

These materials are the property of CoStar Group.  
No redistribution without permission.

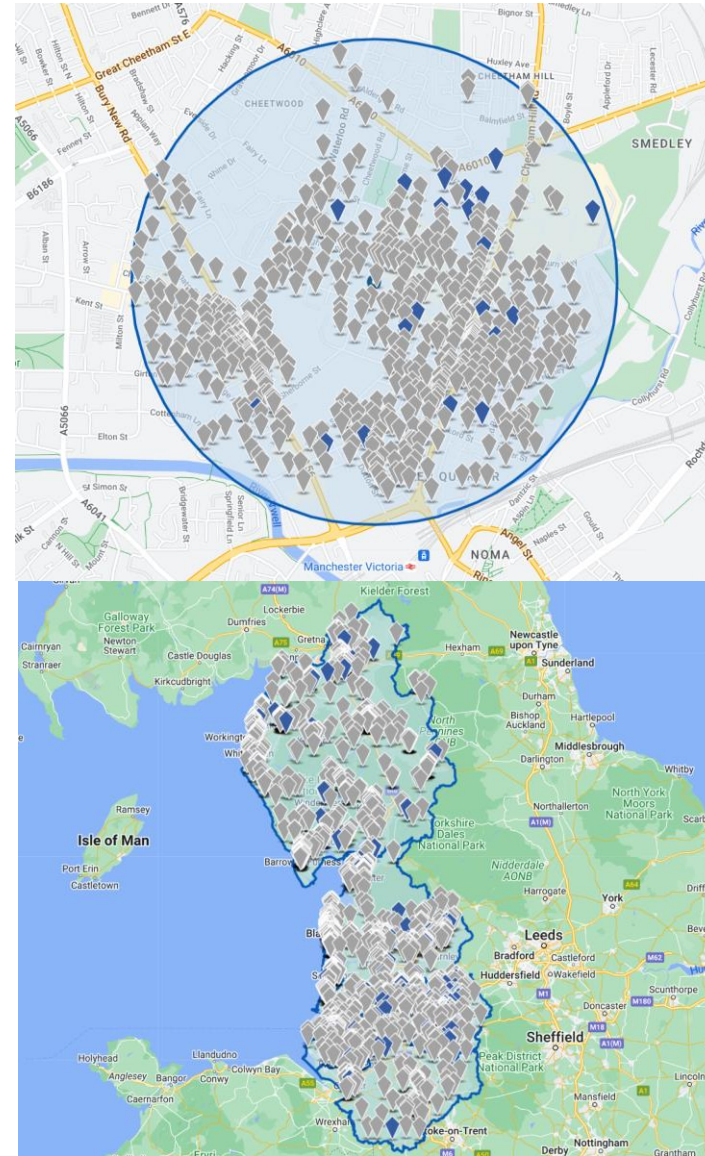


# Key Trends in UK Retail Property

**Mark Stansfield,  
Senior Director of UK Analytics**



# Analytics driven by buildings: 310,000 retail units across the UK



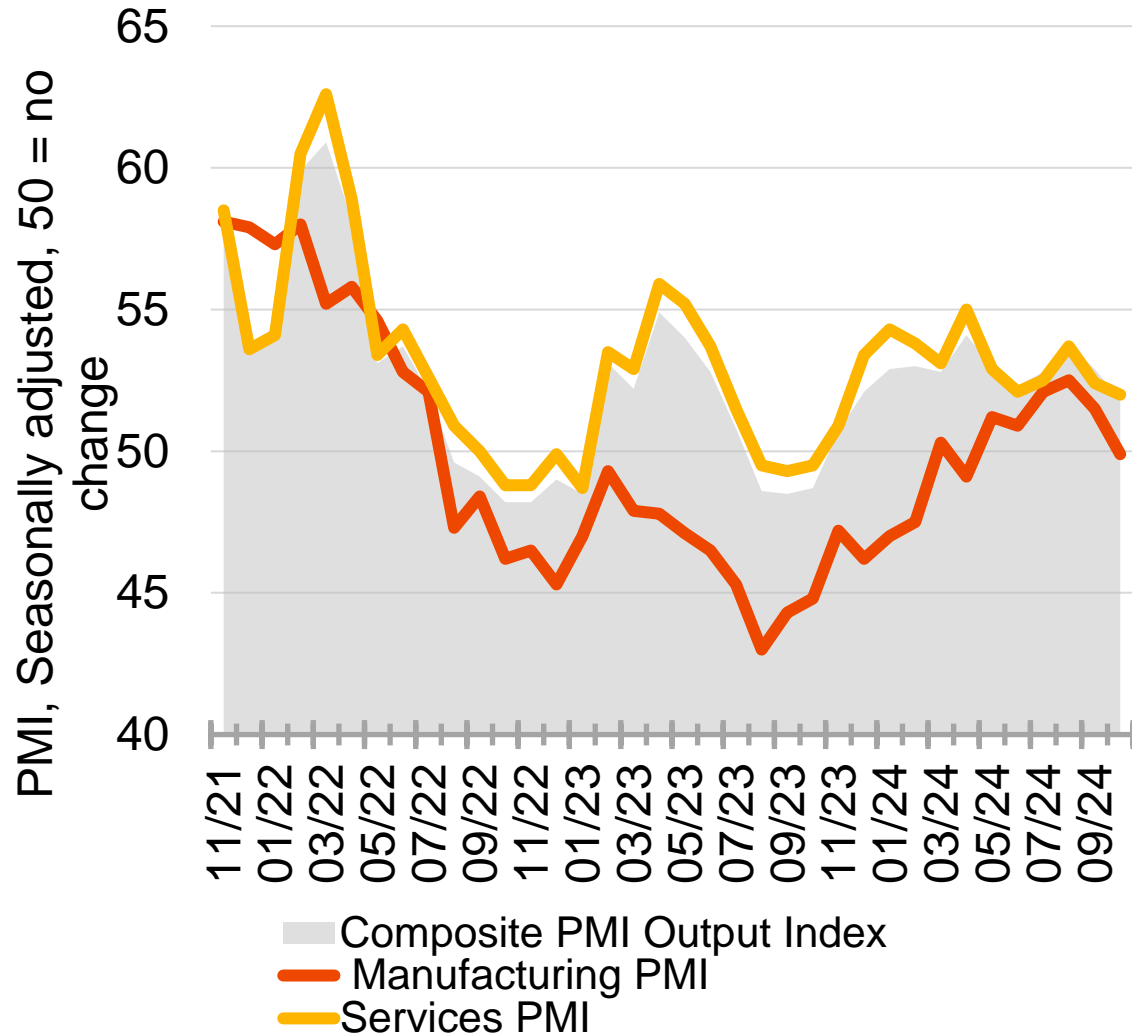
# Key trends in UK retail property

---

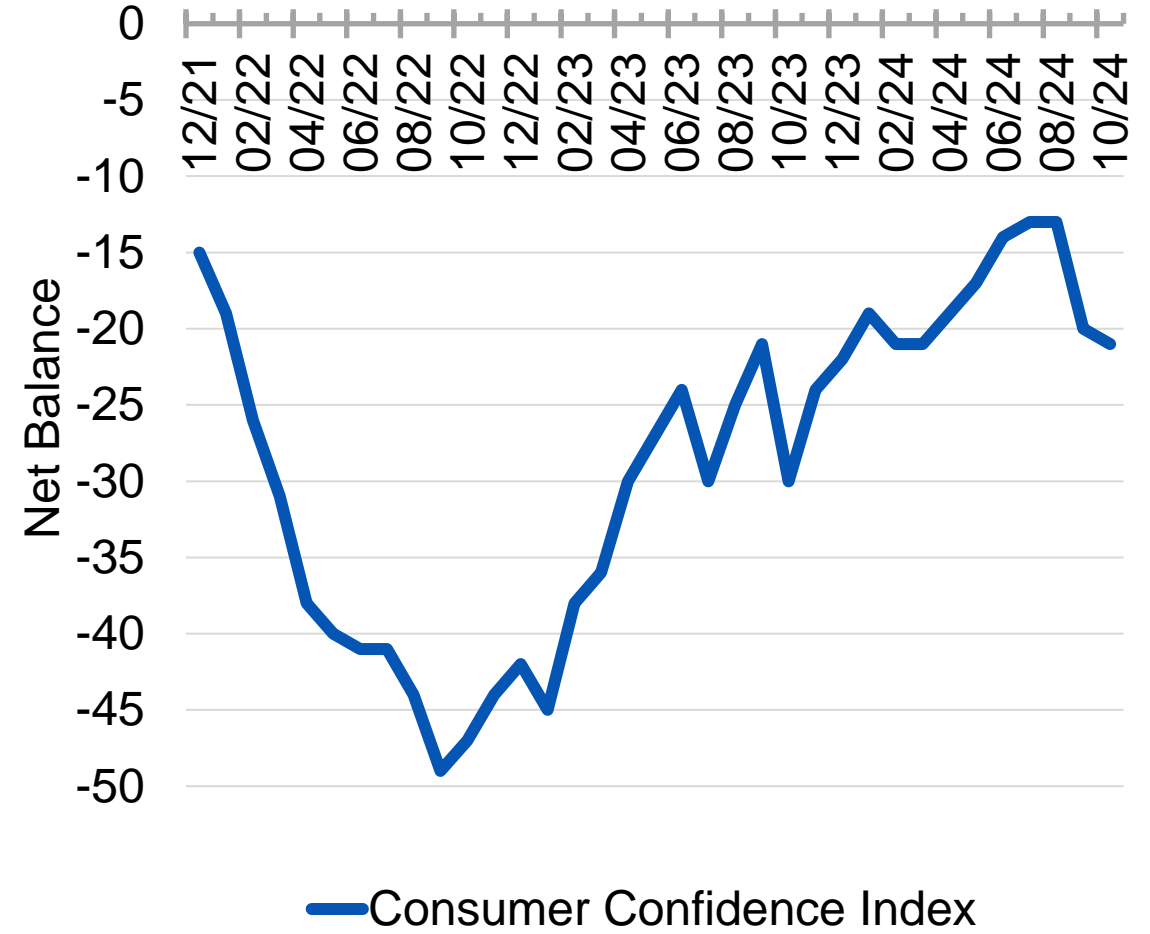
1. UK economy has lost some momentum but brighter days ahead

