



Retail floorspace: what do the facts tell us?

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May 2008

Agenda

- + Forces for change in retailing
- + Implications for planning
- + National trends
- + Local issues
- + Some policy challenges

Retail floorspace: what do the facts tell us?

Retail issues: the forces for change

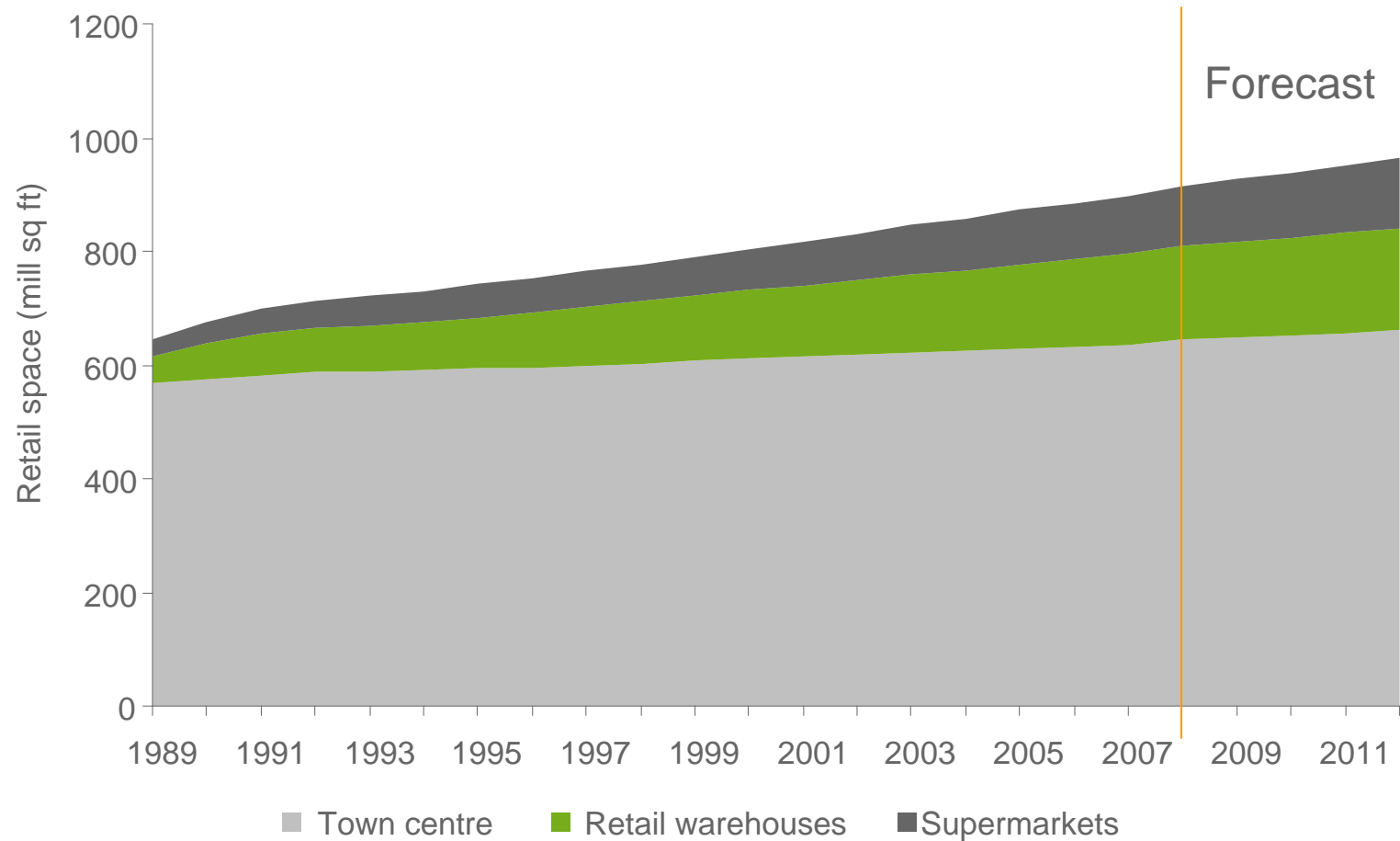
- + Goods price deflation
- + On-line revolution
- + The out-of-town 'high street'
- + The rise of the one-stop grocer
- + Changing face of neighbourhood shopping

Retail floorspace: what do the facts tell us?

Implications

- + Winners and losers from ferociously competitive trading conditions
 - Winners: Best supermarkets, 'value' retailers and on-line retailers
 - Losers: Generalists; dull fashion; furniture; electricals; music and video
- + In-store sales growth set to lag floorspace growth
- + Need to better measure and understand floorspace and sales trends
- + Policy imperatives:
 - Promote the development of efficient, modern town centre units
 - Recognise the forces for change in retailing: promote the benefits and manage the consequences
 - Understand and plan for regional shopping hierarchies
 - Develop improved data on floorspace, sales and non-store retailing

