IPF & AR Panel

September 2018

Harper Dennis Hobbs

CVAs and Administrations

- 4.2m square feet of retail has already been closed in last 4 years. Approximately 13.2m square feet at risk from ongoing CVAs.

- However, store closures from major insolvency processes has had less of an impact on retail parks than other retail centre types. Proportion of floorspace that closed on retail parks due to CVAs/administrations is 7 times less than the average for the high street.

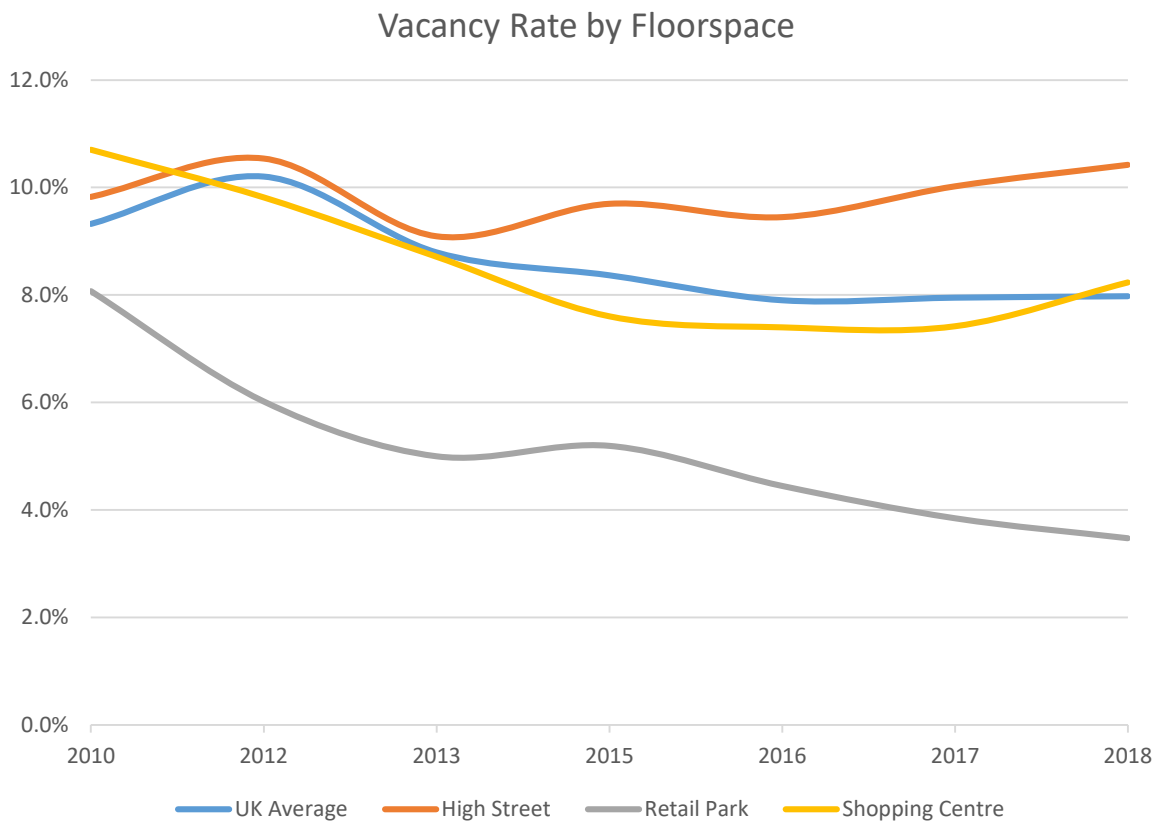
Retailer	Floorspace Lost on Retail Parks	Administration Type
BHS	56,600	CVA & Administration
Brantano	802,700	Administration
Maplin	683,200	CVA & Administration
Multiyork	37,500	CVA & Administration
Phones 4u	175,900	Administration
Store Twenty One	88,600	CVA & Administration
Toys 'R' Us	2,335,500	CVA & Administration
Total	**4,180,000**	

Retailer	Retail Park Floorspace at Risk	Administration Type
Carpetright	3,156,000	Ongoing CVA
Homebase	7,412,900	Ongoing CVA
Mothercare	908,900	Ongoing CVA
New Look	506,000	Ongoing CVA
Office Outlet	1,111,700	Ongoing CVA
Prezzo	25,800	Ongoing CVA
	13,121,300	

Source: HDH, Goad

Vacancy rates by centre type

- CVAs/administrations have disproportionately impacted high streets. Vacancy rates on retail parks fallen over last few years.