# Key sentiment indicators have ticked down

S&P Global Flash UK PMI

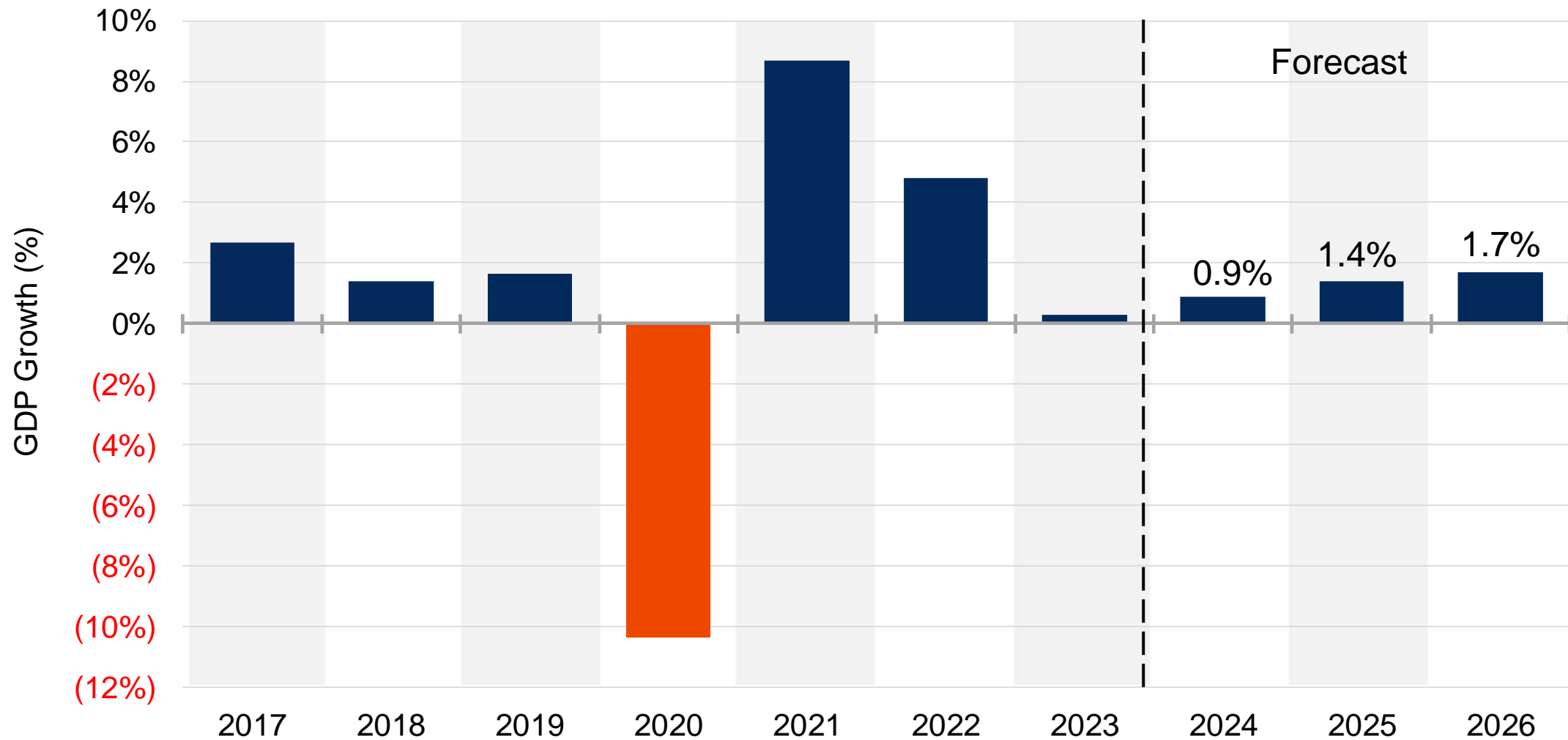


GfK Consumer Confidence Barometer



Source: GfK; S&P Global

# But 2024 better than expected and