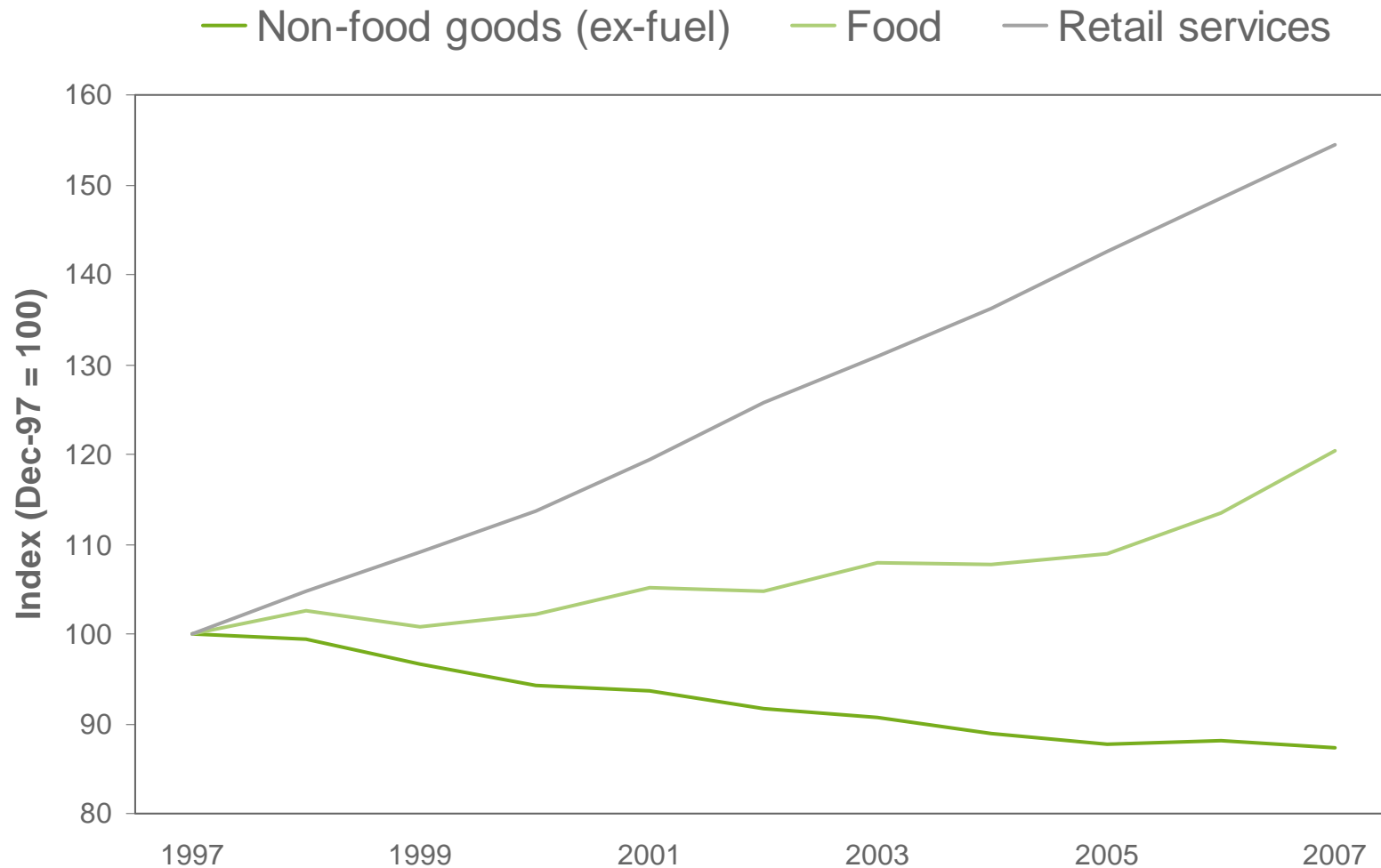
Little slowdown in floorspace growth



Source: Goodman, PMA

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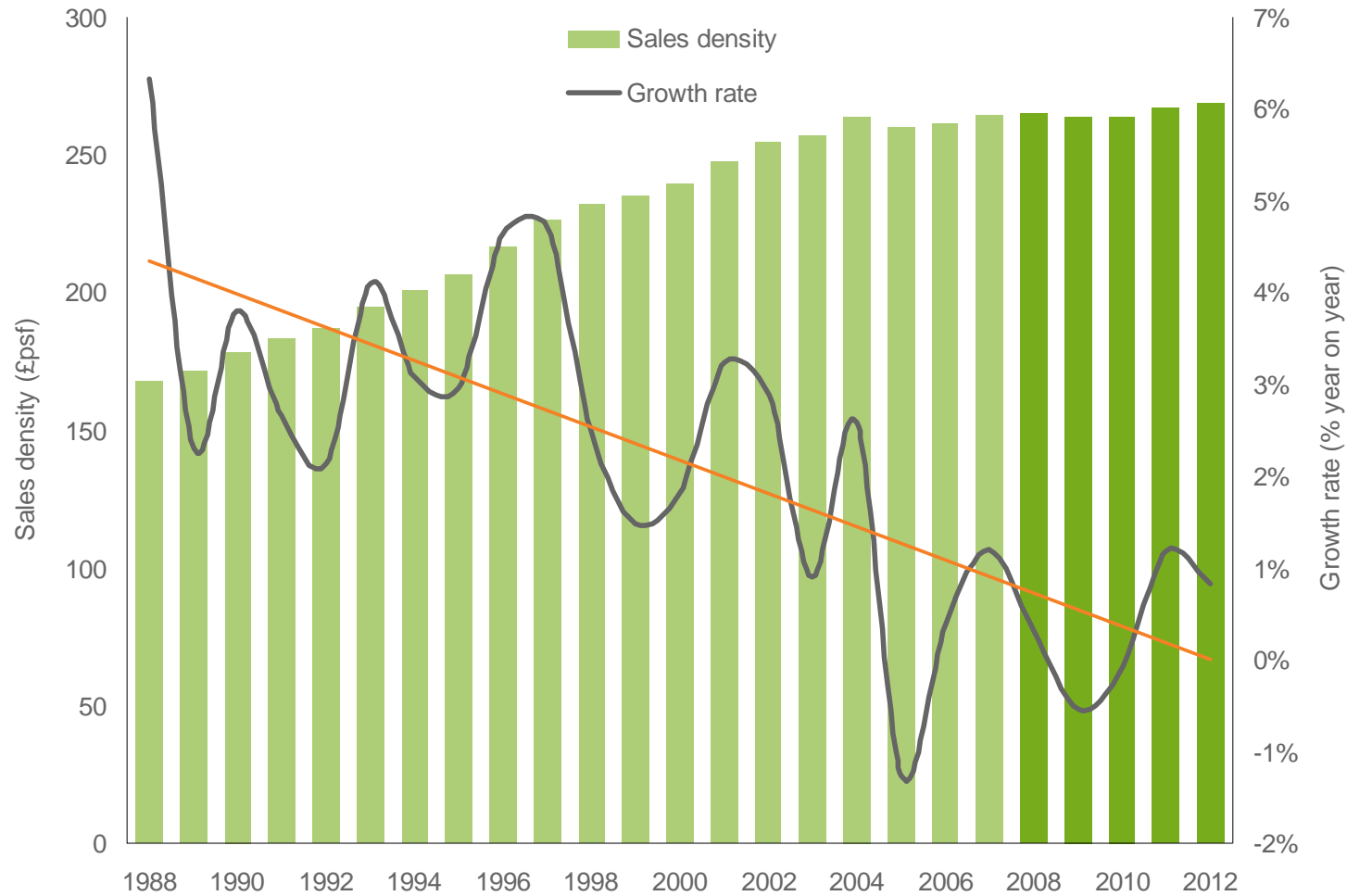
High street deflation has been persistent



Source: Reuters EcoWin, Goodman

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Sales densities are under downward pressure



Source: Goodman and Verdict

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Retailer casualties



Retail floorspace: what do the facts tell us?

Vacancy rates are accelerating



Source: IPD Monthly Index, Goodman

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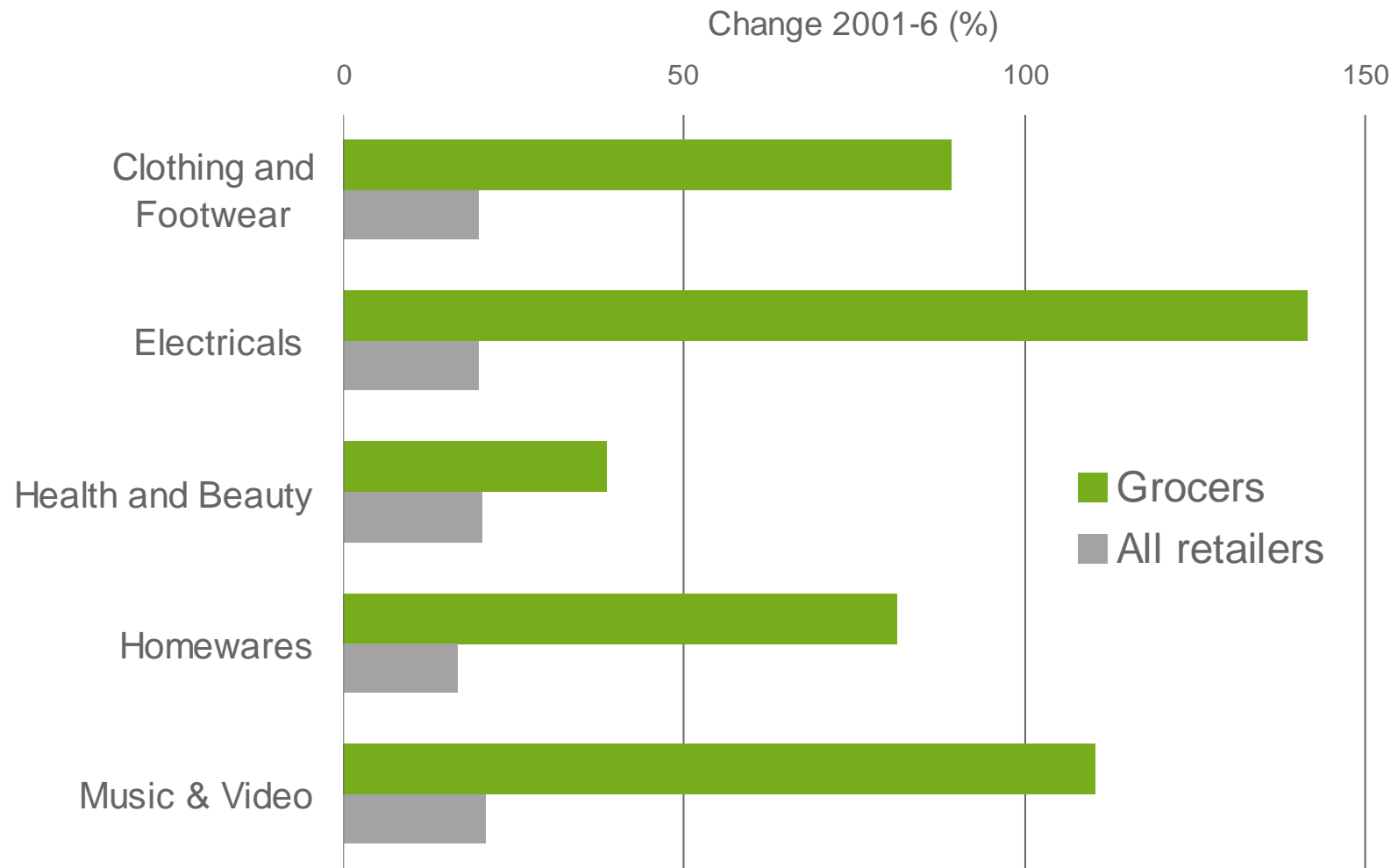
Lease lengths are shortening



Source: IPD, Goodman

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Grocers' non-food sales are still growing strongly



Source: Verdict, Goodman

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The rise of the chameleon retailer



Extra (approx. 60,000 sq. ft. and above)



Superstore (approx. 20,000-50,000 sq. ft.)



Metro (approx. 7,000-15,000 sq. ft.)



Express (up to 3,000 sq. ft.)



Homeplus (35,000-50,000 sq. ft.)



