a decline in underlying full-year profits as it warns of a coronavirus hit of more than £500 million to the current year's profits. The Big 4 grocer saw a two per cent fall in underlying pre-tax profits to £586 million for the year to March 7.
- Sainsbury's boss Mike Coupe has defended the grocer's decision to accept business rates relief from the government – and said it will still face a higher bill than Amazon this year.
- Lidl opens its most central London store yet on Tottenham Court Road.

Retail Investment Transactions
April 2019 – April 2020

Intu Derby:
Price: £186.3m/ 6.6%
Purchaser: Cale Street Partners'
Vendor: Intu
Transaction: Freehold (50% stake) Date: April 2019

Kings Mall in Hammersmith:
Price: £170m / 4%
Purchaser: IKEA (Ingka Centres)
Vendor: Schroders
Transaction: Freehold Date: December 2019

The Walnuts, Orpington:
Price: £30.50m / 8%
Purchaser: Areli / Tikehau
Vendor: Patrizia
Transaction: Freehold Date: November 2019

Houndshill, Blackpool:
Price: £47.50m / 10.15%
Purchaser: Blackpool Council
Vendor: New Frontier
Transaction: Freehold Date: November 2019

Mailbox, Birmingham:
Price: £190m / 5.75%
Purchaser: M7
Vendor: Brockton
Transaction: Freehold Date: December 2019

Cameron Toll, Edinburgh:
Price: £38.5m / 8.75%
Purchaser: Franklin Templeton/ Hunter
Vendor: Oaktree Capital & Hunter Asset Management
Transaction: Freehold Date: July 2019

Knightswick Centre, Canvey Island:
Price: £11.3m / 8.75%
Purchaser: Knightswick Council
Vendor: LaSalle
Transaction: Freehold Date: October 2019

Pentagon, Chatham:
Price: £38.4m / 8.50%
Purchaser: Medway Council
Vendor: Bridges Ventures
Transaction: Freehold Date: April 2019

Ram's Walk, Petersfield:
Price: £29.4m / 6%
Purchaser: East Hampshire District Council
Vendor: M&G
Transaction: Freehold Date: May 2019

Bromley Mall:
Price: £20m / 8.5%
Purchaser: Private Investor
Vendor: Henry Boot Developments
Transaction: Freehold Date: October 2019

Abbotsinch Retail Park, Paisley:
Price: £67m / 7.80%
Purchaser: AshbyCapital LLP
Vendor: Hammerson Plc
Transaction: Freehold Date: September 2019

St Oswalds Retail Park, Gloucester:
Price: £54m / 8.50%
Purchaser: Gloucester City Council
Vendor: Hammerson Plc
Transaction: Freehold Date: November 2019

Ravenside Retail Park, London:
Price: £51.5m / 6%
Purchaser: ProLogis UK Ltd
Vendor: M&G Property Portfolio
Transaction: Freehold Date: December 2019

Bell Green Retail Park, London:
Price: £50m / 5.90%
Purchaser: West Midlands Pension
Vendor: Kier Property
Transaction: Freehold Date: April 2019

Poole Retail Park, Poole:
Price: £44.7m / 8%
Purchaser: Pimco Bravo Fund
Vendor: Landsec Plc
Transaction: Freehold Date: September 2019

Hulme High St Retail Park, Manchester:
Price: £42.8m / 5.30%
Purchaser: Warrington Borough Council
Vendor: Nuveen Real Estate
Transaction: Freehold Date: August 2019

Springfield Retail Park, Lisburn:
Price: £40m / 8.70%
Purchaser: NewRiver REIT Plc
Vendor: Intu Properties Plc
Transaction: Freehold Date: November 2019

Kittybrewster Retail Park, Aberdeen:
Price: £35.2m / 8.90%
Purchaser: NewRiver REIT Plc
Vendor: Zurich Assurance
Transaction: Freehold Date: May 2019

Goldstone Retail Park, Hove:
Price: £34m / 5.10%
Purchaser: Oxford University's Endowment Fund
Vendor: Aberdeen Standard Investment
Transaction: Freehold Date: November 2019

St James Retail Park, Knaresborough:
Price: £33m / 6.25%
Purchaser: Private investor
Vendor: Aviva Investors
Transaction: Freehold Date: August 2019

Crescent Link Retail Park, Londonderry:
Price: £30m / 11.50%
Purchaser: David Samuel Properties
Vendor: Lotus Group
Transaction: Freehold Date: October 2019

Ladymead Retail Park, Guildford & County Oak Retail Park, Crawley & Luton Retail Park (3 park investment):
Price: £190m / 7%
Purchaser: Tritax Group
Vendor: Standard Life Investments
Transaction: Freehold Date: 2019

Cameron Toll shopping centre, Edinburgh's
Price: £38m / 8%
Purchaser: Franklin Templeton Investments
Vendor: Oaktree Capital
Transaction: Freehold Date: July 2019

Gastons Wood Retail Park, Basingstoke:
Price: £20.7m / 6%
Purchaser: Corum Asset Management
Vendor: Aberdeen Standard Investments
Transaction: Freehold Date: August 2019

Hadden Hill Retail Park:
Price: £8.25m / 7.6%
Purchaser: Martin's Properties
Vendor: IM Properties
Transaction: Freehold Date: February 2020

Hermiston Gait Retail Park, Edinburgh:
Price: £65m / %
Purchaser: BauMont Real Estate Capital
Vendor: Aberdeen Standard Investments
Transaction: Freehold Date: February 2020

Supermarket share

	12 weeks to 22 April 2018		12 weeks to 21 April 2019		
	£millions	%	£millions	%	% Change
Total Grocers	27,398,000	100.0	29,898,000	100.0	+9.1
Total Multiples	26,922,000	98.3	29,229,000	97.8	+8.6
Tesco	7,477,000	27.3	8,013,000	26.8	+7.2
Sainsbury's	4,208,000	15.4	4,561,000	15.3	+8.4
Asda	4,173,000	15.2	4,319,000	14.4	+3.5
Morrisons	2,826,000	10.3	2,947,000	9.9	+4.3
Aldi	2,174,000	7.9	2,365,000	7.9	+8.8
Co-operative	1,676,000	6.1	2,011,000	6.7	+20
Lidl	1,561,000	5.7	1,792,000	6.0	+14.8
Waitrose	1,375,000	5.0	1,504,000	5.0	+9.4
Iceland	570,000	2.1	664,000	2.2	+16.6
Ocado	384,000	1.4	458,000	1.5	+19.4
Other Multiples	499,000	1.8	595,000	2.0	+19.2
Symbols & Independants	476,000	1.7	668,000	2.2	+40.5

Source: Kantar Worldpanel April 2020

Supermarket Rental Value

Town Type	Store Type	Rental Range 1st May 2013	1st May 2014	1st May 2015	1st May 2016	1st May 2017	1st May 2018	1st May 2019	1st June 2020
Large towns	Large format stores	£15-£22.50 psf	£15-£22.50 psf	£14-£18 psf	£14-£18 psf	£14-£18 psf	£14-£18 psf	£13-£16 psf	£? psf*
Small towns	Large format stores	£12.50-£20 psf	£10-£18 psf	£8-£116 psf	£8-£116 psf	£8-£14 psf	£8-£12 psf	£8-£12 psf	£? psf*
Town centres	Large format stores	£15-£22.50 psf	£15-£20 psf	£14-£18 psf	£14-£18 psf	£12-£18 psf	£10-£16 psf	£8-£12 psf	£? psf*
Town centres	Small format stores	£12.50-£22.50 psf	£15-£22 psf	£15-£22 psf	£14-£20 psf	£12-£18 psf	£10-£18 psf	£12.50-£20 psf	£? psf*
London conurbation	Large format, limited competition	£30 psf +	£25-£35 psf	£25-£30 psf	£20-£27.50 psf	£25-£35 psf	£20-£30 psf	£18-£22.50 psf	£? psf*
London conurbation	Small format	£15-£20 psf	£20-£25 psf	£20-£25 psf	£20-£25 psf	£20-£30 psf	£20-£30 psf	£20-£30 psf	£? psf*
All centres	Discount	£8-£12 psf	£10-£16 psf	£12-£20 psf	£12-£23 psf	£12-£28 psf	£12-£28 psf	£15-£25 psf	£? psf*

Supermarket Yield Profile - Limited change but fundamentals are different

Description	Store Type	Equivalent Yeild 1st May 2014	1st May 2015	1st May 2016	1st May 2017	1st May 2018	1st May 2019	1st June 2020
Fixed or indexed uplifts at RR	Large format	4.25% - 4.75%	4.25% - 4.50%	3.50% - 4.00%	3.75% - 4.50%	4.00% - 4.50%	4.50% - 5.00%	?%*
Large centres (Standard RR to MR)	Large format	4.75% - 5.25%	4.50% - 5.00%	3.70% - 4.00%	4.25% - 5.00%	4.50% - 5.50%	5.00% - 6.00%	?%*
Small centres (Standard RR to MR)	Large format	5.00% - 5.50%	5.00% - 5.50%	4.50% - 5.00%	4.50% - 6.00%	5.00% - 6.50%	5.50% - 7.00%	?%*

Prime Retail Warehouse Yields - Excluding Greater London

%	May 2006	May 2007	May 2008	May 2009	May 2010	May 2011	May 2012	May 2013	May 2014	May 2015	May 2016	May 2017	May 2018	May 2019	June 2020
Shopping Parks	4.25 - 4.75	4.75 - 5.00	5.00 - 5.25	6.75 - 7.00	6.00	5.00 - 5.25	5.25 - 5.50	5.50 - 5.75	5.25 - 5.75	4.25+	4.00	5.00	4.75	5.50	?*
Open A1 Retail Parks	4.25 - 5.00	5.25 - 5.50	5.25 - 5.75	7.00 - 7.50	5.00 - 5.50	5.25 - 6.00	5.50 - 6.50	6.00 - 6.50	5.75 - 6.25	5.25+	4.50	5.50	5.75	6.75	?*
Bulky Goods Retail Parks	5.00 - 5.75	5.75 - 6.25	5.75 - 6.75	9.00	5.75 - 6.25	5.75 - 6.50	6.00 - 7.00	6.75 - 8.50	6.00 - 8.00	5.75+	5.50	6.50+	6.00 - 7.50	7.50- 9.00	?*
Solus Stores	4.75 - 5.25	6.00+	6.00+	8.75	6.00 - 7.00	6.50 +	6.25 +	6.50 - 7.00	6.00 - 7.00	6.00+	5.50	6.50+	5.00 - 7.00	6.00 - 10.00	?*

Shop Property Yields - Excluding Greater London

%	May 2006	May 2007	May 2008	May 2009	May 2010	May 2011	May 2012	May 2013	May 2014	May 2015	May 2016	May 2017	May 2018	May 2019	June 2020
Prime High Street	3.75 - 4.25	4.75 - 5.50	5.00 - 5.75	5.25 - 6.00	4.75	4.50	4.50	4.50	4.25+	4.25+	4.00	5.00 - 5.50	4.00 - 5.00	5.00- 5.50	?*
Secondary High Street	5.00 - 5.75	6.00 - 7.00	6.50 - 9.00	8.00 +	9.00+	8.00+	8.00+	9.00+	8.00+	7.00+	6.50	7.00+	7.00+	10.00+	?*
Prime Shopping Centre	4.00 - 5.00	5.00 - 6.00	5.50 - 6.50	7.00	6.00	5.50 - 6.50	5.50 - 6.50	5.25 - 6.25	5.25 - 6.00	4.25+	4.25	5.00	4.50 - 5.50	5.50- 6.50	?*
Secondary Shopping Centre	5.00 - 6.00	6.00 - 7.50	6.25 - 8.00	9.00 +	9.00+	8.00 +	8.00 +	8.5 +	7.5 +	6.5 +	5.50	7.50+	9.00+	10.00+	?*

*RICS released a material uncertainty clause from the 31 March 2020 reporting period. This material uncertainty, in effect, means that valuers are unable to rely on previous market experience to form an opinion of value in the current market conditions in response to the coronavirus and the impact it is having on real estate markets.

The RICS met on the 28th May 2020 and reported that material valuation uncertainty may no longer be appropriate for standalone food stores, including smaller format food stores, let to major operators and 2 other catagories. https://www.rics.org/uk/upholding-professional-standards/sector-standards/valuation/rics-material-valuation-uncertainty leaders-forum-uk/

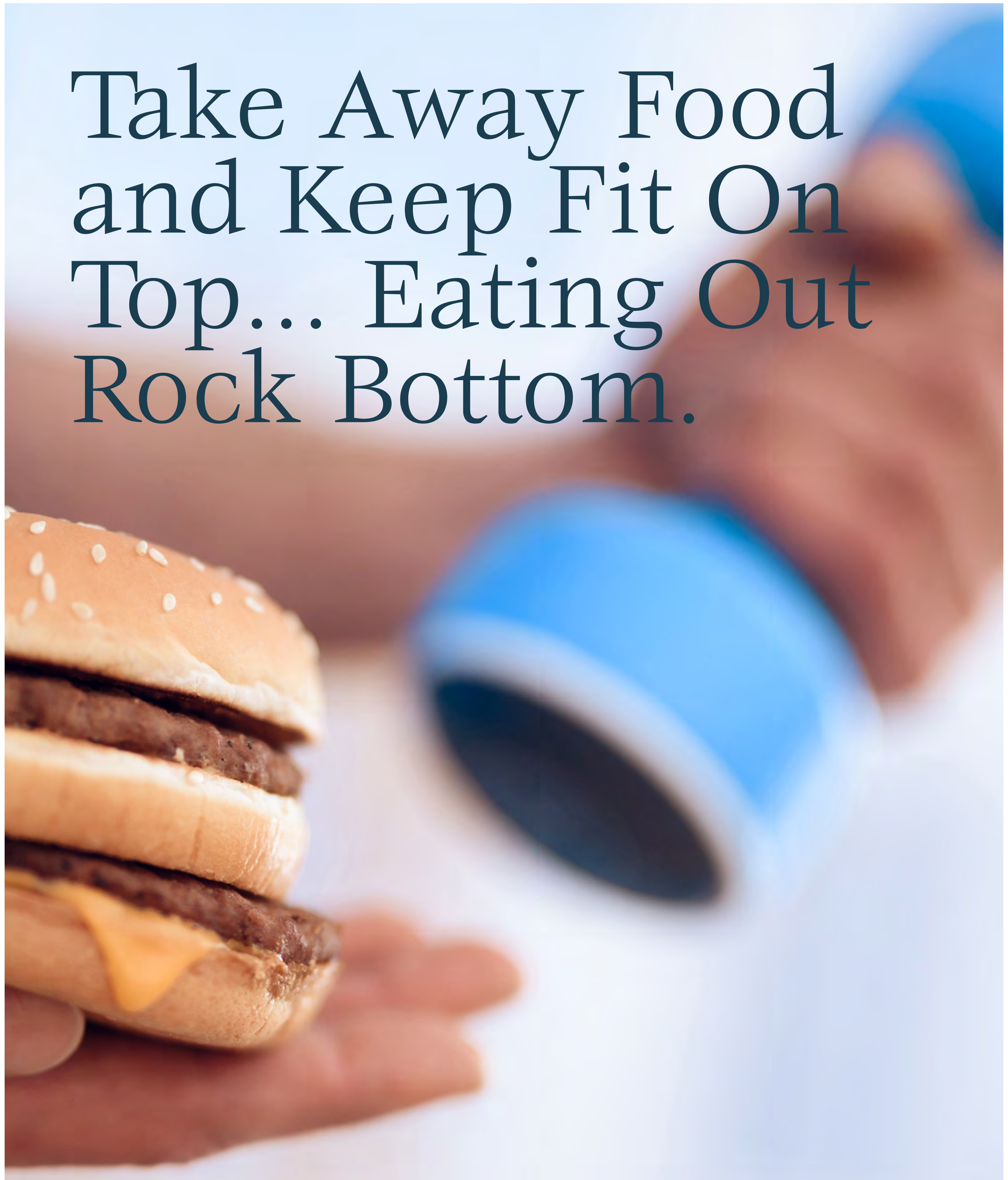
Although the RICS have lifted material valuation uncertainty notice, we don't feel confident we can put any values on as at the 1st June 2020. This is why we have question marks.

C&P 25 YEARS

Spring
Retail Report
2020

Leisure - Summary of Market Activity

Take Away Food and Keep Fit On Top... Eating Out Rock Bottom.



Q2 2019 - Q1 2020

QUARTER 2 (April - June) - 2019

Market Analysis

- Independent restaurants are cooking up a storm in UK cities. The rise of individual restaurants in major UK cities has been remarkable, and unlike the casual dining market, has not been focused around leisure schemes and shopping centres. Instead, clusters appear around other independent shops and F&B operators, or in urban living or working quarters.
- Jamie Oliver's empire collapses as 22 UK restaurants close. All but three of Jamie Oliver's 25 UK restaurants have closed, with the loss of 1,000 jobs, after the business called in administrators.
- Aprirose acquires 45 pubs within a portfolio of Spirit Pubs occupied by Greene King's Spirit Pub Company for £130m. The majority of pubs are located in the South East and North West of England.
- Burger King UK has instructed retail and leisure agent Lunson Mitchenall to beef up its UK presence by identifying 30 new restaurants a year for the next three years.
- British Land has secured five lettings totalling 32,000 sq ft at its Drake Circus Leisure scheme in Plymouth. The leisure complex will be anchored by a 41,000 sq ft 12-screen Cineworld cinema, together with a state of the art IMAX screen, the first to open in the south west. Paradise Island Adventure Golf will open a 15,000 sq ft indoor adventure golf centre, its first in the south west of England.
- London Theatre Company to open site in Kings Cross.
- Fitness franchise énergie set to expand across UK and is looking to open 40 new sites.

QUARTER 3 (July - September) - 2019

Market Analysis

- Cult US chicken and waffle restaurant Sweet Chick will make its UK debut in Oxford Circus this autumn.
- The UK joint venture of Five Guys JV has opened 10 stores over the year, now totalling 88, with an increased turnover to £149.6m (up 23%).
- Franco Manca saw sales rise to £64m (up 17%) in year ending 31st March 2019. During the year, four new sites opened and one closed. Expansion continues in and out of London, with three further sites due to open in this financial year; Exeter, Greenwich, Birmingham, Leeds & Edinburgh.
- Greggs has recorded a jump in its interim profits as demand rose driven by the popularity of its new vegan sausage roll.
- Hop Stuff Brewery has been purchased by Molson Coors in a pre-pack administration deal.
- McDonald's is trialling a new store format on London's Fleet Street in a bid to cater to customers on the move. 'McDonald's to Go' will offer a reduced menu only available to takeaway with a bigger focus on speed of service.
- Sports Direct launches takeover bid for Goals Soccer Centres.
- Fitness studio SoulCycle is to open three more studios in London after making its debut in the city earlier this year. The NewYork-based indoor cycling phenomenon launched its Soho studio in June and is set to open in Notting Hill, Chelsea and Marylebone in the coming months.
- Boxpark has announced plans to expand nationwide with a further ten new sites over the next five years.
- The 90 year old Harry Ramsden estate was acquired by Deep Blue Restaurants from Boparan Restaurants Group. This included 34 sites in the United Kingdom, Ireland and Malaysia.
- UK eating out market growing at slowest rate in seven years.
- The UK Restaurant Market is set to contract -3.1% to £18.8bn in 2019. Independents are the main driver of this decline due to rising costs, strong competition and weakening consumer demand.
- 18-34 year olds consumers are more likely to spend money on home leisure, going to the gym, playing sport or other leisure activities.
- The number of restaurants falling into insolvency has increased by 25% in the last year.

QUARTER 4 (October - December) - 2019

Market Analysis

• Greggs has hailed another quarter of strong sales growth, saying it "continued to trade very strongly" on the high street.

• Deliveroo has reported deepening pre-tax losses, despite more than doubling its sales over the last year, as it splashed out on "major investments".

• Sports Direct has retracted its bid for Goals Soccer Centres, which the retailer attributed to having received "limited" co-operation from the business on a possible takeover.

• Greggs' profit expectations have been upgraded as total group and managed shops like-for-like sales soared.

• Deliveroo has unveiled a new click-and-collect service to allow customers to pick up food at participating restaurants through its app.

• New restaurants near record level of opening and closures in tough market over the past year. There were 174 newcomers, not including national chains, across the capital, up from 167 in the previous year, the 4th highest total recorded. However, there were 110 closures, the 3rd highest level, on slightly down on last years all time high of 117.

• Deliveroo reported that vegan orders had increased by 330% over the past two years.

• 50 million adults eat out in Great Britain each year on 2.4 billion occasions. Young people are most likely to dine out with couples and under 35's eating out once a week.

• Amazon's investment in online food delivery specialist Deliveroo will be subject to an in-depth investigation over competition concerns.

• The relatively low value of the Pound is driving many Brits to seek better value options on home soil. Leisure activities are expected to benefit from disposable income as consumer confidence soars to the highest level in a decade.

• Young peoples' appetite for new types of social experiences is leading many to new bar and game concepts, such as crazy golf, shuffleboard or social darts.

• Young people today care just as much about their health as they do about trying the newest bar, with many foregoing the Friday night drink in favour of a trip to the gym.

• Demand for leisure-based experiences is now at an all-time high.

• Restaurant trading is broadly flatlining in keeping with national consumer confidence. Operators are faced with a host of rising costs: the drop in sterling

• Historically London has had comparatively few high-rise restaurants and bars, in keeping with its low-rise architecture. The last decade however has seen many new landmark buildings developed, the majority with space carved out for destination rooftop venues. value, minimum wage increases, upward only rents and raised rates converge unhappily on margins.

• In just 10 years, Pure Gym has grown to over 1.1 million members which is more than any other operator in the UK and we plan on reaching over 300 sites by the end of 2020. Pure Gym have opened up 40 new sites in 2019.