brighter days ahead



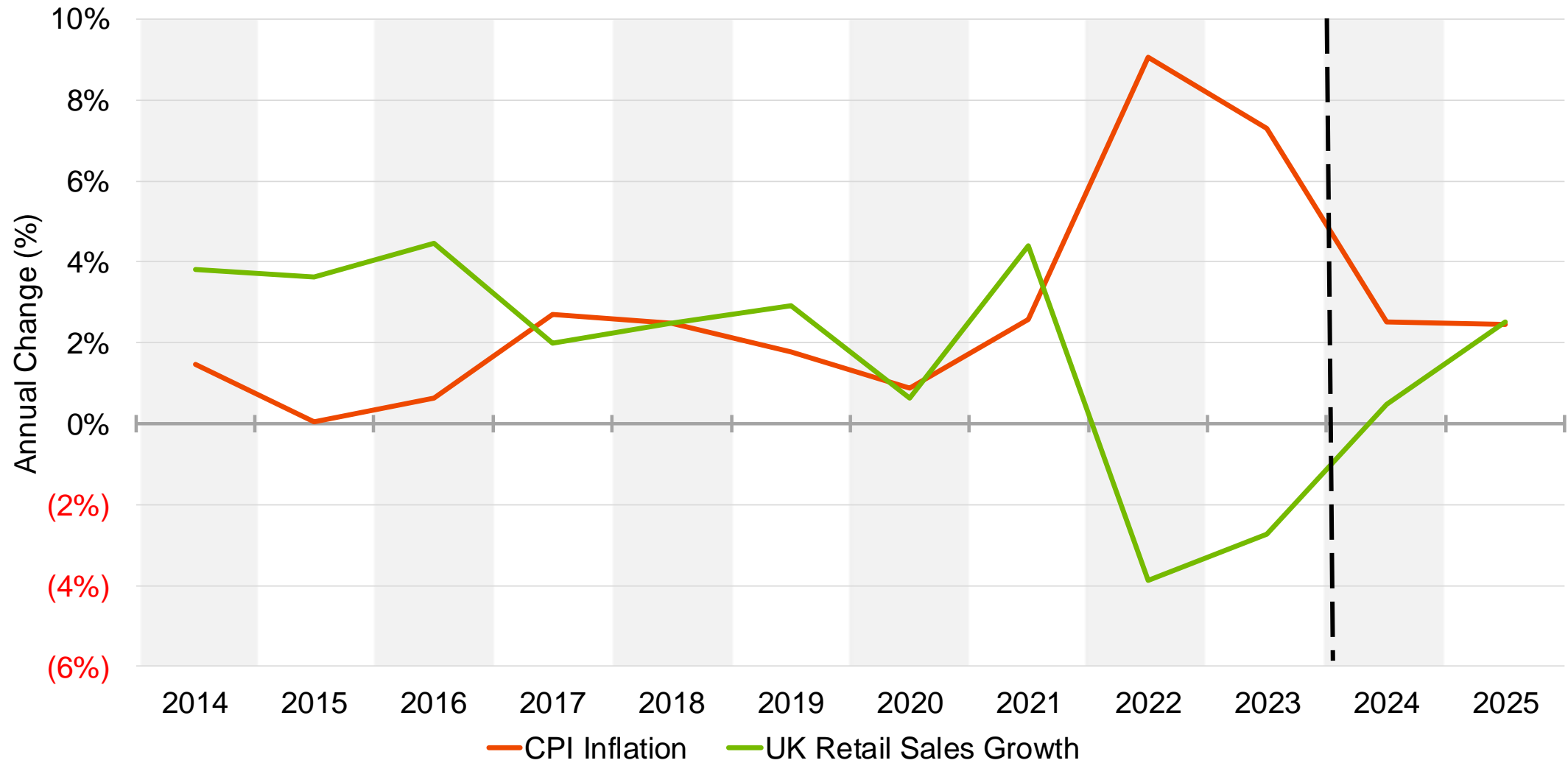
# Key trends in UK retail property

---

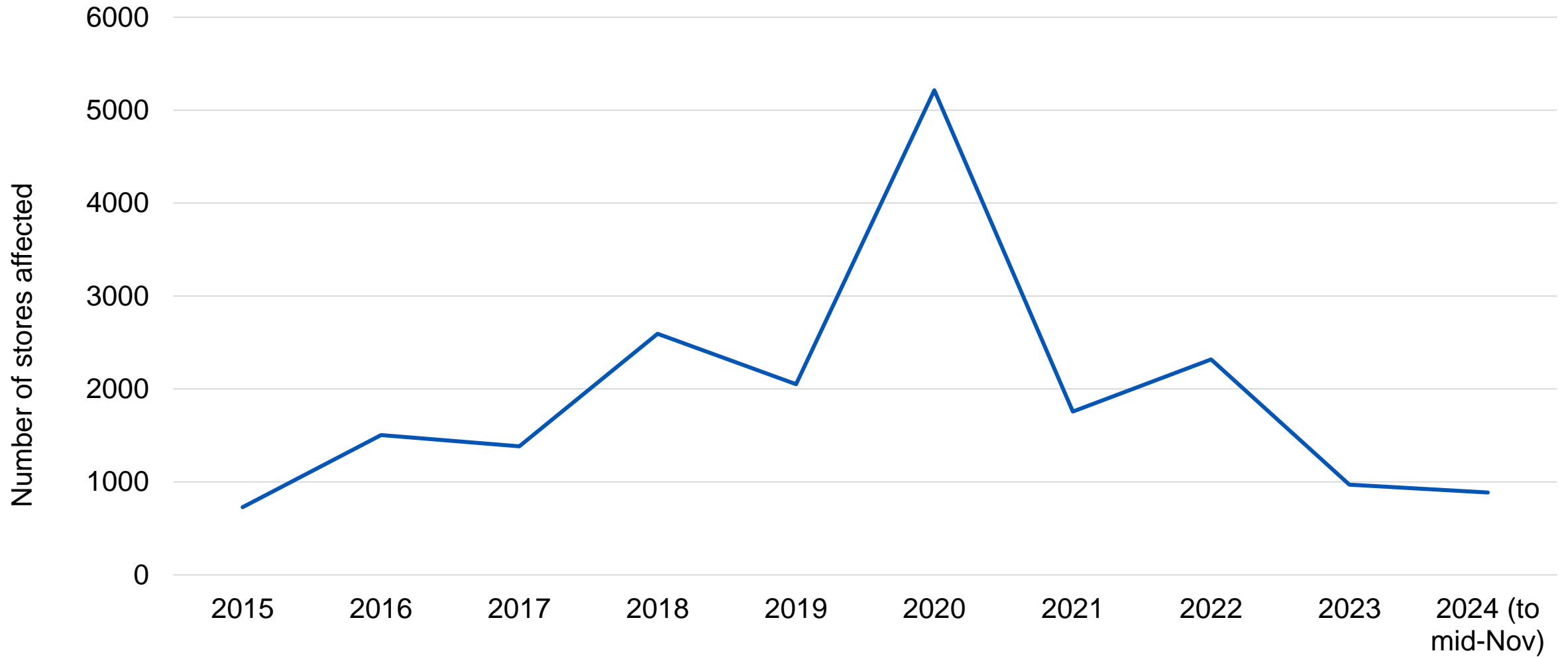
1. UK economy has lost some momentum but brighter days ahead

