

Autumn 2017

OUR VIEW ON HIGH STREET RETAIL



High street retail market overview

High street's become the destination of choice for dining out

Recent research by Springboard, the retail footfall specialist, has indicated that high streets are winning out in the battle for leisure spend, with increased consumer activity being registered in town centre locations during the evening.

The research has suggested that the high street is experiencing a renaissance on the back of consumers choosing to dine out and drink at bars and enjoy the wide range of leisure activities on offer.

Strong trading at Aquila's Bond Street scheme boosts footfall in Chelmsford

Bond Street shopping centre opened in the q4 2016 and the first nine months of trading has been extremely strong.

The scheme, which is now approaching full occupancy, has boosted footfall by almost 5% in the city centre, also benefiting the nearby High Chelmer shopping centre.

The new centre is being seen as an alternative to Bluewater and Lakeside for certain types of shopping.

Buttermarket Centre Ipswich purchased for £54.7m

The recent repositioning of the offer at the Buttermarket in Ipswich by Capital & Regional has been seen as a success, with National Grid UK Pension Fund paying £54.7m for the centre.

The pension fund purchased the Buttermarket just ahead of the opening of the new 12 screen empire cinema, which has seen the centre transformed from an ailing retail location into a mixed retail and leisure complex.

Junkyard Golf Club signs at 'Westgate Social' Oxford

A number of new signings at the Westgate shopping centre has seen the headline commitment from Junkyard Golf Club at the centre's new leisure section 'Westgate Social' on the ground floor of the scheme.

Junkyard Golf Club will be the anchor tenant at the leisure area, offering three mini crazy golf courses and a cocktail bar.

The opening of the Westgate unit signifies the third opening for the 'new' leisure concept, with outlets already operating in London and Manchester.

THE FACTS

Prime headline zone A's fall by 5.2% on average across the Bidwells region

Take up in the Bidwells markets falls to lowest level in three years

9.1%

Downturn in prime zone A rents in Ipswich

Supply is focused in secondary units, accounting for 88% of available units

UK vacancy rate on the high street edges up to 12.2% in h1 2017

11.0%

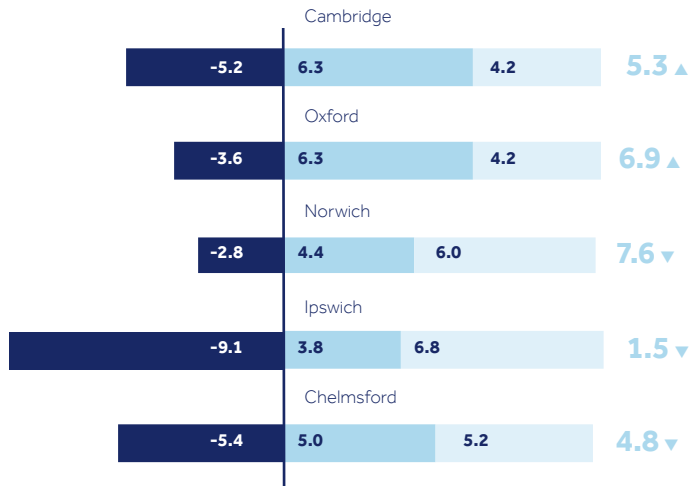
Average availability rate across Bidwells locations

Capital markets

Total returns (% 06/2017)

Prime zone A rents have fallen across all locations, having an adverse impact on returns. Rental values are expected to stabilise in 2018 and this should see returns improve.

■ Rental growth %
■ Yield movement
■ Income return %



Prime yields

Prime yields in key high streets are back to their 2007 levels but less fashionable locations are still trading at a discount to pre financial crisis levels

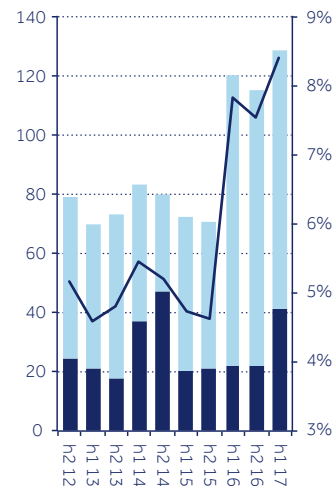
Location	Prime yield (% 06/2017)
Cambridge	4.00 ▼
Oxford	4.00 ▼
Norwich	5.75 ▼
Ipswich	6.50 ▼
Chelmsford	5.00 ▼