• The top four gym operators still have only 20% of all gym member.

• The 2019 UK Box Office has been confirmed as the highest grossing summer of all time, beating the record set in 2018.

• Pub operator JD Wetherspoon is to spend more than £200m developing new pubs and hotels over the next four years, as well as expanding its existing sites in the UK and Ireland.

QUARTER 1 (January - March) - 2020

Market Analysis

• Handmade Burger co. has collapsed into administration for the second time. All the company's 18 restaurants have closed with the loss of 283 jobs. The company, which previously fell into administration in 2017.

• Food-on-the-go specialist Greggs has posted a strong fourth-quarter performance and full-year profit will be ahead of expectations. Following a record year, Greggs is to make a special payment to colleagues totalling £7m.

• Greggs has revealed it will be launching a UK wide delivery service with Just Eat following a successful trial last year.

• Beyond Meat is set to expand its production operations into both Europe and China, as consumer trends in food continue to move towards eating less meat.

• Asda and Greggs have launched a concession partnership as the supermarket giant expands its food-to-go proposition.

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QUARTER 1 (January - March) - 2020

• Boxpark in talks to secure investment for rapid expansion plans. Boxpark said its expansion strategy will involve the launch of its first smaller BoxHall site, which will have between six and 12 food vendors, in London next year. It will also launch a BoxOffice site outside of London, which will incorporate co-working space with its more traditional retail and food units.

• Buck Street Market has announced the signing of four new retailers joining the scheme, as the North London shopping destination readies itself for the grand opening in March. It will feature over 80 other food and retail businesses committed to sustainable practices and processes.

• Food delivery specialist Deliveroo is to enable contactless delivery to customers in reaction to the coronavirus outbreak.

• Halfords is set to axe its specialist cycling chain Cycle Republic following a strategic review and will instead rely on etail stablemate Tredz to appeal to bike enthusiasts. The cycling chain plans to shutter all 22 Cycle Republic stores and the Boardman Performance Centre outlet, with talks to sell the sites to a third-party buyer underway. The closures, which will impact up to 226 jobs across the business, are expected to talk place in the latter half of 2020.

• Government orders pubs and restaurants to close, defers VAT payments.

• Leisure centres, gyms and theatres were ordered to shut for an indefinite period by Boris Johnson in a bid to stem the spread of coronavirus.

• Greggs will close all their stores temporarily.

• Off-licences added to "essential" list that can stay open during lockdown.

• Carluccio's is in talks with landlords to negotiate a three-month rent holiday, as the restaurant chain becomes the latest to be hit by the coronavirus outbreak.

• Healthy fast-food chain Leon is converting its restaurants into mini-supermarkets, offering ready meals, meat, vegetables and other products. It will also offer customers home delivery slots during the virus outbreak.

• McDonald's took the decision to close all 1,270 of its UK restaurants on March 22, having previously closed all seating areas. The fast-food giant employs around 135,000 people in the UK, the majority of which are on zero-hours contracts. But McDonald's said all staff employed directly by the company would receive full pay for their scheduled hours until April 5.

• Pret took the decision to close all of its UK locations on March 21.It has pledged that no jobs will be lost as part of the temporary move.

• Carluccio's falls into administration, putting 71 UK restaurants and 2,000 employees at risk.

• The Restaurant Group is appointing administrators for its Tex-Mex restaurant chain Chiquito and 61 of its 80 branches will not reopen.

• Hollywood Bowl and The Botanist have signed up to take over 30,000 sq ft at The Deck in Bracknell.

• Go Outdoors rebrands to Go Indoors.

• Greggs has accessed £150m in new finances to help see it through the ongoing coronavirus pandemic via the government's corporate financing scheme.

• Recipe box firm Gousto has secured £33m in new funding from investors as the coronavirus lockdown has seen a growth in the meal-kit market.

• The Competition and Markets Authority (CMA) has provisionally cleared Amazon and Deliveroo's prospective tie-up, after finding the food delivery app's financial position has "deteriorated".

• Halfords has agreed to transfer the ownership of half of Cycle Republic stores (11) to specialist retailer Pure Electric, saving 85 jobs.

• Greggs prepare to reopen stores as lockdown eases.

• Just Eat and Takeaway.com's landmark £6 billion merger had been approved by the UK's competition authority, just days after granting approval to rival Deliveroo and Amazon's tie-up.

• McDonald's trials UK branch reopening in lockdown. The branch will only open for "operational tests" and remain closed to customers.

• Burger King, KFC and Pret A Manger have begun reopening some sites for delivery and takeaway since the 27th April.

• Nando's has reopened six of its UK restaurants for delivery. The peri-peri chicken chain has reopened the kitchens of four restaurants in London and two in Manchester.

• KFC has become the latest fast food chain to announce plans to expand its delivery services during the continuing coronavirus lockdown. The fried chicken chain had already reopened 20 restaurants and says it will open another 80 next week.

• Greggs has postponed plans to reopen some of its stores next week amid fears that it could spark crowds at the chain's outlets. Greggs has more than 2,050 shops across the country. All are currently closed, but the chain had decided to open 20 of them as part of a "controlled trial".

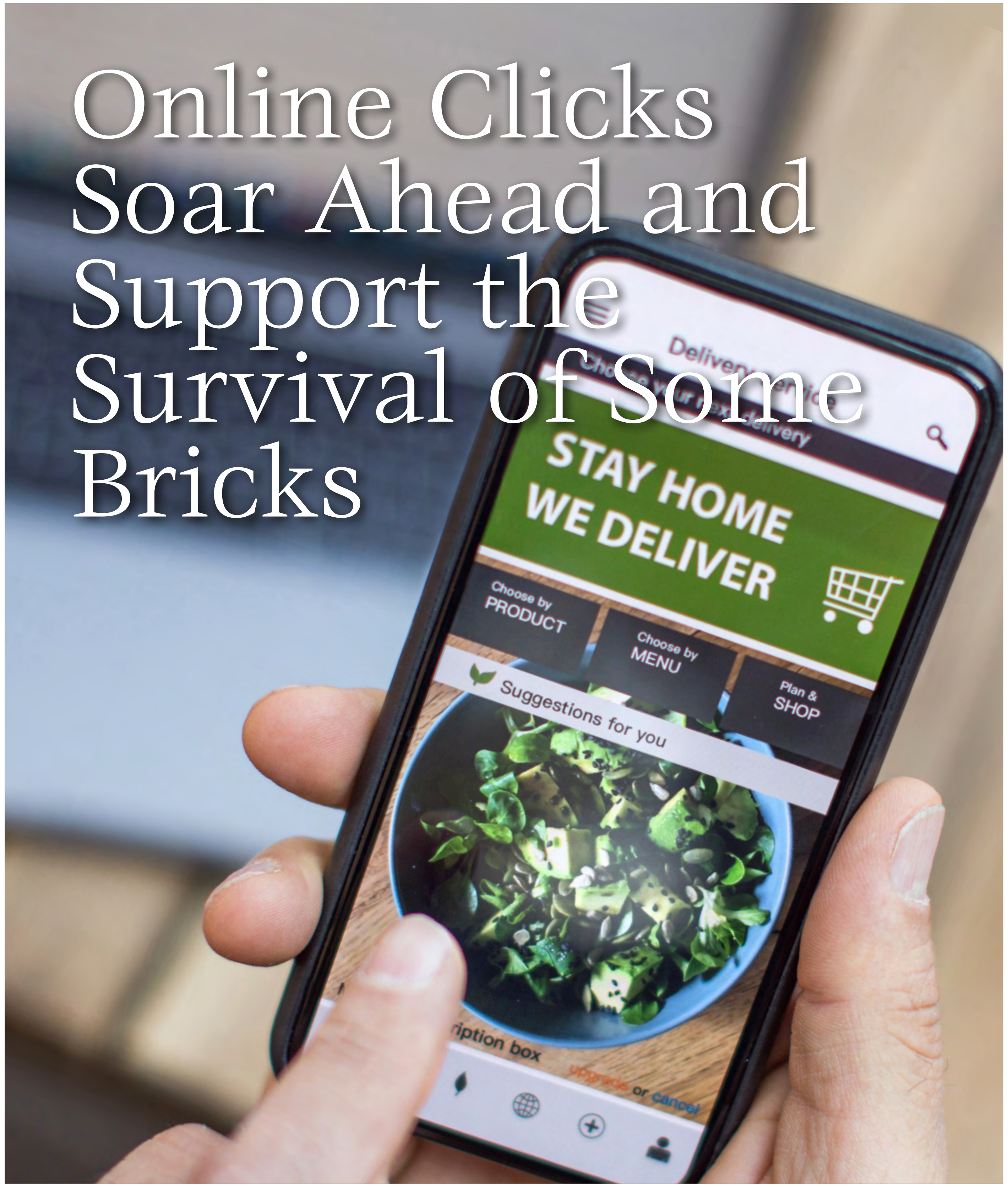
• McDonald's will reopen 15 restaurants for delivery via Uber Easts and Just Eat from May 13 - but with slimmed-down menu.

C&P 25 YEARS

Spring Retail Report 2020

Online - Summary of Market Activity

Online Clicks Soar Ahead and Support the Survival of Some Bricks



April 2019 - April 2020

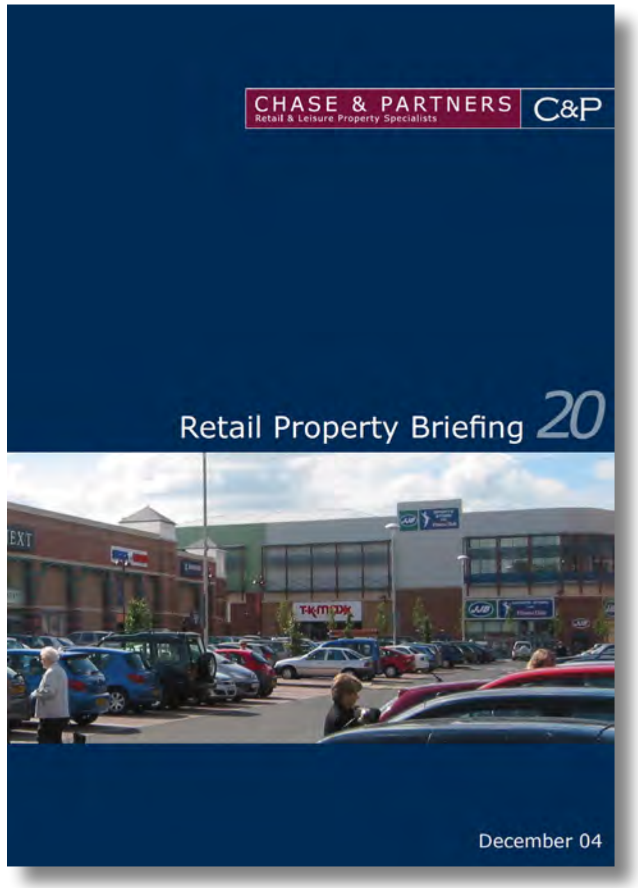
Market Analysis

- Pureplay online purchase produce twice as much greenhouse gas as going in-store yourself.
- New Look is to stop selling menswear in its stores and will only offer the category online from this autumn. New Look intends to close its 11 standalone menswear branches and sell the range on its own website and through third parties such as Asos and Zalando, Drapers reported.
- 75,000 retail jobs were lost in the first quarter of the year, as bricks-and-mortar retailers continue to be affected by increasing online sales.
- Amazon has partnered with Next to launch a click-and-collect service desk called Counter.
- Amazon is opening 10 pop-up stores across the UK to champion the products of more than 100 of its small business partners.
- The UK government has confirmed plans to impose a digital services tax on technology giants such as Amazon and Facebook.
- Amazon paid just £220m in taxes in the UK last year, despite raking in £10.9bn from its sprawling British business.
- Online retail has overtaken physical retail in the US for the first time since records began, marking a major milestone in the evolution of the retail industry.
- Wayfair is opening a bricks-and-mortar pop-up store for one day to showcase its online offerings and give customers a sneak-peek at its Christmas 2019 range.
- Amazon Prime Day broke records for the online giant as sales surpassed its previous Black Friday and Cyber Monday sales combined.
- Amazon has reported a fall in its third-quarter profits, the first time the ecommerce giant has suffered a drop in earnings for over a year. The etail giant said it spent nearly $10bn (£7.78bn) on shipping costs in the most recent quarter, a 46% increase on costs from the same period last year.
- Amazon bolsters property team as it eyes bricks-and-mortar roll-out.
- Online sales bounced back in June, registering the strongest rate of growth so far this year bolstered by clothing.
- Online fashion giant Boohoo has bought the Karen Millen and Coast brands for £18.2m. Boohoo will trade the brands online but the future of the stores looks bleak and there have been an immediate 62 redundancies at the acquired businesses.
- Amazon has broken records this holiday shopping season after deliveries "nearly quadrupled compared to last year", sending its shares soaring.
- Amazon can now deliver orders in under 5 hours.
- Chinese etailer Alibaba's Singles' Day shopping event registered record-breaking sales for the 11th consecutive year. The 24-hour online shopping event made more than $30.8bn (£23bn) in sales in 16.5 hours and hit $1bn in sales in just over a minute of trading during the one-day event.
- Black Friday shoppers have flocked online for deals while early footfall numbers surpassed expectations in a boost for the retail industry.
- Amazon's stock has dropped over 10 per cent in the past fortnight as thousands of third-party sellers struggle with stock shortages.
- Amazon has increased its share in the UK e-commerce market according to new research. The online giant's ecommerce market share rose from 28.8% in 2018 to 30.1% in 2019 – accounting for $30bn (£23bn) in revenue.
- Online spending has surged during November bolstered by Black Friday promotions. Online sales grew 16.4% year on year during November, compared with 8% the previous year.
- Online greetings card specialist Moonpig has reported sales of £100m bolstered by an increase in demand for personalised cards.
- Soak, a major online bathroom products retailer, went into administration at the end of February. The market is intensely competitive, and Soak's revenue fell from £70m (2018) to £43m (2019). Its profit on the 2018 figures was only £2.9m. Price competition between online and bricks-and-mortar retailers has meant that few operators are making much of a profit, hence the decline of Soak and the collapse of other kitchen and bathroom retailers, such as Better Bathrooms. There are 220 employees.
- Amazon has delivered 3.5 billion parcels in 2019 smashing estimates.
- Amazon signs up first retail customer for Just Walk Out technology.
- Amazon has told its staff globally to work from home for the rest of this month if they can in response to the coronavirus pandemic.

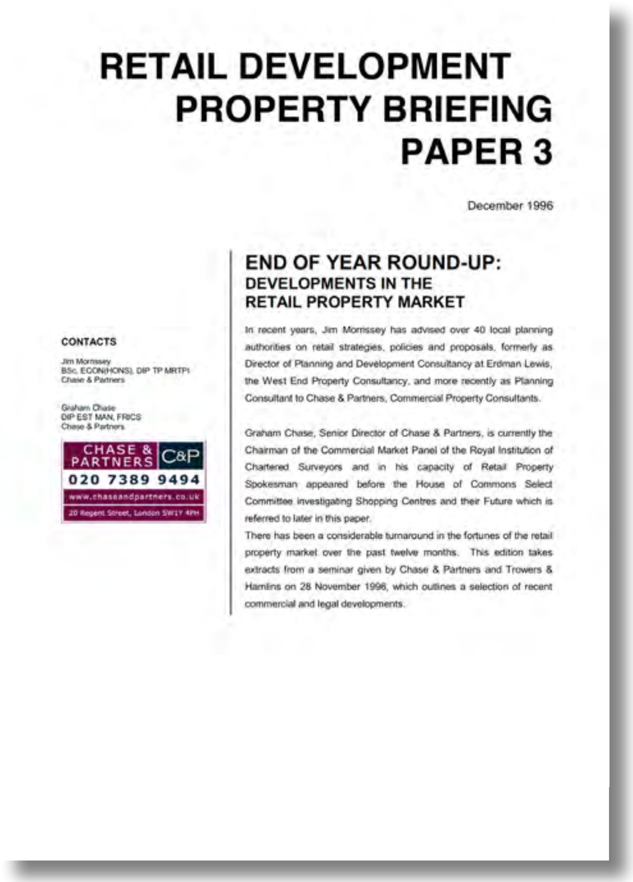
April 2019 - April 2020

- The UK government will introduce a digital services tax to collect two per cent of revenue generated by companies such as Amazon. Although it was not mentioned during Chancellor Rishi Sunak's Budget speech, the government confirmed the tax will be introduced on April 1. HMRC said it could result in as much as £515 million in additional annual income by the end of the 2025 financial year.
- Amazon is restricting shipments from vendors to its UK distribution centres in response to the coronavirus pandemic.
- Amazon has said it will take on 100,00 new staff to meet increased demand for online shopping caused by the coronavirus outbreak.
- Online marketplace eBay has restricted sales of a raft of products in an effort to stop profiteering during the coronavirus crisis.
- Consumers are switching to online shopping at a "phenomenal" rate during the coronavirus lockdown.
- The business secretary wants UK retailers to continue trading online "as a vital lifeline" for the nation during the coronavirus pandemic.
- Amazon is to take on another 75,000 new staff and stop accepting orders from new online grocery customers in the US as it grapples with surging demand.
- Lockdown drives Dixons Carphone online sales by 166%.
- Amazon has donated £250,000 to a fund set up to help its physical bookshop rivals that have been hammered by coronavirus.
- British pensioners have flocked to online supermarkets, doubling the amount they spend food shopping on the internet.
- Amazon has reported in a decline in first-quarter profits and warned that earnings in its second quarter will be completely wiped out by costs related to coronavirus. The etail titan said operating income dropped 9% to $4bn in the three months to March 31.

Chase & Patners Retail Report 2017



Chase & Patners Retail Report 2004



Chase & Patners 1st Annual Retail Report 1996

Chase & Patners Retail Report 2013

Chase & Patners Retail Report 2008

25 years of keydates

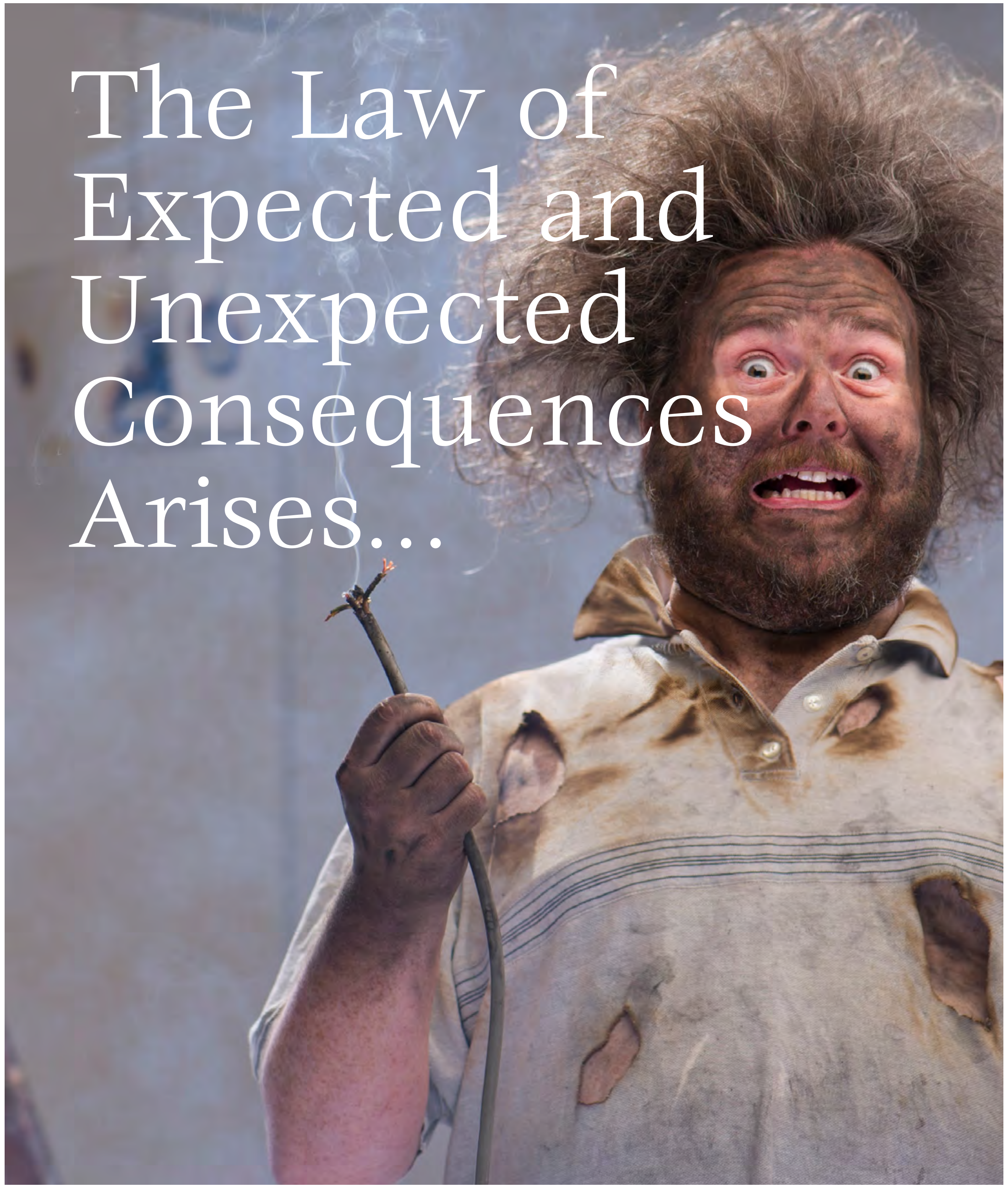
- **1995** – Chase & Partners open their doors
- **1997** – Election - First Labour Government in 18 years
- **1999** – Bluewater out-of-town shopping centre opens
- **2002** – Boom years flatten out
- **2003** – Bullring shopping centre opens in Birmingham
- **2007** – Sub-Prime Bond Markets Crash
- **2008** – Lehman Brothers Collapse pushes world into financial crisis
- **2008** – National Retail 'Treasure' Woolworths goes bust
- **2010** – Election - Labour out & Conservative/ Liberal Democrat Coalition Government formed
- **2011** – Westfield Shopping Centre opens in Stratford - One of the largest urban shopping centres in Europe
- **2012** – Great Britain host the Olympics for the 3rd time
- **2013** – Blockbuster goes bust
- **2014** – Phones4u goes bust
- **2015** – Election - Conservatives win small majority
- **2016** – Stalwart of British in-town retail, BHS goes bust
- **2016** – Referendum to leave Europe. 52% vote to leave.
- **2017** – Election - Hung parliament, Conservatives do a deal with DUP to form a Government
- **2018** – Toys r Us goes bust
- **2019** – Election - Conservatives win large majority
- **2020** – UK leaving Europe finally ratified by Parliament - 12 month transition period begins

Covid19 shuts down and decimates global economies - big changes expected...

