

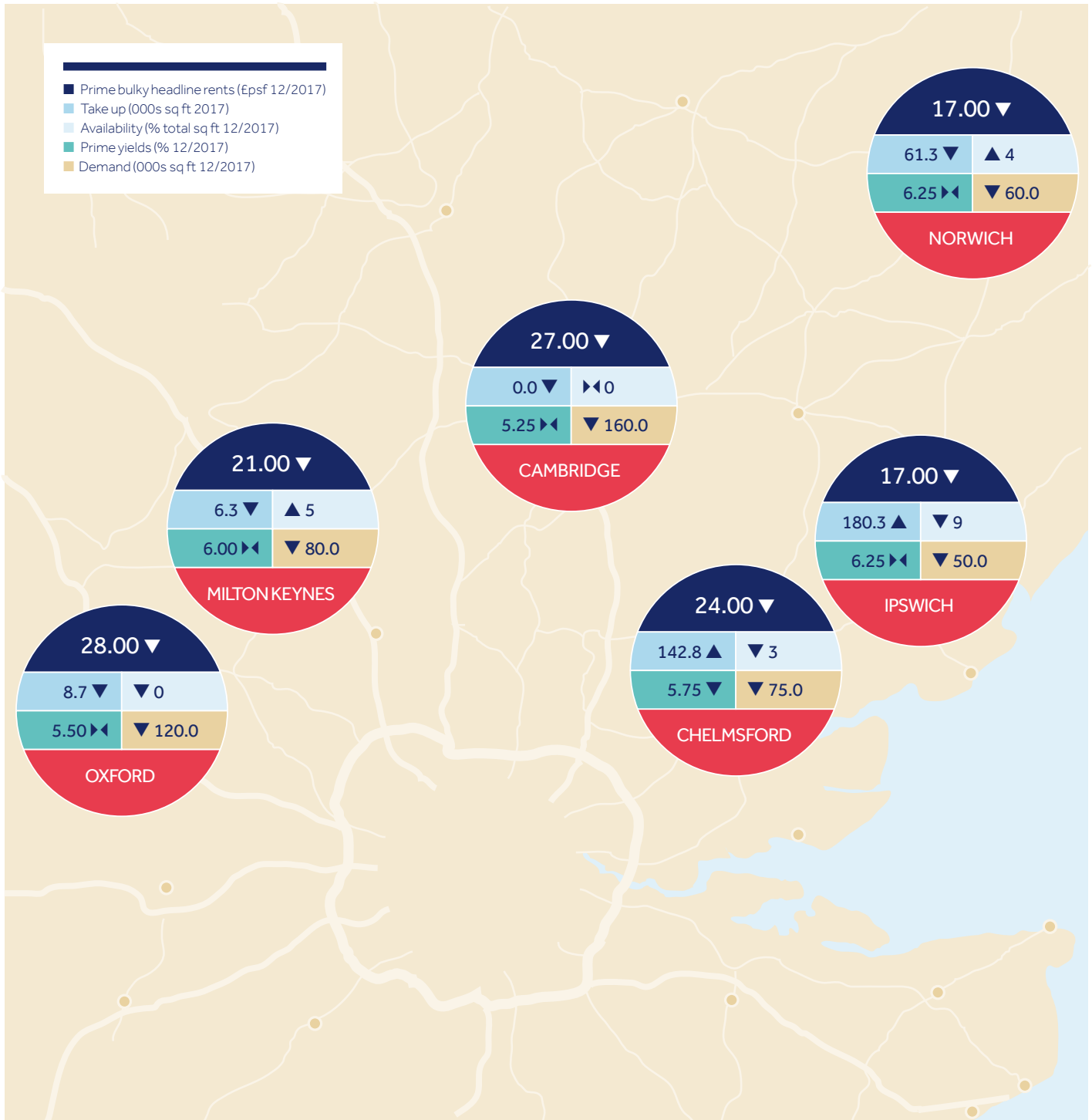
Spring 2018

# OUR VIEW ON OUT OF TOWN RETAIL

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## Out of town retail market overview



### Prime headline rents

Prime retail warehouse rents slipped by 5.6% over the year as the market continues to restructure.

### Take up

As with the High Street retail market, take up out of town has remained above the trend rate of activity for the past three years.