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Services as well as goods

Legal Store DIY legal solutions at great value prices 

50% discount online



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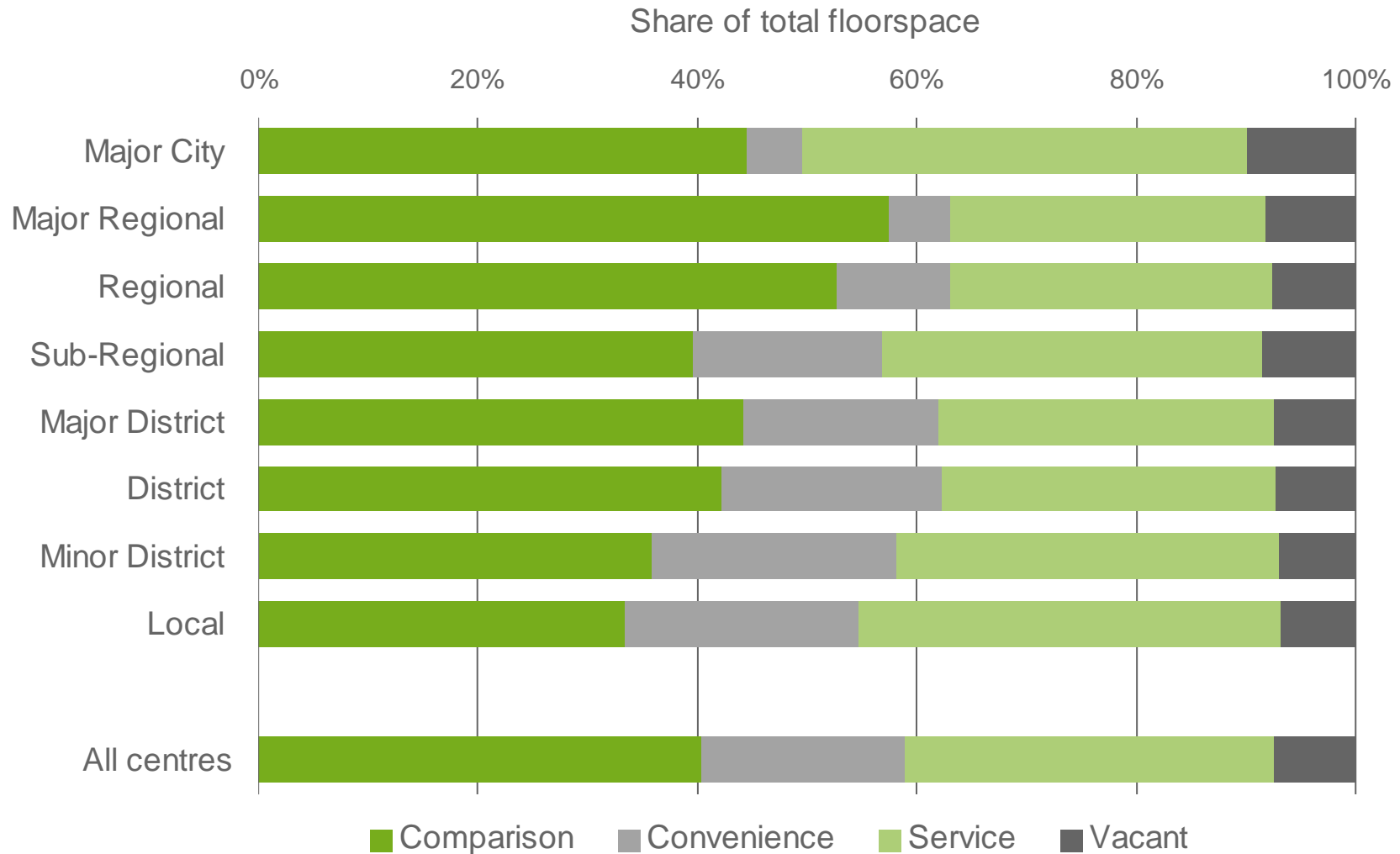
Competition is rife

		% of customers shared with other food stores 2007	% of customers shared with other food stores 2002	Five year change (2002 -2007) % points
Tesco		82.3	83.1	-0.8
Sainsbury		86.7	86.6	0.0
Asda		82.6	84.2	-1.6
Morrisons		87.5	90.3	-2.8
	Average	84.3	86.1	-1.3

Source: Verdict

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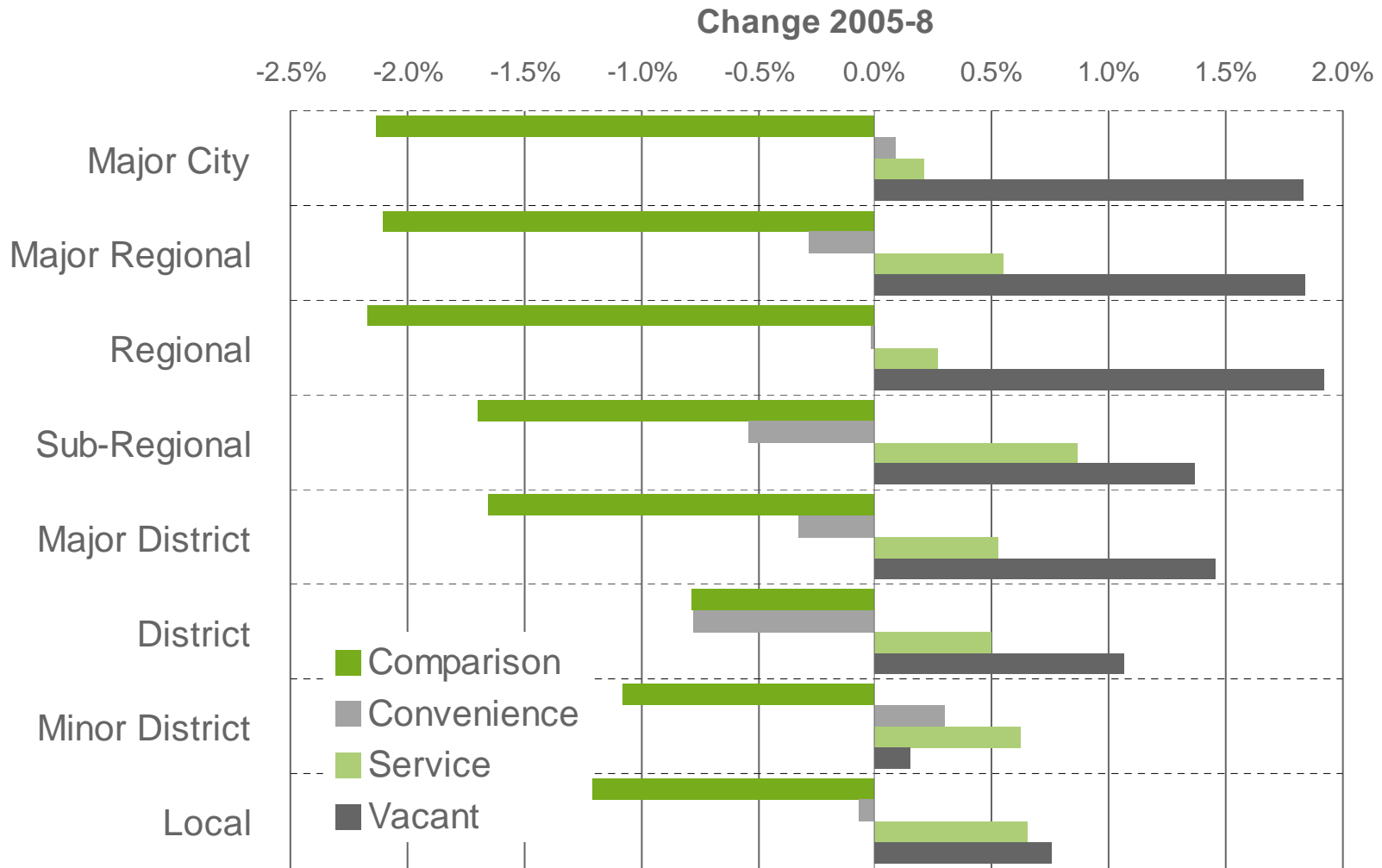
Current retailer mix across the hierarchy



Source: Experian Goad 2008, Goodman

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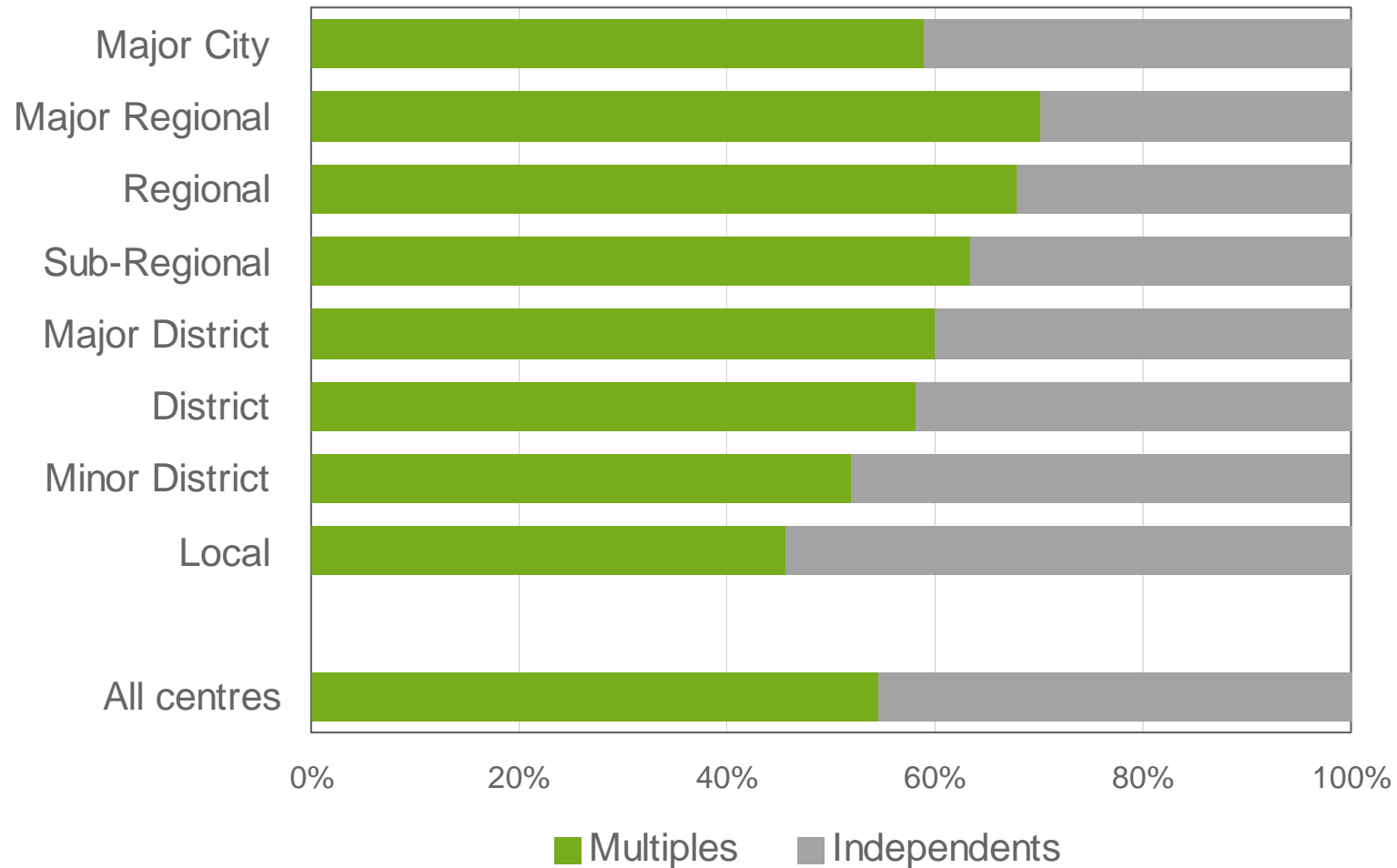
Changes in the mix 2005-8