Spring
Retail Report
2020

Special reports

The Law of Expected and Unexpected Consequences Arises...



Over 25 years of reporting, we have always tried to look back and understand how markets reacted or worked, to give us a solid knowledge and experiential base, so that we can look forward and predict (even in a small way) how markets may behave or change.

We have rarely tried to micro predict but focused more on trends, giving a solid overview and impression of how markets have been working and then giving a clear vision of how we see them moving forward and what will happen as a result.

As well as major international economic events that have critically impacted and changed the commercial property market, the sector has also been affected by changing political ideology, confused decision making from local authorities, the rise of online retail and now Covid-19.

The following reports review recurring and critical issues from the past 25 years and how we think Covid-19 will impact:

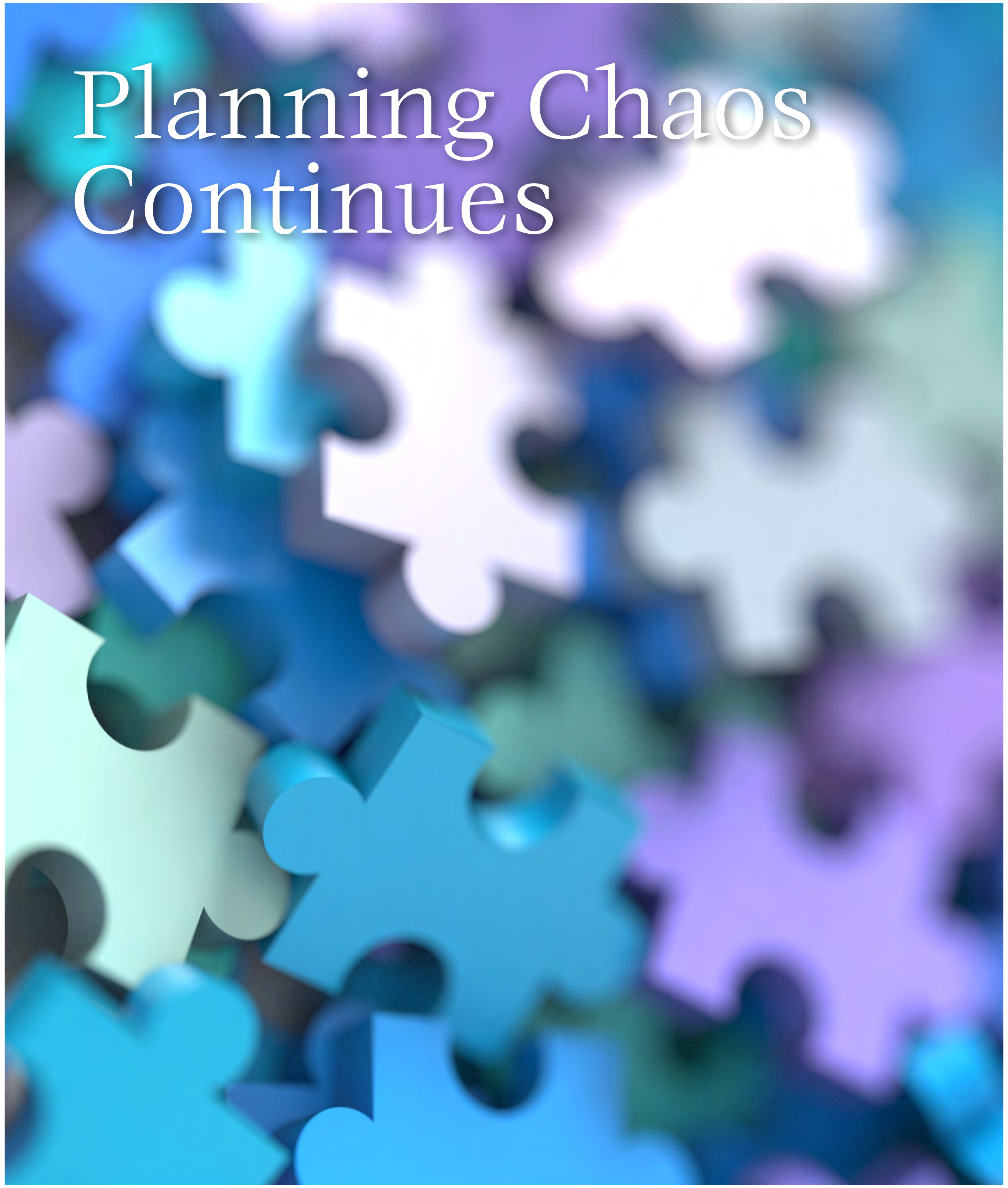
- PLANNING CHAOS CONTINUES
- SUPERMARKETS & SUPERSTORES STILL STRONG
- BRICKS V CLICKS
- LONDON IMMUNE - INTERNATIONAL CITY STATE
- PROPERTY MUSINGS

C&P 25 YEARS

Spring
Retail Report
2020

Special report 1

Planning Chaos Continues



From the very start of our report writing, back in 1996, we have talked about the need for planning laws, guidance and national/local decision making to be more precise and more easily applied. However, what has happened, over subsequent decades and multiple governments, is a confused and muddled response. National frameworks and laws are either too complicated or too simplistic, with under-resourced and often skill deprived planning authorities left wrangling for years trying to figure out how to balance long term planning, affordable housing, edge of town, town centre, mixed-use, food and business. Often ending with piecemeal or no approvals for tricky town centre proposals and instead grant permissions for new build edge or out-of-town retail. This, of course, compounds the problem.

At the core of this is the planner's inability to identify town centres for what they should be, centres of the community rather than just a shopping centre open from 9 am – 5.30 pm. They have also been unable to deal with the conflict of cars, public transport, visitors, business and residents to create a vibrant and viable hub of the community, just like our local high streets used to be. Somehow that 'feeling' has been lost and, unfortunately, more planning chaos beckons.

Is there a post-Covid-19 opportunity? Loads of high street chains and local businesses will go missing, but stealthy retail chains with cash will be able to negotiate great deals on the best sites available. Local start-ups and entrepreneurs will begin to fill some vacant high street units. Landlords/local authorities become more collaborative and open-minded, creating a greater mix of retail, business, leisure, housing and community focused assets… or are our town centres dead!

Here we take a brief look back over the years of our reporting on this subject. The blue text highlights recurring themes or issues, with the maroon text showing historical responses. All text is taken from previous reports...

Mixed use development in town centres will reduce dependency on the car, live, work, shop and play in one place. (1997 planning)

Introduction of the permitted development rights in May 2013 to convert office to residential. However this limited the ability of the local authrotiy to secure affordable housing, secure section 106 payments, removal of planning authority influence on design and development standards, removal of rights of locals to have a say on the development. Article 4 was taken up by a number of local authorities to remove the permitted development rights. (2014, Planning)

Progress on the preparation and, perhaps more importantly, the adoption of up-to-date local plans remains disappointing. The latest data from the Planning Inspectorate on Local Plan adoption shows that of the 382 Councils in England; 101 Councils do not currently have an adopted local plan and 32 Councils have not even published a local plan. (2019 Planning)

Last summer the Government appointed a new expert panel intended to diagnose issues affecting the High Streets and advise on practical measures to help them thrive now and in the future. (2019 Planning)

The Committee's report also recognised that successive government's 'town centre first policy' had changed little since it was first introduced in the 1980s and recommended that the Government should now "consider whether the policy should be updated to reflect better the non-retail uses, for example health, education and leisure services, that will become increasingly important in the future". (2019 Planning).

It is perhaps encouraging that the threat to the future of our High Streets and town centres is being recognised by the Government. Many also appear to acknowledge the role that planning and local councils might potentially play in managing change and thereby ensuring High Streets and town centres continue to thrive in what is a very different retail landscape from a few years ago. However, with many local planning authorities now under severe expenditure and resource constraints, it is increasingly hard to find hard evidence of how concerted and co-ordinated action is helping owners and occupiers respond to the challenge and ensure their businesses can continue to operate in a viable and sustainable way. (2019 Planning).

- Long term planning chaos, town centres in confusion (edge of town, town centre, retail, mixed use, affordable housing) and business.

The main concern to local authorities is the threat of out of town retail warehouse developed poses to town centre. There is practically no consensus as to whether retail warehouse format is a legitimate form of provision or which range of goods ought to be trade from them. (1996 Planning)

In the early 80's retail warehousing was considered to cater for bulky goods but more recently retailers with a considerable presence on the high street sought out of centre locations. (1996 Planning)

The 1993 PPG6 did not provide much guidance other than stating some operators needs large floorp areas and sufficient parking. It stated it could relieve congestion and stimulate competition however no guidance was given as to which retail format/goods were bulky and otherwise appropriate for retail warehouse. (1996 Planning)

A survey of 70 planning authorities, only 20% of local planning authorities have specific bulky good policies in their local plan. 75% of those that do have bulky good policies seek to control the range of goods to be sold. (1996 Planning)

There are problems with the definition set out in PPG6. The legitimacy of retail warehouse operatros have two strands, bulky goods and large space user however not all items sold in DIY units are bulky but the activity is generally deemed to be so. (1996 Planning)

Development activity struggling against sequential approach of PPG6. (1997 Planning)

PPG6 is there to encourage town centre development and discourage out of town centre development. When considering a development, the sequential test should be applied, sites nearer the town centre are considered first and if and when rejected, sites on the edge or out of town can get the go ahead. (1997 Planning)

Mixed use development in town centres will reduce dependency on the car, live, work, shop and play in one place. (1997 Planning)

PPG6 advises that developers and retailers will need to be more flexible about the format design and scale of development and the amount of car parking. It also advises that the sequential approach to site selection also requires realism from planning authority developers and retailers. The point at which the demand for flexibility conflicts with the call for realism is being interpreted in many different ways up and down the country. (2000, Planning)

It would be helpful to practitioners for the clarification to consider what sort of retail format are realistic in town centres. Bulky goods retail warehouses tend to have low sale densities low pedestrian footfall dead frontage and make a limited contribution to the evening economy. They do not contribute a great deal to town centre vitality. Is it realistic to force them into town centres. (2000, Planning)

New planning and compulsory purchase legislation was introduced to speed up the system. The Planning & Compulsory Purchase Act 2004 should help to speed up the development process due to less onerous reasons for securing an order, although we have doubts that the additional compensation payments will result in faster settlements with parties being acquired. (2004 Planning).

Many out-of-town retailers have been using a mezzanine as part of their fitting-out to increase the storage or sales area of their unit. New planning legislation will stop that ability 'as of right'. The draft order has not been issued yet but effectively the law will change overnight. One day it will be lawful to erect a mezzanine the next day it will not - unless the order is complied with. Each landlord or tenant will have to make a planning application for any increase over the ground floor area. (2004 Planning).

The effects of the proposed planning restrictions on mezzanines are still not known. The current result is much uncertainty over the legality of pre-lettings (to tenants that require mezzanines) that are proposed 'post' the new legislation. (2005 Out-of-Town Agency)

Dramatic increase in the amount of information required to support planning applications. Full details are now required for the proposed use, including justification in terms of the development plan and surrounding uses, as well as details and justification of the 'amount' of development, the architecture and urban design. An indicative layout plan is needed as well as an idea of the scale of development and the location of access points. (2006 Planning)

- This is in addition to the requirement for a design and access statement. In practice this means an outline application will require almost as much information as a full application, which removes the option for developers of establishing the principle of development without expending time and money on the detail. (2006 Planning) this will only further delay and at worst, bad decisions made by local authorities as they are forced to make a decision before the deadline, this is apparently the more efficient planning system promised by the 2004 Planning and Compulsory Purchase Act would deliver...

The government may well be willing to concede that the planning system is struggling to deal with the challenges of the 21st century but the fact is that it is now in crisis. Many of the longstanding problems with the system have been exacerbated by the plethora of reforms an initiative the current government had made in attempt to streamline it. (2007 Planning)

Local development frameworks are widely regarded as an 'over engineered' by most participants and in our view the system is on the verge of collapse. (2007 Planning)

There will be no sympathy from Local Authorities regarding vacancies as long as the town centre is suffering its own problems. With less retailers to go around, many Local Authorities will be only too happy to see weaker retail parks give up their land for other uses - particularly if that also provides a "windfall site" which contributes to their housing land supply. (2010)

Town centres should be the focus of businesses in the community, but on too many occasions both the public and private sector have failed to grasp the opportunities that exist. Town centres are not just about retailing but are highly complex communities where living and business come together. When properly managed they can take advantage of their accessibility and cross-business potential making them vital, viable and attractive. With new development now muted, the danger is that many town centres will be left with vacant sites and outdated property, as well as planning briefs which have limited or no use or potential and will be a drain on UK GDP in the future. Town centre retailing will have to contract but it can be replaced by a wide range of other uses including local authority services, medical and health centres, business units, residential accommodation, entertainment and leisure facilities. (2012)

Nicholson's shopping centre was taken out of receivership by Areli Real Estate at about £25 million in stiff competitor bidding. Apparently, they see the opportunity for a mixed-use development/refurbishment as values for other uses rather than retail coming to the fore. (2019 Investment)

• Failing town centre retail areas need to be recast for other uses. Residential, business, leisure, food, catering, public services, local authority services etc should be eyeing up these locations with vigour and encouragement to breathe life in to long dead and fixed retail frontages which in the new world of internet sales has no place. Town centres were never just about retailing and the depopulation and loss of services and businesses results in an inevitable lack of robust, vital and viable central areas. Why is it society and our planning structures can plan for increasing retail yet we see no plans for accommodating decreasing retail potential? Town centres need to be proactive, have regard to improving their vitality and viability in areas other than retail and for the high street to become part of the internet society and lead on internet and Omnicommerce sales.

The improvement of centres as they offer a more balanced town centre facility with business, residential, community retail and leisure will continue to attract human beings. but as ever in a world of change it will be different tomorrow to that which it is today. (2015 Introduction)

• The lack of diversity of use in town centres including the loss of business and residential dwellers.

Not all retail space allows the alternative tenant to trade immediately without changing the planning permission, in fact it is almost invariably the case that a change is needed for retail warehouses. Negotiations are therefore "subject to planning" and we have noticed more and more public commentary about the difficulty in obtaining permissions where there is demonstrable demand from a particular occupier. This may be because of the recession but Lord Wolfson's comments to the British Chambers of Commerce in April 2011 reflect this frustration, as he called for the Government to overhaul the planning system which he argued had hampered "every single business in the land at some stage". (2011)

In Central London there is a real lack of A3 premises and many parties have tried to secure a change of use, but within Westminster the council are hesitant to grant any change of use to protect retail frontages. As a result, operators are looking to change their business model to an A1 offer so that they can roll out their concepts. (2012)

In August 2013 further changes to Permitted Development were proposed that would allow the change of use of a building from shop (use class A1) or financial and professional services (A2) to residential (use class C3). These would also include Permitted Development rights for the change of use from a shop (A1) to a bank or building society. The rationale for these measures is that they will help address the increasing retail vacancies within centres, assist in the delivery of new residential accommodation within them, which in turn will drive footfall. (2014, Planning)

Part of the issue is it is unclear whether these permitted rights are helping or actually damaging the town centres. Whilst there is a need for flexibility in how floorspace is managed, there is a role for planning in how it is controlled which is partly lost with these rights. (2015 Planning)

Permitted Development rights are a shame and do nothing to support the regeneration of the high street. (2019 In-Town Agency)

Permitted Development Rights in town centres could potentially risk undermining the strategic vision that a community may have developed for its high street or town centre. (2019 Planning)

• The failure of the planning system by putting retail first in town centres and removing life from them.

Far-seeing Local Authorities have used planning controls to enable bulky goods to be sold in retail warehouses while restrictive user policies have maintained and improved the high street offer. (2004 Out-of-Town)

Town centres have the greatest potential to fight back as they can look at alternative uses other than retail, whereas shopping centres and some retail warehouse parks have far less flexibility and over time could struggle unless they are either absolutely prime or offer true discount retailing. (2013)

It was not just the development of retail property in town centres that fuelled growing consumerism but the arrival of the "shopping experience". The first regional out of centre shopping mall, Brent Cross was built and opened for trading in 1976, although it had taken some 20 years to get the project completed. Since then, scores of regional and sub regional centres have been developed such as the Trafford centre, Meadowhall, Metro Centre, Bluewater and West Thurrock overlooking each other across the Thames to the east of London to name but a few. (2018 Introduction)

What is clear is that after 200 years the fundamentals, of what makes a town centre work, are going back to their roots. Towns were defined by their commerce and residential occupation. Whether it was a centre for agriculture and livestock sales or business, commerce and industrial processes; it was never the case of retail first. On the contrary town centres were places where retailers sought representation because they were the source and focus of expenditure. The consumer/customer/people were already there and did not have to be "bused in" between 9:00am and 5:00pm. (2018 Introduction)

Today we face the problem of town centres which over the past 70 years have simply become locations for people to visit because of the retail offer. These are the centres that are dying. Town centres, to "revive and thrive" in the future will be defined by their economic activity and residential strength as places where there is life and activity and not waiting for the shops to open before they are visited and then go to sleep when the shutters come down. For town centres to work again they will have to reinvent themselves as living and working environments with physical retailing successful because there are customers passing by the shop front who can be enticed in. (2018 Introduction)

It should be acknowledged that the UK has too much retail space, with a popular estimate at a 25% surplus of poorly located and outdated stock that needs to go to rebalance supply v demand. We are firmly of the opinion that this is an opportunity and that government policy has got to change and put retail last, not first as some sort of protected dinosaur that needs artificial respiration for its remaining days. (2019 Introduction)

Physical shopping is not dead but retailing as an activity continues to evolve. Town centres do not benefit by slavishly putting retail first but *ensuring they have a robust and diversified economy with a strong residential, business and community base. With that in place the physical shops trade well as there are customers walking past the shop fronts who pop in to buy something – simples! (2019 Introduction).*

Shoppers no longer wish to visit town centres which are open between 9am and 5pm just for shopping, it is much easier to go online or to the local out of centre facility where the car can be parked free of charge and a half hour queue to get into the centre is avoided. Government policy must therefore put other uses first and retail last with significant redevelopment in central areas for these other uses an absolute requirement if the retail sector is to survive and thrive in the future. (2019 In-Town Agency)

Make shopping easy in town centres because people are there and the town centre will be the winner. Continue to isolate it and protect large amounts of space which are no longer relevant or fit for purpose and town centres will continue to decline. (2019 In-Town Agency)

• The lack of understanding of bulky goods retail warehousing and bulk food retailing.

Bulky goods retail parks remain at the bottom of the pile in terms of opportunities and have not been helped by the ongoing difficulties in the traditional anchor DIY stores. (2016 Out-of-Town Agency).

The furniture sector in particular is reaping the rewards of opportunities with more limited competition and it is not unusual to see entire retail parks now dominated by furniture retailers. (2016 Out-of-Town Agency).

• The inability of town centres to deal with the conflict of cars, public transport, visitors, business and residents to create a vibrant and viable hub of the community.

Congestion problems in town centres. (1997 Planning)

Edge of centres require better linkage. (1997 Planning)

• Town centres to become Enterprise Zones again or even certain buildings as enterprise zones, such as certain shopping centres or even department stores where planning restrictions are lifted. (look at enterprise zones from previous reports, rise and fall of secondary/tertiary shopping centres).

11 Enterprise Zones in areas where Local Enterprise Partnerships (LEP) are in place and plans for a competitive process for future Partnerships to bid for up to a further 10 EZ's. Although the concept of an EZ may well encourage investment in areas most in need of it, much will ultimately depend on the quality and skill of the LEP promoting the EZ. Ultimately, however, the success of these areas will depend on the willingness and ability of the private sector to invest in these areas at a time when development finance is tight. The risks are likely to be perceived to be relatively high, and there may be alternative more attractive investment opportunities available elsewhere. If, or when, development were to occur in these Zones then due regard will need to be given to potential adverse effects that this might have on adjoining areas and town centres nearby. (2011)

• As we see in Birmingham where Primark took over a whole shopping centre (The world's biggest Primark has opened its doors to shoppers in Birmingham. Covering 161,000 sq ft over five floors, it occupies the entire site of a former shopping centre and comes complete with a Disney-themed cafe, a barber's shop and beauty studio, as well as Primark's standard fare - affordable fashion).

• Central Government attempts at speeding up and simplifying planning process alongside lack of expertise and reduced resources for Local Authority planning departments only adds to confusion and patchwork implementation. (links to permitted development, reducing decision making for the government by giving local authorities more control).