### Availability

The supply of retail warehouse units has remained tight as the mix of retailers and F&B occupiers has changed in recent years.

### Demand

Retailers are being opportunistic when acquiring new units. Whilst registered demand has eased over the past two years, units on good parks are met with strong competition.

### Rent Forecast 2022

Cambridge	£31.00 (2.8% p.a.)
Oxford	£32.00 (2.7% p.a.)
Milton Keynes	£24.00 (2.7% p.a.)
Chelmsford	£26.00 (1.6% p.a.)
Norwich	£20.00 (3.3% p.a.)
Ipswich	£20.00 (3.3% p.a.)

## Out of town retail market overview

### Clock Tower Retail Park Chelmsford opens for business

Aberdeen Asset Management and Exton Estates' Clock Tower Retail Park in Chelmsford commenced trading at the end of 2017, attracting good numbers of shoppers despite several of the units still finalising their fit out.

M&S Food, Furniture Village, DFS, Tapi Carpets and Costa were the first units to open for business, with SCS and Dunelm also opening before the end of the year.

The new Aldi store is due to open at the end of Q1 2018.

### UK consumers spend more online than any other country

The growth in online spending continued in 2017, growing by 17.7% to an estimated £55.9bn.

As a whole, online spending now accounts for almost £1 in every £5 spent by consumers.

The UK Cards Association confirmed that British consumers spend more online than any other country in the world, spending a total of £4,611 (\$5,900) per person per annum.

### East of England in 'Top 3' for growth of F&B outlets

The Local Data Company reported that eating out continued its rapid growth in 2016/17.

The East of England saw above average growth in F&B outlets, with an increase of 1.8%, compared to 1.3% for the UK as a whole.

The most aggressive growth was recorded by Costa, who opened 180 new stores across the UK.

Costa has been particularly active in gaining a presence on retail parks, with 11 outlets on parks across Bidwells' region.

### Retail warehouse investment recovers ahead of high street

Investors looked favourably on the retail warehouse sector in 2017, with £2.2bn of transactions completing.

The trend in the retail warehouse sector was contra to the shopping centre and high street shop sectors, where investor activity fell to their lowest annual total for five years.

Several schemes transacted in Bidwells' main locations, with M&G Real Estate buying Riverside Retail Park, Chelmsford for £53m and Ipswich Borough Council purchasing Anglia Retail Park, Ipswich for £42m.

## THE FACTS

Take up at a six year peak across Bidwells' region, reaching 399,400 sq ft in 2017

# 4.1%

Average availability rate across Bidwells locations

Supply edged up to 256,500 sq ft in 2017, with further increases expected due to the difficulties experienced by Multiyork and Toys R Us

Prime bulky rents are expected to grow by 2.7% per annum to 2022

# 65.8%

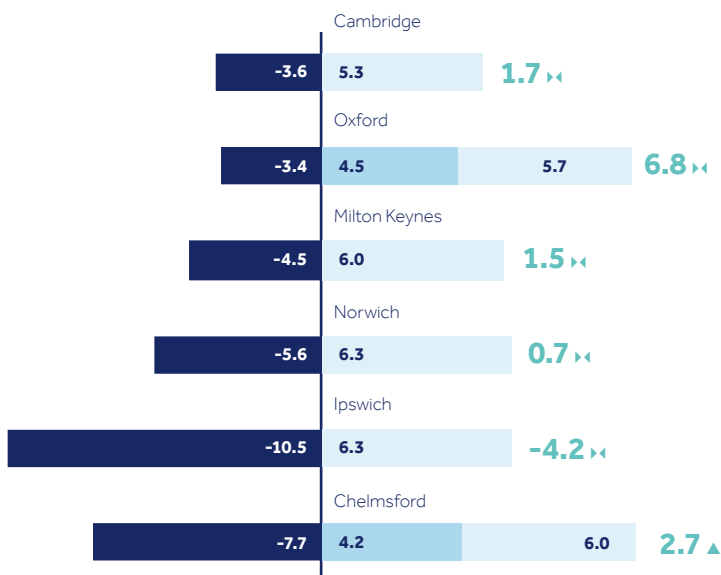
Reduction in supply across Bidwells' locations from peak in 2009

## Capital markets

### Total returns (% 12/2017)

Despite rental values falling over the past 12 months, returns on the retail warehouse sector have stabilised. Most locations in Bidwells' region are offering a positive return.