Source: Experian Goad 2008, Goodman

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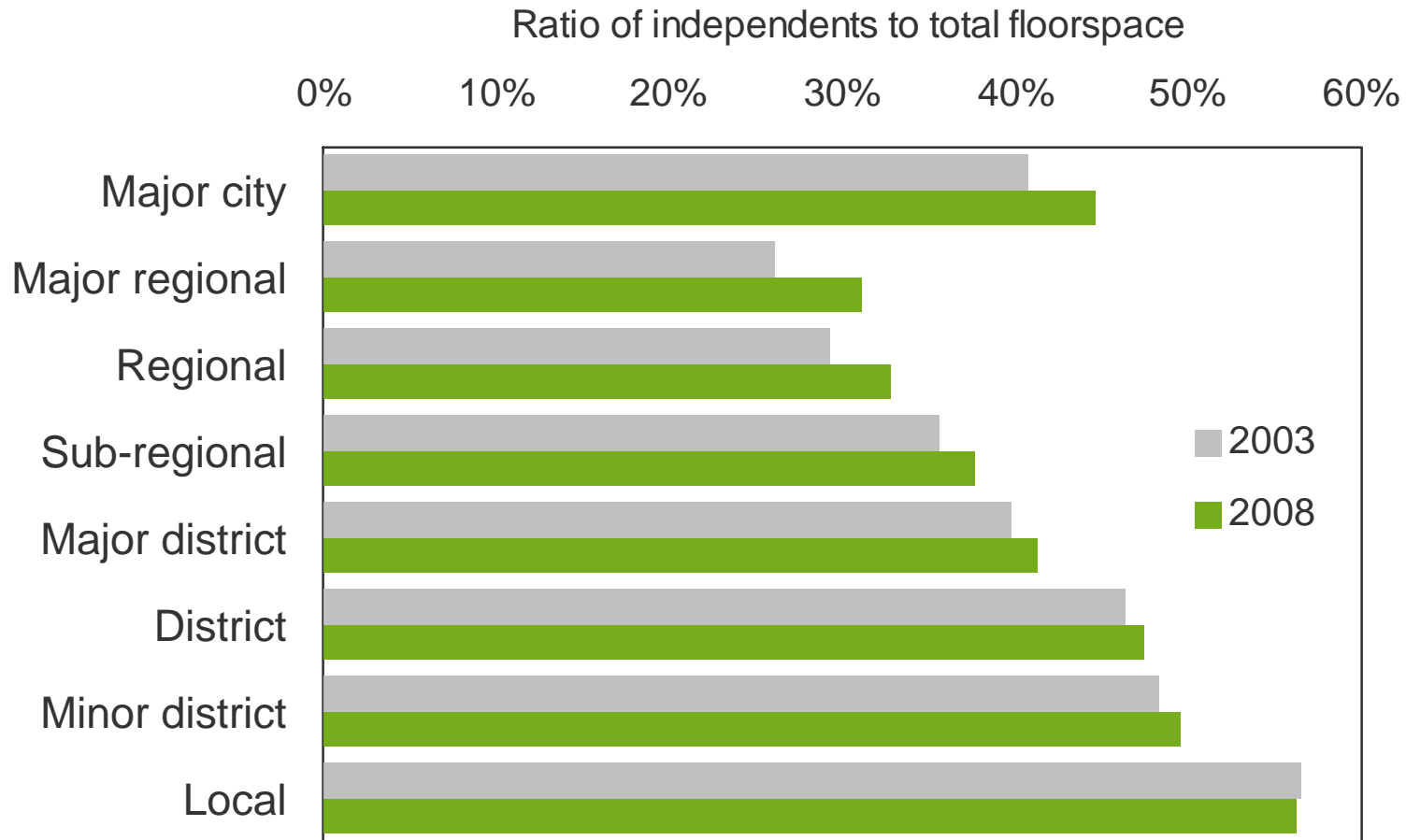
How dominant are the multiples?



Source: Experian Goad 2008, Goodman

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How are independent retailers faring?



Source: Experian Goad 2008, Goodman

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Revival of the independent retailer?



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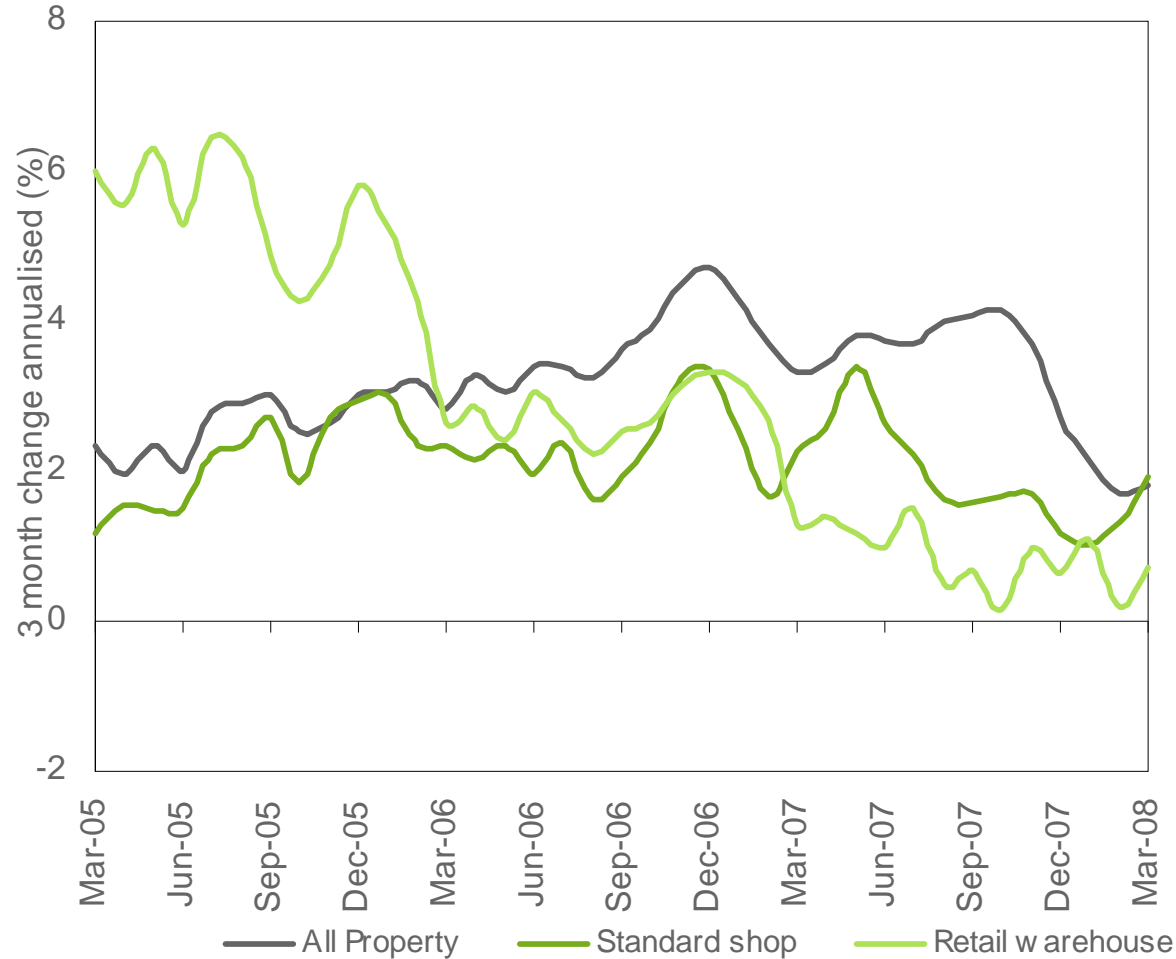
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The out-of-town honeymoon is over for investors

