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Educational Workshops

Second tier towns and cities

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Jonathan De Mello

Director of Property Consultancy, Experian

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BCSC Educational Workshop: Second Tier Towns & Cities

Jonathan De Mello, Director of Retail & Property Consultancy, Experian

BCSC Educational Workshop: Second Tier Towns & Cities

2008-2009: Mid Table Woes

Centre Definitions

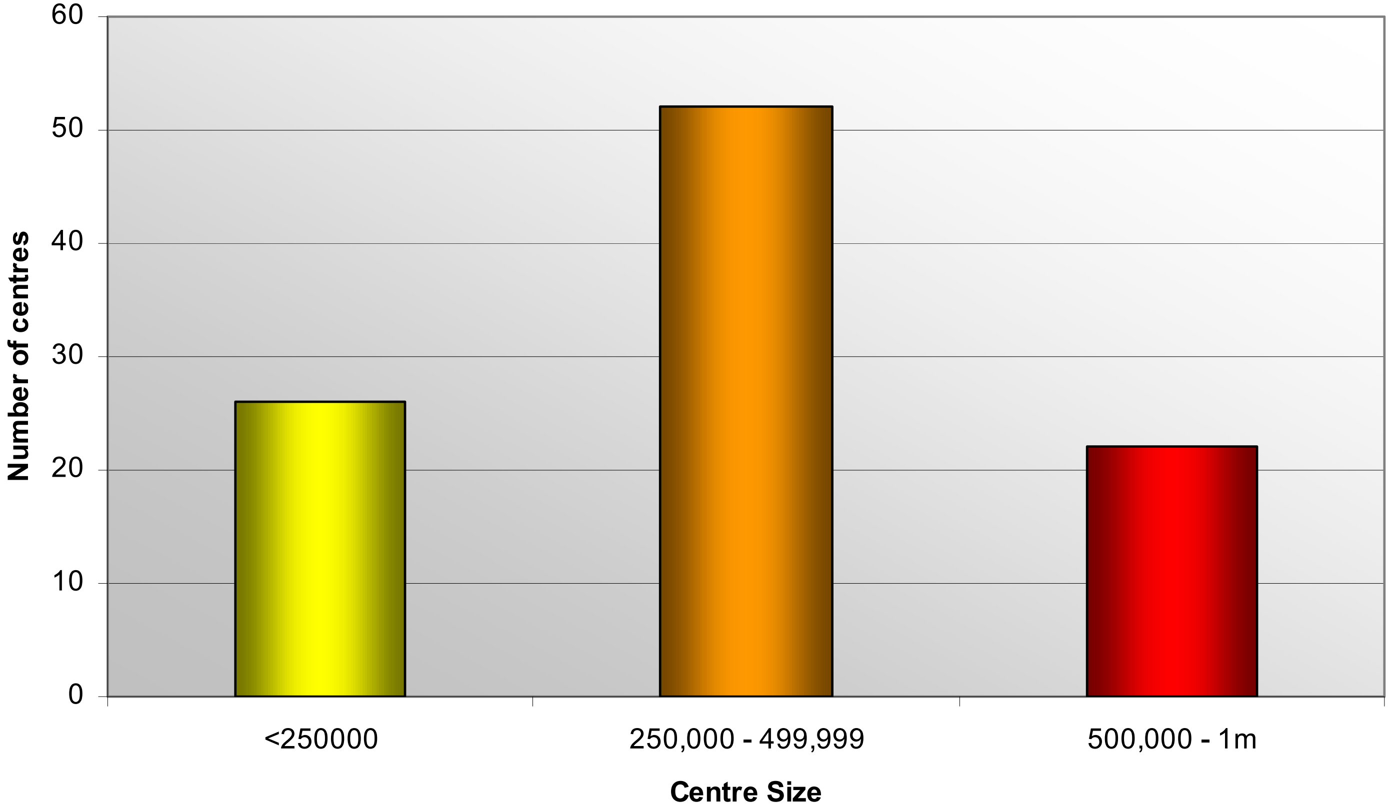
▪ Small Centres	= <250,000 sq.ft. retail floorspace
▪ **Second Tier Towns and Cities:**	**= 250,000-500,000 sq.ft. retail floorspace**
▪ Large Centres	= 500,000 sq.ft.+ retail floorspace