■ Rental growth %  
■ Yield movement  
■ Income return %



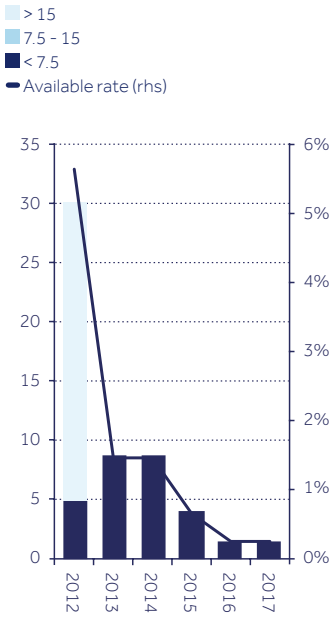
### Prime yields

Investors have begun to look to retail warehousing as a safer option for investment, with yields stabilising across most Bidwells' locations. The only market to see an improvement in yield was Chelmsford, which improved by 25 basis points to 5.75%.

Location	Prime yield (% 12/2017)
Cambridge	5.25
Oxford	5.50
Milton Keynes	6.00
Norwich	6.25
Ipswich	6.25
Chelmsford	5.75

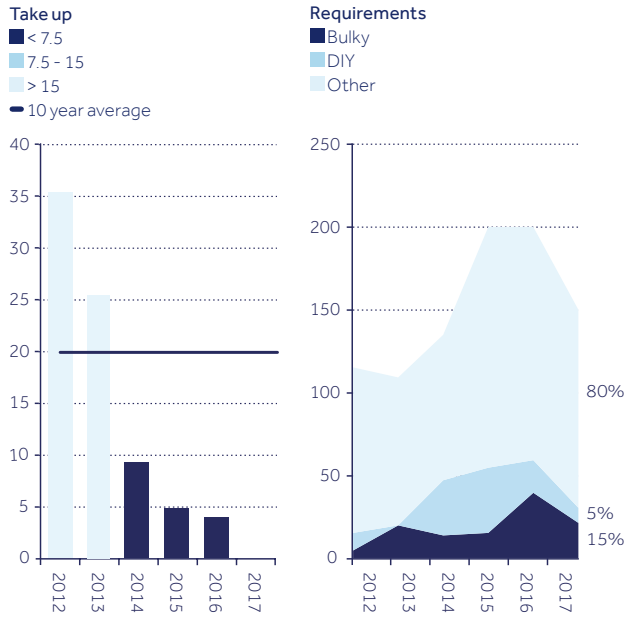
Only one unit on the market, this being the 1,500 sq ft at Beehive Retail Park

Retail warehouse supply (Dec 2017)



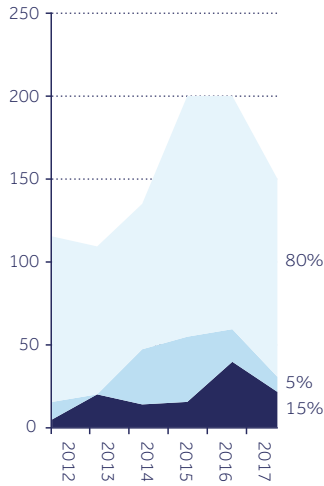
Availability 000s sq ft 1.5 ▶▶  
Availability rate 0% ▶▶

Retail warehouse demand (Dec 2017)



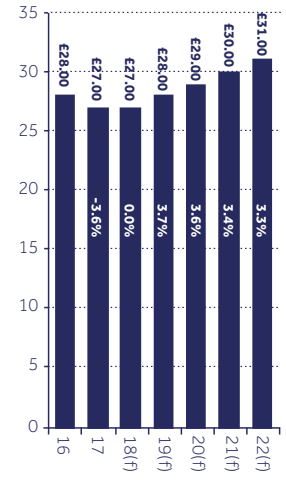
2017 Take up 000s sq ft 0.0 ▼

Requirements



Requirements 000s sq ft 160.0 ▼

Retail warehouse rents (Dec 2017)