The problem may well be that the previous Government had no real property experts left, having abandoned many of their blue riband independent advisory sources such as the Property Advisory Group and until recently, scorned involvement of the professional bodies, opting for vested interest monitoring groups instead. In essence, Government has no department to understand an industry which represents over 10% of GDP and no experience upon which to draw in formulating property-related polices which work and are not damaging to the overall UK economy and its competitiveness. (2012)

• In pandemics, people do not use transport but use their private cars and want car parking space, out of town will be king as its where they live however if people lived and worked in town centres, they would shop in the town centres too.

Some retailers are also altering their locational requirements, turning their attentions away from the High Street and shopping centres, towards retail parks. Mothercare are a prime example, having closed some 23 in-town stores yet acquiring 12 out-of-town stores in the last financial year despite the recently issued profit warning. (2011)

• As part of town centres, people shop where they live and with the expansion of suburban living, out of town shopping centres have often been closer and more accessible than town centres, especially with the use of cars.

Although the Government continues to promise a faster and more efficient planning system, the fact remains that the process has become administratively complex, riddled with uncertainty and prone to delay – particularly for proposals involving major development. This was recognised by the Killian-Pretty Review issued in November, which now makes 17 detailed recommendations to make the existing application process more efficient. (2008)

The race for space is being maintained, but new stores, particularly at the bigger end of the spectrum remain difficult to secure because of the tight planning regime. Over the past five years there has also been a lack of sites as residential land values often exceeded residual land values for food. With some of these housing development proposals now looking unlikely, perhaps some will find their way back to the food operators. (2008 links supermarket with planning).

As well as growing vacancies in secondary and tertiary locations, we might also begin to see an increasing number of voids (including some substantial units) appearing in primary locations in town centres. Even under existing policy, the presence of a large vacant unit on a prime site would be justification for local authorities to refuse most out of centre schemes. (2008)

In our view there is a significant opportunity in secondary areas for nonretail uses such as banks, restaurants, pubs and take-aways. (2008)

Despite high vacancy rates and weak tenant demand, good secondary property is beginning to look fairly valued, although risks remain high. (2011)

Tenant mix on a number of prime and secondary parks has evolved through the recession, with changes to planning permissions being hard-fought on vacant units. Retailers are considering locations that might have previously been overlooked but where the financial deals have become attractive. (2011)

One of the issues in-town, particularly in older secondary shopping centres, is the number of adjacent vacancies. Much of the space is unlettable in its current form and therefore valuers and landlords may need to make significant write-downs in value in order to create large space but at lower overall rental levels. (2011)

The NPPF came into immediate effect when it was published on 27th March. The NPPF may well have swept away the byzantine edifice of planning policy guidance that has been erected by successive administrations. On the other hand it has, in some areas, led to the removal of a well-established and clear framework of policies in favour of a more 'broad brush' approach. (2012)

On April 1st the London Mayoral Community Infrastructure Levy (CIL) came into effect and applies to all developments consented after that date. The London-wide levy is to raise money for strategic infrastructure that the Mayor, including Transport for London, seeks to implement. It is intended to raise £300million towards the delivery of Crossrail. (2012)

Property industry continues to be incorrectly seen as a cash cow, producing value which can support any tax thrust upon it such as CIL which is fast being discredited. this upfront tax payment has turned viable schemes in to unviable ones. (2013)

Introducing Permitted Development Rights to allow the change of use from retail to residential. This follows on the back of other proposals released in January of this year for other plans to allow the change of use from office to residential. (2013) however, whilst this measure would be in place for three years, a number of local authorities, 30 out of 33 London boroughs are seeking to opt out of the office to residential changes. Introduced to deliver new homes as lots of secondary office stock that is obsolete however the buildings are out dated and require lots of work. Local authroties lose development control and quality of builds as a result. (2013)

Mary Portas brough in to save the high street but her findings were unlikely to turn around the fortunes of the high street as they continued to struggle. (2013).

Although the 28 Portas recommendations helped to bring the plight of high streets to the attention of Government and the media, very few of the proposals were adopted and none have proved beneficial. (2014)

The government has tried to decentralise decision making. It was announced in the 2014 Budget that the Government are going to 'refresh' the planning system and introduce a three tier system to decide the appropriate levels of permission. (2014, Planning)

Out-of-town properties provide an obvious location for "click and collect". Shoppers have become used to it and out-of-town stores which are accessible and have free car parking provide the perfect collection point. We were pleased to note that planning permission is no longer required by retailers to provide a click and collect facility, and we agree with those who forecast that this will potentially drive footfall to retail parks and that it should be encouraged. (2015 Out-of-Town)

Shopping parks continue to dominate the market in terms of rental growth but the real question is now being raised about their impact on town centres and some of the formats are unashamedly high street offers. (2016)

In order to encourage growth in the economy, the Government introduced a series of new permitted development rights in April 2015. These extended existing rights and allow certain types of work and changes of use to occur without the need to apply for planning permission. (2016)

Despite the provisions of the Order, many landlords and/or occupiers (and especially their respective legal advisors) have insisted on receiving formal confirmation that any change of use is lawful before entering into any contract or fitting out premises. (2016 Planning)

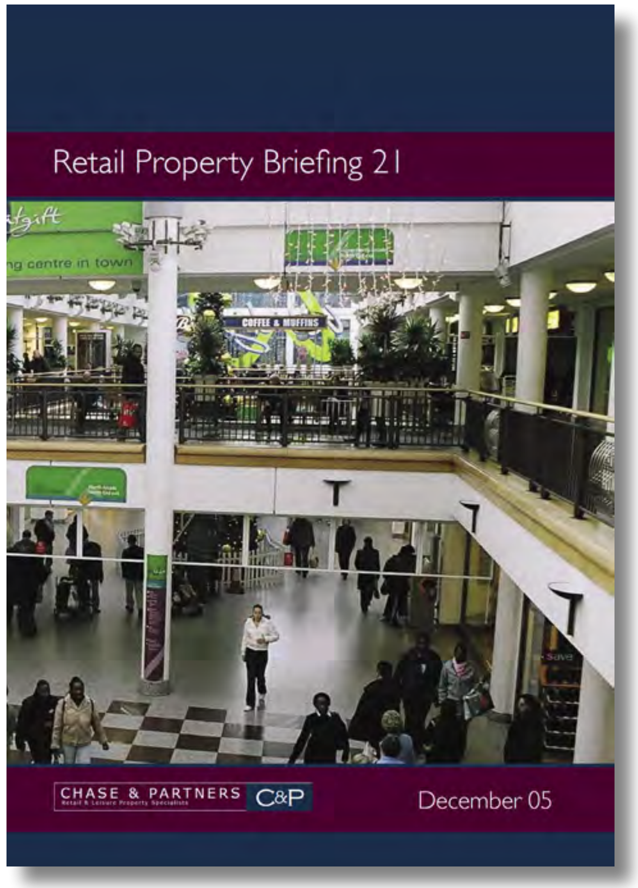
On the face of it obtaining a certificate for the change of use from a shop (Class A1) to a premises providing financial and professional services (Use Class A2) is straightforward. Unfortunately, in making certificate applications we have encountered the same sort of obstructive, and often unduly pedantic, registration process that has sadly become the norm submitting major planning applications. It is an administrative 'box ticking' process that with many authorities seems to be motivated with the aim of delaying registration of applications rather than a considered review of the submission that has been made. (2016 Planning)

Some authorities, whose development plan policies may seek to regulate and control changes of uses in town centres, may be hostile to changes the Order now allows and do their best to frustrate the certificate process. (2016 Planning)

Well informed planning policies will be the only way to influence the market place. The balance in planning over nearly 70 years has never been achieved despite constant political intervention and policies promoted as the answer whether negative or positive. (2018 Introcution)

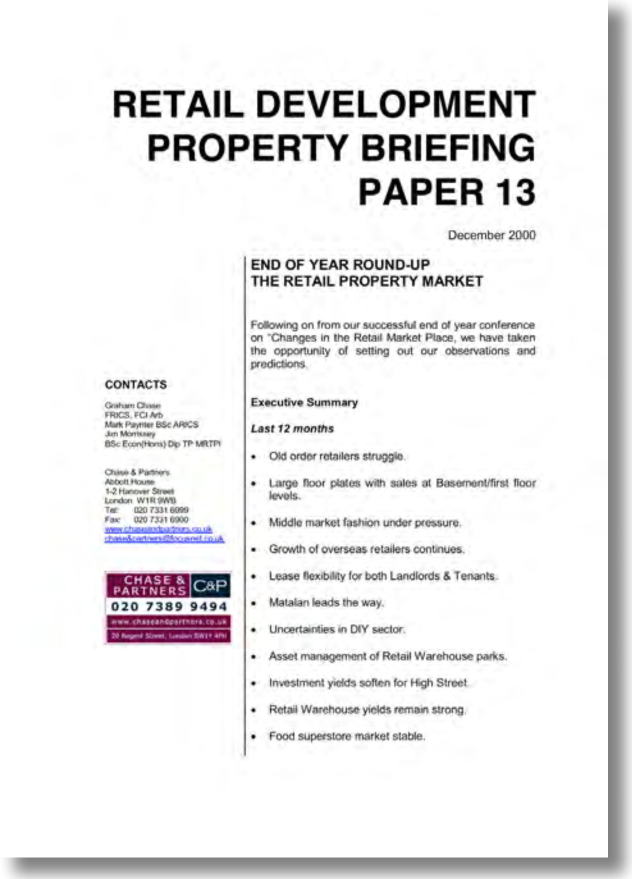
Policies which simply promote town centres first for retailing out of habit have missed the plot. It will be those towns which adopt business and commerce first coupled with a strong diversity of uses in the central areas that will be the winners. (2018 Introduction)

The UK high street is having to change its focus with the growth of internet sales and click and collect (omni shopping technology) which is creating a structural and permanent change in the way the consumer now shops for goods and services. Empty retail accommodation is appearing in secondary and fringe locations and it is inappropriate to apply the same criteria to all retail space as a single product – it is not. There is good demand for the right space in the right place coupled with diversity and a sense of place. The top 100 centres both in town and out of town are the focus but there are changes as to where these locations are, including the growth of transport hubs as they influence the dynamics of where we live and work. (2018 Introduction)



Chase & Patners Retail Report 2005

Chase & Patners Retail Report 2007



Chase & Patners Retail Report 2000

C&P 25 YEARS

Spring Retail Report 2020

Special report 2

Supermarkets and Superstores Still Strong

The current pandemic of Covid-19 has demonstrated how essential supermarkets and superstores are to the consumer. It has also shown how vital food shopping is to the well being and support of individuals and their communities and just how much they are relied upon.

Their growth reflects quite neatly the economic and political ups and downs of the past couple of decades, from the boom of out-of-town & edge-of-town store developments in the late '90s and early '00s, followed by the bust in 2008 which cemented the rise of the discounter into the sector as shoppers spending habits changed and hardened. Changes in planning regimes and guidance also had there impact, especially around the attempt to reinvigorate town centres. As a result, the sector looked towards acquiring smaller, high street, or neighbourhood real estate to create smaller store formats.

The market share for the 'Big Four' supermarkets is also decreasing due to the ever growing rise in discounters. Aldi, Lidl and Waitrose have long been challenging for a share of the market and they continue to grow. With the renewed energy of The Co-op, the fastest growing supermarket at the moment, they are now considered the ‘Magnificent 8’.

The result is a massive and diverse property portfolio that genuinely reflects the influence on shopper habits (out-of-town, edge-of-town and town centre) that this sector has. Importantly this sector was also an early and successful adopter of online shopping, managing to create twin retail channels (bricks & clicks) for customers without damaging it's core 'bricks' retail offer. If anything, it has, over time, enhanced shopper loyalty due to greater convenience and exposure.

Here we take a brief look back over the years of our reporting on this subject. The blue text highlights recurring themes or issues, with the maroon text showing historical responses. All text is taken from previous reports...

• Growth in the food retail property market not only reflects the security of this type of business in an economic downturn but also strong management and a significant ability which exists within all the companies which operate within the UK.

On the planning front, the abandonment of the "need test" will open up competition. (2011)

There is more demand from M&S Simply Food and other leading fascias, while the Aldi and Lidl brands are more likely to be on adjoining land, although not always the case (2014, Out of Town). Easy for consumers to access out of town retail units as they are able to drive to these locations and park for free. (2014, Out-of-Town)

• In tough times of no development, open A1 in out of town is king.

In the world of out of town retail investment 'bulky goods' has become bit of a dirty word with investors now firmly in the camp of 'open A1 is King'. (2006 Investment Out-of-Town)

The planning permission on user restriction continued to dictate the future of each retail park. And open a one use itself does not mean that a shopping park can automatically be created as it is ultimately occupied demand from the appropriate tenants that would determine such a High Street mix. (2007 Investment)

Expansion into non-food areas continues apace, often unchecked by the planning system coupled with some local authorities keen to maintain expenditure in their boundaries. In town centres this is not of concern but in out-of-town stores it can reflect the worst type of planning failure and damage to town centres. (2011)

• Then we have the more recent pandemic of Covid-19 demonstrating how important food shopping is to the wellbeing and support of individuals and it's taken this economic crises to breath new life back into the mainline supermarket sector as it has benefited from the position.

The severe economic downturn has perversely helped by redirecting the consumer from the restaurant to the home kitchen via the supermarkets who have been keen to accommodate this austerity factor. (2011)

The ongoing direction of food retailers is to intercept the customer at source. Expansion has not focussed on new large store openings and existing store extensions. Much of the growth has been through smaller formats and convenience stores on the doorstep of the customer. (2011) an example of this is the Little Waitrose who are planning to build 300 strong convenience stores over the next 5 years. (2011 Supermarket)

• With the expansion of suburban living out of town, shopping centres have often been closer and more accessible than town centres, especially with the use of cars.

The discounters have been aided by aided by a weakened property market and relatively cheap land but also supported by a planning regime keen to support local facilities and reduce car journeys. (2014 Supermarkets).

• Everyone will drive as you cannot use public transport, out of town centres are ideal as they have better parking facilities than the high street.

Food store development strengthening. (1997 Planning)

Discounters continue to expand but growth is limited as market matures with many new stores purchased by occupiers as free holds and difficulties of Kwik Save/Somerfield overhangs the market. (1999 Food Retailing)

Introduction of wider range of non food items is notable. joint ventures with High Street retailer concessions likely to be a feature in the future. (1999 Food Retailing)

Internet and house delivery services will grow but place additional demands on food traders logistics and methods of retailing. (1999 Food Retailing)

More town centre living and mixed use development - people need food on their doorstep. public transport integration with High Street is becoming more important. Planning pressures will reduce out of town options. Surface parking is a prerequisite of most food operators and is generally uneconomic in town centres. (2000 Food Stores)

The food sector focus has been in town with many operators expanding smaller formats. (2003 Out-of-Town Agency)

The discount food sector continues to grow but has a noticeably lower profile than in the past five years. (2003 Supermarkets)

The current restrictive planning regime has significantly reduced new development but activity is far from muted in this sector. Rental levels for the best food superstores outside of London are now set to breach the £20 per sq ft mark and in London there is evidence to suggest that rental levels now lie somewhere between £25 - £30 per sq ft for the best quality stores. (2004 Supermarkets)

Given that so many freeholds are in the hands of the retailers and given the nature of their expansion programmes over the past 2 years, there is precious little evidence coming through of market rental levels. In London, however, ERV's are now pushing the £30 psf barrier and £20 psf has been established in the major provincial centres for the best examples of good quality food superstores. (2005 Supermarkets)

The restrictive planning regime has reigned in the further expansion of the supermarket sector. In some respects, however, this has only added to the strength of the existing players with fewer opportunities for the growth of competition. (2005 Supermarkets)

The larger stores have quickly demonstrated that they are the new breed of department stores and reflect a closer attachment to the European hypermarket concept than we have seen for some time. (2005 Supermarkets)

In town food market continues to grow due to planning pressures out of town, with Tesco and Sainsbury's leading the way in smaller store formats, although the discounters such as Lidl and Aldi are now actively seeking in town units in conjunction with their out of town offer. (2006 In-Town Agency)

Morrisons conversion of Safeway portfolio successfully completed with their trading profile strengthening. Sainsbury's recovering well on trade pushing the retailer back up the industry ladder following seven quarters of consecutive like for like sales growth. Growth coming from increased sales densities, non food retail sales and online shopping. Some 65 existing stores will be refitted by end of financial year to allow for additional non food ranges. (2006 Supermarkets)

Sainsbury's have 290 convenience stores located in neighbourhood and local centres, with 30 new stores opened this year. This area of business is showing over 20% sales growth each month (2006 Supermarket) showing a demand for this sort of shopping from the consumer. (2006 Supermarkets)

Planning permission for new stores is increasingly difficult to secure. However the retailers are responding by concentrating their efforts on extending existing sites, modernising older stores and installing mezzanines wherever this makes sense. Over 30% of new trading space comes from this activity, making this a fertile area for expansion. (2006 Supermarkets)

In an uncertain world the one sector we believe will continue to form is the food superstore market, where strong sale growth coupled with expanding retail formats continue to give the operators the edge over the retail sector. (2007 Supermarkets)

Both Tesco's and Sainsbury's report an increase in online sales However cardo , Waitrose offer the most advanced home delivery and online service of all food operators. Ongoing losses show that it is not easy nut to crack despite a 30% annual growth in its customer base. (2007 Supermarkets)

The majority of expansion by the big four of Tesco, Asda, Sainsbury's and Morrisons continues to come from extending existing *stores, with extensions often larger than they have been in the past. Innovative designs are being employed, including two level trading and decked or under-croft car parking so as to increase market share and promote the operators expansion of product lines, particularly in non-food areas. Where new space is being developed at an unprecedented pace is in the discount food sector. As consumers look for lower prices, so this sector has proved to be a winner. (2008)*

Food superstores continued to grow from 2008 and were a safe haven until about 2011 when consumer habits began to shift to daily basket shopping for food against bulk food shopping and the rise of the discounters of Aldi and Lidl increasing their market share. (2008)

The range of food sales formats is widening, with considerable diversity of location size and retail sales. Food store operators are once again the anchors to high street developments as well as new local facilities, with operators moving closer to their customers. (2008)

In the discount sector, rents have grown from £8 to £10 per sq ft just three years ago to between £12 and £16 per sq ft (or more) today. These operators are taking more occupational leases, not just acquiring freeholds as in the past, but they are often gearing rent reviews to a fixed percentage uplift. (2009)

The discounters have showed the fastest growth and now account for a 5.3% share in grocery spending, which is a record. (2009)

Food superstore and smaller supermarket outlets will continue to perform well and may provide the only viable catalyst for regeneration of many failing retail locations. (2010)

UK food superstore and supermarket businesses are proving to be perhaps more resilient during the downturn. (2010)

Internet sales in the food sector continued to show slow growth but Tesco have opened a dot.com-only store in Aylesford which has moved into profitability within a matter of months. (2010)

This is one property sector which has continued to perform with demand outstripping supply. Retailers are fit and promoting strong expansion plans. (2012)

Rental values vary to reflect the different nature of stores and their potential catchments and although no one size fits all, the categories shown in the chart opposite demonstrate the range of rents that are currently being achieved, but subject to significant variances depending on the circumstances, from £10 to over £30 psf. There appears to be more growth potential here but the impact of competition and cannibalism has become a clear threat. (2012)

The food supermarket sector is showing clear signs of having peaked both in volume and value terms. (2013)

The consumer is buying food on a more regular and convenient basis from the smaller local supermarket on the way to and from their place of work or other trips, with the focus on chilled and quality products, but less bulk. The shopping basket shop as opposed to the trolley purchase is in the ascendancy as is home delivery. (2013)

Rental growth in food supermarkets as a phenomenon of the past with rental levels having peaked for most grades of store in many locations. However, yields applied to the income streams are likely to remain low as the covenants strengths are undoubted and in this market security has its price. (2013)

Discounters such as Lidl and Aldi were starting to show their dominance, continuing their progress which was first noted as having an impact on the mainline food sector in 2013. (2014)

This is not an end of an era for the food superstore and has never been our observation, just a notable change in direction with consequential adjustments. The majors will continue to roll out full size superstores, but the opportunities will be fewer, more targeted and focussed on quality of trade potential rather than just a numbers game. (2014, Supermarkets)

Although rents may have peaked in the mainline foodstore sector they have only just got going in the discount sector. The rental differential between mainline and discount is beginning to blur. (2014, Supermarkets)

Yields continue to be strong in this sector particularly in the south east. despite the significant change in the food supermarket property sector and weakening rental levels in some areas, this is one of the most dynamic property sectors, creating significant activity with real potential for those who understand the direction this is all taking. (2014, Supermarkets)

Daily food shopping trips, ready cooked meals, chilled food and convenience food has undermined the traditional family bulk food shop. Add to this the growth in takeaway food offers and, despite the recession, growth in restaurant visits, it is the pattern of food shopping that is changing. In turn this is impacting significantly on supply and demand in the property market as it attempts to accommodate these changing formats. (2015)

Ongoing growth in the "convenient convenience" sector led by the majors themselves. The truth is, as has been over the past 40 years, that as shoppers' habits change the impact on the food property market reflects this change. (2015 Supermarkets)

Brand loyalty of food stores has always been fickle but today's market demonstrates a very simple approach to value and convenience food shopping. (2015 Supermarkets)

The discounters argue their pricing points are 20% below the majors which is a significant advantage. The discounters do not have extensive costs for their food stores in the guise of Section 106 contributions, Section 278 highway works, public art, five year public transport subsidies and a whole host of other on costs. (2015 Supermarkets)

The majors are willingly cannibalising their large stores by introducing smaller convenience store formats into the same catchment, fully aware that if they do not, their competitors will. (2015 Supermarkets)

Due to the sustained growth and strength of the discount supermarkets, Aldi and Lidl, there is now a 'Magnificent seven' rather than just the 'big four' with the inclusion of Waitrose. (2016 Supermarkets)

Apart from Sainsburys and Waitrose, all the other majors are seeing negative growth but the real winners as for last year are Aldi who have increased their market share by over 15% and Lidl by nearly 19%. (2016 Supermarkets)

The worst performer has been supermarkets at 2%, total returns reflecting the turmoil which now exists in that market with the mainline superstore operators struggling to maintain market share against the increasing expansion of the discounters of Lidl and Aldi. (2016 Investment)

Growth in the discount rental sector where as the mainline superstores arena, rental growth is negative in all locations. (2016 Supermarkets)

There has been a net addition of food supermarkets with Asda adding 8 and Sainsbury 5 during the past 12 months. The net increase of large stores is 16, where as in the previous 3 years, the big four saw net reductions. This is in addition to growth in the convenience local store sector. (2018 Supermarkets)

For the first time in 10 years, the discounters lead by Aldi and Lidl are showing signs of slowing reflecting previous years expansion programmes and the fight back of the big 4 superstores and convenience shops which are grabbing back market share. (2018 Supermarkets)

Consumers choice for last minute shopping of food continues to drive the market with convenience stores increasing faster than any other format, by some 17% in the past 5 years. (2018 Supermarkets)

The Aldi and Lidl slow down does not reflect any failure but simply fewer opportunities against increasing competition and the Spector of cannibalisation now arising. (2018 Supermarkets).

