BIDWELLS

Autumn 2017

OUR VIEW ON OUT OF TOWN RETAIL

Out of town retail market overview

Internet sales account for more than 15% of retail sales over past 12 months
Internet buying has accounted for 15.6% of total retail sales in the year to July 2017.

Online retailing has accelerated rapidly over the past few years, rising from 12.6% of overall retailing at the end of 2015 to its current level.

Overall, almost £13bn was spent via online retailing in the 12 months to July 2017, an increase of 30.4% since the end of 2015 and 93.4% since the end of 2012.

Discount retailers increase their presence at retail parks
The trend of discount grocery stores anchoring out of town retail schemes has been on the increase over the past few years.

Whilst the number of retail parks anchored by the likes of Aldi, Lidl and Iceland has grown, this has also acted as a catalyst for other discounters, with Home Bargains, B&M, Poundland and Primark also increasing their presence.

The larger units available out of town act as a perfect format for discount retailers.

Largest Bunnings Warehouse store in the UK opens in Milton Keynes
Bunnings opened their fourth UK store at the site of the former Homebase outlet on Snowdon Drive Milton Keynes in June 2017.

The new store is 90,000 sq ft and represents the largest outlet for Bunnings Warehouse since the acquisition of Homebase by their parent company Wesfarmers.

Since the opening of the Milton Keynes store, Bunnings have also opened in St Albans, bringing their store count to five outlets.

Construction starts at Clock Tower Retail Park in Chelmsford
Aberdeen Asset Management and Exton Estates begun construction of the new Clock Tower Retail Park on the site of the former Britvic factory in Chelmsford at the start of the year.

The scheme is to provide 90,000 sq ft and will be anchored by Aldi, Marks & Spencer, SCS and Costa Coffee. Three further units are under offer. The scheme is due to complete in November 2017.

THE FACTS

Supply is down to 181,400 sq ft across the six Bidwells markets, the lowest level on record

73.3%

The reduction in supply since 2011

Prime bulky use rents fall by 5.6% on average across Bidwells markets. Rents on DIY units are down by 7.5%.

UK Retail Park vacancy rate falls to its lowest level on record, 5.3% at mid 2017

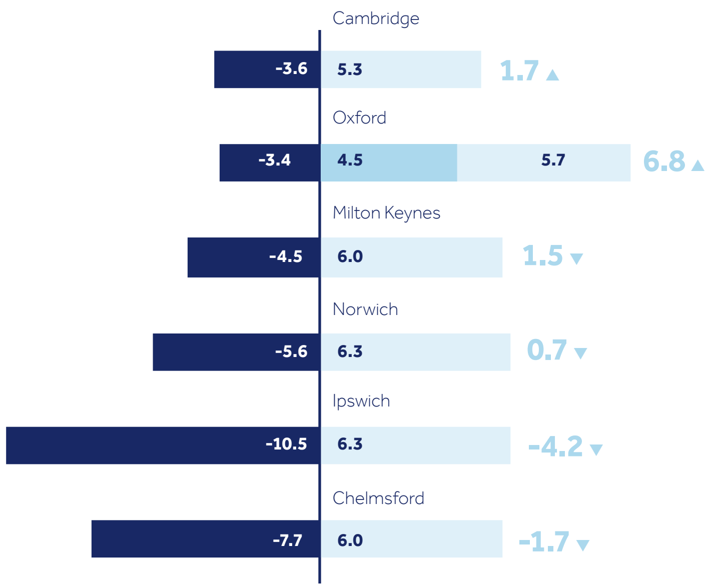
3.0%

Average availability rate across Bidwells locations

Capital markets

Total returns (% 06/2017)

Falling rental values are having an impact on returns. Ipswich and Chelmsford, have been hardest hit, with rents down by 10.5% and 7.7% respectively.



Prime yields

Retail warehouse yields have been impacted by the weak retail environment and are still 50-100 basis points above their 2007 levels. Investors remain cautious about the impact of online retailing to traditional outlets.