Region	Average Vacancy Rate
North East	6.7%
North West	5.6%
Scotland	5.3%
Yorkshire & Humberside	5.1%
Wales	4.4%
East Midlands	4.4%
West Midlands	4.3%
South East	3.9%
Greater London	3.6%
East Anglia	3.5%
South West	3.1%

Most Active Operators 2014-2017

Rank	Retailer	Net Growth in Floorspace (Sq Ft)
1	B&M Home Bargains	549,000
2	The Range	152,400
3	Marks & Spencer	129,300
4	Aldi	116,500
5	Tapi Carpets & Floors	114,200
6	Smyths	104,000
7	Poundland	90,000
8	Sofology	74,500
9	Lidl	69,900
10	Dunelm Mill	69,300
11	Next	65,400
12	Wren Living	62,600
13	Argos	61,800
14	Bensons for Beds	56,800
15	Wilko	55,100

Most Active Operators 2018

RIVER ISLAND

SPORTS DIRECT.COM

MOUNTAIN WAREHOUSE

hobbycraft

Oak furnitureland

Superdrug

SCS
Great sofas·Great prices

F&B & Supermarkets broaden retail park appeal

Food operators and supermarkets

- Bringing in food operators increases dwell time. Costa, Greggs, Starbucks and Subway have been the most active brands in this category.

- Supermarkets widen the appeal of a typical retail park – retailers like Aldi, Lidl and Iceland's The Food Warehouse and are the most active in terms of opening new stores

Mallard Retail Park, Bournemouth

Converting Bulky to Comparison Goods can create value

- Smaller space users accommodated through dividing large units – e.g: Mayflower Retail Park, Basildon - Benson's for Beds split to house River Island, Clarks & Superdrug. **Rents grew from £20 to £32.50**

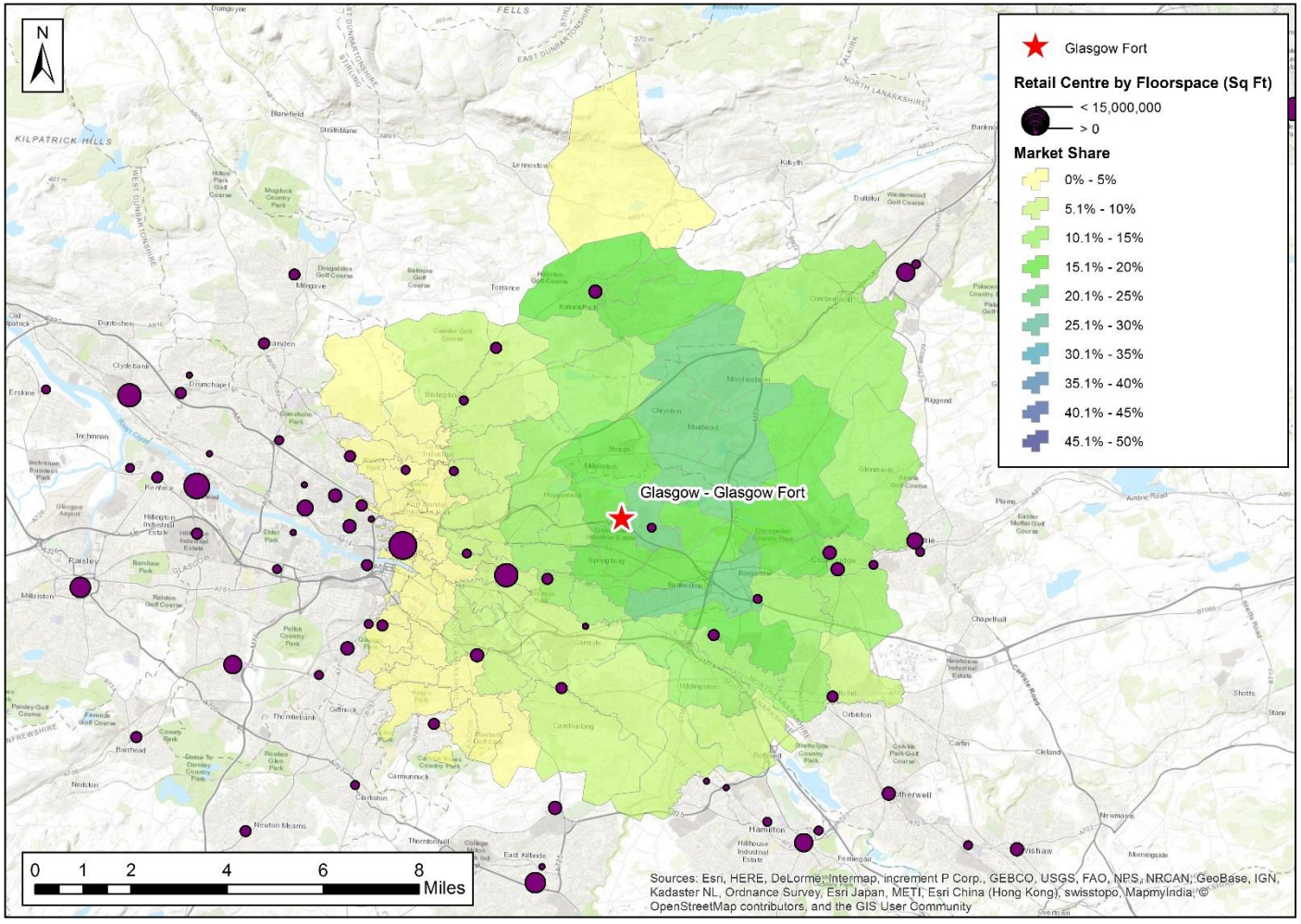
- Nugent Shopping Centre and Teeside Retail Park other good examples