Perhaps the unsung heroes of the discount food market are Iceland with just over 800 stores and 2.1% of market share. they are towards the bottom of the list but as they were founded in 1970 and therefore trading for some 48 years, they are a true survivor of the food sector. (2018 Supermarkets)

C&P 25 YEARS Spring Retail Report 2020

Special report 3

Bricks v Clicks

It is evident that the retail market has been undergoing a significant structural change; however, change can also bring opportunity for those willing and able to do so. E-commerce is changing and will continue to change, the way we shop and retailers are adopting new strategies that allow them to adapt to this new consumer model.

The growth of popularity in online shopping was driven in part by better 3G/4G connectivity and quicker browsing ability, and this, aligned with poor or no choice retail from secondary and tertiary town centres pushed even more consumers towards shopping online. This structural shift to online in the UK has been underway for over a decade. Back in 2007, online sales accounted for just 3% of the total retail sales, compared to 20% in 2019.

But it's not only for the big guns, a significant online presence will also allow independent retailers to compete with multinational retailers. The latter, with well-designed websites and search engine optimisation coupled with reliable logistics and delivery arrangements, can emulate multiple retailers with same-day delivery and competitive pricing points. Online meal kit subscription services Gousto & Hello Fresh are interesting examples.

Of course for all this to work there is a high demand for out-of-town warehousing and fulfilment centres to store and deliver, something that the more entrepreneurial developers have picked up and delivered for companies such as Amazon.

So will bricks survive the online onslaught post-Covid-19? Success in the future will be on a balanced approach to physical footprint, digital alignment and logistics execution.

Here we take a brief look back over the years of our reporting on this subject. The blue text highlights recurring themes or issues, with the maroon text showing historical responses. All text is taken from previous reports...

• Change in shopper habits due to previous financial crisis moving towards discounters and therefore away from town centre to edge-of-town and out-of-town shopping experiences.

As always there are winners and losers, with many previously picky landlords having to cuddle up to newly acquired chums. Primark, who opened nine stores in 2008, have been increasingly dominant, reporting operating profits up 17% to £233 million. Other discounters such as Poundland, Home Bargains and B&M Bargains are also acquiring units in schemes or locations for which they might not previously have been considered suitable. (2008, Rise of Discount Market).

Value retailers have chosen their moment to expand and take advantage of the property market, e.g. B&M and Home Bargains. Poundstretcher are back in the market and there has been a welcome return from Matalan, who opened three stores in 2009, after publicly stating that rents were unsustainable in recent years. (2010)

There is a growing category of "value retailers" expanding out-of-town. They are seeking opportunities for growth at a low cost with restricted liability. B&M Home Stores and Home Bargains have widened their area of search. Other acquisitive retailers in this category include Poundstretcher, Poundworld (trading as Discount UK), Poundland and Family Bargains, who are the large format fascia of 99p Stores. (2011)

• Growth of popularity in online shopping driven in part by better 3G/4G connectivity and quicker browsing ability.

• Ability of some retailers to realise that they could expand retail band width and market share (Argos, supermarkets and superstores) if they combine bricks with clicks.

It provides the consumer with a massive stock catalogue, far bigger than is capable of being stocked in most high street units, but without any postage costs and a convenient option for collecting or taking back goods if unsuitable. (2010)

Etailers who have acquired retail units in the last two years include Wren Kitchens and Oak Furniture Land. (2012)

The progression of e-tailing has also meant that retailers are more heavily relying on logistics/distribution centres, allowing investors alternative means of securing retailers' covenants. (2014 Retail Investment).

• Undoubted pressure on secondary and tertiary locations due to online retail, but also opportunities for new businesses to combine both if a more even playing field is established in relation to rates etc.

Vacancy rates have been rising although much of this space is in secondary and tertiary locations. Tenant demand is subdued, and new shopping centre development is limited but redevelopment and extension of the stronger centres is a notable feature. Multiple retailers focus on the top 100 shopping locations. (2013)

Dominant centres provided the best opportunity for retailing trade while secondary centres were risky and potentially fatal. (2013)

Small independent shops were taking advantage of the significant fall in rental values in small market towns. (2014)

The announcement of a rating system review in this year's Budget is likely to have a noticeable impact on Central London rental growth. 2016. While the 2017 revaluation may see many companies outside of London expecting cuts of up to 40%, shops in prime West London pitches are likely to see their rates bills rise by more than 80%. (2015)

While the 2017 revaluation may see many companies outside of London expecting cuts of up to 40%, shops in prime West London pitches are likely to see their rates bills rise by more than 80%. Bond Street has seen an influx of international luxury brands since the last revaluation in 2010, and will see rates bills more than double following the revaluation. (2015 In-Town Agency)

• Year after year, we have said business rates for shops and town centres have been inequitable (unfair) and haven't understood the pressures they have taken with no level playing field with the online retailers.

The 1990 rating re-evaluation was a major watershed moment due to the way commercial property was valued, where commercial property was re-assessed in terms of rateable value and on an effective FR&I basis, and the way in which liability was calculated. A fixed Antecedent Valuation Date (AVD) was introduced as 1st April 1988, the significant of this was to define by Statute the date in which rental levels for valuation purposes was to be crystallised. (1998 Planning)

Stamp Duty Land Tax has now been in operation for just over one year. Whilst this does not appear to have had a major impact on the market the trend to shorter leases continues, perhaps pushed a little harder by this legislation. A few retailers have noted that this has increased their start up costs – again coming straight off the bottom line. Another clever stealth tax introduced in a strong market but the burden may prove unacceptable in a weakening economy. (2004 In-Town Agency)

The rating revaluation will take effect from April 2005. It is estimated that rateable values will increase by over 25% and hence retailers will be hit with another increase in their occupational property costs that they cannot control. Given the rise in costs associated with the above factors there is concern that the retail market, whilst stable, is finely balanced and could deteriorate if there are further interest rate rises. (2004 In-Town Agency)

Retail trade bodies, everyone in property and its Press, united to argue that the amendment to rating law from 1 April 2008 was an unnecessary and potentially damaging change. The counterargument, that it would ensure occupation of void property by increasing taxes when unoccupied, was unlikely to work and has been disproportionately unfair at a time of recession. Even up to the date of enactment there was a financial storm brewing. Arguably, in a recession, business ratepayers would have been seeking some dispensation under the old void rates system. (2008)

Reducing void rates for properties of a rateable value of less than £15,000 was absolutely no use at all to the out of town retail market, and very limited effect in the in town market. (2008).

Defunct empty rates policies, high property rates which reflect a bygone era and the disastrous decision to postpone the rating revaluation by two years means that the retail property sector is unreasonably shouldering too much of the overall tax burden. (2013).

The cost of running retail businesses is still too high with the biggest culprit being the current rates regime and the tax on consumer expenditure through the higher VAT rate of 20%. (2013).

The biggest scandal affecting retail property has been the Government's decision to delay the rating valuation, creating significant inequalities and unfairness on retail businesses. The recession and downturn in trade has ravaged various parts of the country, particularly those outside of the South East. (2014)

Although many wacky ideas for replacing business rates have come out over the years, on the whole, they have been relatively quickly dismissed. The recent decision by Government to review business rates is likely to come up with the same position and conclude that the very simple answer is regular revaluation as per the Bayliss Report. Why does Government not learn from the past? (2014)

The rating scandal of the Government postponing the revaluation has brought about the failure of thousands of retail businesses, with a net increase in the number of closing of shops. (2015 Introduction)

Business rates on retail property are a major focus of those involved in this sector with landlords suffering as a result of increasing rate payments eating into any rental growth that may have been achieved. (2019 Introduction)

The Government in an undisguised attempt to win votes argue that they have provided a £900 million business rates cut for small retailers and made offers to local authorities for high street related transport and regeneration improvements with a £675 million grant. This is a drop in the ocean when compared to Stockport council who are investing £1billion to regenerate its town centre. (2019 Introduction).

• The ridiculous surge and development of bigger and bigger shopping centres and a disastrous over expansion of secondary and tertiary shopping centres, without considering what we do with the older shopping centres which are now becoming obsolete. Investment & developers abandon the market as returns poor and planning too tricky. Poor shopping centre environments turns more people towards online shopping.

An increasing number of joint ventures will be put in place to manage and upgrade existing commercial property stock, rather than the grandiose new development schemes of the past 10 years. Cash will remain king both this year and next year. (2010)

Many secondary shopping centre owners are at risk of defaulting on their loans and there is a lack of capital for undertaking asset management opportunities. Although this does present an opportunity for asset management strategies, both the speculator and investor must carefully consider the changes in retailer requirements and location factors. (2010)

BCSC report on shopping centres identified that out of 820 shopping centres in the UK, some 155 were at financial risk by defaulting on loans with a total debt provision of £10billion – almost a third of the total estimated commercial property bad debt provision of £30billion as at the first half of 2009. With lending to UK real estate at a record level of £240 billion (£200 billion in all currencies), it is going to take the economy many years for the debt pile to find a sensible benchmark level. (2010)

One of the interesting but perhaps not surprising changes for retail extensions and regeneration is the focus on town centre schemes where the majority of the effort is being concentrated. Out of town development by contrast has much more limited scope for extensions and some of the older centres are now obsolete rather than in a position to be regenerated. (2016 In-Town Agency)

The south east has the biggest concentration of proposed extensions including Westfield and Brent Cross however this extension has now been put on hold. (2016 In-Town Agency)

• Pure online retail eg Amazon, realised that a robust and self-controlled warehousing & delivery infrastructure was key to success and created a requirement for out-of-town warehousing and fulfilment centres, primarily created by entrepreneurial developers who also saw the opportunity.

Amazon's figures demonstrate, the cost of distribution and logistics generally are high, reducing profits to 3% or less of total turnover. It is physical retailers who are now dominating the market through a choice of sale options including physical sales, click and collect and internet delivery sales. With some suggesting that returns of goods through internet trading are as high as 40%, e-tailing is not necessarily a complete solution for the future or an automatic right to profitability. (2014)

• Entrepreneurial developers moved from shopping centres to retail warehousing and campus offices to shopping malls to supermarkets, to food superstores and then onto leisure, leisure parks and residential and also logistics which coincides with the rise of online shopping and the demand of the digitial online retailers such as amazon – almost all supplied by the entrepreneurial developer.

Mobile phone market set for rationalisation over next 2 years. (1999 High Street)

Internet shopping will affect different goods in different ways with travel, bulk food, books and music obvious targets. (1999 High Street)

The danger of the Internet for the High Street shop is that their margins are so low that any impact on sales lost or diverted will affect their ability to pay rent. but there all problems with Internet shopping relating to the speed of sales, cost of distribution and sales and consumer preferences for immediate ownership. In addition, many Internet sellers need High Street bases. Catalogue shopping still the most likely casualty to the Internet. (1999 High Street)

Last year the Internet overtook Mail orders to become the second biggest retail channel after shops. It is estimated that in 2003 Internet sales are projected to reach 15 billion which represents about 6% of total retail sales. Some estimates now suggest that 28 to 30% of retail sales will go to the Internet with it influencing 70% of all sales. (2003 Internet Retailing)

Online sales seem to be coming of age, in many instances as part of a multi channel offer. Arcade is online sales reportedly growing 70% year on year. (2006 In-Town Agency)

• Survival relies on evolution and adaptation similar to Darwins theory of evolution, 'survival of the fittest'.

The impact of the growing internet sales market was not considered and ultimately began to drain the market away from physical retailing facilities. The later addition of higher business rates has added to the burden of physical retailing with many properties unable to survive. (2008)

Good retailers, although cautious, are now looking at opportunities which have not been available for years. The fact is that many of the failing retail companies were weak, even when consumer spending was at its height. Markets such as this always find the weakest link. (2008)

Failure of retailers to adapt will limit their growth potential and could even threaten their future existence in some cases. (2010)

If retail failures continue in the year ahead then it is possible that this will be compensated by the more successful retailers expanding into the better units. In that respect the market is usually better off when the weak are replaced by the strong. Artificial support for businesses past their sell-by date does not help these businesses and the towns they serve, nor does it allow for new ideas to come forward. Harsh but perhaps true. (2011)

The government has to create a level playing field otherwise our domestic retail market may be destroyed beyond repair. Bricks and mortar continue to be hit with increasing rates, higher VAT, lease commitments they no longer are able to compete with Internet retailers. (2013)

The inconsistency of Sunday trading laws appears to have had a good deal to do with this result working against the high street's recovery. Consumers can buy without restriction online on a Sunday, whereas they cannot go to a shop in the same way. (2014)

Impact of internet shopping seen as the greatest threat to existing centres having a significant effect on retailer demand and shop unit sizes and configurations. The use of bricks and clicks is growing showcased by John Lewis picking up goods ordered online. (2015)

The ability of physical retailing to respond to both the recession and competition from internet sales has been unfairly penalised by uncaring and naive Government policy focussed on maintaining the tax take regardless of the cost and its disproportionate impact. (2015)

The market has demonstrated that retailing in the high street is far from dead. John Lewis celebrates its 150th birthday with some 40 main line department stores employing 91,000 permanent staff as partners. The use of Bricks and Clicks as demonstrated by John Lewis, who have been able to significantly increase sales from their main department stores through customers picking up goods ordered online, reflects the more likely line of travel for internet shopping in the future. (2015 Introduction)

Continuing rise in internet sales and the significant inroads it was making into UK physical retailing with an ongoing decline in customer footfall in town centres and shopping centres. Internet sales were estimated to be in the region of 16.8% of all retail sales although some were arguing the true level was closer to 25%, considerable growth since 2010 when such sales achieved 9.4%. (2016)

Internet sales has destroyed sectors of the market such as videos, books and music but where retailers have been able to adopt "omni shopping" techniques such as "click and collect". (2016)

Online shopping allow independent retailers to compete with multinational retailers who with good websites and search engines coupled with strong logistics and delivery arrangements can emulate multiple retailers with same day delivery and competitive pricing points. We are of the opinion that independent retailers are set to grow over the next 10 years, in larger centres as well as the smaller market towns. (2016 In-Town Agency)

Internet shopping continues to impact on physical retailing. Even retailers who have combined bricks and clicks well such as John Lewis are finding the retail climate hardening across the board. Retails sales volumes contracted for the first time in Q1 2017 since 2012 with consumers buying 1.5% less in March than February. (2017 Introduction)

Internet trading is having an impact on the volume of shoppers in the High Streets and as any good shopkeeper will explain, sales are directly proportional to the number of potential shoppers passing by the shop front. Shoppers' footfall on the 'High Street' has continued to fall throughout 2016 and in 2017. (2017 In-Town Agency)

Whilst the High Street continues to struggle, hope still remains as the linkage between internet sales and 'high street' representation strengthens and the continued need for physical stores is clear to see, albeit in different formats. (2017 In-Town Agency)

To suggest that the shops market is dead would be to misunderstand its size, importance and ability to reinvent itself. (2017 In-Town Agency)

Yet there are several retailers who are taking advantage of the structural changes in the retail market, demonstrating considerable success and growth with plans to expand their physical presence in many centres where the opportunities arise including Primark, Next, Superdry, Hotel Chocolate, Game to name a few. These stores together with other are expect to open 1,700 new units throughout the UK in 2018 against the predicted 3,000 closures however these will mostly be in secondary and tertiary locations whereas these new openings will be located in prime trading location. (2018 In-Town Agency)

Primark have demonstrated they are not only a good retailer but understand markets and have a track record of exceptionally good vision. Now anchoring both ends of Oxford Street at Tottenham Court Road and Marble Arch. Primark do not rely on the internet for their trade yet have become the leading fashion retailer in terms of growth over the past decade. (2018 In-Town Agency)

On 11th April 2019 Primark opened their 187th and largest store in the world in Birmingham in the former Pavilions shopping centre, comprising 160,100 sq ft of retail space on 5 floors. A week later Primark opened the largest store in central Milton Keynes for 25 years in the former BHS at Silbury Arcade comprising a mere 75,000 sq ft of sales! Primark are also looking to open new stores in Hastings, Bluewater and Belfast as well as expanding in Europe in Bordeaux, Brussels, Germany and The Netherlands. (2019 In town Agency) showing online retail is not needed to be successful. (2019 In-Town Agency)

The key to the change of retailing fortunes has been the use by consumers of the internet. Internet sales first emerged as long ago as 1994 but the real growth has come since 2008 when the western economies went into recession and consumers sought ways of sourcing purchases at a cheaper price and to accommodate longer working hours and more hectic lifestyles. (2018 Introduction)

Today the UK has the third largest e-commerce market in the world with annual sales of at least £50 billion per annum representing an estimated 17.5% of all retail sales and projected to rise to between 21% and 25% between 2022 and 2025. With this background it is not surprising that physical retailing has seen a significant change. Yet there is often a misunderstanding of what this means and how it should be assessed, particularly in planning policy and the benchmarking of town centre performance. (2018 Introduction)

Amazons purchase of the supermarket chain "Whole foods" for £10.7bn in August 2017 demonstrates its intent to enter the high street and which will significantly alter the strategy of other online only retailers. (2018 In-Town Agency)

Retail businesses are continuing to face a squeeze which boils down to several factors which include the continued growth of online shopping, rising labour costs, increasing business rates in relative terms against sales and profitability and a drop-in consumer spending in the "high street" coupled. (2019 Introduction)

A record net 2481 stores disappeared from the UK's top 500 high streets in 2018. (2019 Introduction)

The structural shift to online in the UK has been underway for over a decade. Looking back to 2007, online sales accounted for just 3% of the total retail sales, compared to 20% in 2019. This has presented a significant challenge to the traditional retail model of bricks and mortar and inevitably has caused widespread disruption throughout the sector. (2019 Introduction)

It is important to note that around 80% of all retail sales still occur in physical stores showing bricks and mortar do have a future and is evidenced by the recent acquisition of Whole Foods by Amazon – a reverse strategy for them. Success in the future will therefore be based on a balanced approach to physical footprint, digital alignment and logistics execution. (2019 Introduction)

The high street has proved time and time again that it is more resilient than some will give it credit for. But proactive intervention is still desperately needed to right the structural wrongs of the past. The UK's most successful fashion retailer in terms of straight-line growth is Primark, who do not have an online sales facility, continuing to attract customers and growth through physical sales in their stores. (2019 Introduction)

the proposal for Sainsbury's and Asda to merge but following its referral to the Competition Commission has just been rejected as we go to press. The Competition Commission found that the merger would reduce competition providing an increase in prices. (2019 Supermarkets)

To follow the trend of the majors moving into the convenient convenience store sector, Aldi opened the first of its convenience stores which is about half the size of a normal Aldi store with 300 fewer products. They are purely 'walk past' shops with no car parks and no bulky items with the first store opening in Balham, London and another store opening following shortly afterwards in Camden, so areas of high footfall and a younger customer profile. We suspect that the discounters will have as big an impact on the convenient convenience side of life as they have had on the mainline food superstore sector. (2019 Supermarkets).

- Amazon is first and foremost an online marketplace. However, it opened its first physical stores in 2015, where customers can find books, electronic devices and even groceries. These stores are designed to boost the image of the brand, allowing consumers to both physically see the product they want, as well as discover other products.

- The physical store remains a key element in the shopping process. Consumers continue to shop in physical stores as they offer them the opportunity to see and touch products, to purchase them immediately in a secure environment, as well as the opportunity to receive further information and enjoy the full in-store experience.

- The way in which consumers use online and offline channels when shopping largely depends on the type of product and its features. When it comes to electronics and digital content, people are increasingly shopping online. Books, music, films and videogames were the first products where e-commerce overtook physical stores.