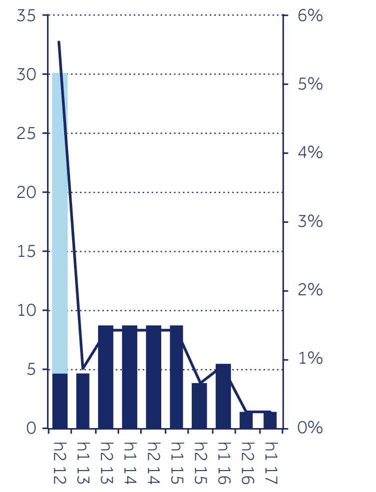
Location	Prime yield (% 06/2017)
Cambridge	5.25 ▶◀
Oxford	5.50 ▼
Milton Keynes	6.00 ▶◀
Norwich	6.25 ▶◀
Ipswich	6.25 ▶◀
Chelmsford	6.00 ▶◀

Cambridge

Restricted supply limits take up to 4,000 sq ft over the past 18 months

Retail warehouse supply (June 2017)

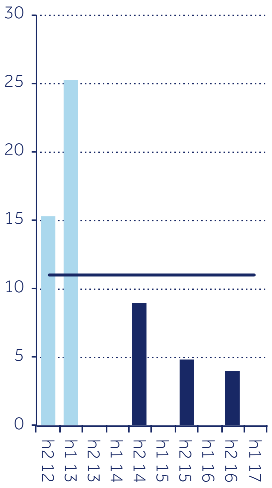
> 15
7.5 - 15
< 7.5
Available rate (rhs)



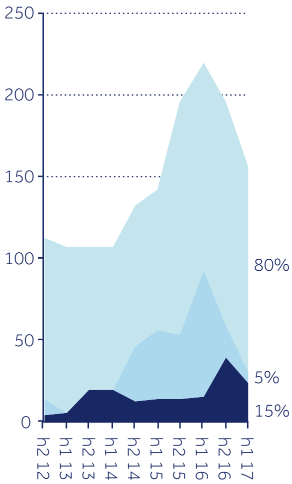
Availability 000's sq ft	1.5 ▶◀
Availability rate	0% ▶◀

Retail warehouse demand (June 2017)

Take up
< 7.5
7.5 - 15
> 15
10 year average



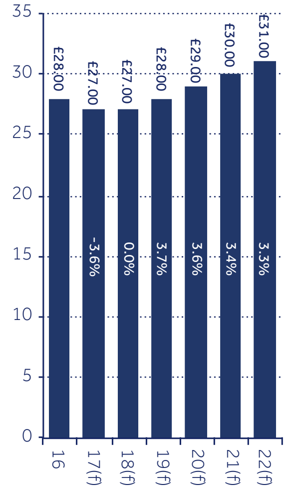
Requirements
Bulky
DIY
Other



(h1 2017)	
Take up 000's sq ft	0.0 ▼

Requirements	
000's sq ft	160.0 ▼

Retail warehouse rents (June 2017)



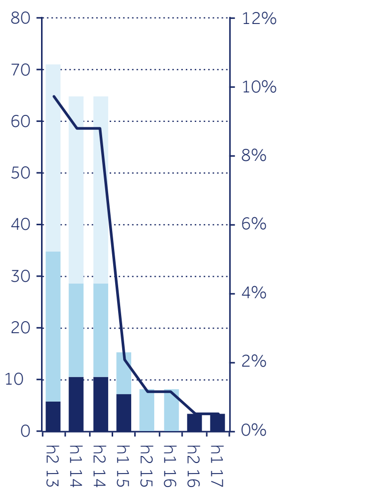
Prime bulky £psf	£27.00 ▼
Open A1	£28.00 ▼
DIY	£18.00 ▼
Annualised growth rate	2.5% p.a

Oxford

Take up consists of two lettings at Templars Shopping Park to Carphone Warehouse and The Works

Retail warehouse supply (June 2017)

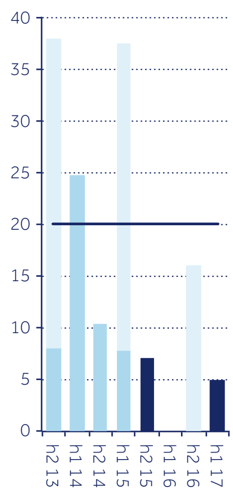
> 15
7.5 - 15
< 7.5
Available rate (rhs)