Mayflower Retail Park, Basildon

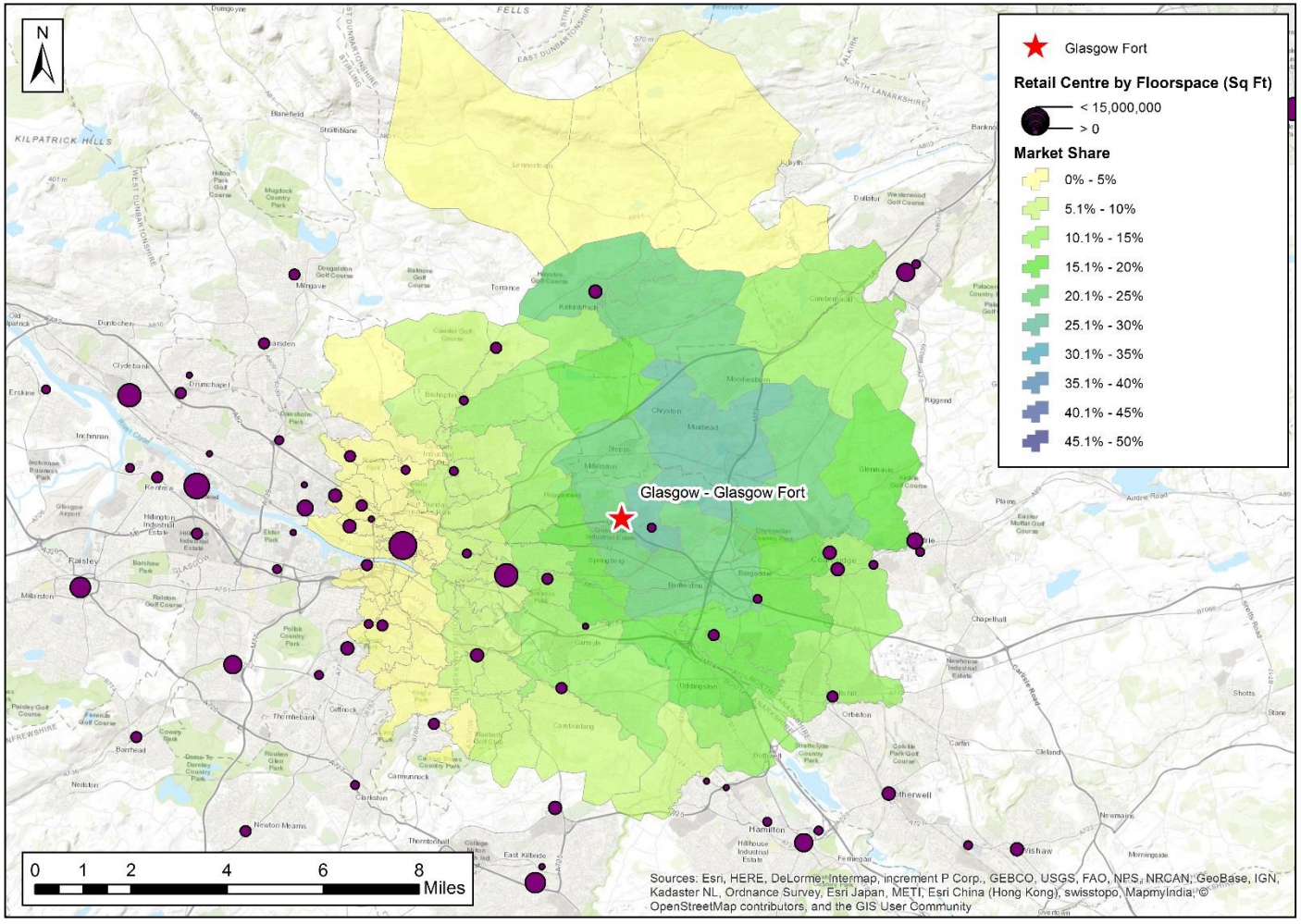
- For a major variety store multiple with hundreds of locations in high streets, shopping centres and retail parks, **6 of their top 10 best stores are on retail parks.**