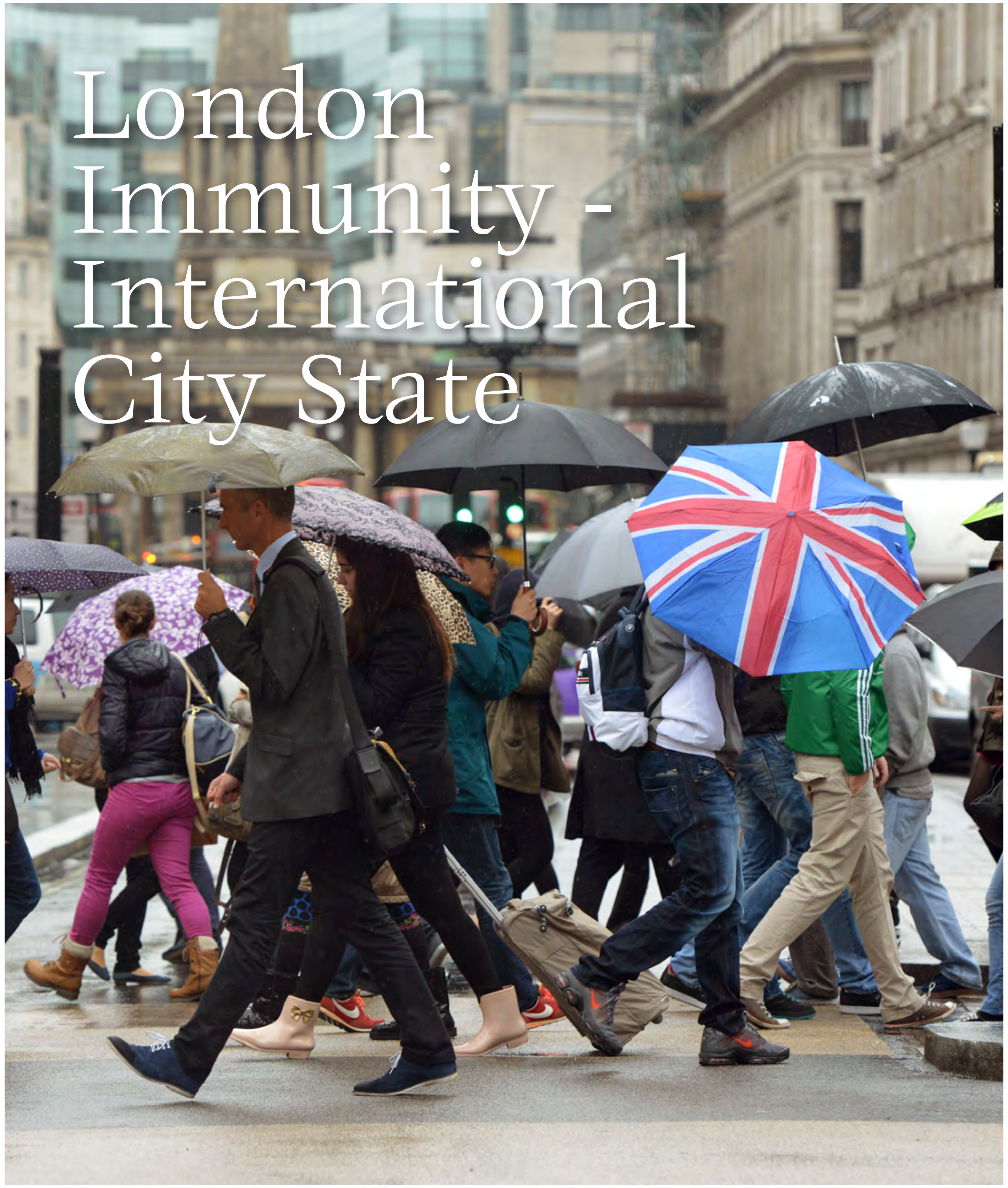
We have moved from multichannel to omnichannel, where the online and physical experience overlap. (2018) Alongside second generation flagship stores, the next few years will see a greater presence of temporary stores, adding physical contact to different lines of a brand's business. (2018 In-Town Agency)

C&P 25 YEARS

Spring
Retail Report
2020

Special report 4

London Immunity - International City State



When it comes to property investment, London bucks the trend of fluctuating investment returns, even during this extreme period of Covid-19 that has affected every other sector and reduced visitor numbers and workers in central London to a trickle. The image of tumbleweed blowing down Oxford Street past its closed shops is not too far from the truth. But here's the reality, London has endured many financial challenges and disasters, often adding value where everyone else is in value freefall.

Why should this be so given that yields tend to be quite low, and especially now?

London is seen by many internationally as a relatively easy and safe place to invest their money (and to get it out). It is this somewhat libertarian outlook to international investment and, of course, robust tourism (The top 5 global visitor cities in order are Bangkok, Paris, London, Dubai & Singapore), that creates a very attractive investment package for overseas investors.

This open-armed attitude creates its unique property investment bubble with the opportunity to buy into the idea of incredibly safe and upward value increases alongside the ability to buy and sell their investments with a ready market just waiting for new assets to come online. It is this ability to transcend reality and local markets at home and abroad that make London resemble an International City State, a bit like ancient Rome, Athens or Constantinople.

Here we take a brief look back over the years of our reporting on this subject. The blue text highlights recurring themes or issues, with the maroon text showing historical responses. All text is taken from previous reports...

• Prime retail is as keenly sought as ever and yields moved in as a result over the last year.

Central London retailing will remain buoyant while Sterling continues to be discounted against other currencies, although recent rental growth will flatten. European visitors to the capital will be replaced by those from the USA, China and India as the Euro begins to weaken and the Dollar strengthens. (2010)

Demand for space in Central London and in the quality London suburbs remains strong with tourist spend in particular driving sales. (2010)

Rental growth has continued in central London as the fall in value of Sterling has had a positive impact on the influx of tourists with bargain basement shopping in mind. Vacancy rates in the provinces may well be above 15% as an average, but footfall and turnover in Central London is up by some 5% and empty shops are a rarity. (2010)

We are returning to a two tier economy once more dominated by London and the South East. (2011)

The UK is seen as a stable environment and a good place to invest money in a volatile world, especially the West End and City of London markets. (2011)

• Rental growth seen in very few areas outside of London.

Record retail property rents continue to be achieved in London's West End. With the 2012 Olympics around the corner, the timing perhaps could not be better. Again, London and the South East will benefit from these injections of expenditure. (2011)

In a tight market with less opportunities for growth, retailers will target specific towns to secure best returns. That investment is likely to be in bigger, more efficient space in the larger centres with weaker mid-sized towns, or those overshadowed by stronger neighbours suffering. The knock-on effect of the regional differences in vacancy is that development is likely to come forward earlier in London and the South East compared to other parts of the country. Indeed, the progression of Westfield, Stratford and One New Change in the City of London, demonstrates the point. (2011)

The Central London retail market is currently set apart from the remainder of the UK. Its strength has been particularly highlighted over the past few years and there continues to be a shortage of quality stock to meet strong levels of retailer demand. Supply is confined to a limited number of streets and is therefore constrained. (2011)

At present, top rents can only be secured and maintained with large incentive packages, other than in the South East and London areas for prime locations. (2011)

Growth in Central London has continued unabated. Occupational demand has underpinned a stronger than ever investment market where equivalent yields close to 3% have been paid on Bond Street. This illustrates Central London's attraction to worldwide investors and re-affirms the Capital's place in the eyes of foreign investors as a safe place to invest during the worldwide economic crisis. (2011)

With many foreign retailers establishing a beach-head in Central London, it remains to be seen whether they will expand further afield as the economy improves. (2012)

London's main shopping streets have no vacancies, and the streets that do create 'street theatre' through pop-ups and marketing campaigns. This differs from the UK average, where there is a 14.6% vacancy rate and regional pop-ups are usually far from exciting. (2012)

International brands are willing to pay much higher rents and premiums than existing occupiers, who are being forced to relocate to cheaper locations. (2012)

Where many prime pitches outside of the South East are contracting, Oxford Street continues to extend its pitch due to increasing levels of anchorage – Primark at the Tottenham Court Road end and the Park House development at the western end. There are few streets where you see such high levels of multiple unit representation by so many individual brands. (2013)

Central London continues to be the focus of global activity with yields at levels unimaginable in a recession and in the region of 3% for the most expensive West End shops. For many central London is still seen as a safe haven. We do not see this changing in the short to mid-term, as more overseas money looks for a home. (2013)

Central London continues to forge ahead with strong competition for units on Bond St, seeing vast premiums paid for the assignment of leases. In February 2014 Patek Philippe reportedly paid £10m in 'key money' for an assignment of a lease on a 1,200 sq ft shop adjoining their existing premises. Hugo Boss have also agreed a deal with Axa Real Estate to take the Follie Follie unit that adjoins its existing unit and are understood to have a paid a premium of £1.6m for a new 15 year lease, while also re-gearing its existing lease. (2014, In-Town Agency)

The Central London retail market continues to achieve record deals in the West End with a raft of new domestic and international retailers taking space. Zone A Rental levels grew by 7.2% over 2014, and are 20% above 2008 levels. The realisation of Crossrail's impact to customer traffic into the West End in 2018 is now being recognised and arguably is driving up rents on Oxford Street, Covent Garden and Bond Street. Central London vacancy rates have fallen by as much as 25% in the last year, and are now standing at only 2.8% coupled with the national average of 13%. (2015 In-Town Agency)

• Competition for prime space is continuously rising, resulting in a 'trickle-down effect' of demand spreading to locations previously considered as peripheral. These include Conduit Street, Dover Street and Brook Street, all seeing marked improvements to tenant mix, resulting in significant rental growth.

The other luxury fashion quarters such as Dover Street, Conduit Street and Albemarle Street have continued to see rental growth, with Zone A rents rising from £135 in 2008 to their current £550 levels. Dover Street showed rental growth of 57.1% in 2014 alone, driven by the influx of luxury brands, including Victoria Beckham's first store. They are moving up the agenda for such brands due to the proximity to Bond Street, without the Bond Street price tag. (2015 In-Town Agency)

Rental levels remain challenging in growth terms although in Central London in the major shopping streets, Zone A rates have continued to rise despite reaching peaks which only a few years ago were thought to be unobtainable. Bond Street is now rumoured to have a new letting in place at over £2,000 per sq ft Zone A. (2016 In-Town Agency)

In many parts of the country, rental levels although recovered from the 2008 world recession, in many cases are still 20% below peak levels and in some cases never recovered from the 40% fall which they encountered at the time. (2016 In-Town Agency)

Central London continues to provide opportunities although putting together sites takes considerable time and arguably higher risk as markets move through their cycles. That said, Central London is able to offer mixed use development where the residential side has performed almost as strongly as retail and where the office market provides a ready alternative to residential and where capital values per sq ft in many locations in Central London are identical. (2016 Investment)

The vacancy rates for central London shops is officially 0.5% so virtually nil. (2017 Introduction)

While the rest of the UK continues to suffer, Central London continues to thrive with the cheap Pound and increasing tourist visitations, coupled with high net worth individuals spending in the exclusive shopping thoroughfares, volumes of shoppers continue to rise. (2017 In-Town Agency)

London continues to attract interest from oversea retailers with Canada Goose opening up the first UK store in Regent Street. (2017 In-Town Agency)

It is also interesting to note that those, with longer term horizons for investment and returns also see London as a safe bet and the current market has a chance to take advantage of opportunities which otherwise would be taken up by more home grown investors. Examples are the Canadian and Norwegian pension funds with the Chinese state also adding to the scramble for secure prime central London property investments. (2017 Investment)

In June 2017 the internet retailer Amazon have put their toe into the water of physical retailing by the acquisition of Whole Foods Market at a price for the world-wide group of $13.7 billion. Their first action in the UK however, was to immediately reduce its presence from 9 to 7 stores and concentrating their efforts in the Greater London region. (2018 Supermarkets)

Investment in high street shops follows the same pattern as shopping centres with a restrained market, However, the devil is in the detail and outside of London the position is significantly worse with the quarterly average being 65% below the norm whereas in Central London it is 21% up on its long term average. As they say location is everything and in this difficult market, location location location comes very strongly to the fore. (2019 Investment)

- Yields vs rental growth:

Zone A rates recovering to the 1980's boom peaks with Oxford Street back to £350.00 per sq ft. (1996 Planning)

Yields for prime shops between 4.5 – 5 % while shopping centre yields between 6.5 – 8.5%. (1996 Planning)

Yields hardening on high street 4.25 – 4.5%. (1997 Planning)

Prime shop yields now at 4.25%, secondary shot yields between 7.5% and 9%. Demand for retail warehouse parks has also grown despite a fall in rental growth potential with prime yields remaining at 5.5%. (1999 Investment)

Yields for prime High Street shops 5% to 5.7%. (2003 Investment)

Yields remain historically low as result of continuing strong demand for the sector and historically low borrowing rates. Signs of both High Street and shopping centre yields bottoming out. Prime High Street shops yields 4.5% to 5.25% secondary shops 6% to 7%. Continued compression of secondary yields producing exceptionally narrowed gap between prime and secondary is prime cheap or secondary overpriced. (2004 Investment)

Retail warehousing continues to be one of the strongest sub-sectors within the UK property market with unsatisfied demand from funds, property companies and private investors. (2004 Investment)

Yields for prime High Street shops between 4% and 4.25% secondary shop yields between 5.5% and 6.5% showing yields improving since 2004. (2005 Investment)

Yields for prime High Street units at 3.75% to 4.25% while secondary High Street units achieving 5% to 5.75%. prime shopping centres at 4% to 5%. (2006 Investment)

Yields for prime High Street units 4.75% to 5.5% while secondary High Street yields range from 6% to 7%. (2007 Investment)

Potential purchasers are considering net initial yields for prime retail investment at 6%, a long way from the sub 4% secured over the past two years. (2007 Professional)

A record Zone A rent of £820 per sq ft was set in London's Bond Street. (2008)

Prime yields will remain low but the gap with secondary property will remain wide. (2010).

Record rents have been set on both Old Bond Street at £950 Zone A and Oxford Street, where Aldo in February 2011 paid a figure of £725 Zone A. (2011)

Bond Street Zone A rents now approaching £1,300 psf. (2013)

Investors have identified that there are opportunities for real rental growth in prime pitch and are willing to take a view on retaining existing tenants or reletting at lease renewal. Yields for prime have held steady, around 4.5%, with the best high streets still in demand from retailers and investors alike. The problem remains a lack of quality stock coming to the market. (2013).

Central London prime shops remain attractive and yields remain low. Over the past twelve months we have seen a number of transactions on New Bond Street and Old Bond Street where investments have been bought at yields as low as 1.42%. It is not just investors who compete for ownership on Bond Street but occupiers too and vast premiums are being paid for assignments of leases. (2014 Retail Investment)

Other notable transactions in central London, other than Oxford Street, where a number of transactions with some at yields as low as 2.44%, include Jones the Bootmakers on South Molton Street, W1 where a price of £6.775m was paid reflecting a yield of 3.18%. Further out, on Chiswick High Road, in November 2014 British Land sold the Boots and Robert Dyas to PAT Pensions for £10.75m reflecting a yield of 3.26%. (2014 Retail Investment).

Rental levels to a reported £1,500 Zone A in Bond Street and £1,000 Zone A in Oxford Street. (2015 introduction)

Bond Street is now rumoured to have a new letting in place at over £2,000 per sq ft Zone A. (2016).

With the yields for Central London shops having been reported at 2% for Bond Street, it is anticipated that the market will look back and see September 2015 as the peak of the investment market. (2016 investment)

Zone A rates in the prime part of Oxford Street are reported to exceed £1000 psf (30 ft zones) and prime Bond Street has now achieved the heady heights of £2,220 (30 ft zones). (2017 In-Town Agency)

Bond Street continues to surprise but there is a shift in the tenant mix with fashion growing and the jewellery quarter shrinking. Zone A rates are established at £2,225 psf for absolute prime and it will be interesting to see if these can be sustained as the UK international profile changes following its departure for the EU. (2018 In-Town Agency)

Central London leads the way with eye watering low yields estimated at sub 2.5% for Bond Street and 4.0% for Oxford Street. Prime shops have moved in from last year but must be in dominate centres, usually cities, and shopping malls which will secure a range of yields between 4.5% to 5.5%. (2018 Investment)

In most of the secondary centres rental levels remain 20% below the 2006 peaks. (2019 In-Town Agency)

Central London retail has seen investment yields slip by between 25-50 basis points and the 1.75% to 2% yield often quoted for Bond Street is likely to be either in the minds of the investment surveyor as an aspiration or in those who currently hold such investments as what they might have got had they sold earlier. (2019 Investment)

Chase & Patners Retail Report 2014

C&P 25 YEARS Spring Retail Report 2020

Special report 5

Property Musings

Markets hate uncertainty, but of course, the reason we have markets is because of uncertainty. The most fickle and easily affected by uncertainty is the leisure sector which definitely suffers the most from things such as financial shocks, changing online consumer habits, Brexit anxiety and of course now Covid-19. That said leisure tends to thrive in adversity, as the sector contains the most amount of independent and entrepreneurial thinkers with flexible ideas around retail formats and adapting available accommodation. It is therefore the uncertainty that provides entrepreneurs with opportunity.

We have talked a lot about 'pre-packs' and subsequent rise of CVA as being much disapproved by the sector. Somewhat ironically they do not appear to be very successful as so few of those retailers who do initiate this arrangement survive for much more than a further two years. So why is it so popular when it is so disliked?

Over the past 25 years, we have seen rent reviews reflect pressure from retailers for even shorter lease lengths and break clauses, with many now pressing for 5-year terms. A long way away from the 1980s 25-year FR&I lease and 5-year upward only rent reviews. This has had the effect of suppressing yields, or in some cases, meaning assets cannot be sold. As a result, many negotiations end up in the county courts, swamping a system that lacks resource and expertise. PACT was created as an accessible and cheaper way to circumvent, simplify and speed up the process. And although it's not for everyone, it is a welcome and helpful additional way to help dispute resolution.

The rise of liberal financing, which expanded the number of players in property funding and development changed the sector from primarily entrepreneurial and experiential into one more reliant on data analysis and a culture of low risk using backwards-looking policies.

Here we take a brief look back over the years of our reporting on this subject. The blue text highlights recurring themes or issues, with the maroon text showing historical responses. All text is taken from previous reports...

• Leisure the most fickle and easily affected by up and down turns.

Period of consolidation following strong growth in the health and fitness industry. Limited activity in cinemas on 10 pin bowling. fast food expansion continues. (2000 Leisure)

Has been a year for reflection following the handover of Alcohol Licensing from the Magistrates Courts to the Local Authorities, who administer more flexible licences and lengthened 'normal' drinking hours. (2006 Planning)

The restaurant market in Central London remains a law unto its own. Opportunities come and go very quickly and without the correct advice establishing premises in Central London becomes extremely difficult. (2012)

The premiums that are being paid by restaurant operators are escalating as demand outgrows the supply, although the best opportunities are not necessarily capital driven. (2015 In-Town Agency)

The restaurant market continues to grow at a rate of knots, with consumer spending reaching £81bn in 2015, forecast to exceed £85bn by 2020 and £91bn by 2026. However, growing competition is seeing many more traditional style restaurants struggling. Restaurant operators such as Franco Manca and Wahaca, who have experienced success with concepts targeting experience and atmosphere, often with simpler menus. (2017 In-Town Agency)

The recent administrations and closures of restaurants so far this year will leave almost 500,000 sq ft of empty space across retail destinations in the UK. More than 150 restaurant units are set to become vacant by the anticipated closures of Jamie's Italian, Byron Burger, Carluccio's, Prezzo, Chimichanga and Strada. (2018 Leisure)

Delivery to consumers homes is growing fast and is providing competition which is cost effective to customers who are having to cut budgets as wage increases fail to keep pace with the cost of living. Brands such as Deliveroo, UberEats and Just Eat provides restaurant quality meals in an industry estimated to be worth £3.6 billion in the UK as at March 2018. (2018 Leisure)

The extent of this demand has seen an increase in activity as well as pressure on rents which are rising in this sector ranging from £20psf to over £70psf although the latter is confined to principle arterial roads in London. (2018 Leisure)

Food and beverage continues to go well with leisure and vice-versa, but it is the strength of the location, user mix and competition issues which are determining how leisure property fundamentals have to be assessed. Rental levels look stable in the general leisure area but have peaked in the mass market restaurant sector although growth for out of town restaurants and coffee shops looks to have returned. (2018 Leisure)

In 2018 whilst 684 restaurants closed, 551 new restaurants have opened. The change is that the restaurant sector has appeared to have learnt its lesson and is now bidding at rents that are sustainable and not inflated by egos or a race to be biggest. Over bidding is now a feature of the past and under bidding is perhaps reaping its rewards for those able to take advantage. (2019 Leisure)

Where the sector has shown resilience is in the provision which suits the occupiers in serving mass market customer's needs. This has primarily been through the fast food and coffee chain. (2019 Leisure).

It is entirely locational specific but restaurants are not dead, they simply are doing different things in different places and are a dynamic market taking advantage of opportunities where they can but unfortunately producing significant failures in certain areas. (2019 Leisure).

Gym groups keep expanding and new formats continually find their way into the marketplace. One of the most successful operators is The Gym Group who is looking to expand their portfolio by about 20 new sites this year having opened 30 last year. They are one of the operators happy to take advantage of the demise of the retail and restaurant sector being adaptable to the accommodation they will take and keen to save costs by doing deals at rock bottom prices, taking advantage of landlords' keenness to keep premises occupied and empty rates at bay. (2019 Leisure).

• Mediocracy in decision making in the more standard forms in the property arena. Leisure still seems to be linked to the entrepreneurial investor.

• We do say it's the role of the entrepreneurial developer in new markets or developing markets.

Investors attempted where the investment has opened a one planning permission otherwise bulk good retail parks are out of favour. Despite the current economic climate many observers believe that with a muted confidence in the sector where values have fallen between 10 and 20% over the last six months, this is the time that expected entrepreneurial investors should buying. (2007 Investment)

During Q4 2009 and Q1 2010, there has been considerable activity in the retail warehouse investment market driven by cash purchasers in the form of both private investors and the pension funds. A high level of demand, coupled with the limited availability of prime stock, has forced yields downwards and some seemingly very high prices have been achieved. An example of this was Chancerygate's purchase of The Flare Portfolio from Invista in May 2009 for £37.5m, a net initial yield of around 9.2%, which they subsequently sold in December 2009 to a major UK fund at a price of £52.5m,reflecting a net initial yield of around 6.6% - a 40% profit on the turn within eight months. a year ago prime retail parks were changing hands at net initial yields of between 8-9% and now, one year on, a 5.3% net initial yield is the lowest yield paid in this cycle thus far. (2010).

