

UNITED KINGDOM

Retail & Leisure Q2 2023



CUSHMAN & WAKEFIELD



Source: Cushman & Wakefield

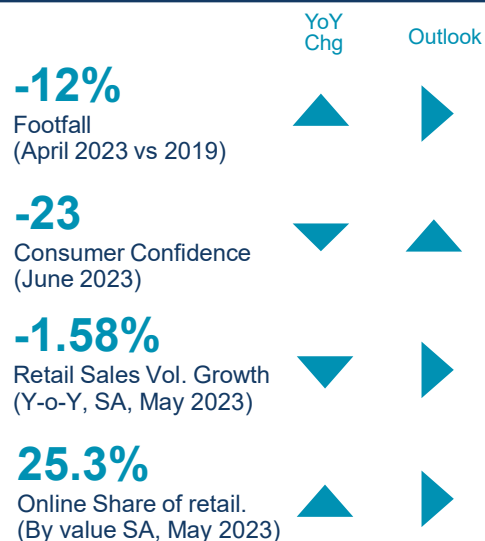
Occupational market remains resilient

Performance from an occupational perspective remains mixed with occupiers continuing to focus on prime locations and securing placement in and amongst other strong brands, this is inducing competitive pressure for best-in-class locations resulting in pockets of moderate rental growth. A number of big brands remain acquisitive in the United Kingdom, Hotel Chocolat, Claires Accessories, Shozone, and Gails Bakery all signing for space within the quarter. Discounters and wholesalers such as Home Bargains, Savers, Costco and the Fragrance Shop also remain acquisitive taking space within the regions. Looking forward, it is felt that the occupational market remains relatively robust as retailers continue to re-align their real estate footprints to keep pace with their strategy, bringing with it a healthy pipeline of disposals and acquisitions. The occupational market for the retail warehouse market, is particularly buoyed by activity from a number of discounters and consumer goods brands.

Retail strategy continues to evolve in the face of tough conditions

Throughout 2023 there has been no shortage of strategy announcements from the UK's leading retailers. In the face of tough trading conditions companies are launching and deploying a range of strategies in order to capture consumers favour, preserve cash flow, and convert footfall into spend. The strategies being deployed vary greatly across the different categories, but often include strategic partnerships, revised loyalty schemes, product collaborations, and the roll-out of upcycling and restoration programmes. As a result, real estate is being rapidly pivoted to aid the roll out of such schemes, adding to the real estate needs that have arisen as a result of integrated omni-channel and lean instore micro fulfilment.

LATEST INDICATORS

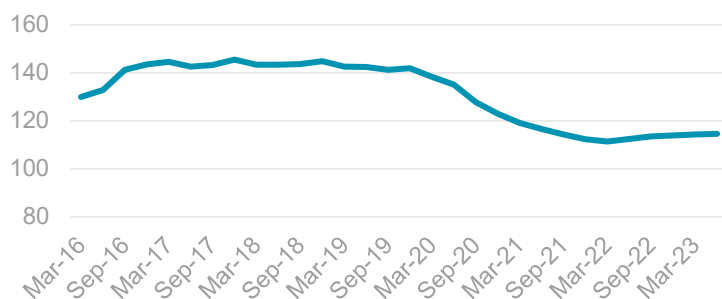


Source: ONS, GfK, Springboard

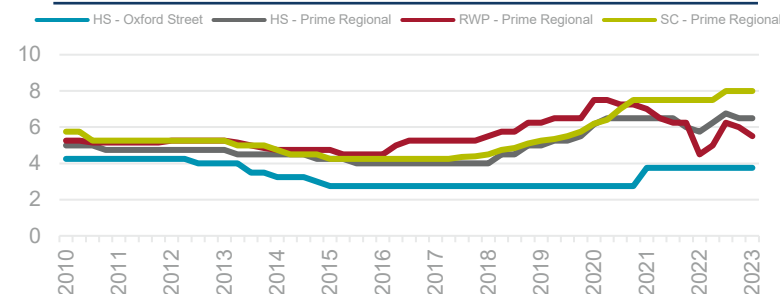
Investors poised to capture improving market fundamentals

Within the investment market, sentiment surrounding the retail sector and its associated asset types remains positive and has improved markedly throughout H1 2023. According to RCA total volumes for the sector reached £1.4bn during Q2 2023, significantly below the £3.5bn recorded during Q1. However, this is well ahead of the £955m recorded during Q4 2022, a period shaded by uncertainty as a result of the economic fall out from September. The £4.9 bn total for H1 exceeds the 5-year H1 average of £4.3bn by 14.5% amidst the backdrop of extremely challenging conditions within financial markets, critical in aiding investment into the sector. Broadly, the sub-sector's performance is polarized with institutional money seeking the best quality stock, though the definition of 'best' is both tightening and evolving. Assets in the middle, specifically those of relatively good quality but challenged by the downturn in the consumer market, are either having to manoeuvre to be classified as best or being priced at a more affordable discount reflective of current and future value.

UK HIGH STREET RENTAL INDEX (Mar 2016 = 100)



UK SELECT RETAIL YIELDS (%)



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Retail & Leisure Q2 2023

Notable Expansions

UNI
QLO

JD

MANGO

SEPHORA

b&m

NINJA
WARRIOR UK

BLACK SHEEP

FRANCO
MANCAMARUGAME UDON
UDON & TEMPURA

Consumer Goods

Food & Beverage / Experience

PRIME HIGH STREET STATISTICS

SUBMARKET	£ PSF / ZONE A	PRIME YIELD (%)
London (City)	240	4.25
London (West End – Bond Street)	2,000	3.00
London (West End – Oxford Street)	475	3.75
Manchester High Street	225	6.75
Birmingham High Street	185	6.75
Retail Warehouse Park Regional	25.75	6.75
Retail Warehouse Park Greater London	37.50	5.5
Prime Shopping Centre	246	8.00

SELECT Q2 2023 RETAIL INVESTMENT TRANSACTIONS

Property	Location	Buyer	SQFT	Price (£)
Antonine Shopping Centre	Glasgow - Scotland	Beltrace Limited	200,000	£9.1m / 12%
New River UK Retail Portfolio 2023	Portfolio	Realty Income Corp	373,900	£62.6m / Undisc.
Capreon UK Retail Portfolio 2023	Portfolio	Realty Income Corp	671,680	£175m / Undisc.
Albert Dock - Leisure	Liverpool - North West	NEO Capital, General Projects	400,000	£40m / 7%
Wrekin Retail Park	Telford - West Midlands	Realty Income Corp	145,261	£21.92m / 7.6%
Castle Marina Retail Park	Nottingham - East Midlands	Columbia Threadneedle	189,500	£43.45m / 8%
Griffiths Way Retail Park	St Albans - South East	CBRE Investment Mgmt	67,200	£30.5m / 4.7%

Source: RCA, Cushman & Wakefield

Edward Bavister

Associate Director

+44 (0) 203 296 2682

edward.bavister@cushwake.com

Dominic Bouvet

Head of UK Retail & Leisure

+44 (0) 207 152 5720

dominic.bouvet@cushwake.comcushmanwakefield.com

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