Cambridge

H&M take 20,000 sq ft unit in the Grafton Centre

High Street supply (June 2017)

■ Prime
■ Secondary
■ Available rate (rhs)

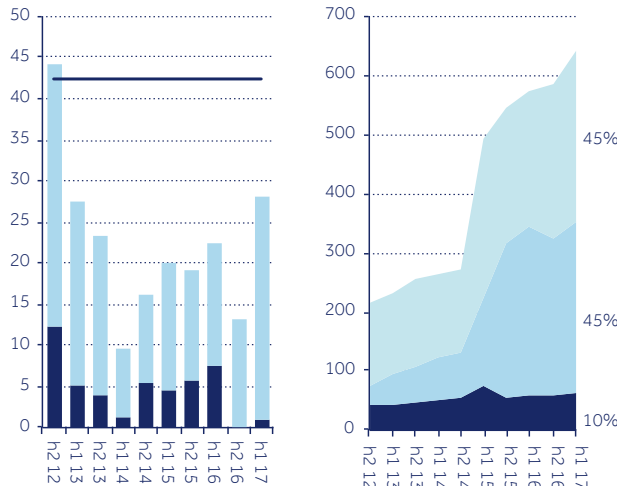


Availability 000's sq ft 128.5 ▲
Availability rate 8% ▲

High Street demand (June 2017)

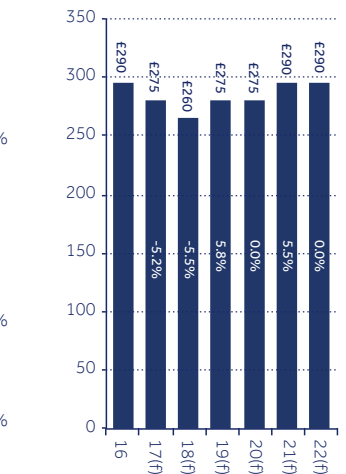
Take up
■ Prime
■ Secondary
■ 10 yr average

Requirements
■ < 1.5
■ 1.5 - 4.0
■ > 4.0



(h1 2017)
Take up 000's sq ft 27.0 ▲
Requirements 000's sq ft 664.0 ▲

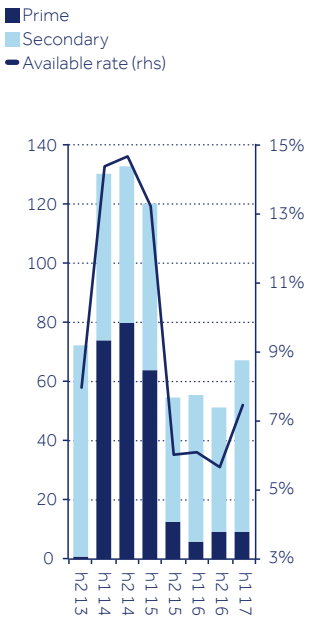
High Street rents zone A (June 2017)



Prime Epsf £275 ▼
Annualised growth rate 1.0% p.a.

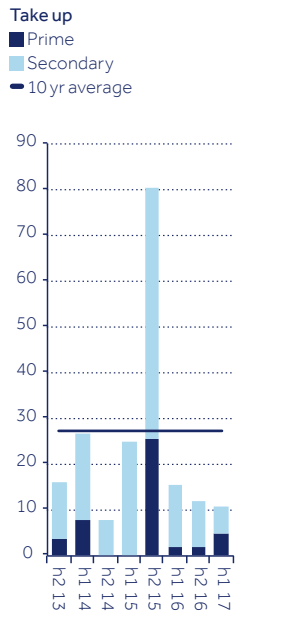
Availability focused towards high street rather than shopping centres

High Street supply (June 2017)

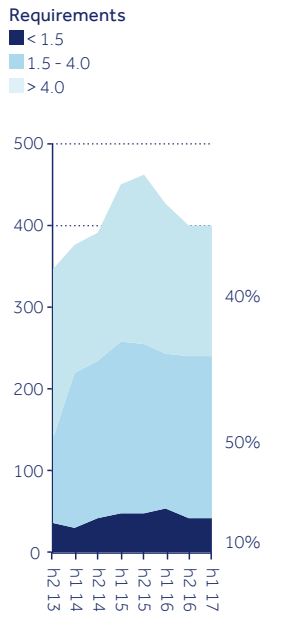


Availability 000's sq ft **67.3 ▲**
 Availability rate **7% ▲**

High Street demand (June 2017)