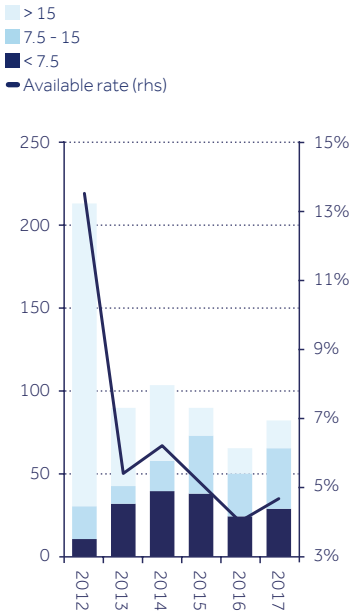
Prime bulky Epsf £27.00 ▼  
Open A1 £30.00 ▶▶  
DIY £20.00 ▶▶  
Annualised growth rate 2.8% p.a



## Milton Keynes

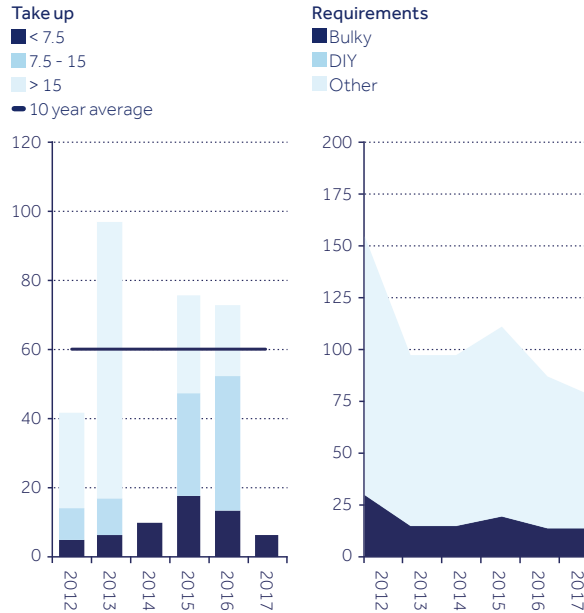
Supply increases to 80,900 sq ft, with 47% of available stock at The Place Retail Park

### Retail warehouse supply (Dec 2017)



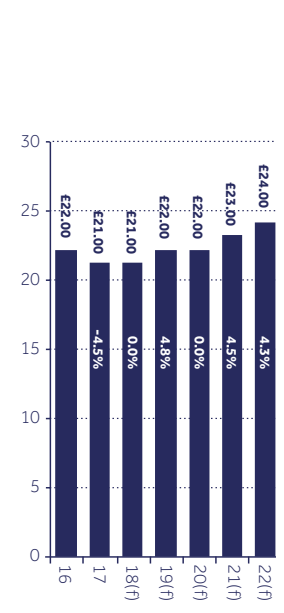
Availability 000s sq ft **80.9 ▲**  
Availability rate **5% ▲**

### Retail warehouse demand (Dec 2017)



2017 Take up 000s sq ft **6.3 ▼**  
Requirements 000s sq ft **80.0 ▼**

### Retail warehouse rents (Dec 2017)

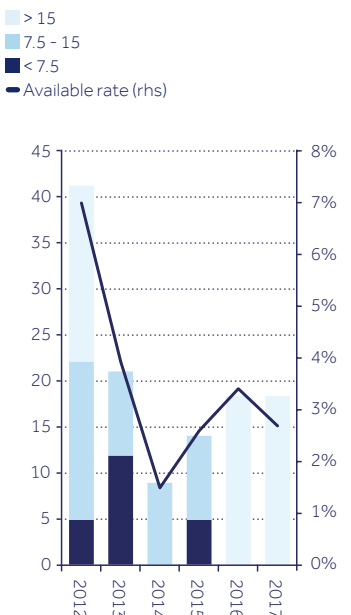


Prime bulky Epsf **£21.00 ▼**  
Open A1 **£35.00 ▼**  
DIY **£16.00 ▼**  
Annualised growth rate **2.7% p.a**