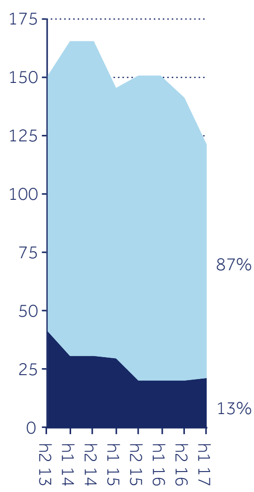
Availability 000's sq ft	3.7 ▶◀
Availability rate	1% ▶◀

Retail warehouse demand (June 2017)

Take up
< 7.5
7.5 - 15
> 15
10 year average



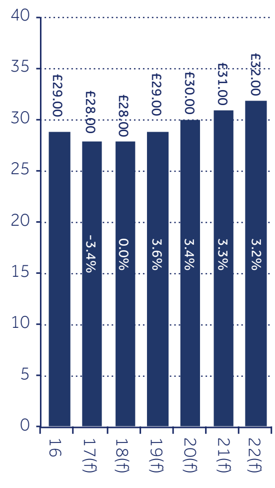
Requirements
Bulky
DIY
Other



(h1 2017)	
Take up 000's sq ft	5.0 ▼

Requirements	
000's sq ft	120.0 ▼

Retail warehouse rents (June 2017)



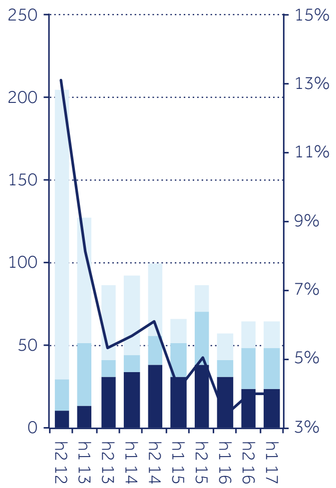
Prime bulky £psf	£28.00 ▼
Open A1	£40.00 ▼
DIY	£18.00 ▼
Annualised growth rate	2.5% p.a

Milton Keynes

Lack of activity in h1 2017 sees supply stabilise at 65,152 sq ft

Retail warehouse supply (June 2017)

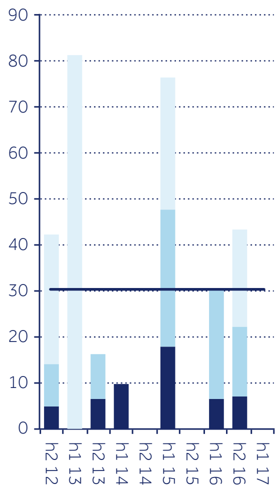
> 15
7.5 - 15
< 7.5
Available rate (rhs)



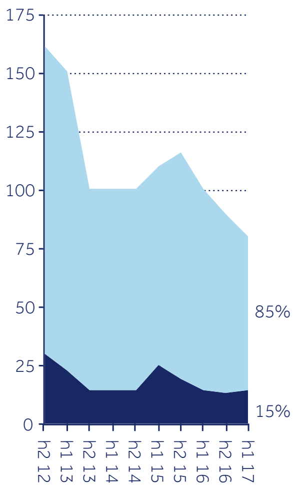
Availability 000's sq ft	65.2 ▶◀
Availability rate	4% ▶◀

Retail warehouse demand (June 2017)

Take up
< 7.5
7.5 - 15
> 15
10 year average



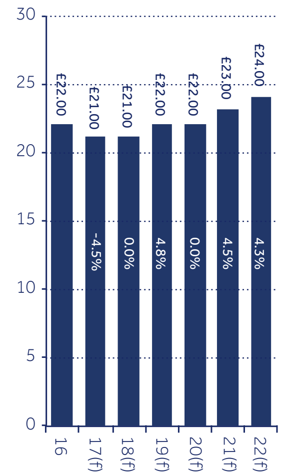
Requirements
Bulky
DIY
Other



(h1 2017)	
Take up 000's sq ft	0.0 ▼

Requirements	
000's sq ft	80.0 ▼

Retail warehouse rents (June 2017)