- However, due to wider economic concerns fashion retailers now reluctant to commit. Next, Matalan, TK Maxx and New Look - net increase of **only 5 new stores in last 3 years**

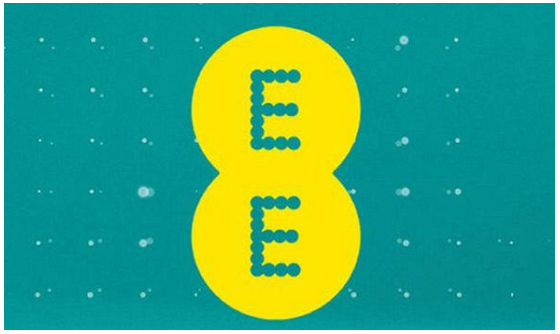
Glasgow Fort 2014



Glasgow Fort 2018



Glasgow Fort 2014



Glasgow Fort 2018

Out

chicken cottage
it's all about the taste!

moda in pelle

BLUE INC

SUBWAY

In

PATISSERIE VALERIE
Est. 1926

PANDORA

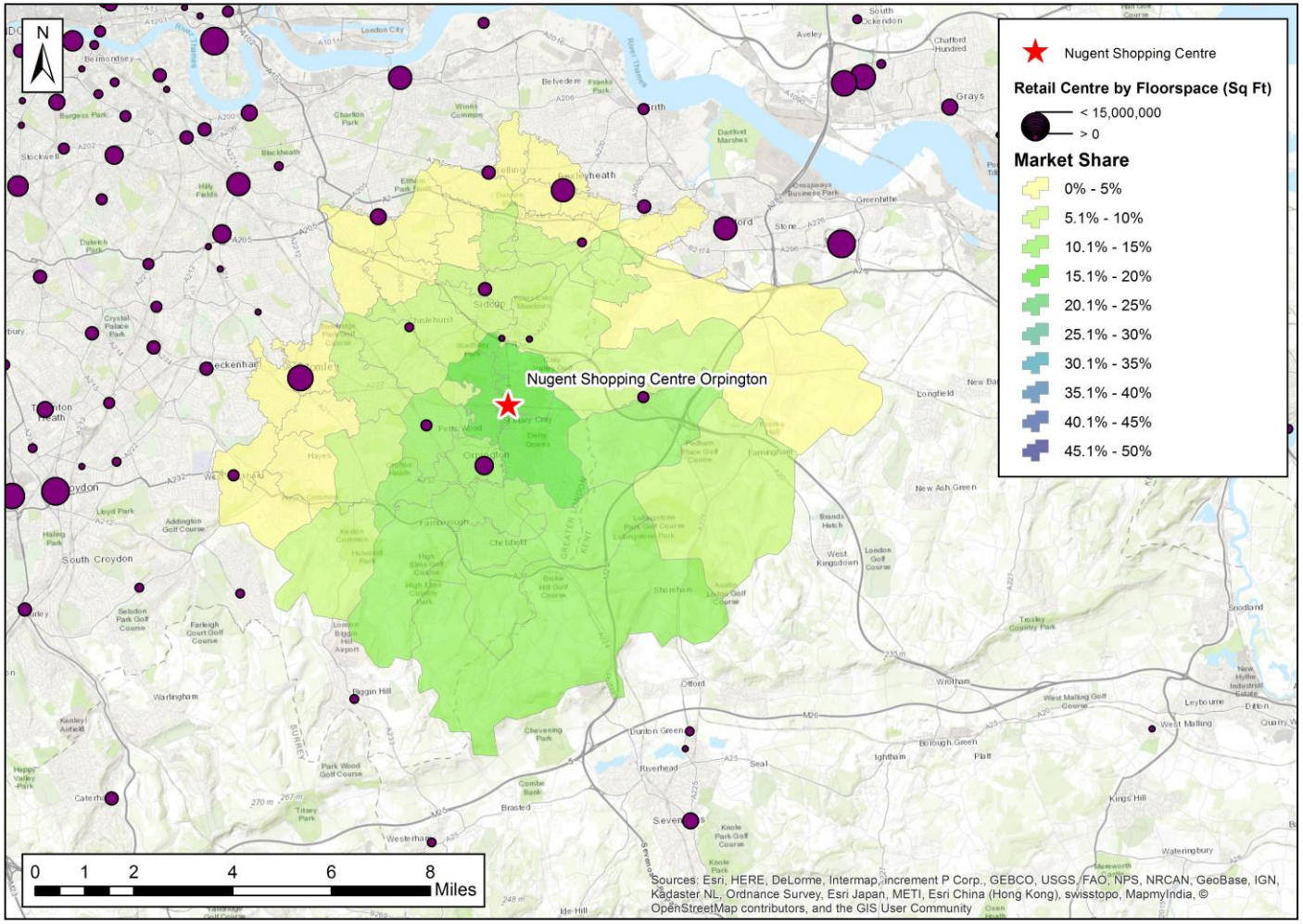
W
WATERSTONE'S

fat face

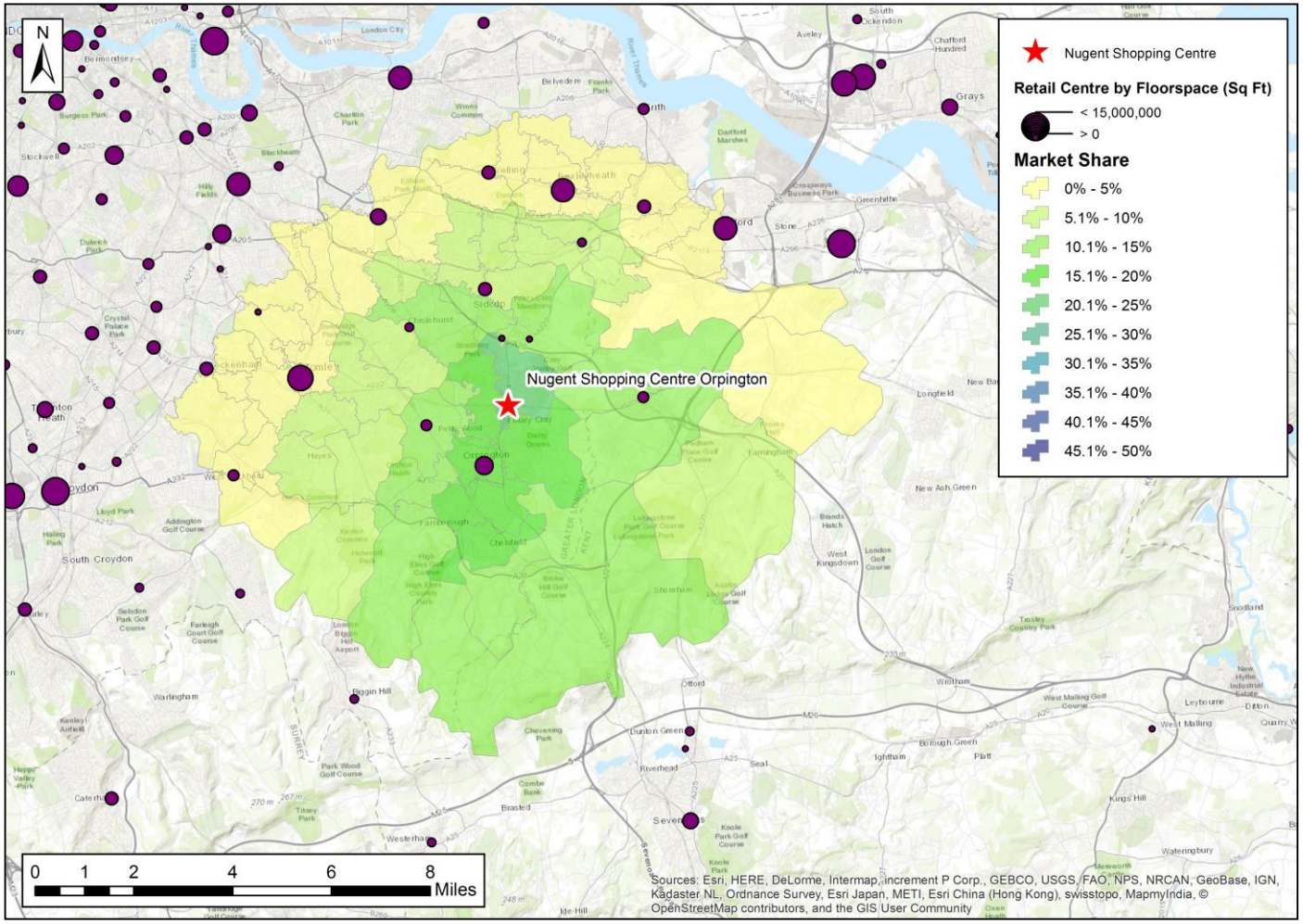
GOURMET BURGER KITCHEN

wagamama

Nugent Shopping/Springvale Retail Park 2013



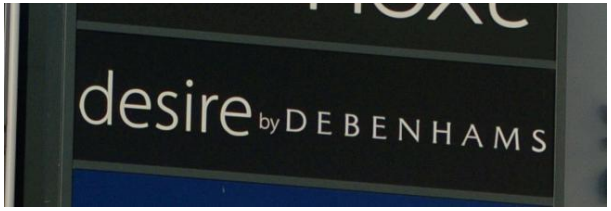
Nugent Shopping/Springvale Retail Park 2017



Nugent Shopping/Springvale Retail Park 2013

Vacant space fell from 29,200 sq ft to 0 sq ft from 2013 to 2017

MARKS & SPENCER



Clarks

mothercare

next

SPORTS DIRECT.com

W Waterstones

LAURA ASHLEY

WHSmith

Nugent Shopping/Springvale Retail Park 2017

Out

Magnet
part of the family

mamas & papas

bathstore
Bathrooms matter. Visit the experts.