## Chelmsford

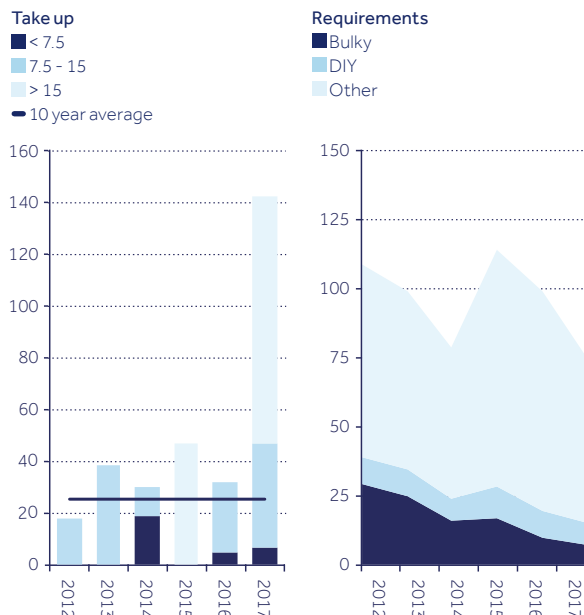
Opening of Clock Tower Retail Park boosts take up to 142,820 sq ft

### Retail warehouse supply (Dec 2017)



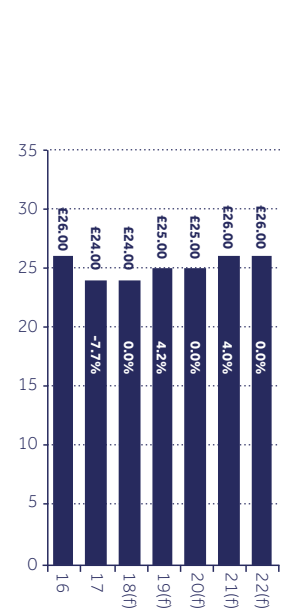
Availability 000s sq ft **18.4 ▼**  
Availability rate **3% ▼**

### Retail warehouse demand (Dec 2017)



2017 Take up 000s sq ft **142.8 ▲**  
Requirements 000s sq ft **75.0 ▼**

### Retail warehouse rents (Dec 2017)

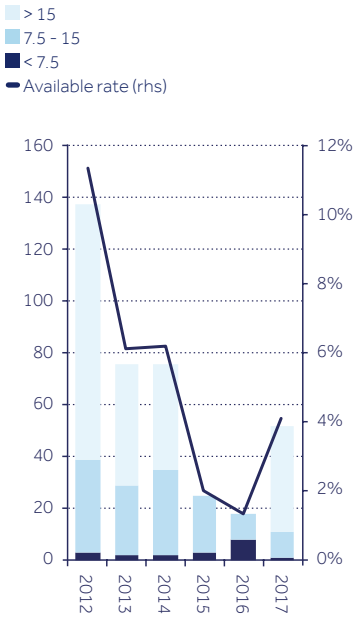


Prime bulky Epsf **£24.00 ▼**  
Open A1 **£32.50 ▼**  
DIY **£18.50 ▼**  
Annualised growth rate **1.6% p.a**

# Norwich

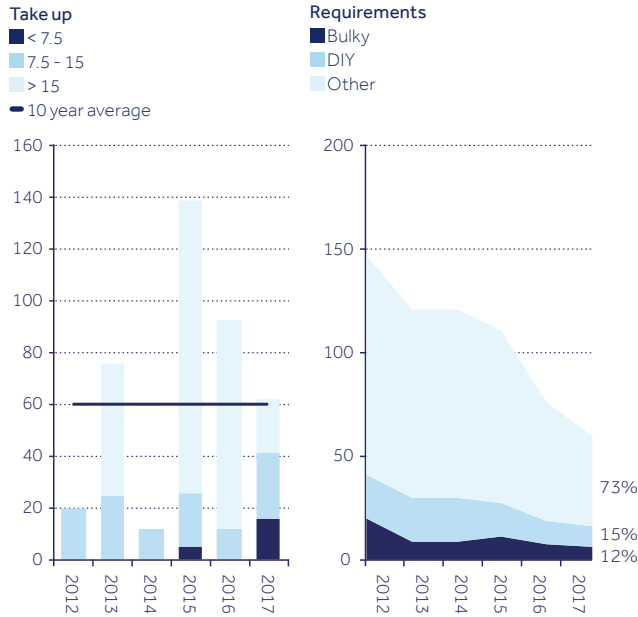
## Lettings at Sprowson Retail Park account for 67% of the year's activity