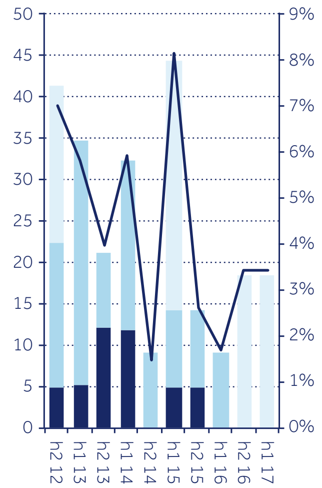
Prime bulky £psf	£21.00 ▼
Open A1	£35.00 ▼
DIY	£16.00 ▼
Annualised growth rate	2.5% p.a

Chelmsford

New scheme at Clock Tower Retail Park boosts options for occupiers

Retail warehouse supply (June 2017)

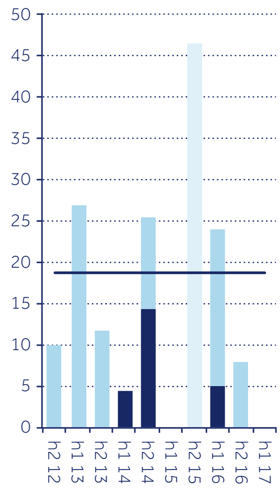
> 15
7.5 - 15
< 7.5
Available rate (rhs)



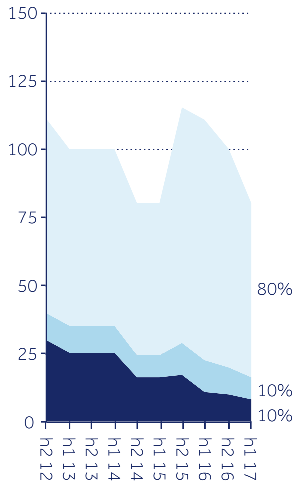
Availability 000's sq ft	18.4 ▶◀
Availability rate	3% ▶◀

Retail warehouse demand (June 2017)

Take up
< 7.5
7.5 - 15
> 15
10 year average



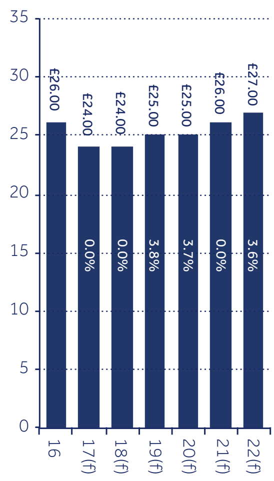
Requirements
Bulky
DIY
Other



(h1 2017)	
Take up 000's sq ft	0.0 ▼

Requirements	
000's sq ft	80.0 ▼

Retail warehouse rents (June 2017)



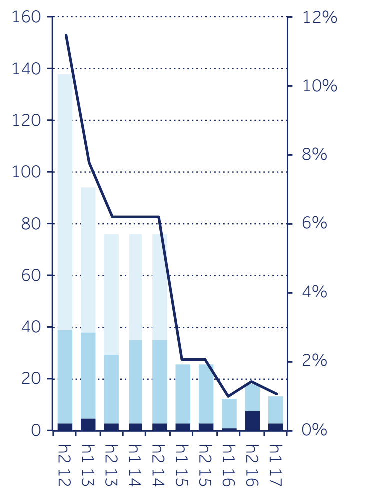
Prime bulky £psf	£24.00 ▼
Open A1	£32.50 ▼
DIY	£18.50 ▼
Annualised growth rate	2.2% p.a

Norwich

Supply down to 12,900 sq ft, representing 1% of total out of town floor space

Retail warehouse supply (June 2017)

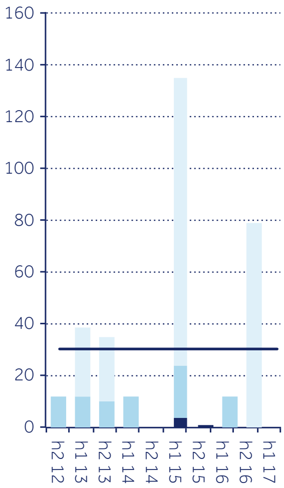
> 15
7.5 - 15
< 7.5
Available rate (rhs)



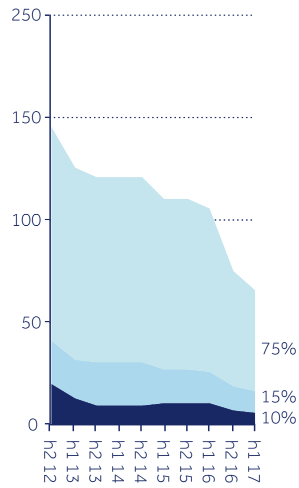
Availability 000's sq ft	12.9 ▼
Availability rate	1% ▼