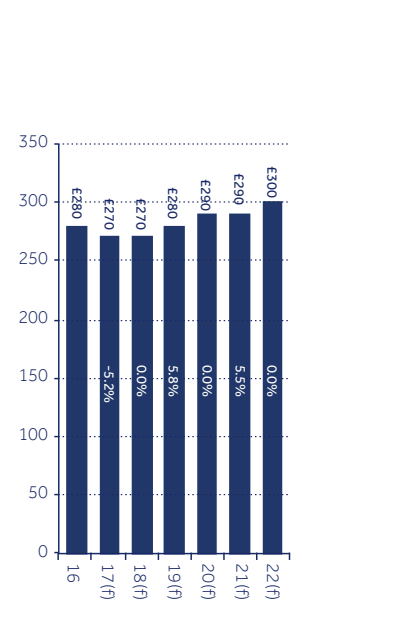


(h1 2017)
 Take up 000's sq ft **10.3 ▶▶**



Requirements **400.0 ▶▶**

High Street rents zone A (June 2017)

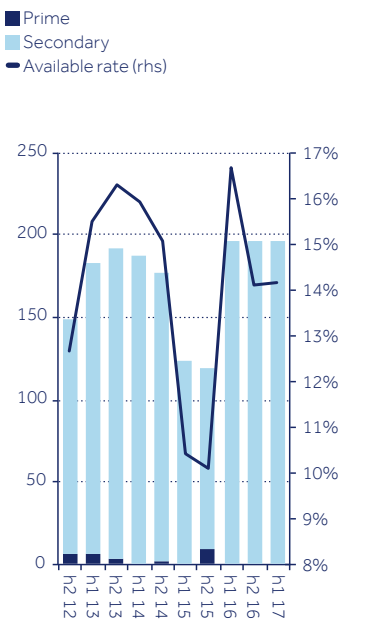


Prime Epsf **£270 ▼**
 Annualised growth rate **1.9% p.a**

Chelmsford

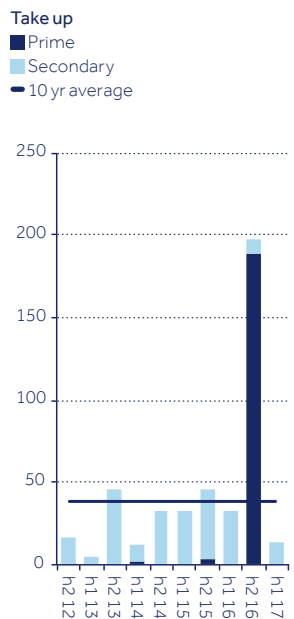
Activity at Bond Street shopping centre continues to dominate

High Street supply (June 2017)

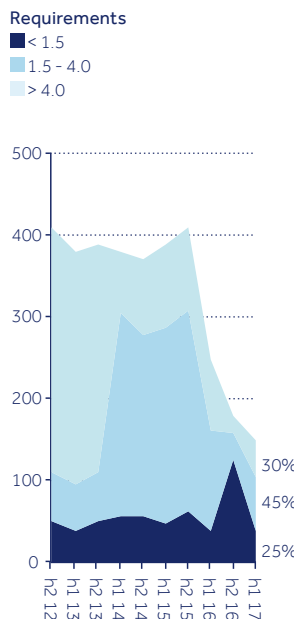


Availability 000's sq ft **192.1 ▶▶**
 Availability rate **14% ▶▶**

High Street demand (June 2017)

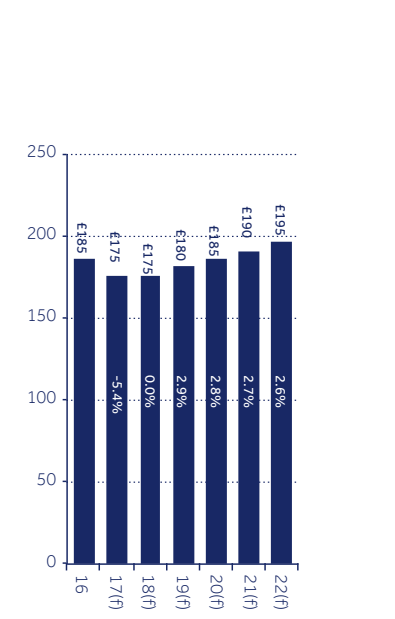


(h1 2017)
 Take up 000's sq ft **13.5 ▼**



Requirements **150.0 ▼**

High Street rents zone A (June 2017)