### Retail warehouse supply (Dec 2017)



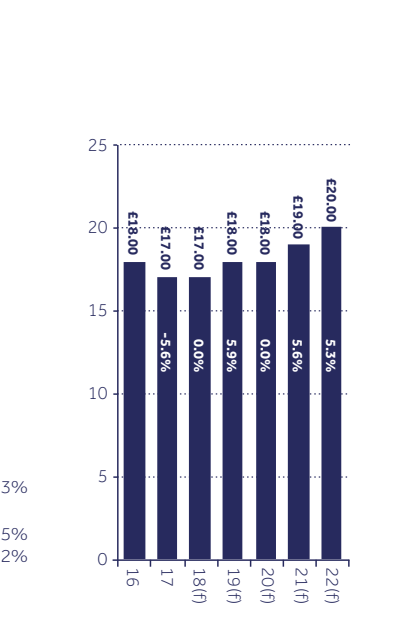
Availability 000s sq ft **50.9 ▲**  
 Availability rate **4% ▲**

### Retail warehouse demand (Dec 2017)



2017 Take up 000s sq ft **61.3 ▼**  
 Requirements 000s sq ft **60.0 ▼**

### Retail warehouse rents (Dec 2017)

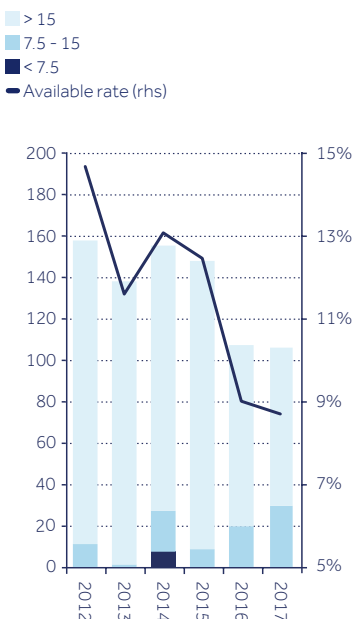


Prime bulky Epsf **£17.00 ▼**  
 Open A1 **£19.00 ▼**  
 DIY **£14.00 ▼**  
 Annualised growth rate **3.3% p.a**

# Ipswich

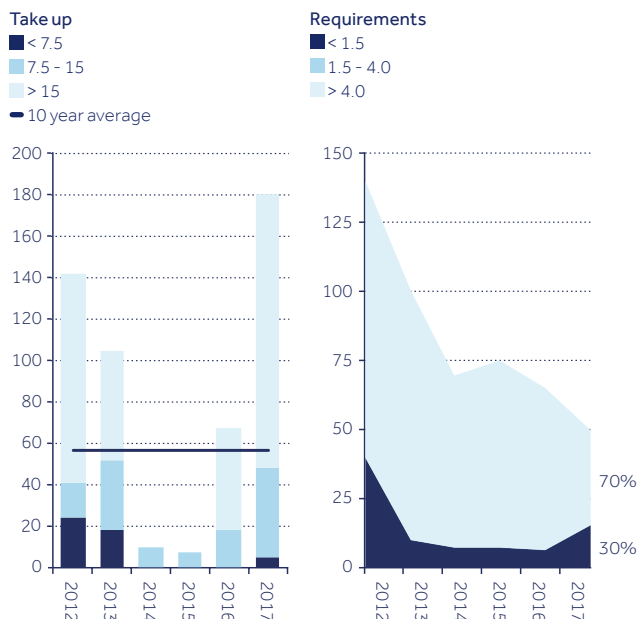
## Record year of activity focused at Anglia Retail Park (127,800 sq ft) and Martlesham Heath (52,500 sq ft)

### Retail warehouse supply (Dec 2017)



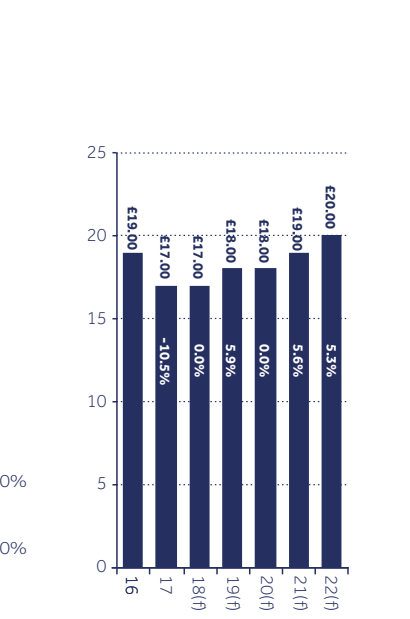
Availability 000s sq ft **104.9 ▼**  
 Availability rate **9% ▼**