**2. Retail conditions are improving**

# Inflation has fallen and retail sales growth turning positive

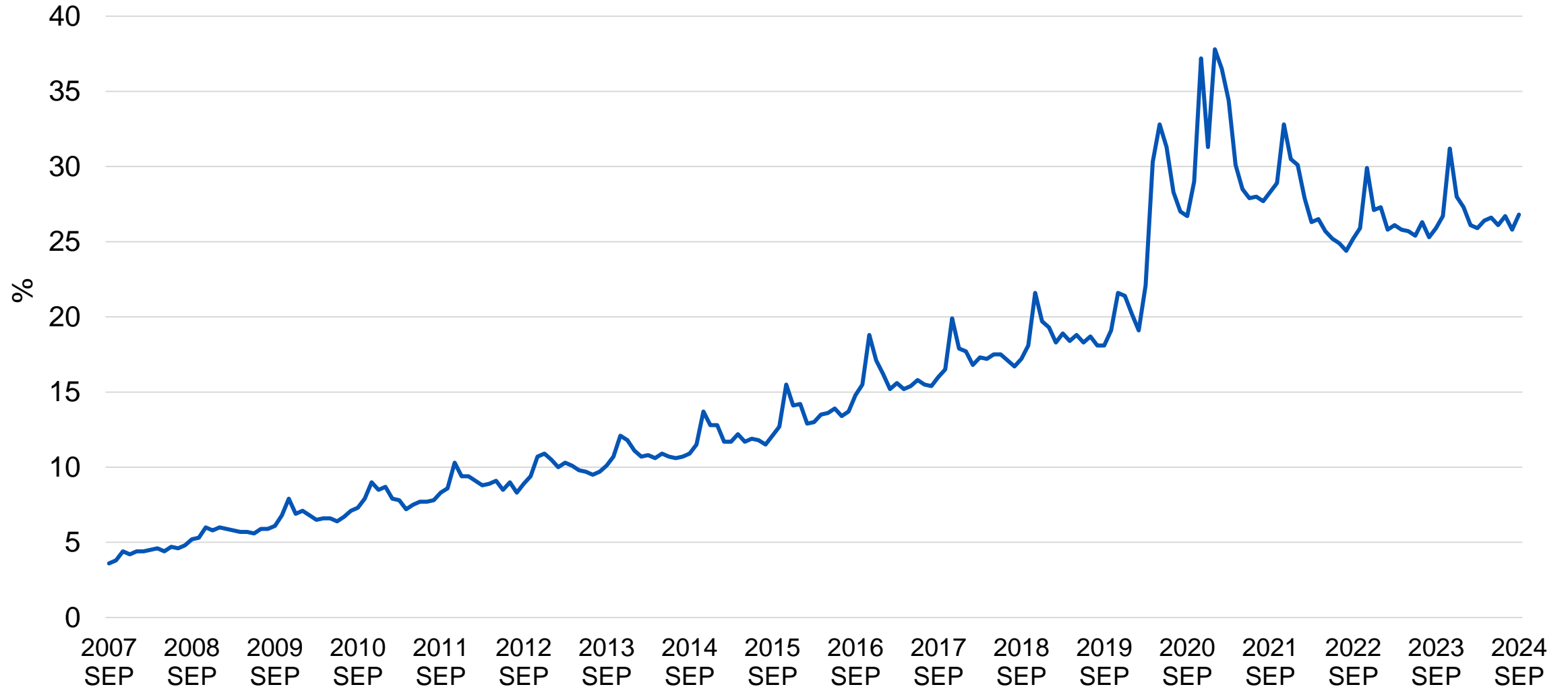


# Fewer store closures in 2024





# Internet sales as a % of total retail sales has plateaued



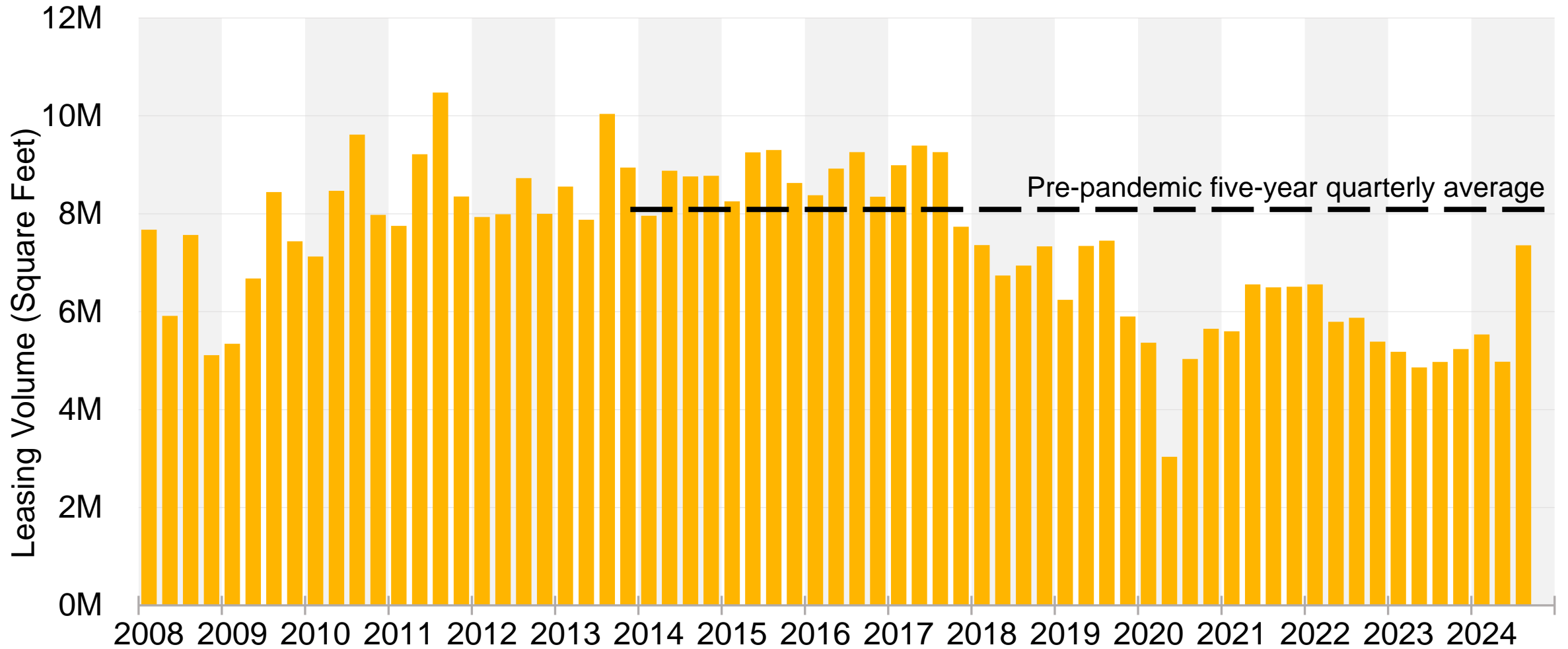
Source: ONS

# Key trends in UK retail property

---

1. UK economy has lost some momentum but brighter days ahead
2. Retail conditions are improving
- 3. Leasing activity is rising and some parts of the market are outperforming**

# UK retail take-up rose sharply in Q3 2024



# Retailers are expanding/upgrading units in prime shopping centres

---

2 July 2024 | By Luke Haynes

## M&S Sweeps Up Vacant Department Stores for Flagship Schemes

Retailer Taking 200,000 Square Feet Across Bath and Bristol in Deals With British Land and Hammerson

High street retailer Marks & Spencer has taken a 120,000-square-foot lease at the former Debenhams store at SouthGate Bath shopping centre and is returning to Bristol's Cabot Circus, to strengt ...



8 August 2024 | By Paul Norman

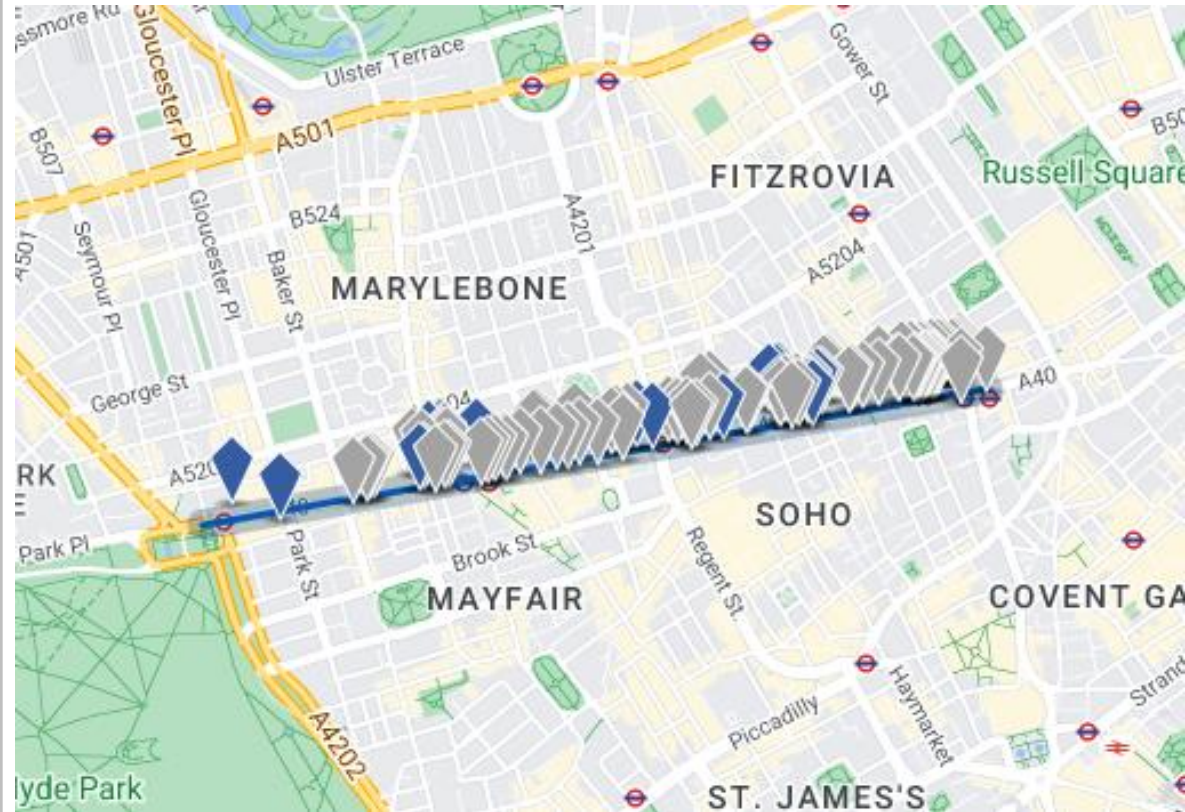
## Watford's Former John Lewis Fills Up With Leisure Operator

Flip Out Joins Dunelm, B&M and Poundland at Vacated Atria Watford Space

Leisure operator Flip Out has taken a large slice of the former John Lewis department store at the Atria Watford shopping centre in Hertfordshire.