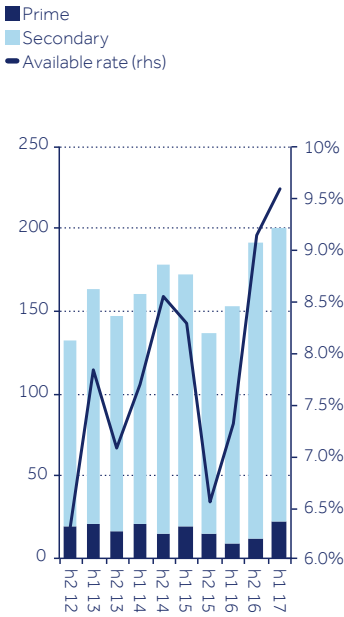


Prime Epsf **£175 ▼**
 Annualised growth rate **2.0% p.a**

Norwich

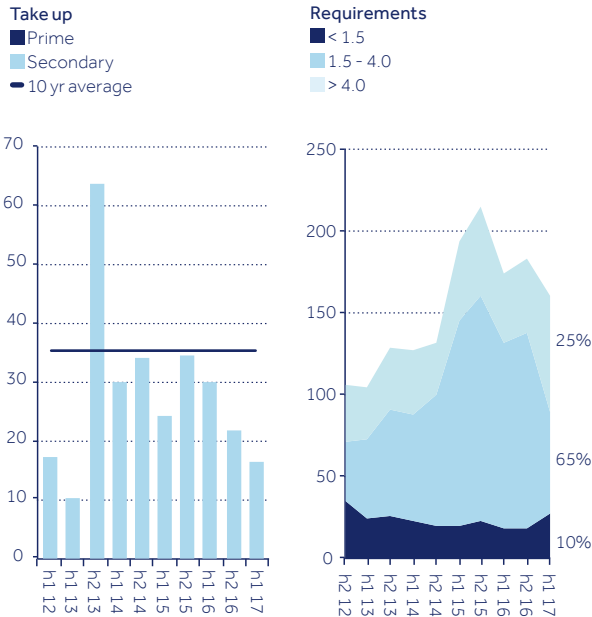
Availability at Castle Mall remains above average for the city

High Street supply (June 2017)

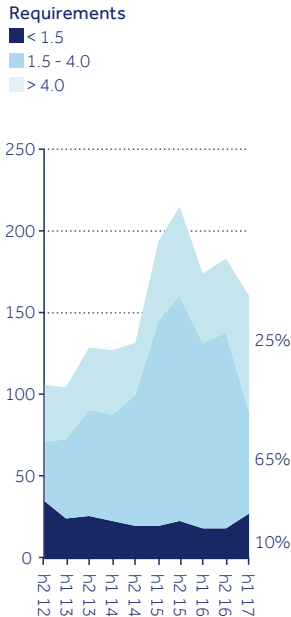


Availability 000's sq ft **200.6 ▲**
 Availability rate **10% ▲**

High Street demand (June 2017)

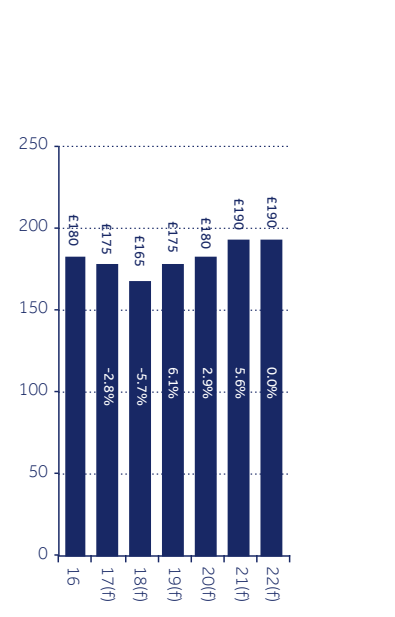


(h1 2017)
 Take up 000's sq ft **16.4 ▼**



Requirements
 000's sq ft **157.0 ▼**

High Street rents zone A (June 2017)