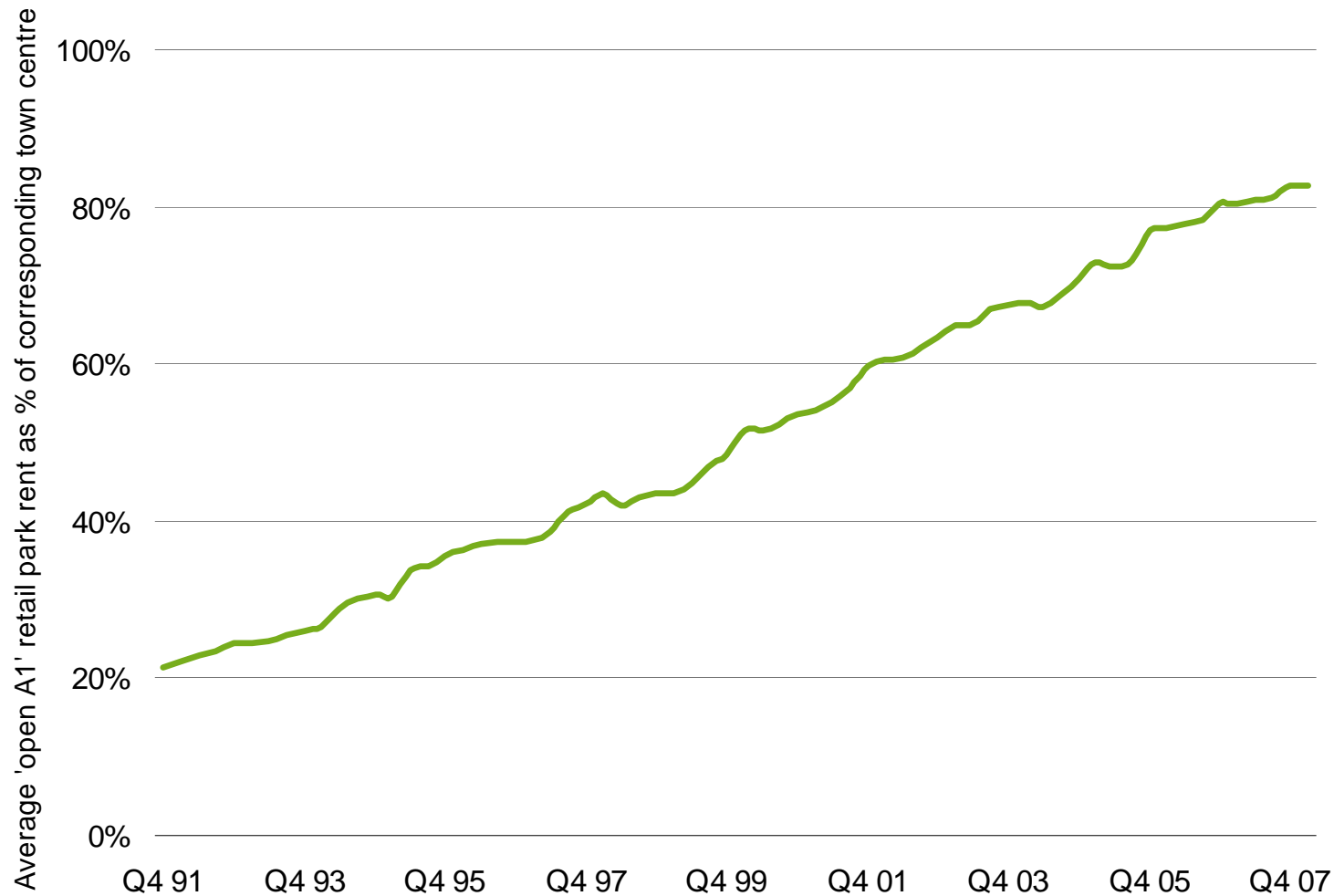
Rental value growth



Source: IPD Monthly Index, March 2008, Goodman

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In-town and out-of-town rental cost comparisons