# Revival of prime high streets: Oxford Street availability has sunk



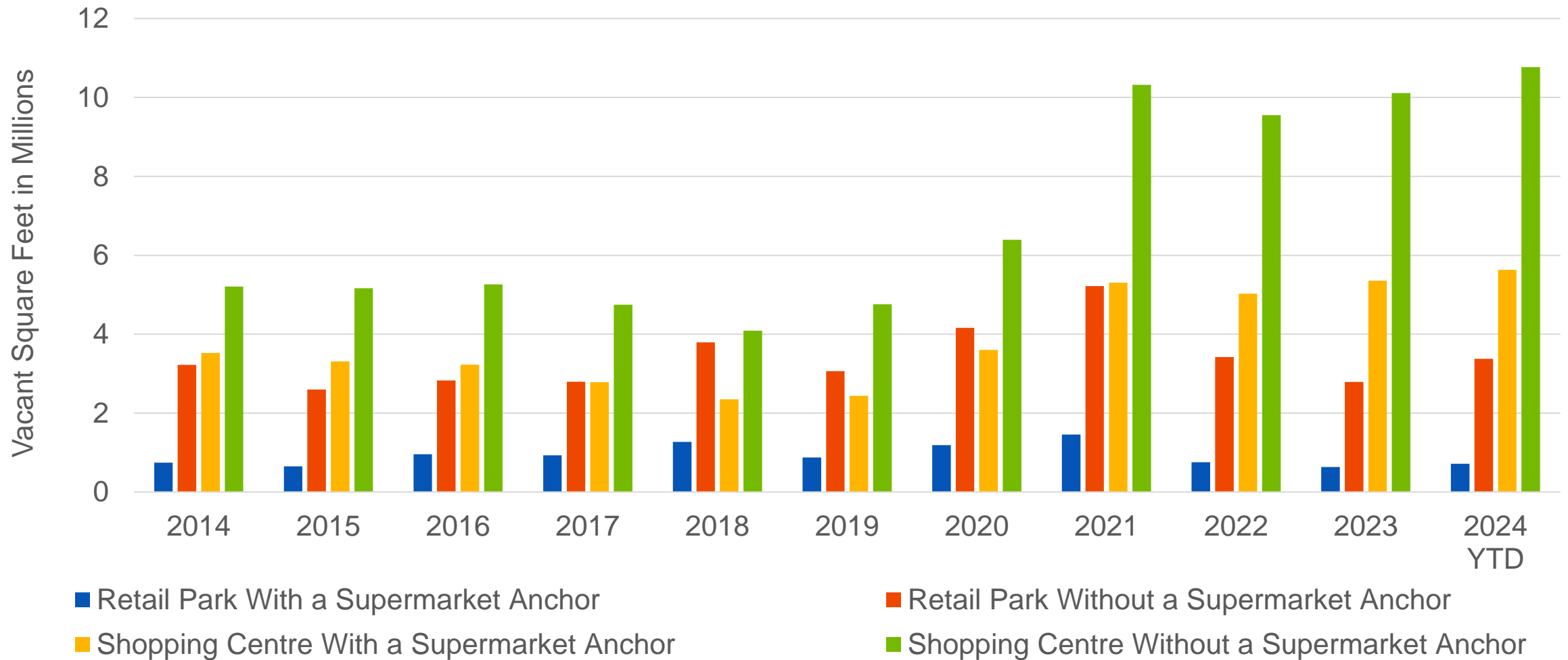
Availability Rate



# Retail park availability has risen but remains historically low



# Food store anchored retail centres faring best for occupancy



# Key trends in UK retail property

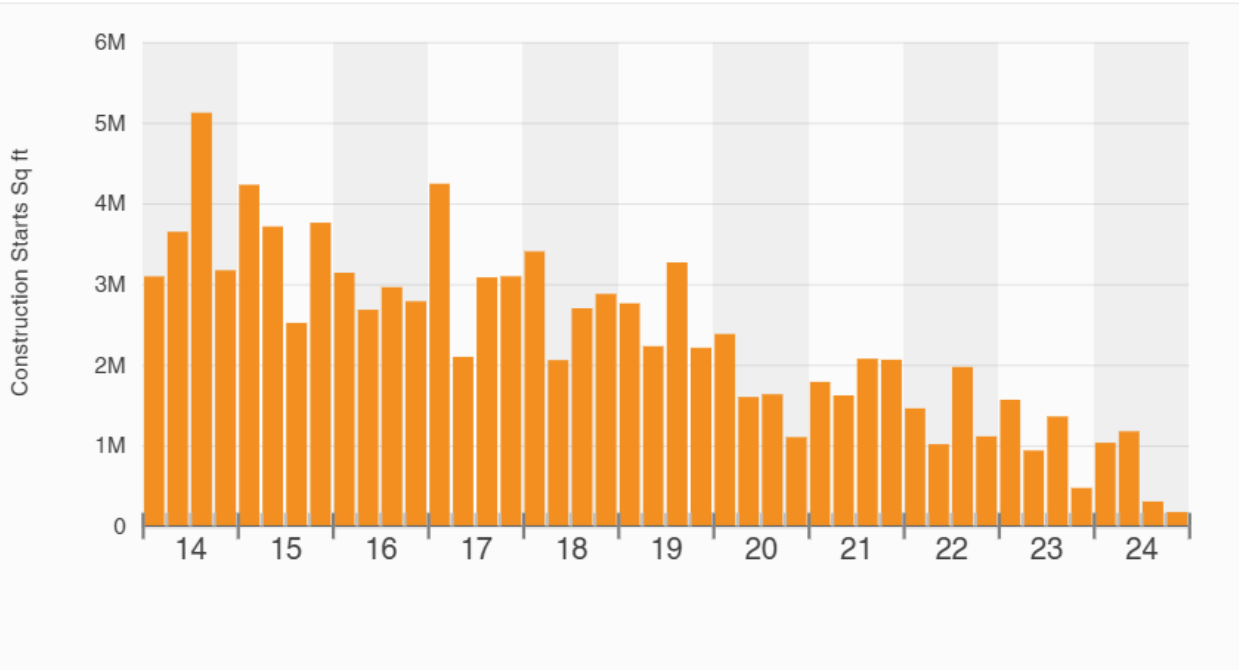
---

1. UK economy has lost some momentum but brighter days ahead
2. Retail conditions are improving
3. Leasing activity is rising and some parts of the market are outperforming
- 4. Vacancy rate supported by slowdown in new development**

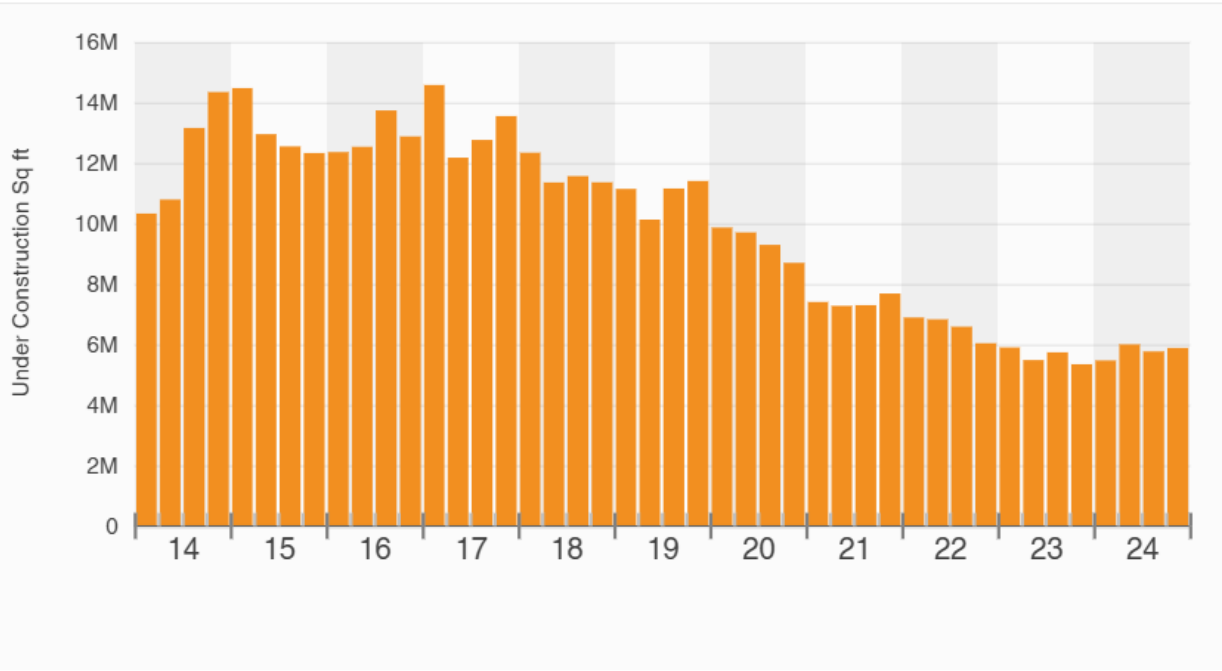


# Retail construction is running at record low levels

Construction Starts



Under Construction



# Repurposing of redundant retail space continues apace

---

4 November 2024 | By Paul Norman

## Landsec lodges plans for residential-led makeover of Lewisham Shopping Centre

Plans include 1,700 homes, coliving spaces and student homes

Landsec's regeneration arm LandsecU+I has submitted a hybrid planning application to redevelop Lewisham shopping centre in London with a residential-led town centre district.



