

TIGHTER MARGINS

- **COSTS** (+2.9%) for retailers are rising faster than sales growth (+1.9%)
- **RETAIL SALES** have risen by 12.7% in the last five years
- **RETAIL INTERNET SALES** have nearly doubled to 18% and are likely to grow to 30% of all retail sales by 2030

PROPERTY MARKET

- **THE UK** has an oversupply of shops, currently 10% but based on current trends this is forecast to rise to 20% (c100,000 shops)
- **WHILE VACANCY RATES** have marginally improved to 11% from 12%, the number of units vacant in the long-term is growing, with around 14,000 shops empty for more than three years
- **NEW DEVELOPMENTS** have added more shops to the stock in the last five years but based on planning applications, this is forecast to slow significantly
- **LARGE CITIES** are becoming increasingly dominant as destinations
- **RENTS HAVE FALLEN** significantly in the last five years, on average by 23% excluding London, with increasing polarisation between London and the rest of the country
- **THE SPEED OF CHANGE IN RENTS** and the complexity of ascertaining a passing rent is not aligned to the current business rates and therefore, there is a need for change
- **LEASE LENGTHS HAVE REDUCED** significantly to an average of seven years and will continue to do so, creating increased churn and greater uncertainty among investors, which will have an impact on investment decisions

HIGH STREETS

- **STORES REMAIN** a fundamental part of the customer journey, whether in research, as showrooms or fulfilment
- **85% OF SPEND** touches a physical store
- **OCCUPATION** of town centre units have shifted from comparison goods to services and food and beverage
- **TRADITIONAL ANCHORS** – banks, post offices and department stores – have closed for good
- **EVERY YEAR** for the last five in town centres, chain retailers have shut more shops than they have opened
- **INDEPENDENT SHOPS** in town centres account for 65% of all stores and have grown and contracted since 2013 but in 2017 there was a net loss of 1,483 shops (-0.49%)
- **FOOTFALL IN TOWN CENTRES** has decreased every year since 2013 and in the last 10 years, has fallen by 17%

RETAIL PARKS

- **THE NUMBER AND OCCUPATION OF RETAIL PARKS** has increased every year since 2013 – currently there are more than 1,400
- **PLANNING APPLICATIONS** for out-of-town developments have been five times greater than those for in-town
- **DESPITE ITS DECLINE** in town centres footfall has increased in retail parks
- **THE URBANISATION OF POPULATIONS**, reduction in car ownership among younger people, reduction in retailer portfolios and growth of urban mega malls and smaller town shopping centres, is likely to mean that 50% of the current retail park stock will become redundant by 2035

MANAGEMENT AND INVESTMENT

- **THE NUMBER OF BIDS** has doubled since 2013 but there is debate around their cost and impact in smaller towns
- **COUNCILS** are increasingly investing public money in commercial real estate and acquiring significant retail assets in their towns