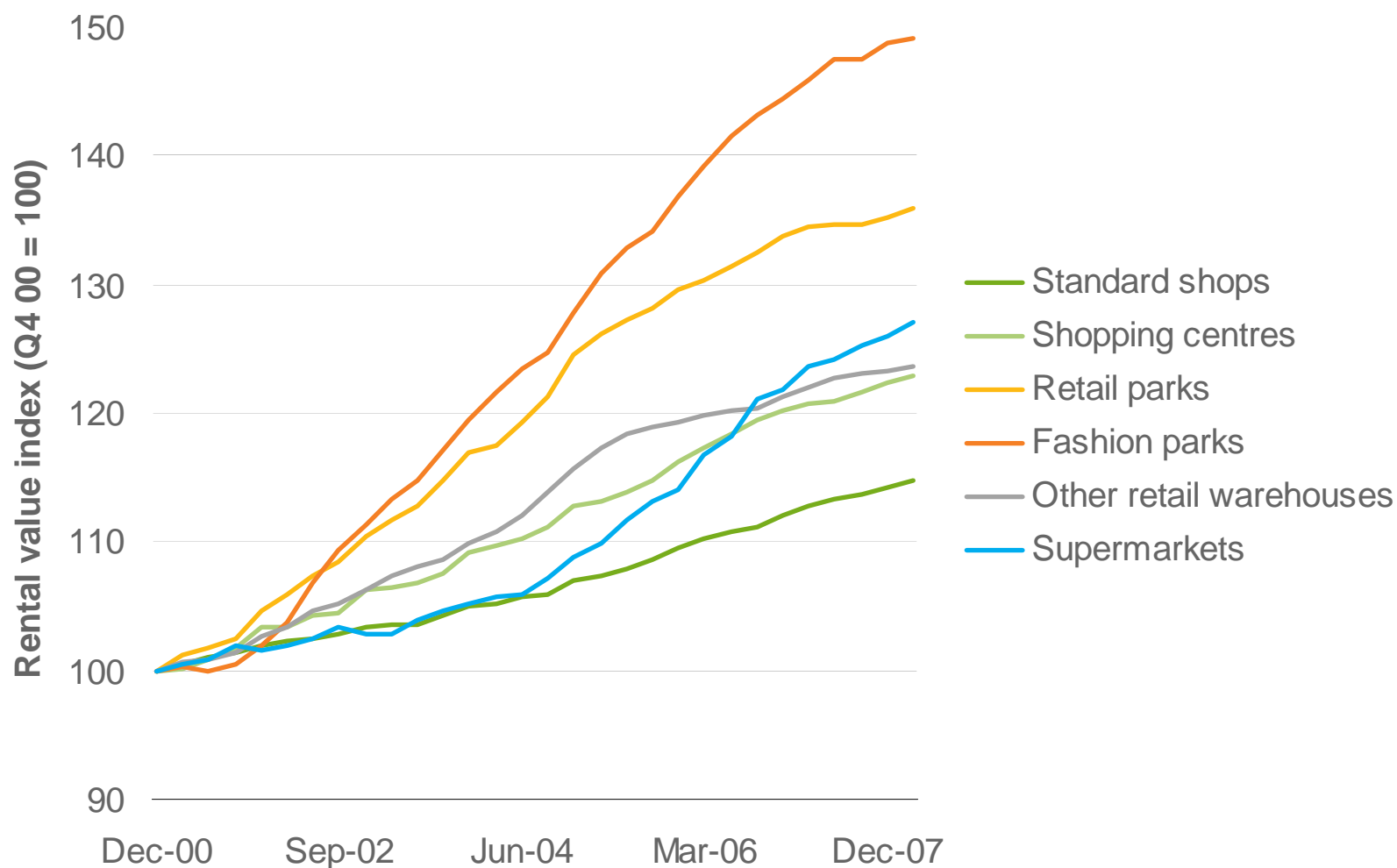


Source: Goodman

Note: Town centre rents adjusted for zoning

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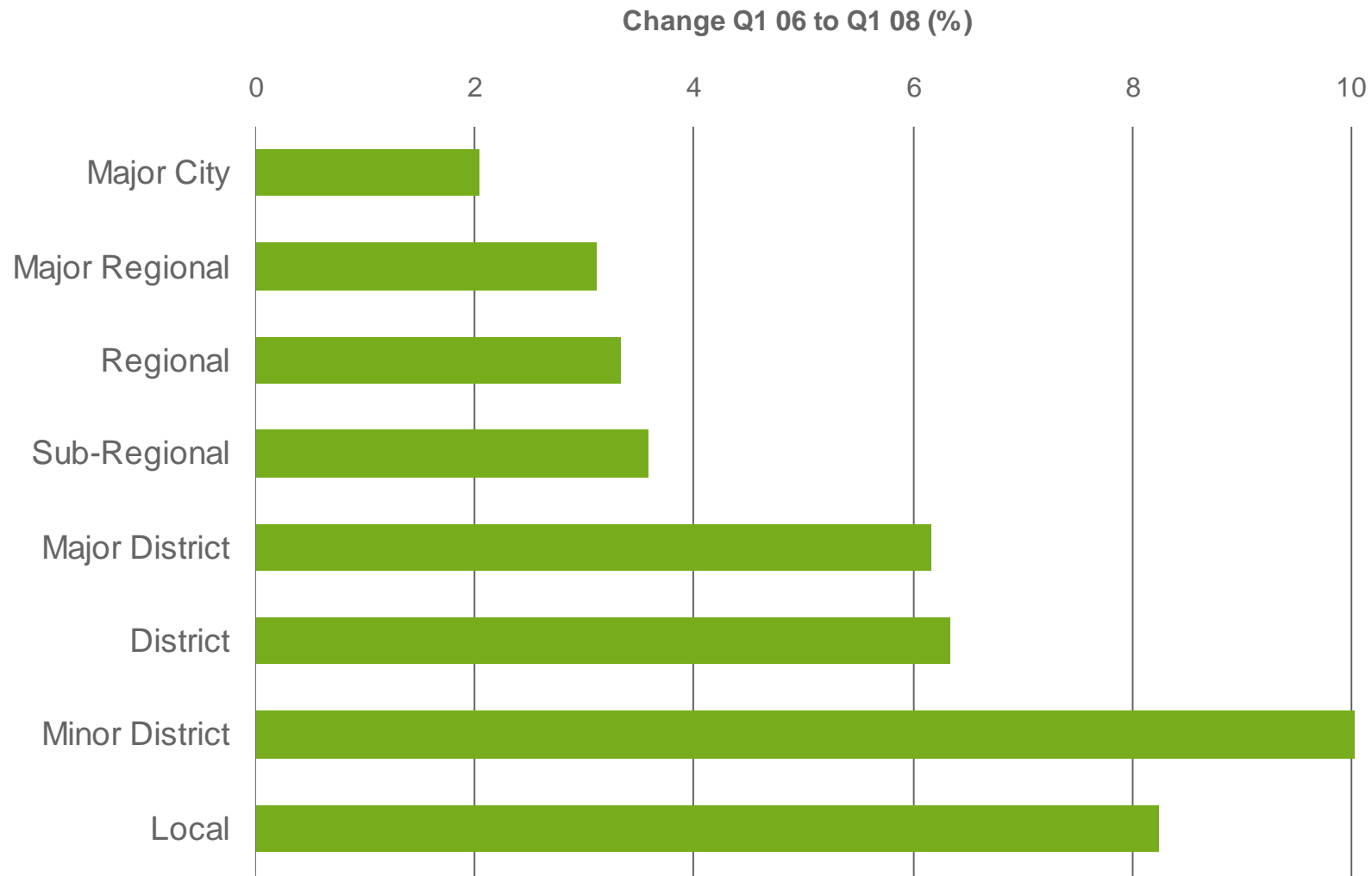
Relative change in rental levels 2000-08



Source: IPD, Goodman

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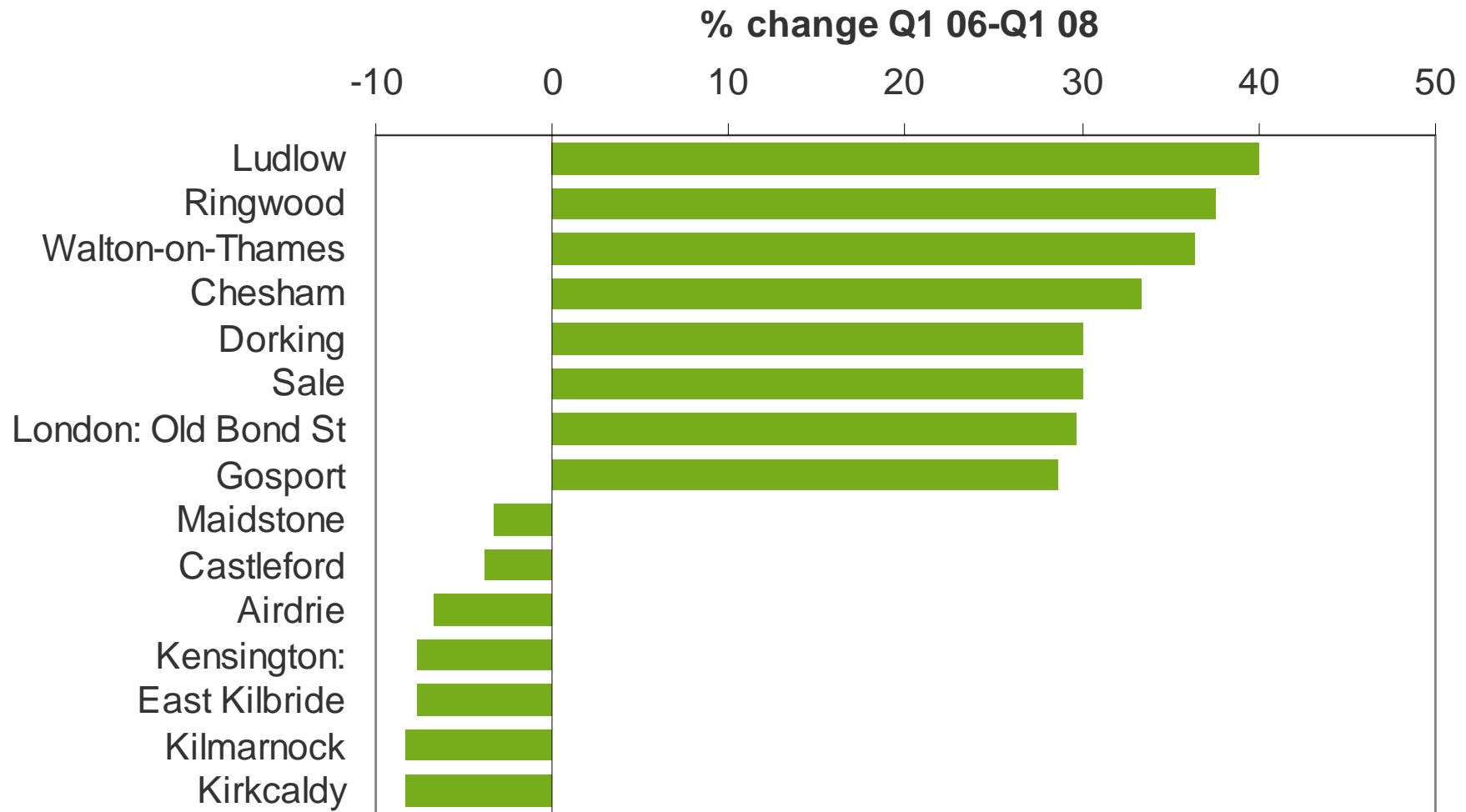
Recent rental growth by town status



Source: Goodman

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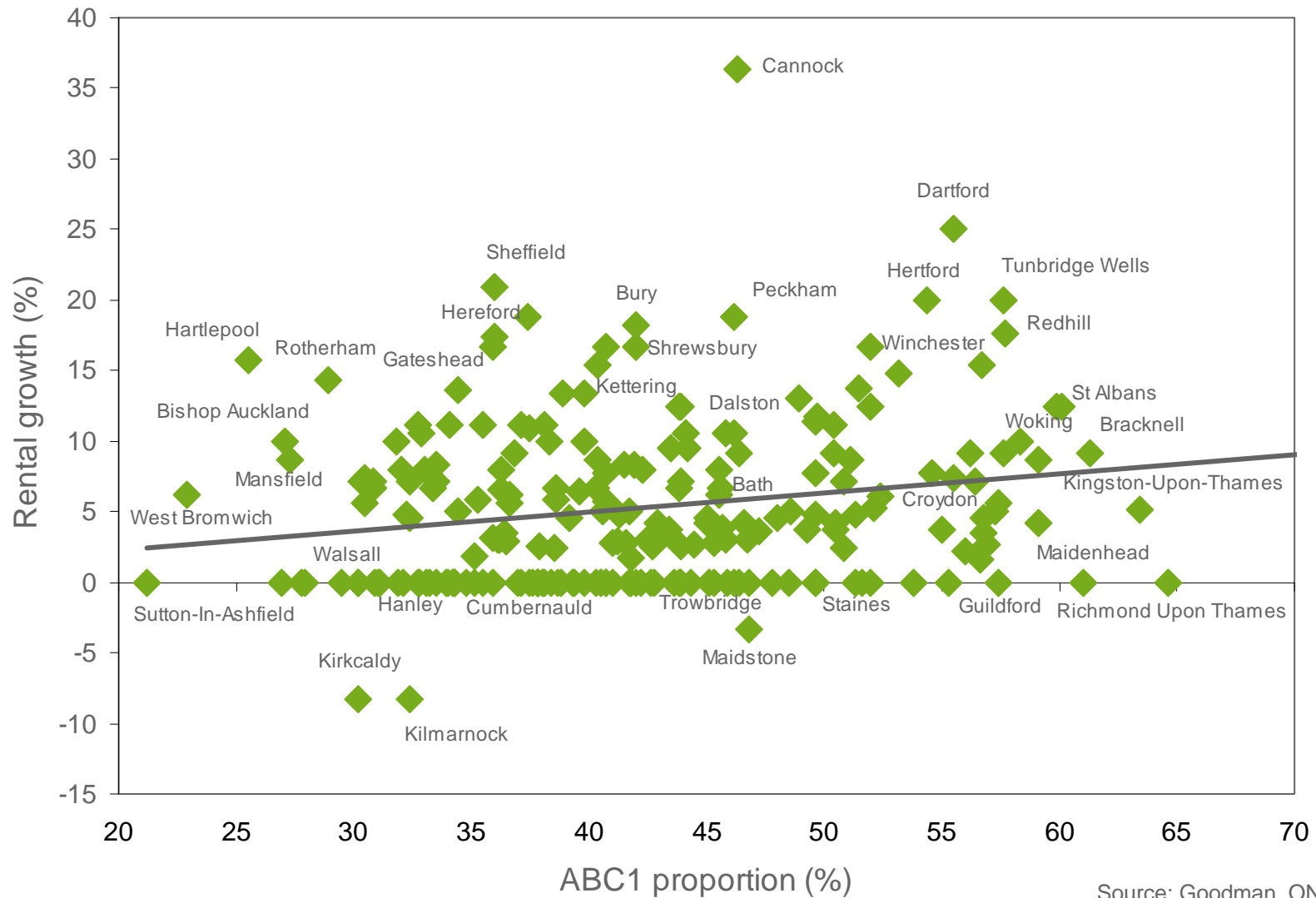
Town centre rental growth: winners and losers