15 January 2024 | By Luke Haynes

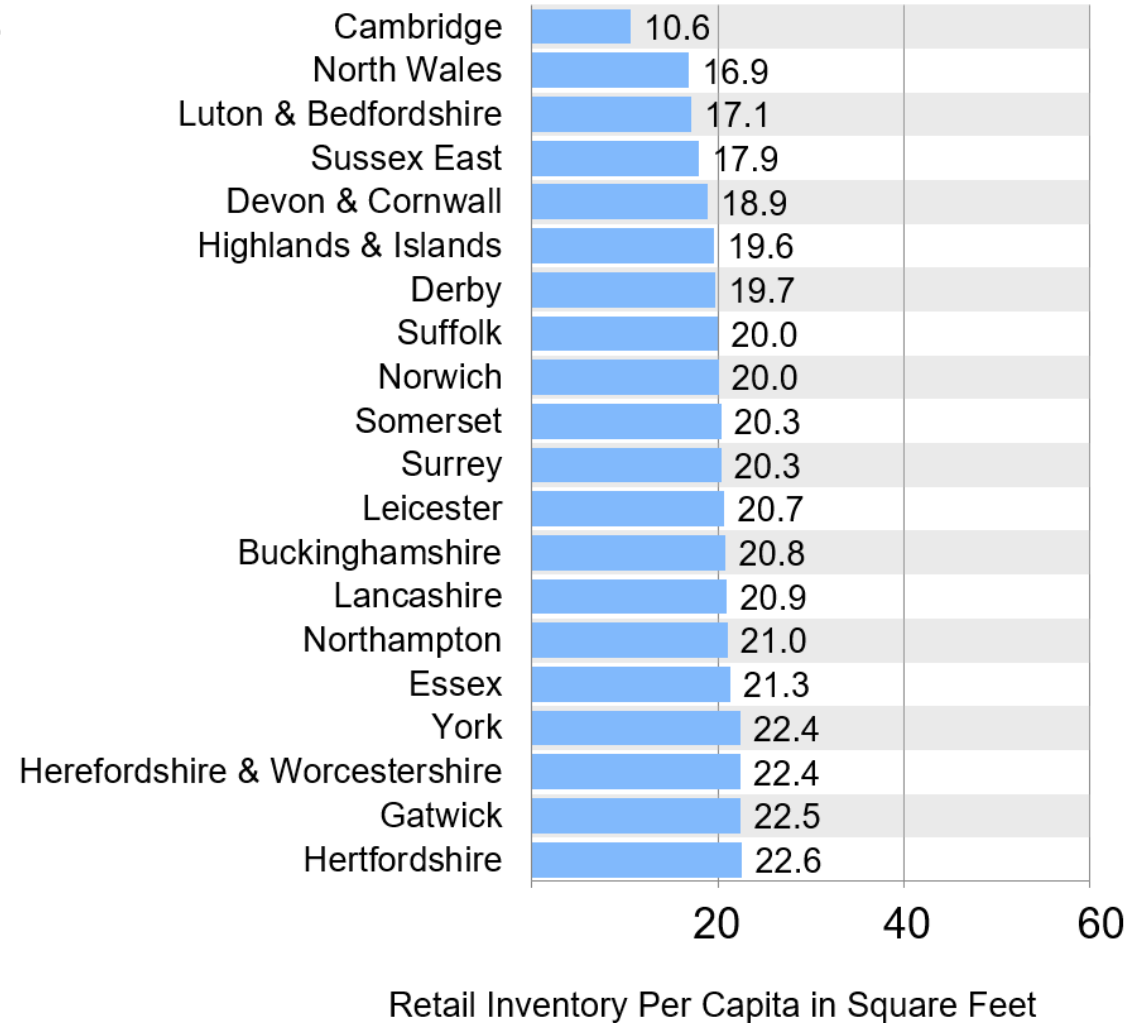
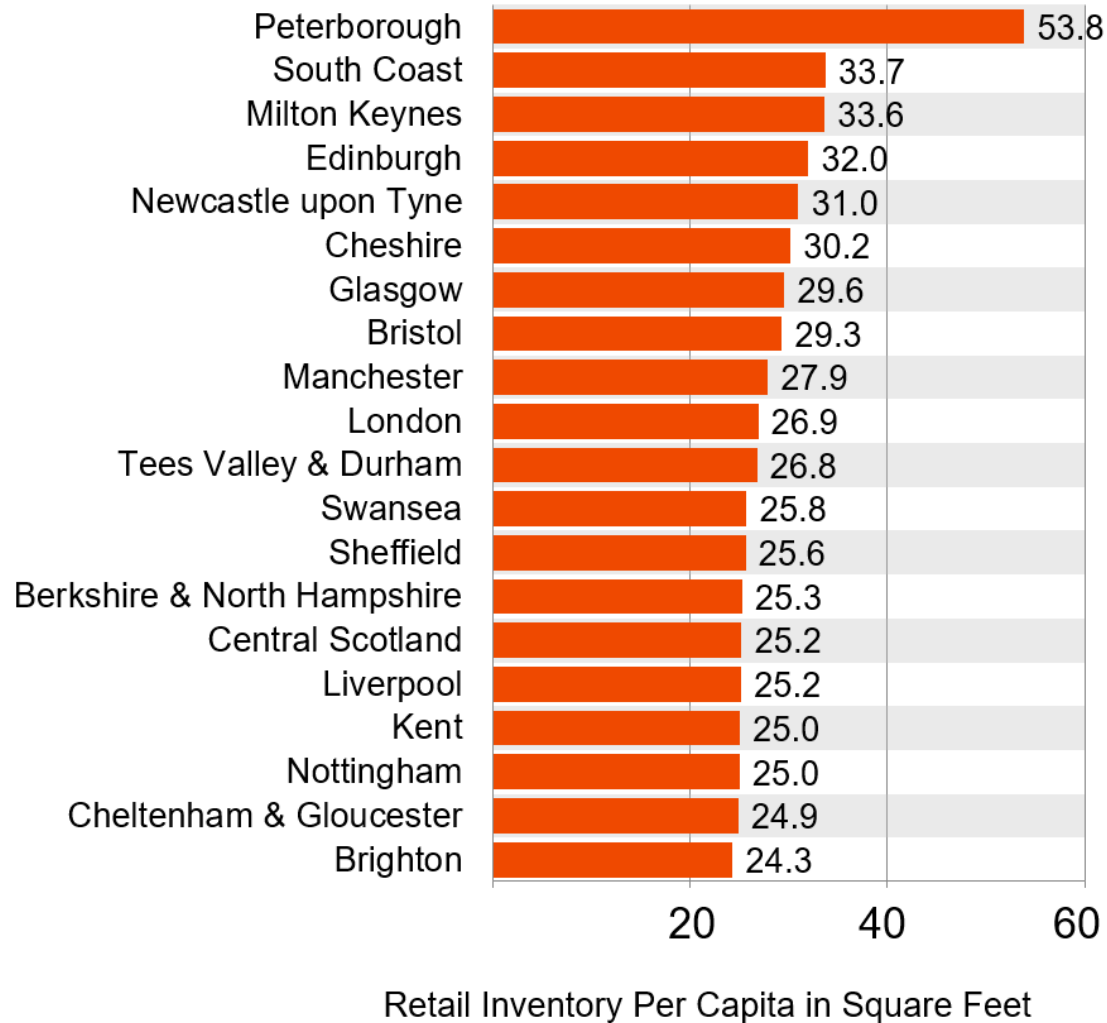
## Green Light for £250 Million Makeover of Major Edinburgh Retail Centre

Ocean Terminal Is Getting Circa 600 Residential Properties and Better Access to the Port

Edinburgh City Council has approved plans for the redevelopment of the Ocean Terminal shopping centre on the Leith waterfront, which would add hundreds of residential properties and new co ...