### Retail warehouse demand (Dec 2017)



2017 Take up 000s sq ft **180.3 ▲**  
 Requirements 000s sq ft **50.0 ▼**

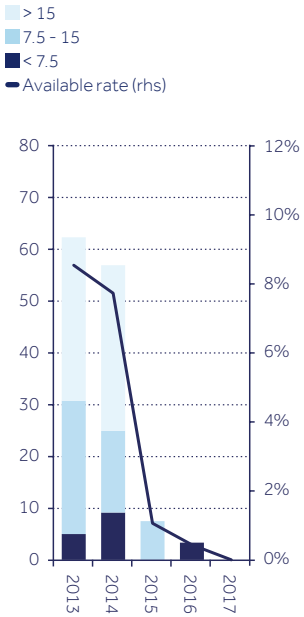
### Retail warehouse rents (Dec 2017)



Prime bulky Epsf **£17.00 ▼**  
 Open A1 **£25.00 ▼**  
 DIY **£14.00 ▼**  
 Annualised growth rate **3.3% p.a**

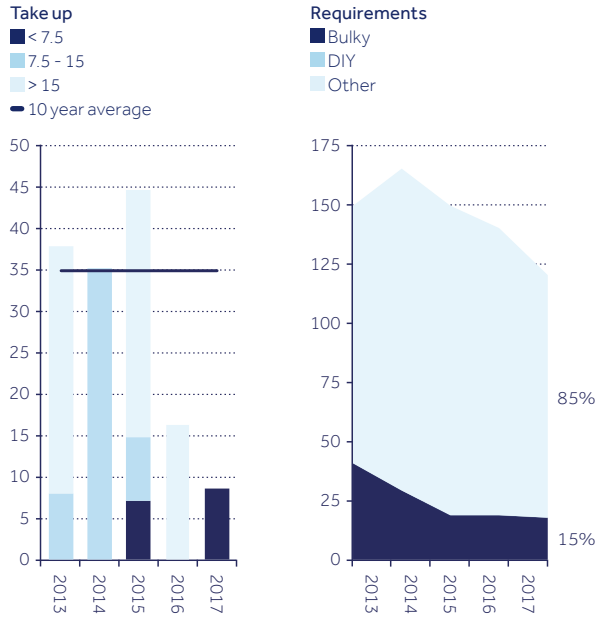
## Last available unit of 3,670 sq ft let to Shoe Zone at Templars Shopping Park

Retail warehouse supply (Dec 2017)



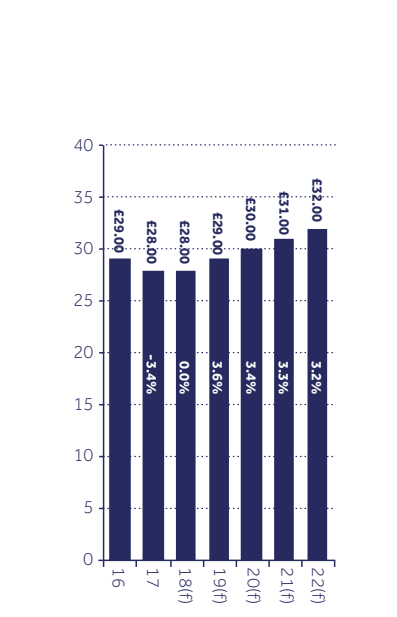
Availability 000s sq ft 0.0 ▼  
 Availability rate 0% ▼

Retail warehouse demand (Dec 2017)



2017 Take up 000s sq ft 8.7 ▼  
 Requirements 000s sq ft 120.0 ▼

Retail warehouse rents (Dec 2017)



Prime bulky Epsf £28.00 ▼  
 Open A1 £42.50 ▲▲  
 DIY £20.00 ▲▲  
 Annualised growth rate 2.7% p.a



## Bidwells

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is now available on our website  
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Cover image: The Clock Tower Retail Park, Chelmsford ©Urban Edge

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