Source: Goodman

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Little evidence of a wealth effect

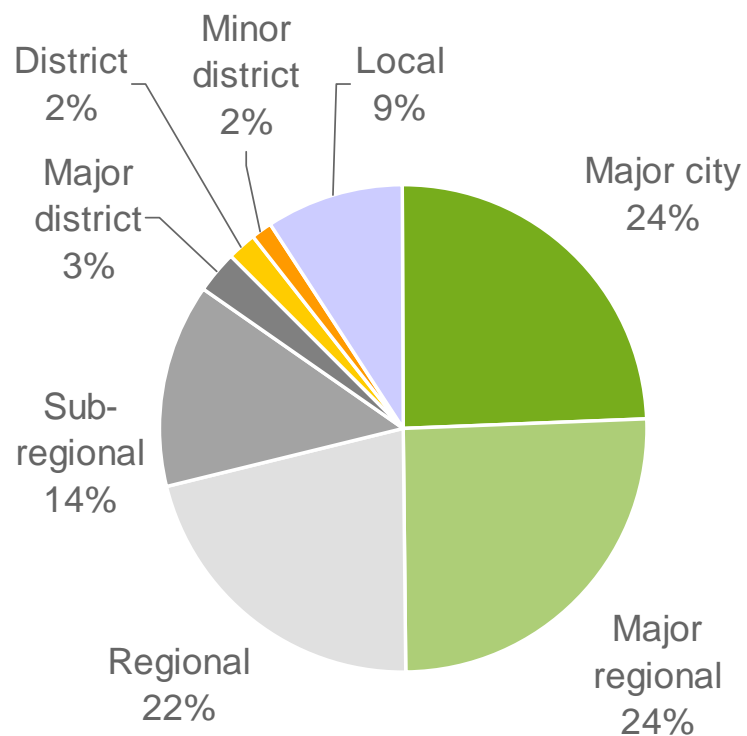


Source: Goodman, ONS

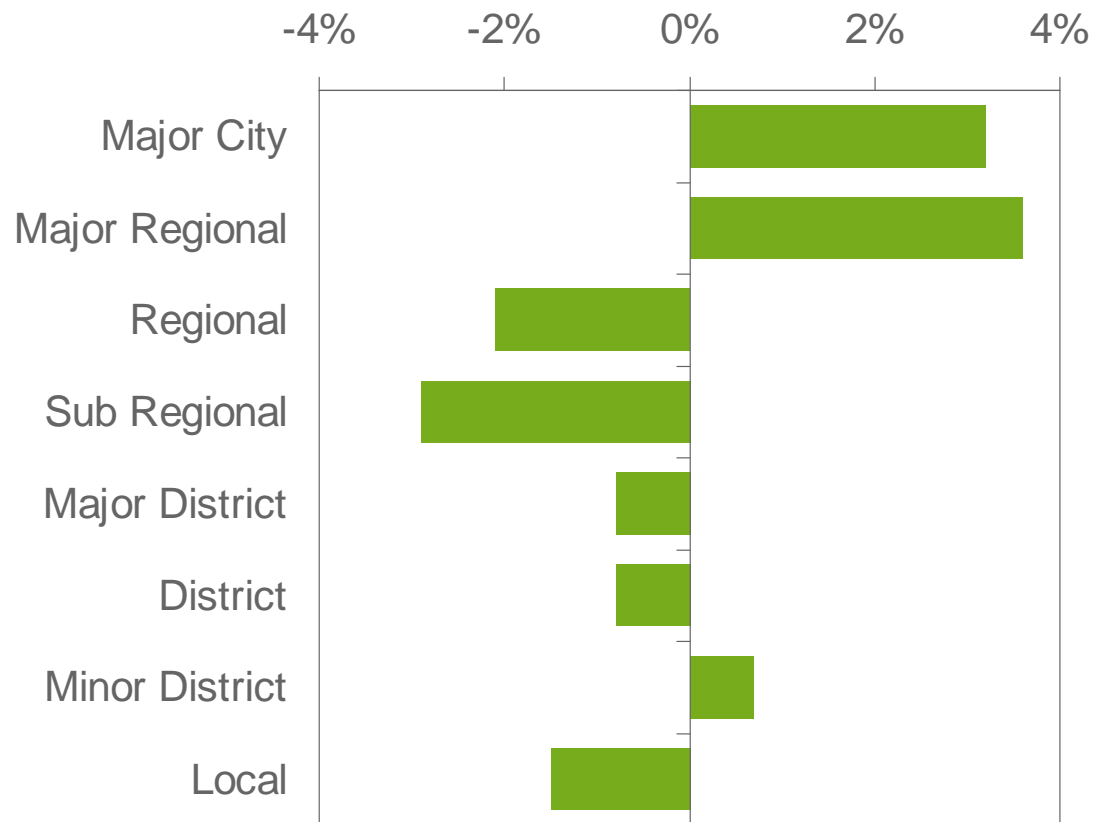
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Where is the institutional investment going?

Breakdown by value Q1 2008



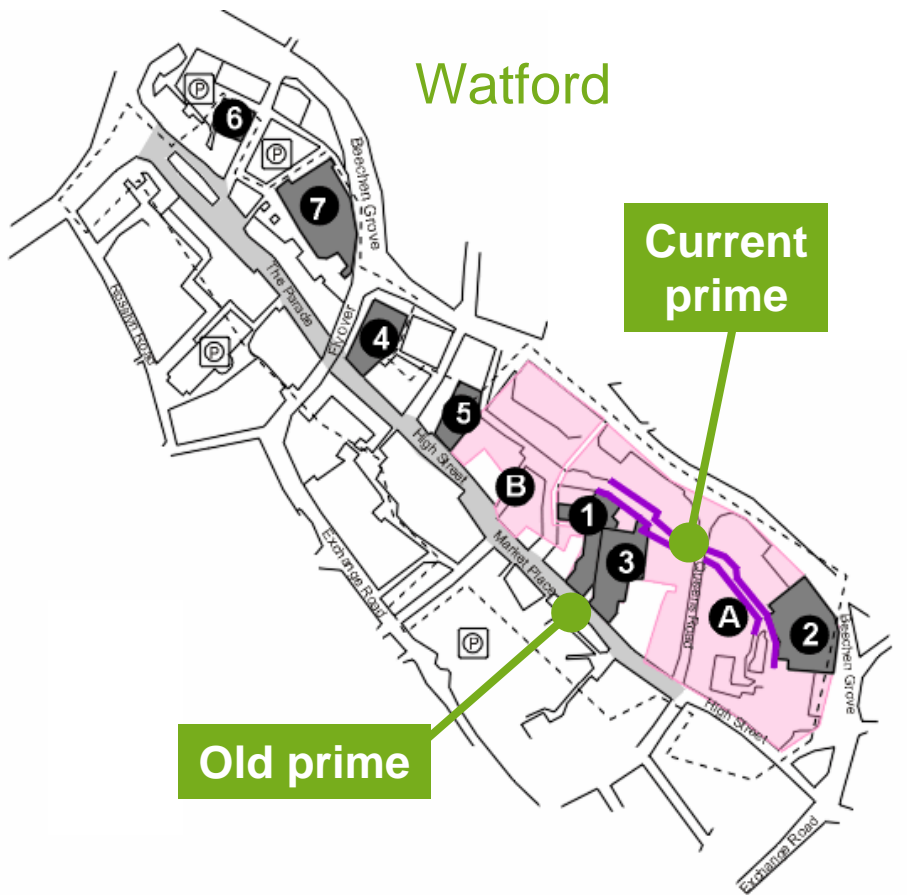
Change since 2001 (% points)



Source: IPD, Goodman

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What makes for a successful town centre?