# Some parts of the country are undersupplied

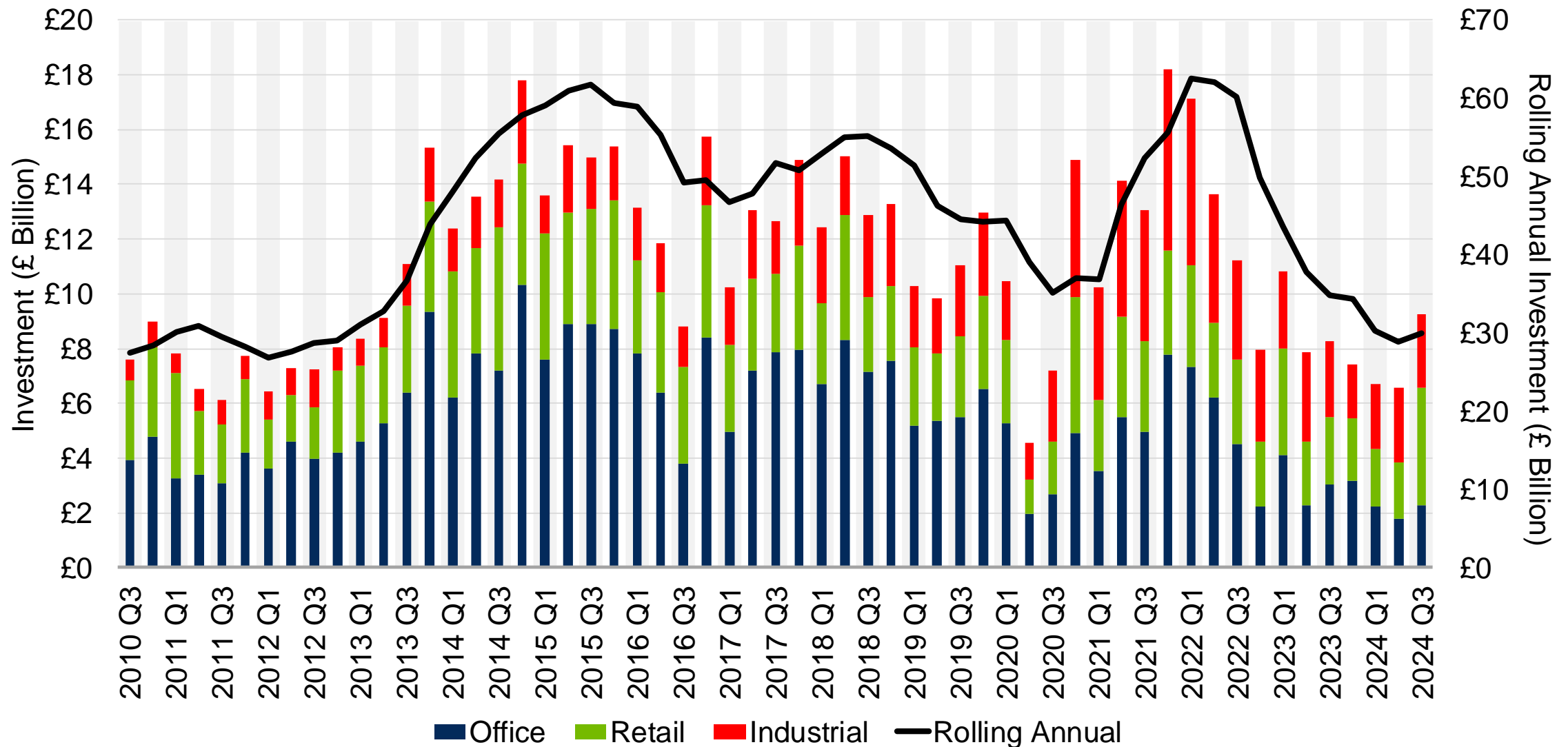


# Key trends in UK retail property

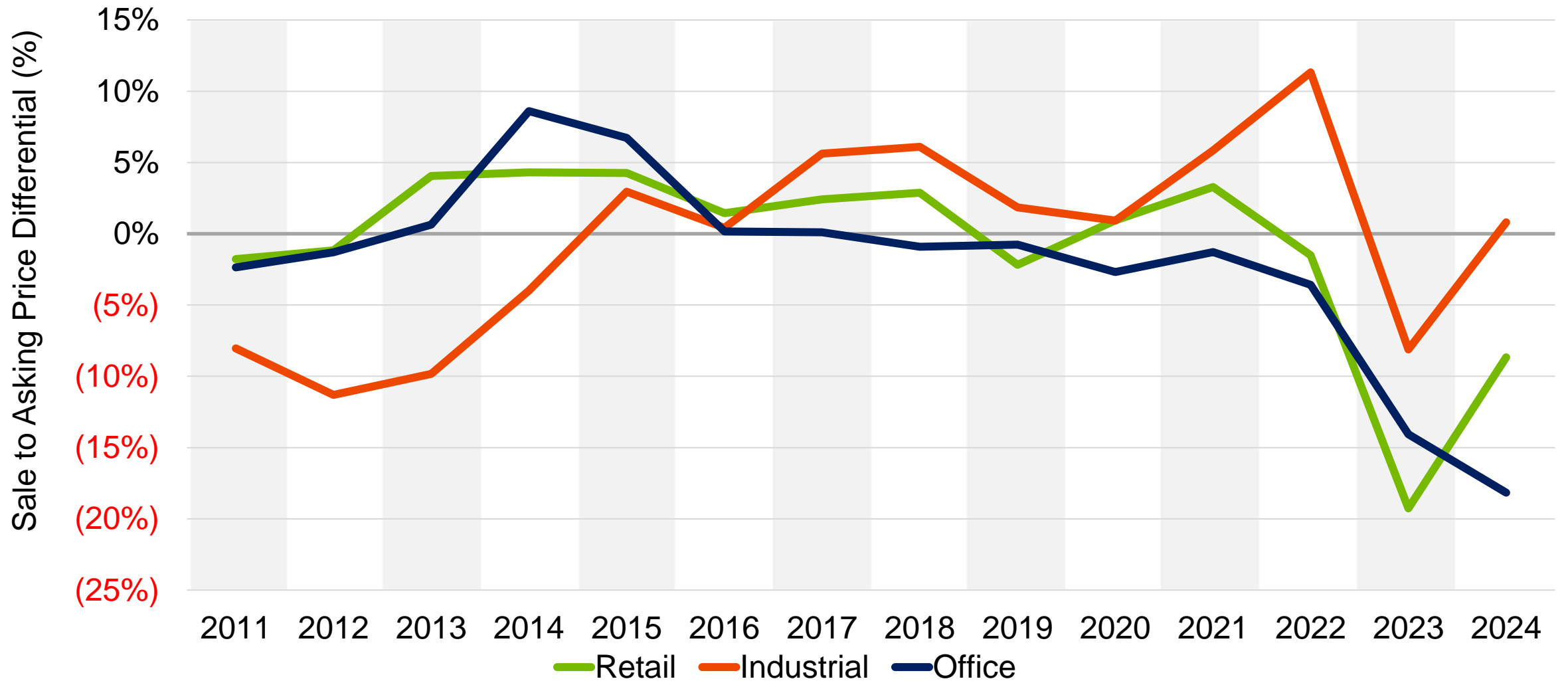
---

1. UK economy has lost some momentum but brighter days ahead
2. Retail conditions are improving
3. Leasing activity is rising and some parts of the market are outperforming
4. Vacancy rate supported by slowdown in new development
- 5. Investment picking up from low levels and prices have stabilised**

# Recent revival in deal activity should persist into 2025



# Sale-to-asking price spread has narrowed for retail property



# Pricing has fully recovered on a busy Bond Street



Sold June 2024 • £71M (£5.5K/Sq ft)  
2.78% Yield

126-127 New Bond St  
London W1S 1DZ  
12,900 Sq ft • Storefront Retail • Built 1885



+ VIEW MORE



Sold May 2024 • £82M (£24.4K/Sq ft)  
2.28% Yield

178 New Bond St  
London W1S 4RL  
3,364 Sq ft • Storefront Retail • Built 1853



+ VIEW MORE



Sold April 2024 • £226.5M (£7.3K/Sq ft)  
2.6% Yield

130-134 New Bond St  
London W1S 2TH  
31,131 Sq ft • Retail • Built 1914



+ VIEW MORE

# Retail parks are selling quickly and holding their value



Tandem Centre, Colliers Way, London

**£60.8m (6% NIY)**

Bought by Abrdn at above asking price having spent only 122 days on the market.



Brunel Retail Park, Reading

**£25m (6% NIY)**

Bought by Aviva at above March 2020 sale price having spent only 90 days on the market.