• The rise of CVA and the attack on property investment fundamentals of long term secure income streams which CVA demonstrates and that links with today's pandemic as no one is paying rent.

Tenant restructuring has become a "market place" of its own. Pre-packs have not gone away but the market disapproved of them and more CVAs are likely as tenants need to restructure to survive, although the "rules" continue to evolve. (2010)

Retailer failures continued with CVAs being questioned as they were not providing the recovery for retail chains. (2014)

Companies such as Next trying to insert clauses if the properties next to them go into CVA, and reduced rent, they also want reduced rent. (2019)

• Pre Pack Administration, small support businesses and suppliers are the ones who lose out. Many companies today are using it as a way to downsize even though some of the properties they are shutting down are profitable.

Every retailer has their bottom five stores which they would like to re-gear or surrender, but have to do that by negotiation rather than under the threat of a CVA. They argue, understandably, that the market shifts against them and that they are penalised for being a successful tenant. (2010)

The only positives to come out of the controversial CVA and administration process is that at least there is roughly a 50% store retention rate (as was the case with Peacocks and Clinton's) which is better than none at all, as we saw in the early nineties recession when whole companies went down lock, stock and two smoking barrels. (2013)

2018 was dubbed "the year of the Company Voluntary Arrangement (CVA)". Some of the major retailers who successfully applied for CVAs in 2018 included New Look, Homebase, Carpetright, House of Fraser and Mothercare. (2019 Introduction)

CVAs are highly criticised as so few of those retailers who do initiate this arrangement survive for much more than a further two years. (2019 Introduction)

• 25 year FR&I lease and 5 year upward only rent reviews. The pressure now as very short leases and even shorter now but what does that do to the property market as a secure investment media.

Lease length and rent will be negotiable as before but there will be more turnover-related rentals, tenant break clauses for leases of 10 years or more and increased demands from tenants for cash to pay their fitting out. (2008)

While the market will continue to swing like a pendulum, the recessionary conditions have highlighted some property fundamentals that could change. This particularly refers to the Landlord and Tenant Act 1954 and we have said before that it is ripe for reform. (2010)

Many retailers have been pressing for 5 year terms or break options and agreeing shorter commitments. Where single property investments have such short term leases, there is reluctance from investors. Investments that are secured for less than ten years, due to financing, either cannot sell or achieve high yields. (2011)

• The failure of the rent review system through vested interests, a lack of impartiality and client instructions.

So what lies ahead for the traditional rent review practitioner who had become accustomed to four reviews and a renewal within the traditional 25 year lease cycle. (2011)

• Average lease lengths continue to fall in all markets. In the intown market, typical lease lengths over the last 10 years of 5 years, or 10 years with a break at 5 will mean very few reviews being negotiated, whilst the customary 25 year leases that were granted in the 1980's are now a thing of the past.

• The pension of funds of millions of people who rely on investment in commercial property and in particular shopping centres and the fact that shorter leases with potential for upward and downwards reviews going forward or more frequent lease renewal as many leases no longer have rent reviews unless PACT (property arbitration on court terms) is adopted. The county courts will be swamped and cannot cope, and in any event have no expertise.

• Many landlords on high loan to value ration leaving little room for properties falling.

Landlords will need flexible letting and tenant mix strategies to secure income and reduce void costs, including shorter lease lengths and turnover-based rents. Asset management initiatives to drive rents will take a back seat until the market recovers. (2008)

Those developers that were tied in to prerecession values, along with high section 106 costs and large residential elements to their schemes, have started to fall by the wayside. Some readers may recall The Galleria development on the outskirts of Hatfield in the early 1990s - some £160million of construction cost was eventually bought out following receivership at a figure of £10.5million. This may happen again unless the banks actually retain their current position for up to seven years as someare predicting. (2010)

There is also a lack of confidence among the parties in allowing the Court to decide terms, particularly when, after a lengthy process, the tenant can still walk away from the property rather than take up the new lease. The PACT system has also not been adopted to the extent that was envisaged, with tenants wary of having rental terms determined by the same third parties who determine reviews at arbitration. An inherent weakness in this system is also that there is no default option regarding the role of the PACT assessor as either Arbitrator or Expert. The result is that there have been cases where no agreement between the parties can be reached on the role of an assessor and therefore an impasse has occurred, Furthermore, landlords have a need for certainty of term for valuation purposes and find that both Court and PACT processes are too protracted for their current requirements. (2010)

The PACT process was designed to provide a more user friendly, cheaper and quicker method of resolving impasses between the parties at lease renewal. it is a much better and more efficient option for dispute resolution at lease renewal. Costs are usually appreciably lower than the court process but speed of decision making by Arbitrators and Independent Experts leaves room for improvement. (2011)

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With lease renewals becoming far more prevalent, the opportunity for the tenant to take advantage of an upwards and downwards rental adjustment is now available every five years, tenants are gradually removing themselves from the yoke of upward only rent reviews as a result of market forces. (2011) By retaining the guarantee of security of tenure but effectively achieving upwards and downward rent reviews through 5-year terms, tenants are now benefitting from the best of both worlds. (2011 Planning)

PACT, or Professional Arbitration on Court Terms is an alternative process for determining issues arising in unopposed business tenancy renewals. It provides the protagonists with the opportunity to have their issues determined by an independent party with the requisite specialist knowledge and offers procedural flexibility and informality, without recourse to a judge's decision at court. First introduced in 1997 and since then, the use of PACT remains remarkably low. The preference for lease renewal disputes to be decided by a judge seems illogical, given that decisions on rental levels under a lease are surely best left to third party surveyors with specialist knowledge. Some suggest there is little support from the legal profession as it diminishes their role in the lease renewal. Other suggest is it because the larger landlords use the threat of court as a bargaining chip against the smaller retailers. Parties will be encouraged to take advantage of the cheaper option that PACT offers. (2014 Professional)

Of course, PACT may not be suitable for all disputes and where there are complex issues regarding the terms for the new lease then it may be preferable for both parties to have their day in court. In situations which revolve solely around term, rents and Interim Rent, PACT must be both the most effective and cost-effective solution. As leases are becoming increasingly shorter, leading to many more lease renewals than rent reviews particularly in the retail market, then it makes no sense to prosecute court referrals every 5 years. (2014 Professional)

• Links with security of income streams.

• Financial markets and the influence of liberal financing (cheap) expanding the number of players in the property funding and development arena 'pimping up' the market.

• Financial markets and the influence of the bust market and negative equity.

The concept that property was a secure, safe haven has been rocked to its foundations with capital value write downs of 44% - offsetting the 43% increase achieved between the end of 2003 and the mid 2007 peak, and the potential for rental growth seen by many as years away. (2010)

Where were the Credit Rating Authorities and the FSA when they were needed most? Why have they not received the same criticisms as the banking fraternity of their failures? How could Lehman Brothers be posted with a positive rating and two day's later find itself one of the largest corporate failures the world has seen? Why were Banks able to lend to house buyers, on self-assessment applications, six or seven times salary, and sometimes even with a bonus loan to spend on a holiday and/or a car purchase, so as to assist with the pressures ofthe house buying process? (2010)

One area of concern is the tendency to have agreed fixed rent increases or have benchmarks which are not property related. Such arrangements could produce over-renting and hit investors just at the time they wish to sell at some time in the future. (2011)

As ever, pricing remains the key. Many shopping centres remain available having failed to sell. This is especially the case in more secondary towns in the regions, where the threat is not only of rental decline but also increasing vacancy rates as retailers retrench with a resultant fall in capital values. Many retail assets, both shopping centres and standard units, remain over valued as landlords seek to maintain their loan to value position – re-pricing and re-valuation cannot be put off forever. There is likely to be pressure for a more realistic approach to be forced this year by the banks, who are themselves under increasing pressure to reduce their property loan books, especially with the introduction of 'Slotting' later this year. (2012)

• Decisions were still dominated by individuals 25 years ago and now there is far too much reliance on data analysis and focus on achieving the average. Culture of low risk, backward looking policies.

Securing premises in Central London is very much about placing and selling the brand and fascia to the big estate landlords. They control property in major locations, almost in the same way as a purpose built shopping centre, such as Sloane Street, Regent Street, Long Acre, Seven Dials etc. Contrast the intense scrutinising of the Central London landlords as to whether the retail offer is acceptable or not, with the majority of the UK market where landlords are just pleased to secure interest. (2011)

• The dominance of the large pension funds, quoted property companies and multiple retailers with a lack of entrepreneurial ability.

• The inertia of markets and where markets are often already 6 months ahead before the position is reported.

The RICS warning to valuers at the beginning of 2019 to be aware of 'the potential for significant changes in value' in the retail property market were welcome but probably 12 months late. The RICS 'Red Book' has made it clear for over a decade that past transactions undertaken in different market conditions cannot be applied automatically as evidence where the conditions change. As the circumstance and facts change, so should the valuer's opinion and this should have as much to do with sentiment as transactions. (2019 Investment)

• The scandal of business rates as not fit for purpose.

• The herd mentality of landlords and tenants.

• Tenants as their own worst enemy in setting record rents.

While it remains a "tenant's market" the take up of space shows the strength of demandagainst restricted supply in the stronger trading centres. Consequently, some retailers are having to compromise their requirements in terms of size and location, providing that attractive deals remain available. Smyths Toys are bucking that trend by looking for high profile retail parks and opened on Team Valley Shopping Park, Gateshead, in summer 2010. (2011)

The combining of units in order to attract footfall drivers such as TK Maxx/Primark or a supermarket can have a detrimental effect on the rent but the knock-on effect could potentially fill the vacant units alongside. (2011)

Smaller centres such as Louth, Marlborough and Cirencester which on the face of it appear to have suffered very limited vacancy with healthy high streets. Perhaps the lack of real domination by the multiple retailers and no major shopping centre combined with attractive high streets and local shops, providing quality and differentiation to loyal local catchments have helped them to maintain their position throughout the recession. As a result, rental levels did not get driven to unsustainable levels pre-recession as seen in many centres. (2012)

If retailers continue to focus and reposition towards the top 70-150 centres, then that can only lead to upward pressure on values, both rental and premium, as well as new development. A number of retailers have commented to us on their concerns at the lack of development pipeline in town and hence some of them driving hard in the out-of-town market, where larger footprints are easier to come by. (2013)

• Landlords failing to recognise the need for flexibility.

There has been little evidence of real landlord flexibility in the market although it is fair to say that lease lengths in general are reducing. (2003 Lease Code)

Evidence of more flexible lease negotiations with lease lengths falling and average lease lengths at 17/18 years. Tenant requirements for longer leases mirrors position of landlords unlike certain high street circumstances. Currys successfully agreeing 15 year leases with both rent reviews "geared" only to percentage annual uplifts as an example of flexibility. (2004 Out-of-Town Agency)

There is no doubt that trading is going to be much tougher over the next 12 months with price deflation, squeezed margins and ever increasing competition from the internet. This will encourage more diverse and flexible letting strategies. The result will be that lease lengths will continue to reduce, incentives are likely to increase, and some age-old criteria such as upward-only rent reviews will be under increasing scrutiny and market pressure. (2005 Market Overview)

Some landlords are appearing to be more flexible in leasing, with 10 or 15 year leases now the norm. (2005 In-Town Agency)

10 year leases are becoming the norm on standard unit shops, there are increasing examples of five year leases and leases with five yearly breaks. shorter leases allowed to take advantage of upsizing into new schemes, reshuffling brands or dropping units altogether. (2007 In-Town Agency)

There is a move within the market for a change from quarterly in advance to monthly in advance so this is generally being well received by landlords. Fixed increases are also being incorporated either 2 prefixed levels or on the basis of RPI. (2007 Professional)

Some evidence on new store lettings of fixed rental uplifts with no rent reviews during the term. shop letting continues to fall more in the tenants favour. (2007 In-Town Agency)

The issue of the appropriate length of term upon a commercial lease renewal, where the parties cannot agree, has long been a bone of contention. (2015 Professional)

In the past, landlords may have argued that because their shopping centre or retail parade had largely been let on terms of standard length, be it 15, or even 25 years in the prerecession days, that they should have the right to renew leases on a similar basis. This landlord biased approach based on rigid letting policies was dismissed by the Court. (2015 Professional)

Protagonists have also sought to rely on what might be considered to be 'market norms', which obviously vary from time to time and within different markets. (2015 Professional)

What seems clear, however, is the effect on the landlord's investment in granting shorter terms i.e. the diminution in value as a result of a less secure income stream is not really a factor taken into account by the Courts. (2015 Professional)

• The inability of both Landlords and Tenants to price flexibility.

Issue of higher rent for more flexibility still to be addressed. (2000 Lease Flexibility)

Tenants continue to seek flexibility to end leases if trade does not support their business plans. Tenants with good covenants are more likely to be given break clauses because landlords assess the risk as being relatively low in terms of them failing. Landlords are fighting back by requesting mutual break clauses or a financial penalty if the break is operated, especially where locations have the potential to improve again quickly. (2011)

Landlords continue to remain flexible in their dealings with tenants, although there are the inevitable clashes. Most of the arguments over short leases, tenant only breaks and monthly rents are over but landlords will strengthen their criteria as the market improves. In the meantime headline rents remain, although in some locations the reverse premiums are reducing. (2014, Out-of-Town Agency)

The short term lease and five year break remains the hardest to accept and retailers still need to make it worthwhile to the landlord by way of an increased rent or penalty clause on exercising the break. (2014, Out-of-Town Agency)

• Additional words of interest from previous C&P retail reports.

Shortage of prime shops available, large space units in strong demand, secondary shops continue to struggle, shorter and more flexible lease terms depending on the circumstances. (1996 Planning)

Music shops and book shops in healthy demand e.g. HMV, Waterstones. (1996 Planning)

Out of town leases still standard at 25 year ful FR&I terms. The requirement of an authorised guarantee agreement is being seen in more and more leases. (1996 Planning)

Department stores continue to strengthen seeking new locations across the UK. (1997 Planning)

Retail sector showing strongest return from 14% for high street units to 20 % for retail warehousing. (1997 Planning)

BHS currently on expansion train while music industry continues to grow. Retailers are cutting back requirements and are looking for quality locations. (1998 Planning)

Lease lengths steady at 25 years for anchors and 15 years for high street unit shops. (1998 Planning)

Limited number of retail warehouse traders are likely to expose the risk of the sector. About 80 traditional retailers and only a few are currently expanding. (1998 Planning)

57 retail parks schemes scheduled to open in 1998, 7 million sqft, just 12% short of the record of set in 1989. (1998 Planning)

House price inflation increasing and currently at an annual rate of 10.8%. (1999 Planning)

Have low interest rates allowed property companies to compete effectively with institutional investors, adding to the pressures of demand for prime investments. (1999 Investments)

Large cities and major centres have fallen back in terms of growth this year . Some of the largest cities are over rented. (2000 In-Town Agency)

Philip Green's success continues at BHS and Arcadia. (2003 In-Town Agency)

Although both shops and retail warehouses continued to show steady rental growth and reasonable demand, nervousness about consumer credit and debt driven expenditure gives some concern. (2003 Market Overview)

There is positive demand for shops and retail warehouses with confidence at the highest level for five and a half years and the first positive expectations for rents to rise in two years although lease lands continue to fall. (2003 Market Overview)

Low lending rates still fuelling performance on demand for the sector although renewed caution from the banks of feature. Total bank lending at the second quarter of 2003 on commercial property rose to £96 billion. (2003 Investment)

Few new retail parks opening, continued lack of new names, stock of vacant second hand space continues to increase. Retail warehousing one of the last property sectors to have leases averaging over 10 years but average nearly sllent now near 15 years as opposed to 25 years. (2003 Out-of-Town Agency)

Retail warehousing continues to be the strongest subsector within the UK property market with unsatisfied demand from major funds property companies and private investors. Investment yields have continued to fulfil by the low cost of debt finance and underperformance in other asset classes. (2003 Investment)

Investment in all forms of retail property has grown but even we did not foresee how strong the growth would be. This is due to little confidence in the stock markets an expensive bond market with meagre return. Significant excess of demand against supply. Serious lack of supply of good quality space. (2004 Market Overview)

2005 will again see limited new scheme openings so the immediate pressure on retailers will continue next year forcing them to consider extensions, refurbishments and alterations to existing stock and also expanding out-of-town. (2004 In-Town Agency)

Substantial amount of shopping centre stock on the market. Mostly secondary, with some notable exceptions. Partly the normal 'pre- Christmas' rush, but could also be vendors calling the peak of the market? (2004 Investment)

This fragility in the occupational market can be attributed to a wide number of general economic factors. The housing market, for example, has weakened and indications are that consumers have begun to feel more cautious. Adverse media reports on domestic debt, now amounting to over £1 trillion, is perhaps causing consumers to think twice about further spending and start reducing household debt. (2005 Market Overview)

Investors have continued to purchase retail warehouse investments with vigour, producing falling yields and a narrow yield gap between prime and secondary investments. Recent 'trophy' deals at the prime end of the market, together with some concerns over pricing in the secondary bulky goods sector, indicate that we may see a widening of the yield gap over the coming 12 months. (2005 Market Overview)

For the first time in a decade we have seen a marked shift in occupier sentiment. Retailers are reporting much more difficult trading conditions with price deflation, falling like-for-like sales and increasing occupational costs. (2005 In-Town Agency)

We have commented over the last 5 years on the strong pent up demand for large, efficient accommodation by the major fashion brands such as Next, Arcadia, River Island, Monsoon, H&M Hennes, Primark, Debenhams and New Look. 2005 can be seen as the year when "the hunters secured their quarry". (2005 In-Town Agency)

Bank of England figures show that lending on real estate now stands at £134.9bn. The annual growth rate of this debt is 19.1% - a very significant extension. Increases in property values, nevertheless, would appear to provide for a sustainable ratio of debt to value. It is quite clear, however, how important property is in supporting the UK economy. Debt in this sector is 2.5 times that to the manufacturing sector, and 40 times that to the UK service sector. (2005 Market Overview)

Looking to the next 3 years, 2006 is also likely to see few major new shopping centre openings. The picture from 2007 onwards, however, is very different. Some 4 million sq ft of new centres are planned to open in 2007. Concern has been expressed by some in the industry as to whether this level of development is sustainable given the softening of the retail market and weakening general economic conditions. (2005 In-Town Agency)

Property companies and private individuals who have access to cheap debt due to low interest rates. Bank lending to commercial property has risen to an all-time high of around £135 billion, over 10% of their total exposure. Continuing low interest rates contribute to further general yield compression throughout the year, especially at the secondary end of the market. The yield gap between prime and secondary is now too narrow in our opinion to reflect real risk profiles. (2005 Investment)

Limited rental growth due to harshening high street conditions caused by tightening consumer spending. Supply is still shorter than demand causing yields to fall even lower. Still tenant demand for prime pitch even trading is getting tougher for retailers. We see little sign of an outward shift at present at the prime end of the market, although the yield compression at the secondary end of the market continues to raise our concern. While interest rates remain low, however, the narrow yeild gap between prime and secondary is likely to remain. (2005 Investment)

There is potential for a further sharpening of yields on prime retail parks with flexible planning permissions as institutions, in particular, attempt to secure scarce product. Investors are now appraising opportunities on the basis of limited rental growth and capital appreciation prospects. This means that the best properties with good prospects attract very strong demand. (2005 Out-of-Town Investment)

Since 1995 the UK economy has been fuelled by consumer expenditure encouraged by low interest rates and low inflation coupled with easy and ever increasingly generous credit availability. With some pundits arguing that consumers have nowhere else to go for further credit lines there are suggestions that the party is over. (2006 Market overview) This nadir of consumer expenditure and debt comes at a time when the shopping centre development pipeline tap is fully open and cannot be shut off. (2006 Market Overview)

Bank of England statistics show that commercial property lending in the UK in all currencies now stands at £162.313 billion. This is an increase of nearly 18.5% on the previous year of a like-for-like figure of £137 billion. (2006 Market Overview)

The key will be the loan-to-value ratio and the depth of developers and investors' pockets to fund any shortfalls in interest repayments against predicted income. Interest rates were increased to 5.25%, if they go any higher, some questions will need answering. (2006 Market Overview)

The market has moved further in the tenants favour. Higher utility costs, increased interest rates, high levels on consumer debt adding pressure on retailers. (2006 In-Town Agency)

The discount fashion sector to be heavily fought over with primark, TK Maxx pushing forward. HMV struggling to make headway this year as a result of a strategic shift in the sector which also brought about the failure of yeah Music Zone just after Christmas. Other retailers such as BHS, WHSmith at Woolworths all coming under pressure. (2006 In-Town Agency)

There is still good investor demand for prime shops in locations where there is limited new supply and where there is a clear case for rental growth. As a result, competition for such investments is still fierce from the funds, private family trusts and Irish investors. In vulnerable locations where a new shopping centre has already or is about to eclipse the existing retail offer, the existing stock is becoming increasingly difficult to sell. (2006 Investment)

Demand remains strong for the right product. The bearish are, in our view, probably right in feeling that the market for secondary dry stock may be overpriced, particularly in view of the rising cost of debt. (2006 Investment)

There certainly is life in the bulky goods sector with a significant number of retailers continuing to expand and setting a new rental tone for the right product. (2006 Out-of-Town Investment)

Rental differentials between open Class A1 retail parks and bulky goods parks continue to widen, and can be argued at review to be separate markets. (2006 Out-of-Town Investment)

Decreasing demand for large units and general downsizing throughout market will depress values in the larger unit category. (2006 Out-of-Town)

Yields have held up in the most part as the sheer weight of money has continued to force deals through. However, we have seen the number of offers received on properties fall as interest in the bulky sector has waned. Whereas 12 to 18 months ago you might expect to receive 6 or 8 offers for a good bulky goods scheme, today you may get 2 to 4. (2006 Out-of-Town Investment)

The purchase earlier this year of the hybrid Weavers Wharf in Kidderminster by Henderson at a sub 3% net initial yield raised some eyebrows in the market and set a new benchmark. (2006 Out-of-Town Investment)

Still a demand and supply imbalance. (2006 Out-of-Town Investment).