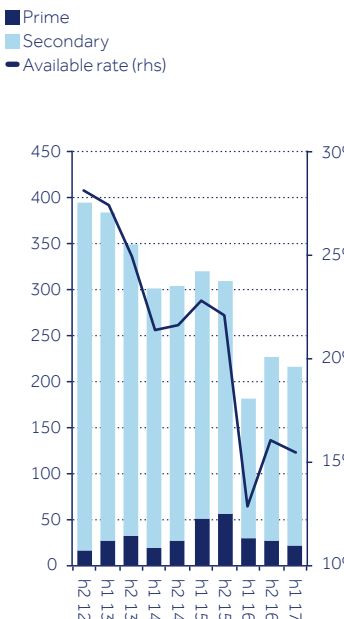


Prime Epsf **£175 ▼**
 Annualised growth rate **1.5% p.a**

Ipswich

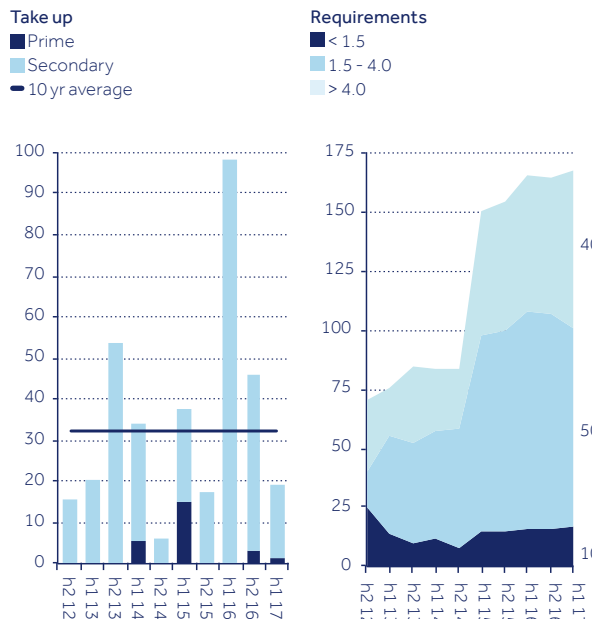
Almost 60% of availability is focused in three large units

High Street supply (June 2017)

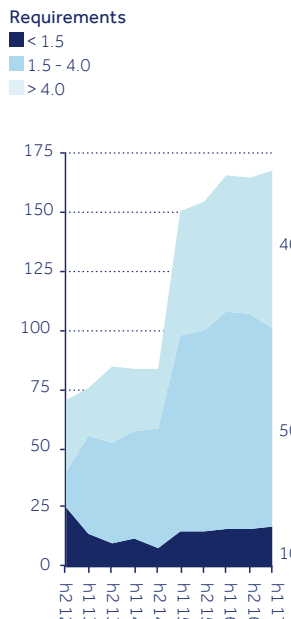


Availability 000's sq ft **214.4 ▼**
 Availability rate **15% ▼**

High Street demand (June 2017)

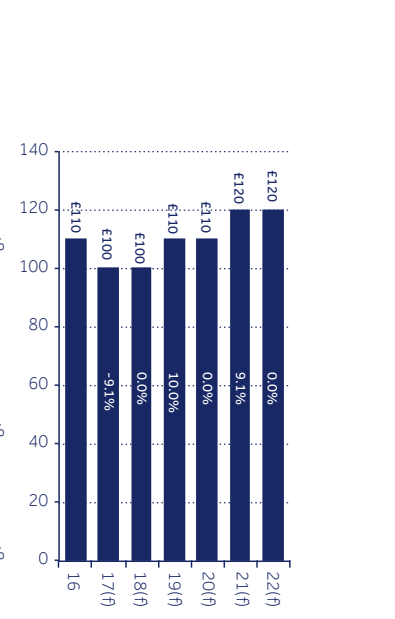


(h1 2017)
 Take up 000's sq ft **18.8 ▼**



Requirements
 000's sq ft **167.0 ►►**

High Street rents zone A (June 2017)



Prime Epsf **£100 ▼**
 Annualised growth rate **3.4% p.a**

Bidwells

Bidwell House,
Trumpington Rd,
Cambridge CB2 9LD

James Lankfer

Partner, Head of Retail and Leisure

01223 559 558

james.lankfer@bidwells.co.uk

Our view on out of town research

is now available on our website

bidwells.co.uk/research

Bidwells is a trading name of Bidwells LLP, a limited liability partnership, registered in England and Wales with number OC344553. Registered office: Bidwell House Trumpington Road Cambridge CB2 9LD.

© Copyright Bidwells LLP 2017. Before taking any action based on this document you should consult Bidwells LLP to ensure that it is appropriate to your circumstances. Bidwells LLP are in no way responsible for any views expressed within this document by third parties.