Rental value growth



- Pedestrianised Area
- Shopping Centres
- Key Stores
- Prime Pitch
- Survey Area

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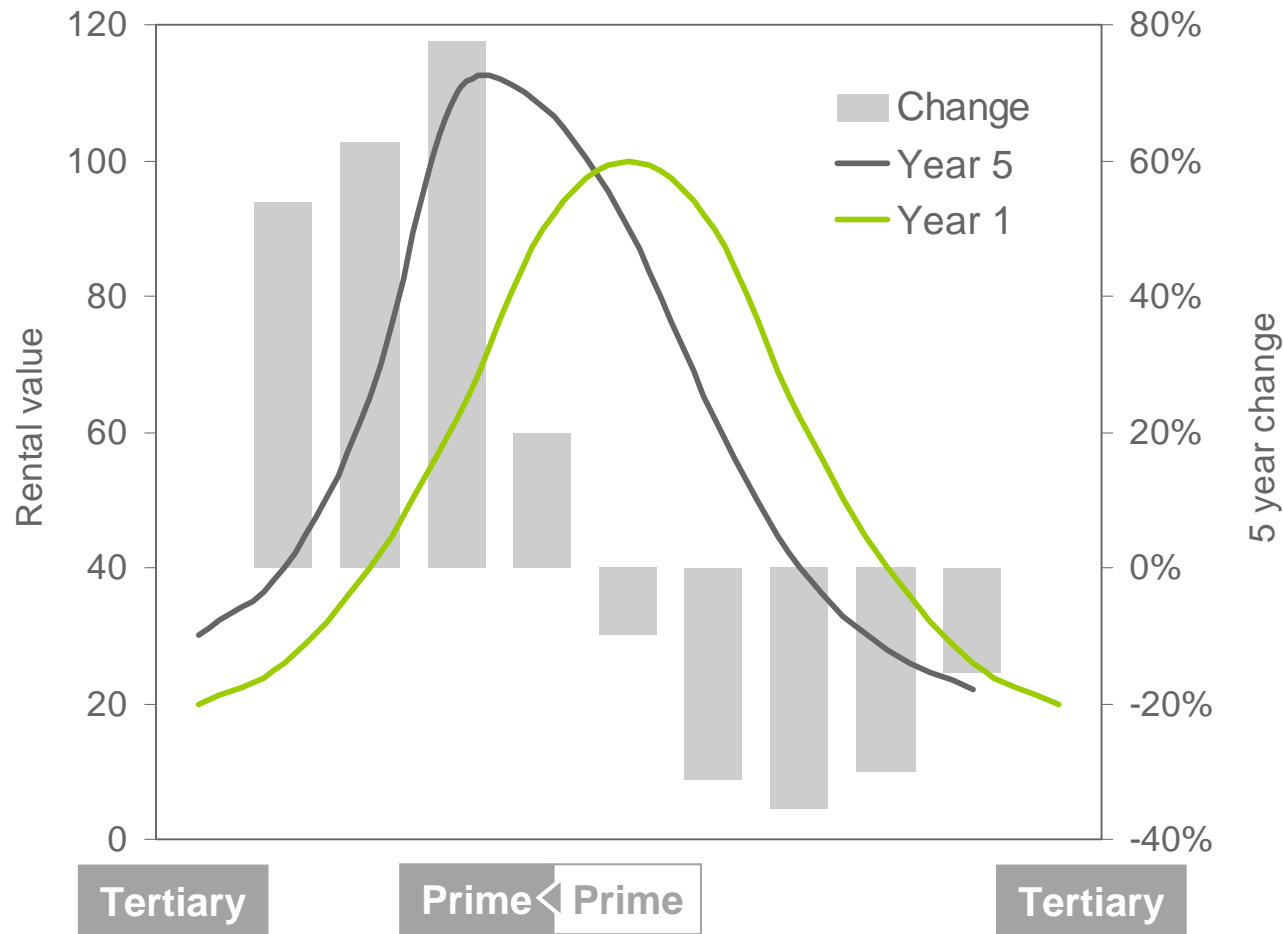
Source: Property Market Analysis, Goodman

Source: IPD, Goodman

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Rental growth effects from a moving pitch

Prime rental values increase by 10%



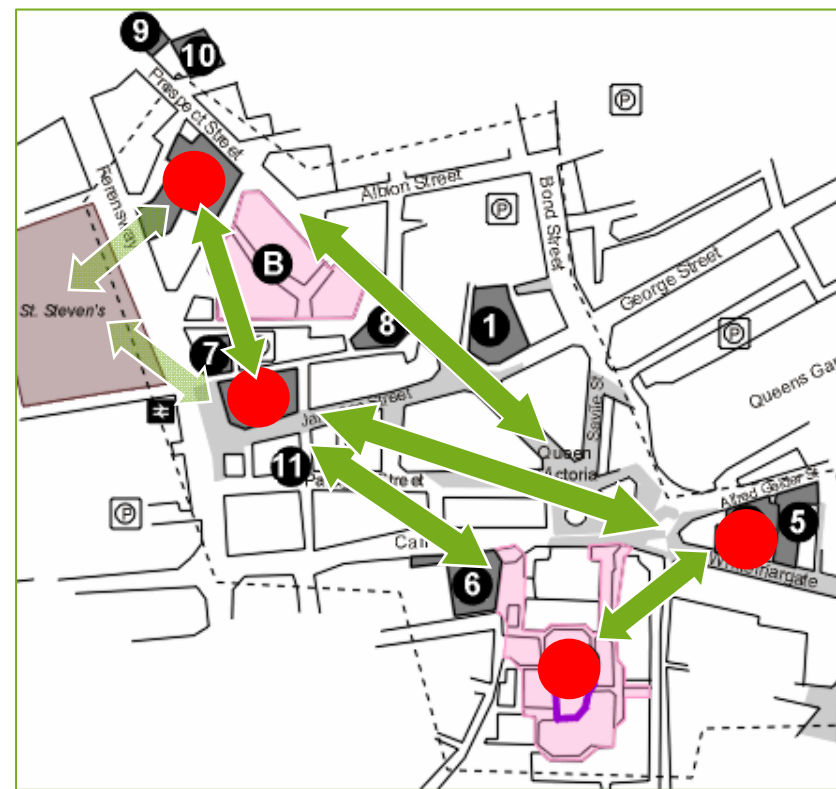
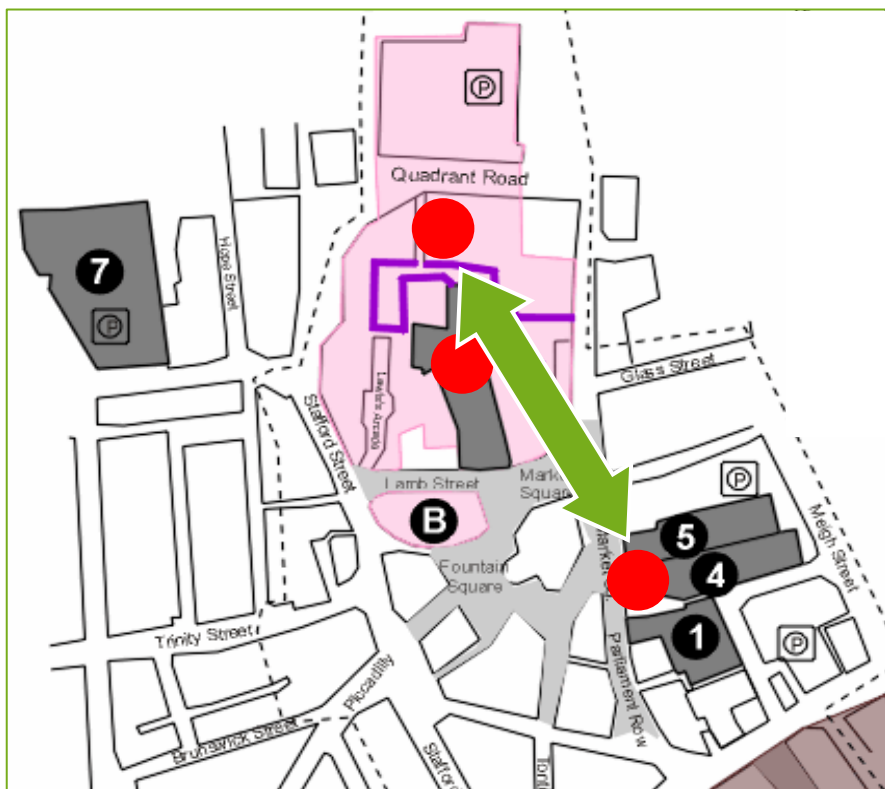
Source: Goodman

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Footfall effects on trading performance

Concentration: Hanley

Dilution: Hull



● Key attractors

↔ Pedestrian flows

Source: Property Market Analysis, Goodman

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Some policy challenges

Harnessing the regenerating power of multiple retailers	vs	Maintaining an adequate supply of cheaper space for independents
Maintaining adequate competition and choice for retailers and customers	vs	Creating oversupply
Promoting the transfer of redundant space to other sustainable uses	vs	Need to promote employment
Reducing reliance on the car	vs	Need to maintain accessibility and convenience
Understanding and planning for regional shopping hierarchies	vs	Limitations of current regional planning framework
Planning for a mature out-of town retail hierarchy	vs	'Town centres first'

Source: Goodman

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