The days of passing the parcel and counting the profit on a turn on now behind us. The credit crunch has resulted in a significant price correction in UK retail property values. However, the valuation profession was slow to account for these changes with IPD showing only a 2.2% full in September. This has seen some retail property investment falling value by as much as 20%. Yields are there for between 50 – 100 basis points higher. (2007 Market Overview)

The development pipeline running at approximately 80 million square foot of retail property is now looking a little worrying against current economic benchmarks. Bank of England latest statistics show lending on all property is now approximately £189.1 billion. (2007 Market) Overview)

In town occupational market is nervous and signs are not encouraging with report to pre-Christmas profit warnings for some 46 retailers hello. (2007 In-Town Agency)

12 months ago there was a dearth available units employment good secondary locations in most major centres, we are now starting See a number of boards appearing as a result of this increase supply with few positive premiums being paid other than central London. (2007 In-Town Agency)

84.4 million square foot of new space coming to the market to produce a net addition of 60.4 million square foot, one has to question in the current environment, with the investment you're starting to move out and man slowing, whether these feature schemes which are two or three years away will remain viable and therefore proceed. It could already be too late to hold back to benefit for those who already committed. (2007 In-Town Agency)

As ever there are retailers who continue to expand for those companies who are well funded and have a strong training background was all the other retailers continue to struggle. (2007 In-Town Agency)

Department stores such as House of Fraser and John Lewis are now looking at smaller store formats between 50,000 and 100,000 square foot. (2007 In-Town Agency)

As we anticipated in losses report the investment market peaked beginning of 2007 the first signs of change was seen as early as February. But he could have predicted how could in the market would change. Change did not happen overnight Q1/Q2 saw slowdowns and transactions and by Q3 the market fallen dramatically. (2007 In-Town Agency)

Banks have been well conservative in their lending and are now seeing higher cost of borrowing against property. It is likely interest rates will be reduced quite early in the new year. (2007 Investment)

Investors bought secondary properties seeing them as almost as good as a source of income as prime , and the yield paid reflected this. those that ignored basic investment rules will have a lot of trouble selling these properties. Risk is back with a vengeance. (2007 Investment)

Limited transactions completed and those that did saw prices up to 20% below original book values. The fundamentals of investment remain , location, covenant strength and potential for rental growth. Whether these can be offered interest remains although from fewer players than 12 months ago. (2007 Investment)

2008 is going to be a tough year. It will be made him tougher by the fact that economic recovery is likely to be slow and not in the short term. (2007 Market Overview)

He out of town retail warehouse market has been particularly active this year with a number of retailers continuing to expand including Top tiles, Pets at Home, PC World, argas, Dunelm and Maplin. Marks and spencers has confirmed retail parts will feature strongly in their plans for the future for both food and non food offer . A number of new stations have also come to the market including Smiths toys. (2007 Out-of-Town Agency)

Retail warehouse the general picture is one of downsizing or rightsizing, with many retailers looking to operate from smaller units eg B&Q. 5000 square foot and 10,000 square foot stores remain the most attractive. (2007 Out-ofTown Agency)

It is estimated that a proxy £1.2 billion of retail warehouse investment property is currently on the market or available with some commentators putting the figure closer to £2 billion. majority of funds have put all retail warehouse acquisitions on hold indefinitely. united cash leaving the UK property funds is overtaking amount of cash inflow for the first time in four years. (2007 Investment)

Demand still remains for large doors with next Primark M&S and others filling the void. However this is only for well configured space over 2 or 3 floors. landlords of multi floor, badly configured units will still continue to struggle to justify increase at review. (2007 Professional)

In our 2007 report, we suggested that the balance of power was moving from landlord to tenant. 12 months later and the scales have, in many areas, swung in the tenants' favour as far as rent review and lease renewal issues are concerned. (2008)

The collapse of Lehman Brothers in September 2008 and its effect on retail property investment has been substantial, with capital values having fallen up to 40% during 2008 from their peak 2007 levels. Moreover, all the major economic forecasts indicate that the global recession will bite harder in 2009 forcing property values even lower. Combined with the banks' continuing reluctance to ease their lending moratorium on property for the foreseeable future, this could potentially result in fewer transactions taking place during the year ahead. (2009)

More activity has been seen for much lower lot sizes of up to £5 million, where there are still a number of cash-rich purchasers who do not have to rely on borrowing. (2009)

The majority of investments that have come to the market in the past 12 months have been secondary. Investors have been trying to dispose of these assets to reduce gearing while retaining their prime assets, the conundrum being that prime assets are more likely to sell in the current market. (2009)

However there is no doubt that the focus of demand has shifted away from smaller centres towards the major ones serving bigger catchments. These locations offer the best prospect of higher turnovers but without the high rental risks that may have been attached previously. Smaller centres are tending to lose out in major fashion representation, although there is still demand for space in sectors such as discount operators and foodstores. (2010)

For out of town, competition for units has been much reduced and in some sectors of the market there is effectively only one acquisitive retailer. (2010)

Short term lets and break clauses after five years or less, together with rent reviews fixed, geared or capped on a percentage basis, other than Open Market Value, show a disconnect from the traditional retail property investment model. (2010)

The retail occupier sector has mirrored the harshness of the recession as the high street has average vacancy rates nearing 15% outside central London and parts of the South East. (2010 London Immune)

The headline rate of vacancy has now reached 14.6% and the trend points to a continued reduction of expenditure on the high street. The wide differential continues to exist between North and South with an average vacancy rate at 17% in the North compared to an average vacancy rate in the South of 11%. (2012)

Double dip recession (2012) ongoing falling occupational demand in the retail sector reflecting the downturn in consumer expenditure, a wider contraction in the economy as a whole coupled with ongoing uncertainty in the Eurozone, rising inflation set against wage deflation and overzealous retail property yield pricing based on artificial headline rents and over-optimistic growth assessments coupled with growing internet sales competition. None of this provided a picture of an improving market and the claims that the worst was behind us simply did not stack up (2013)

It is not all doom and gloom as there are retailers who are expanding during these times and look to take advantage of the opportunities out there… identifies 30 retailers growing strongly. They range from Aldi and 99p Stores to the White Company and Brighthouse - interestingly under 50% can be classed as being at the discount end of the market. (2013)

We still have a substantial number of world class retailers who are operating in a highly competitive market and many are still delivering strong profits and acquiring new space. (2013)

Tenants continue to hold the upper hand in negotiations unless it is prime pitch in one of the top city centres, or where rents were never driven to unsustainable levels (2013)

An encouraging fact is that we are receiving increasing interest for space from local independent and regional retailers as their national multiple competitors move out. (2013)

One area which has returned with a bang is the retail development sector. many proposals are likely to see a significant downward shift in overall size from pre-recession levels combined with a smaller A1 retail content but an increased food and beverage/leisure content. (2014)

With investors struggling to purchase prime assets, all eyes are on quality secondary assets, dominant in their catchments. Retail warehousing is expected to outperform the rest of the sector, delivering improved returns now that rents have broadly plateaued and occupier demand is strengthening. (2014 Retail Investment)

Number of anchor stores declining and developers questioning whether they were still required when bringing forward a new scheme. Anchor store traders such as Debenhams and House of Fraser were reporting difficult trading conditions with only John Lewis demonstrating any strength in their retailing profile. (2014)

The discount sector continues to thrive with Poundworld seeking another 50 stores, 99p Stores another 70 shops over two years and Home Bargains having expanded to over 400 shops within five years. (2014)

The development market has seen a number of progressive local authorities step forward to take control of their futures through the direct investment of funds. Perhaps they are not confident that the private sector can deliver the right approach for regeneration, if a full commercial return is to be secured. This is not surprising, with so many developments getting "parked" in 2007. Those progressive local authorities include Woking, Wokingham, Chester, Chorley and Northwich. (2014). However… are local authorities best equipped to deal with property development and management. (2014 In-Town Agency)

Occupational demand from retailers remains muted but with some notable exceptions. The major retailers are now focusing on the top 75 retailing centres. (2015)

Prime shopping centres are now seeing rental growth, but in secondary shopping centres and smaller towns growth is either static at best or more likely continuing to fall. Incentives, short leases, break clauses and low demand have become the profile of the market for most of the country outside of true prime. (2015, Introduction)

In 2006 the development pipeline for retail property was about 80 million sq ft. Today it is approximately 5 million sq ft, although this is a significant improvement from just three years ago. (2015, Introduction)

Independent high street businesses have continued to grow every year since 2009, albeit in smaller numbers. In 2014 the net change of independents was +346 units, a growth of 0.33%. Independents now account for 66% of all retail and leisure units in the UK. The age of the small shopkeeper is perhaps returning. (2015 In-Town Agency)

Tumbling oil prices, deflation on goods sold and price wars in the food grocery sector have resulted in boosted confidence in the consumer markets. The knock-on effects are now being enjoyed with spectacular returns and investment volumes transacting in the UK CRE investment sector. The retail and leisure property subsectors continue to attract investors to an orgy of competitive bidding for marketed opportunities as well as off-market dealing. The weight of money chasing a scarcity of institutional investable stock continues its compound downward pressure on yields. (2015 Investment)

The retail warehousing investment market has seen increasing transaction volumes through 2014 and 2015. Demand continues to outstrip supply hardening yields, although with the recent increase in stock coming to the market the rate of yield compression is starting to slow as the market begins to moderate. (2015 Investment)

Uncertainty of the UK Referendum to stay in Europe with the vote held on 23 June 2016. (2016)

The UK economy has been showing signs of ongoing improvement. Volumes of retail sales encouragingly grew 4.3% in April 2016 compared to April 2015. (2016 Introduction)

Vacancy rates remained at a high level although at 12.4% in April 2016 this was the lowest figure reported since December 2009 and much lower than the vacancy rate which peaked in September 2008 at 14.1%. (2016)

Shopping centre development was being promoted but primarily to deal with the extension of existing centres rather than new locations. (2016)

Over the past 30 years multiple retailers have been changing their requirements, reducing the number of centres they will consider for representation to about 75. (2016).

It is notable who the big sellers have been in the retail warehouse sector with Aviva and Land Securities divesting themselves of significant assets in this class as they focus on other areas. However, this, like most markets, tends to reflect cycles and attitudes towards particular property types at a moment in time and no doubt next year we will see a different position arising although it is unlikely to be as buoyant as the market has been over the last 3-4 years. There is undoubtedly a wind of change since September 2015 and it will be against the background that values have peaked and investor sentiment is on the wane. (2016)

To try and make town centres more relevant, Council are buying more and more shopping centre to try and revitalise the town centres, however they are doing this without the knowledge of how to run these centres. Council are buying more and more shopping centres in order to manage them themselves. (2016).

In January 2016, Grand Central Shopping Centre in Birmingham was acquired by Birmingham City Council from Hammerson for £335m reflecting a 4% yield. (2016)

We anticipate falling investment property prices against reduced demand as the cycle appears to have hit its peak during the third quarter of 2015. (2016 Introduction)

The financial benchmarks for most major retail projects are no longer based on developer's profit returns of between 10% and 25%. To be profitable, viability assessments and appraisals have to include future rental and income growth, perhaps over the first 20 years' life of the investment once created and based on Internal Rate of Return performance criteria hovering closer to a 5% figure. (2016 introduction) or 10% based on rental growth projections over 20 years. Often projects of a substantial nature are lucky to produce a financial appraisal in positive territory. (2017 In-Town Agency)

It is confirmed we will leave Europe within two years of the Article 50 submission served by the UK Government on the EU as from Wednesday 29th March 2017. (2017 Introduction)

The UK currency was overpriced, perhaps too strongly pegged to the Euro which is also seen by many as overvalued. The 20% devaluation which followed the referendum on 23rd June 2016 had an immediate impact on the Central London retail economy. Retail sales leapt particularly in the luxury brand areas of Bond Street, Regent Street and Knightsbridge reflecting a bumper discount opportunity for overseas shoppers. (2017 In-Town Agency/Introduction)

• Unemployment at it lowest level for many years at 4.7% and has not been lower since June to August 1975. **Shopping centre development continues to decrease as many struggle to get started. Local authorities attempt to take the fate of the town Centres into there own hands.**

The High Street is clearly under pressure in many locations and we do not foresee this being reversed in the near future. The major regional centres are on the whole doing well but even they are not immune to current market conditions with Newcastle and Cardiff both suffering from notable falls in Zone A rates in anywhere but the absolute prime pitch. (2017 In-Town Agency)

There are still pockets where demand for a mainline bulky food supermarkets is outstanding and development is looking more likely but these examples are few and far between and will no longer drive the market as has been the case for the past 40 years. If there is a market to be driven it is in the discount sector led by Aldi and Lidl. Make no mistake, these two retailers continue to lead the revolution in food sales biting into the market share of everybody else. Their growth will continue for years to come but they are now a known quantum and no longer hold a mysterious profile in the sector. (2017 Supermarkets)

The other conundrum faced by the mainline retailers is their recognition that consumer preference has moved away from bulk shopping to daily convenience shopping. The demographic profile and work life balance is changing shoppers habits coupled with growth in the eating out and takeaway sectors as prices fall and more options for not cooking as a family unit grows. (2017 Supermarkets)

Another change has been the involvement in local authorities in purchasing their town centres as both investments and regeneration projects. Stockport Borough Council secured the Merseyway shopping centre from administrators in 2017 with other councils buying town centres at St Helens, Banbury and Shrewsbury to mention but a few. (2018 Investment)

At the Revo awards at Christmas 2017, over half of the recipients of the major awards were local authorities. They are either picking up bargains or are the last chance saloon - take your pick. At Bracknell the local authority's initiative in buying in half the town centre and funding a new shopping centre and leisure development has been successful – at least the scheme has been built, anchored by a Fenwick department store. (2018 Investment)

The western world's banking failure signalled by the collapse of Lehman brothers on 16th September 2008 marked the end of the availability of funding for major retail developments andby 2011 significant changes in the requirements of consumers and technology had checked the pattern of physical shopping growth which had been expanding for over 200 years. (2018 Introduction)

The retail development pipeline is now down to less than 5 million sq. ft. Shopping centre development is only profitable based on long term IRR projections. Supermarket retailing has switched to the strength of the discounters and smaller convenience stores after years of dominance by the mainline superstore retailers. Retail warehousing is in the doldrums and even shopping parks are limited to only a few locations where they can compete and add value. However, the location where the retail property market has really felt the wind of change has been the high street with vacancy rates moving to over 15% in 2008 and back up to 13% having fallen for a brief period to 11.5%. This provides a visible record of what is happening to physical retail across the board. (2018 Introduction)

Most vacancies in the high street, in reasonably strong trading towns, are to be found in secondary and tertiary locations. Prime retail frontages are often trading with only limited vacancies. There are several examples with no vacant prime property, as recorded in Oxford Street which has an official vacancy rate of 0% to its 1.8km long frontage. True central London is rather special but the same limited vacancy profile for "super prime" is to be found in Manchester, Birmingham, Cambridge and Milton Keynes and a number of other major centres in the UK. This is not surprising as although 50 years ago a multiple retailer would seek representation in 400 plus locations, today it is for the top 75 to 100 centres. (2018 Introduction)

BHS went into administration on 26th April 2016 after 88 years of trading, they closed there last store on the 26th August 2016. Some 18 months later, 102 stores still remain vacant. The poorer space has failed to find occupiers. (2018 in town agency) This will not be the last major retailer we see struggle in the current climate. This is evident from House of Fraser, Debenhams and even John Lewis coming under pressure. (2018 In-Town Agency)

M&S who, on their own programme of closures by 2022 will have reduced their fashion stores representation from approximately 425 centres to just over 200 in the space of a decade. (2018 In-Town Agency)

Toys R Us have simply failed to adapt their format, with store sizes in the region of 40,000 sq ft, to something more appropriate in the current market. They cannot hide behind and blame competition from the internet as their competitor Smyths Toys from Ireland, who were only founded in 1986, now have 110 stores, but in much smaller units of approximately 10,000 sq ft. This inflexibility made the failure of the Toys R Us CVA and subsequently being placed into administration on the 28th February 2018, with the closure of 105 properties, inevitable. (2018 Out-of-Town Agency)

3 years ago, we reported the sudden return to investment property purchases by local authorities. In 2017, local authorities broke a record by spending £1.8 billion on property investment. In 2018, this reached £1.9 billion and already some £1.2 billion has been committed by local authorities and the purchase of property investment in the 1st quarter of this year. This appears to be a trend set to continue. (2019 Investment)

Local authorities must ensure that what they are doing is balanced and the position is understood as to what the reality is of the current marketplace against their aspirations and how the market can fit in to their objectives generally. (2019 Investment)

Hop vacancy rates officially stand at 10.2% but arguably better than the vacancy rate in March 2018 at 13%. Peak vacancy rates at 14.5% achieved in 2011 have fortunately not been repeated but we are still a long way from the low vacancy rates during the 5 years up to 2006 at 6%. (2019 In-Town Agency)

Shop rents are overall declining or being propped up by larger capital incentives and extended rent-free periods to buy in occupation. (2019 In-Town Agency)

Hammerson and Standard Life decided to delay the redevelopment of Brent Cross Shopping Centre due to weak occupier demand and significant changes in the cost profile and significant yield shifts in an upward direction. This has resulted in a negative viability for the scheme. (2019 In-Town Agency)

It is predicted that 4.5 million sq ft is new shopping centre space will be opened by 2022, we doubt this will be achieved. It is estimated that 60% of all new retail scheme proposals have been pushed back for 2 or 3 years but we regard this as optimistic and some may disappear for good. (2019 In-Town Agency)

It will be interesting to see if the massive redevelopment of Westfield Croydon comprising just under 1.8 million sq ft will see the light of day in it proposed format. If it does take place, there will be a far greater inclusion of office and residential uses and consequent reduction in the retail offer. (in town agency). Schemes being promoted are relying heavily on other uses with many retail schemes being mixed use. (2019 In-Town Agency)

Even the King of high street shopping, Oxford Street, is looking shaky. Just 3 years ago it had a zero-vacancy rate but last year, only 3 notable letting deals took place and some 20 shops were let on short term leases, most of them to gift/ tourist shops. Rental values have fallen from their high of £1000 psf ITZA and are now somewhere between £900 to £950 psf ITZA depending on who's side you take. Investors who paid sub 3% yields for Oxford Street investments just a few years ago are not so sure about the potential returns in the near future. (2019 In-Town Agency)

Unlike the high street, where new entrants either from the multiple retailer source or independents do come forward, the retail warehouse sector has historically been slow in finding retailers prepared to have a go. However, on the success side are Tapi Carpets who are a reincarnation of Carpetright. (2019 Out-of-Town Agency)

The key here is that successful businesses identify early where the issues are and act on them. (2019 Out-of-Town Agency)

Most landlords are focussing on maintaining full occupation and income streams and in today's difficult physical retail market, this is often the best that can be hoped for. We do not anticipate any return to rental growth going forwards in the foreseeable future and where rental levels are increasing in most cases it will represent historic lower passing rental levels. Landlords are prepared to accept lower rents then they were 2 or 3 years ago just to keep the space occupied. (2019 Out-of-Town Agency)

With a lack of demand for shopping centre investment, the owners of shopping centres and their valuers are to come clean on where this sector stands in terms of value. The big notice of this issue came forward with the Intu and Hammerson revaluation in the first quarter of 2019 with Intu writing down the value of its portfolio by £1.4 billion and Hammerson experiencing a 10.7% reduction in value of its large shopping centre asset base. (2019 Investment)

Shopping centre investment transactions have plummeted by 90% in the first quarter of this year compared with the same quarter in 2018 and has been the worst Q1 for deal activity on record. In total only £37 million has been spent on shopping centre acquisitions in the first quarter of 2019 in stark contrast to £466 million recorded at the same time last year. (2019 Investment)

The yield gap between prime and secondary where compression has been replaced by significant expansion. The return of 'Super Prime' was announced a few years ago but now it simply denotes a centre which shows some stability and popularity whilst the rest of the market goes into freefall. (2019 Investment)

Chase & Patners Retail Report 2018

Chase & Patners Retail Report 2010

Chase & Patners Retail Report 2019

RETAIL DEVELOPMENT
PROPERTY BRIEFING
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END OF YEAR ROUND-UP
THE RETAIL PROPERTY MARKET

MARKET OVERVIEW

Defying gravity is the way some describe the current commercial property market; strength and stability in bricks and mortar in a volatile world is the alternative. There is no denying that despite weak occupational demand, investment in commercial real estate is at record highs. With over £100 billion in loans to property companies and other investors coupled with frantic buying by institutions it is no surprise that capital values are rising.

As capital growth reaches its peak the question is can low yields continue without rental growth? At the present time the answer is yes as low interest rates and volatile equity markets encourage the flight to property investment.

In the retail sector there are a number of characteristics which strengthen the investment argument further. Yields, for good quality shops between 5% and 7% look attractive. Shops are still being let on relatively long leases to good covenants and benefiting from few voids with over renting limited to only some of the major city centres. Shopping centres offer even greater discounts on yields but where asset management provides opportunities to improve tenant mix and increase rental income.

In the retail warehouse sector the restrictive planning policy regime has provided only limited new development over the past four years strengthening the position of existing schemes.

Current market circumstances are unique with few guides from the past. Property is a good bet but like anything else caution must be exercised when pricing the product. Getting carried away will be the real danger but for the moment the fundamentals on retail property both in town and out of town and for the occupier and investor look good.

Chase & Patners Retail Report 2002

Chase & Patners Retail Report 2011

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