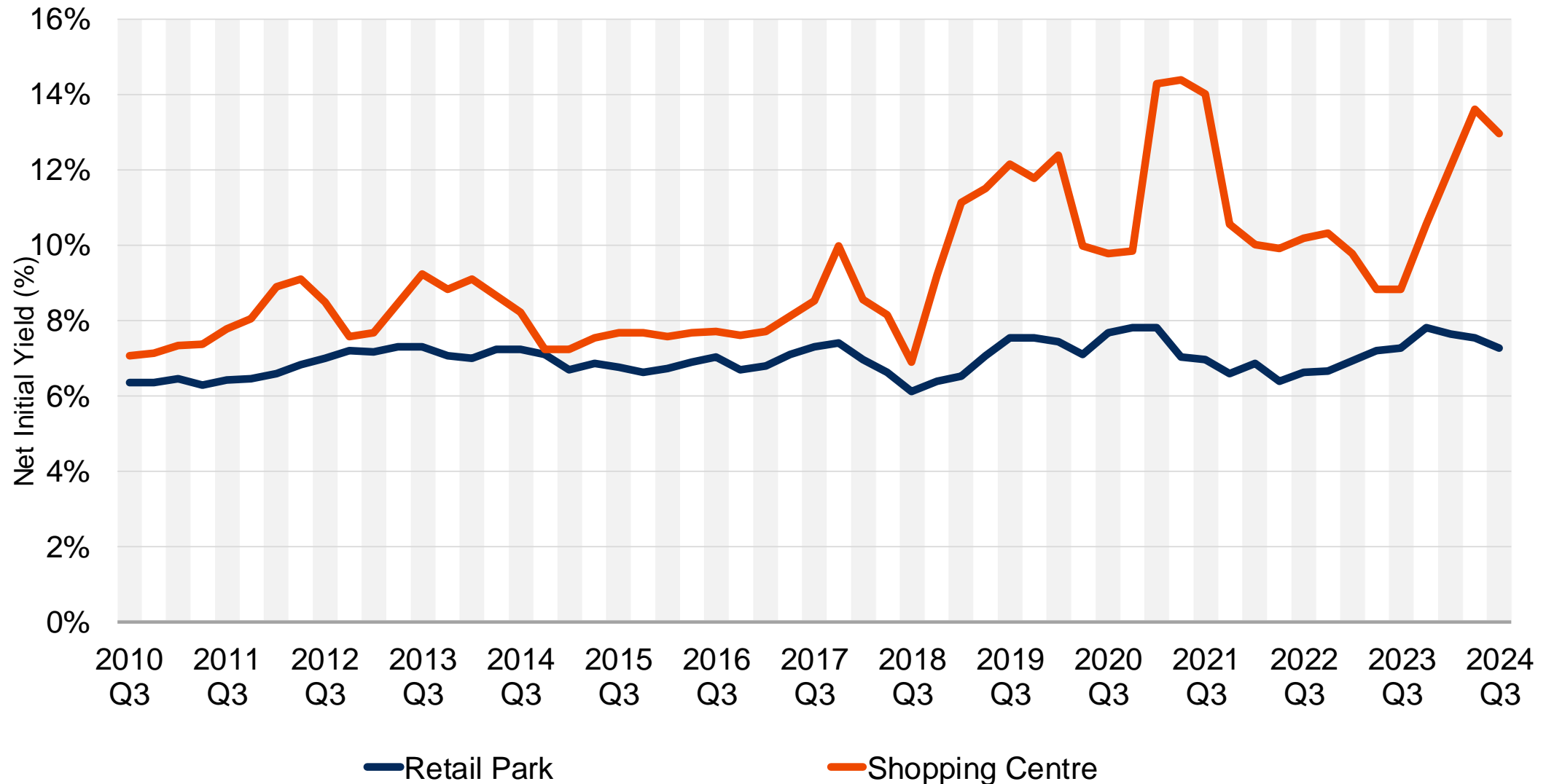
Ventura Retail Park, Tamworth

**£38.6m (7.4% NIY)**

Bought by Warehouse REIT for income growth potential at hefty £322 per SF.

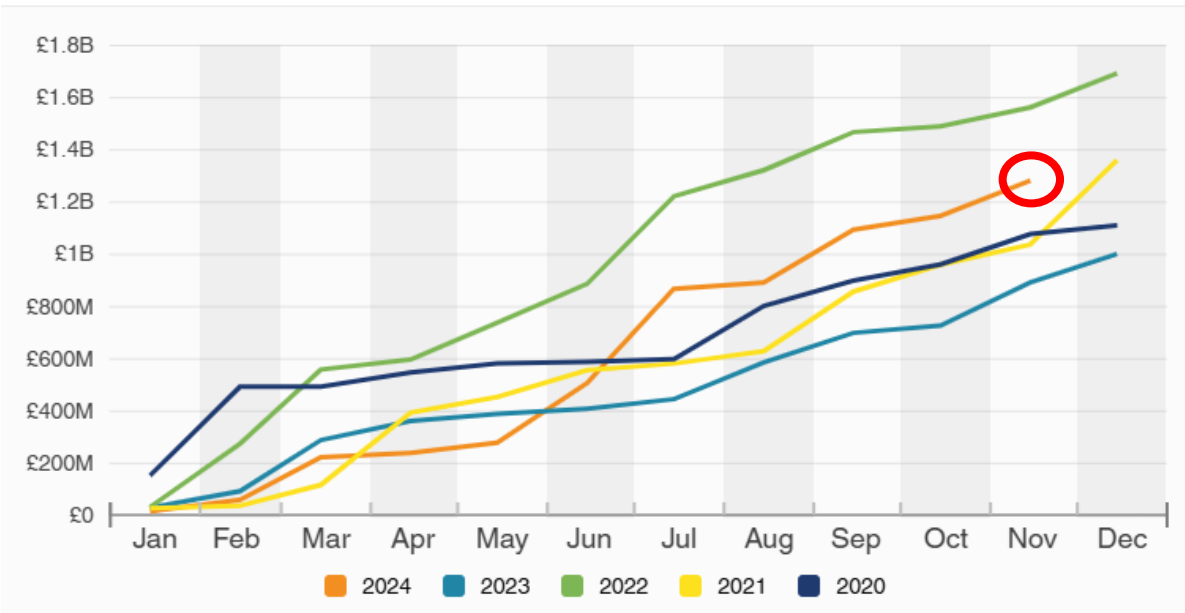


# Have shopping centre yields finally turned a corner?



# Many mall owners have crystallised heavy losses in 2024

Cumulative Sales Volume By Year



19 September 2024 | By Mark Stansfield

## Shopping centre owners take the hit as values slump by nearly 60% on average

Malls are trading at a fraction of prior sale prices as buyers sense bargains

In a quiet commercial property investment market, one type of deal gaining traction this year is the sale of shopping centres, many of which are changing hands at a fraction of their previous...



5 August 2024 | By Paul Norman

## Evolve Buys Sunderland Shopping Centre as Investment Activity Continues Pick-Up

The Mall Traded 10 Years Ago for £152 Million

Evolve Estates has bought the 595,000-square-foot The Bridges Shopping Centre in Sunderland.



# Key trends in UK retail property

---

1. UK economy has lost some momentum but brighter days ahead
2. Retail conditions are improving
3. Leasing activity is rising and some parts of the market are outperforming
4. Vacancy rate supported slowdown in new development
5. Investment picking up from low levels and prices have stabilised
- 6. Risks on the horizon**

# Some risks on the horizon

---



Geopolitics and the unknown unknowns



Return of inflation holds back spending and keeps rates higher for longer



Tax/wage rises erode retailer profit margins leading to more store closures

# THANK YOU

## Disclaimer

These CoStar Europe materials contain financial and other information from a variety of public and proprietary sources. CoStar Group, Inc. and its affiliates (collectively, “CoStar”) have assumed and relied upon, without independent verification, the accuracy and completeness of such third-party information in preparing these materials.

The modeling, calculations, forecasts, projections, evaluations, analyses, simulations, or other forward-looking information prepared by CoStar and presented herein (the “Materials”) are based on various assumptions concerning future events and circumstances, which are speculative, uncertain and subject to change without notice. You should not rely upon the Materials as predictions of future results or events, as actual results and events may differ materially. All Materials speak only as of the date referenced with respect to such data and may have materially changed since such date. CoStar has no obligation to update any of the Materials included in this document. You should not construe any of the data provided herein as investment, tax, accounting or legal advice.

CoStar does not represent, warrant or guaranty the accuracy or completeness of the information provided herein and shall not be held responsible for any errors in such information. Any user of the information provided herein accepts the information “AS IS” without any warranties whatsoever. To the maximum extent permitted by law, CoStar disclaims any and all liability in the event any information provided herein proves to be inaccurate, incomplete or unreliable.

© 2024 CoStar Group. No reproduction or distribution without permission.