Retail warehouse demand (June 2017)

Take up
< 7.5
7.5 - 15
> 15
10 year average



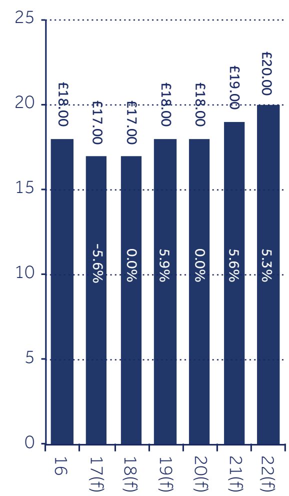
Requirements
Bulky
DIY
Other



(h1 2017)	
Take up 000's sq ft	0.0 ▼

Requirements	
000's sq ft	65.0 ▼

Retail warehouse rents (June 2017)



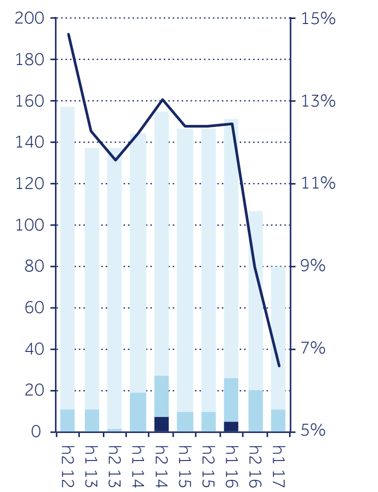
Prime bulky £psf	£17.00 ▼
Open A1	£19.00 ▼
DIY	£14.00 ▼
Annualised growth rate	3.0% p.a

Ipswich

Strongest take up in h1 2017 on record, with largest letting to The Range (50,029 sq ft) at Anglia Retail Park

Retail warehouse supply (June 2017)

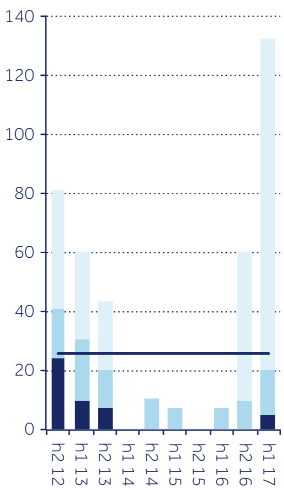
> 15
7.5 - 15
< 7.5
Available rate (rhs)



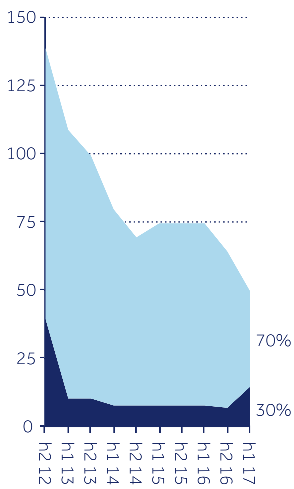
Availability 000's sq ft	79.8 ▼
Availability rate	7% ▼

Retail warehouse demand (June 2017)

Take up
< 7.5
7.5 - 15
> 15
10 year average



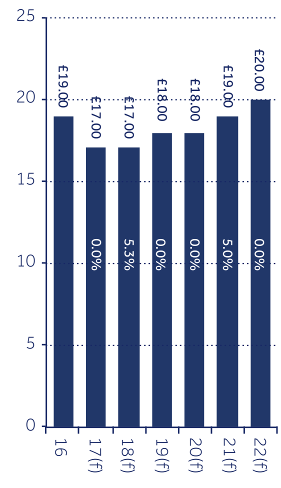
Requirements
< 1.5
1.5 - 4.0
> 4.0



(h1 2017)	
Take up 000's sq ft	132.8 ▲

Requirements	
000's sq ft	50.0 ▼

Retail warehouse rents (June 2017)



Prime bulky £psf	£17.00 ▼
Open A1	£25.00 ▼
DIY	£14.00 ▼
Annualised growth rate	3.0% p.a

BIDWELLS

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