Paul Simon
CURTAINS ▪ BLINDS ▪ LINENS ▪ BEDS

In

T·K·maxx

home bargains

ORGANIC COFFEE
PRET
NATURAL FOOD

NIKE

EE

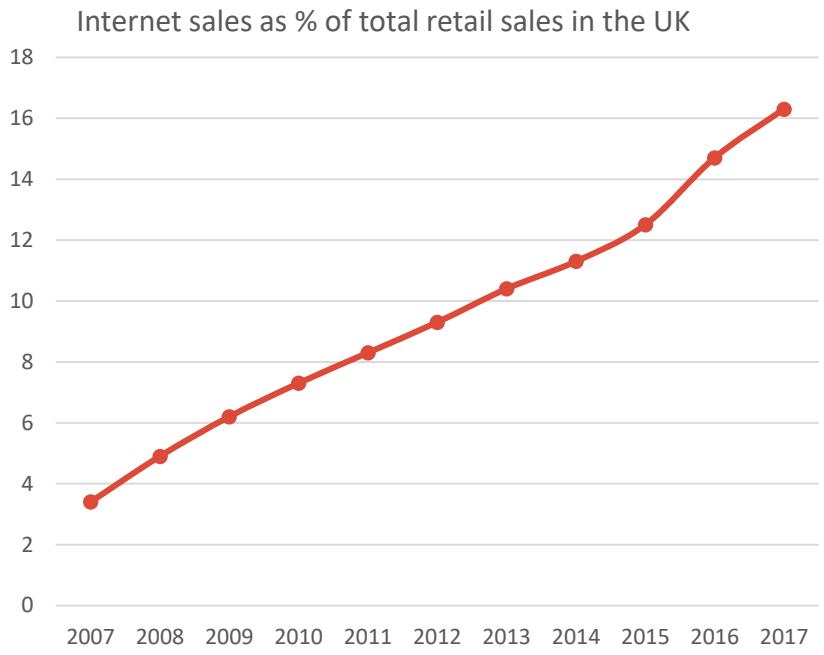
Card Factory

Oak
furnitureland

Future of Retail Parks

Click & Collect and Dark Stores

- Opportunity for retail warehousing and e-commerce to become better integrated e.g: Click & Collect



Source: Office for National Statistics

- The concept of 'dark stores', which act as local distribution centres, is a hot topic currently. Blurring of boundaries with Amazon recently looking to acquire Homebase stores.

Future of Retail Parks

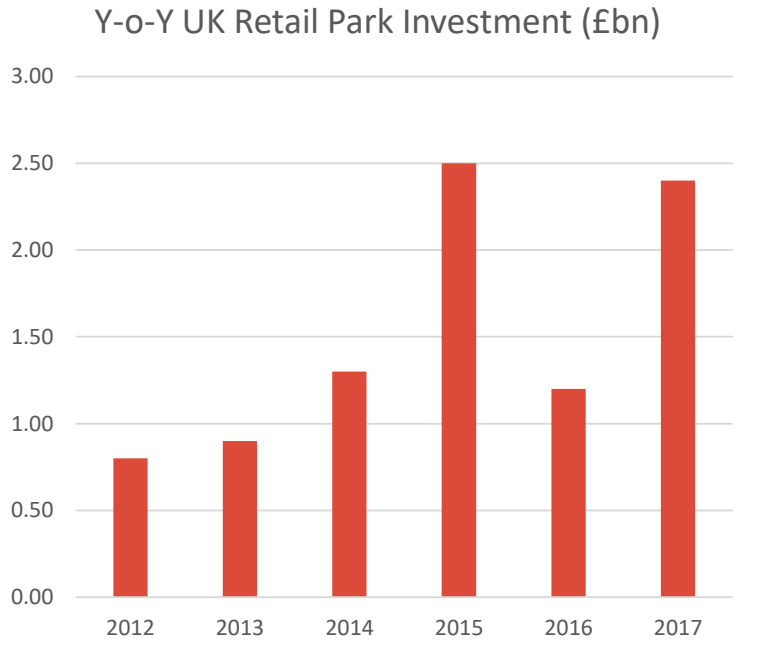
Investment in retail parks

- Hammerson might be moving away from retail parks but other types of investors are moving in e.g: local councils like North Somerset, Bournemouth and Portsmouth. Borrow at 2% and sell for 5%.

- Industrial/logistics investors looking at retail parks given a c.7% yield vs. a 4-5% yield from industrial. e.g: M7 Real Estate buying Alpha portfolio of retail parks.

- Retail space conversion to Residential is an other area investors are exploring.

- BUT: Planning continues to be a major obstacle



Weston-super-Mare Retail Park, recently acquired by North Somerset council

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