Experian Retail Rankings 2008-2009

- Takes into account:
  - The recession, at a local level
  - New development (e.g: SD2 in Cardiff, Union Square in Aberdeen etc..)
  - Impact of administrations/insolvencies and resultant vacancy rates

RESULT = Ability to quantify rankings change at a local centre level

Top 100 Losers by Centre Size 2008-2009



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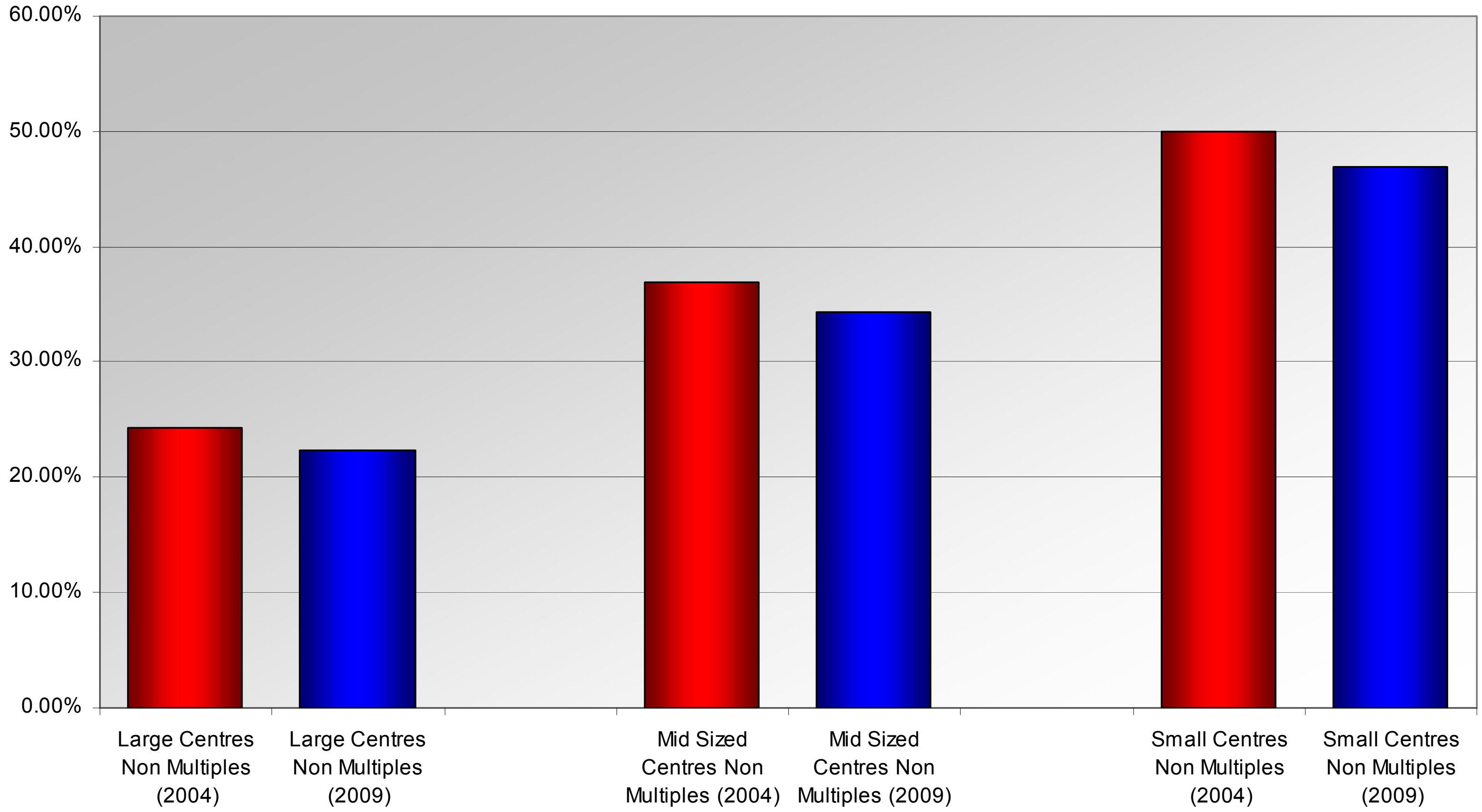
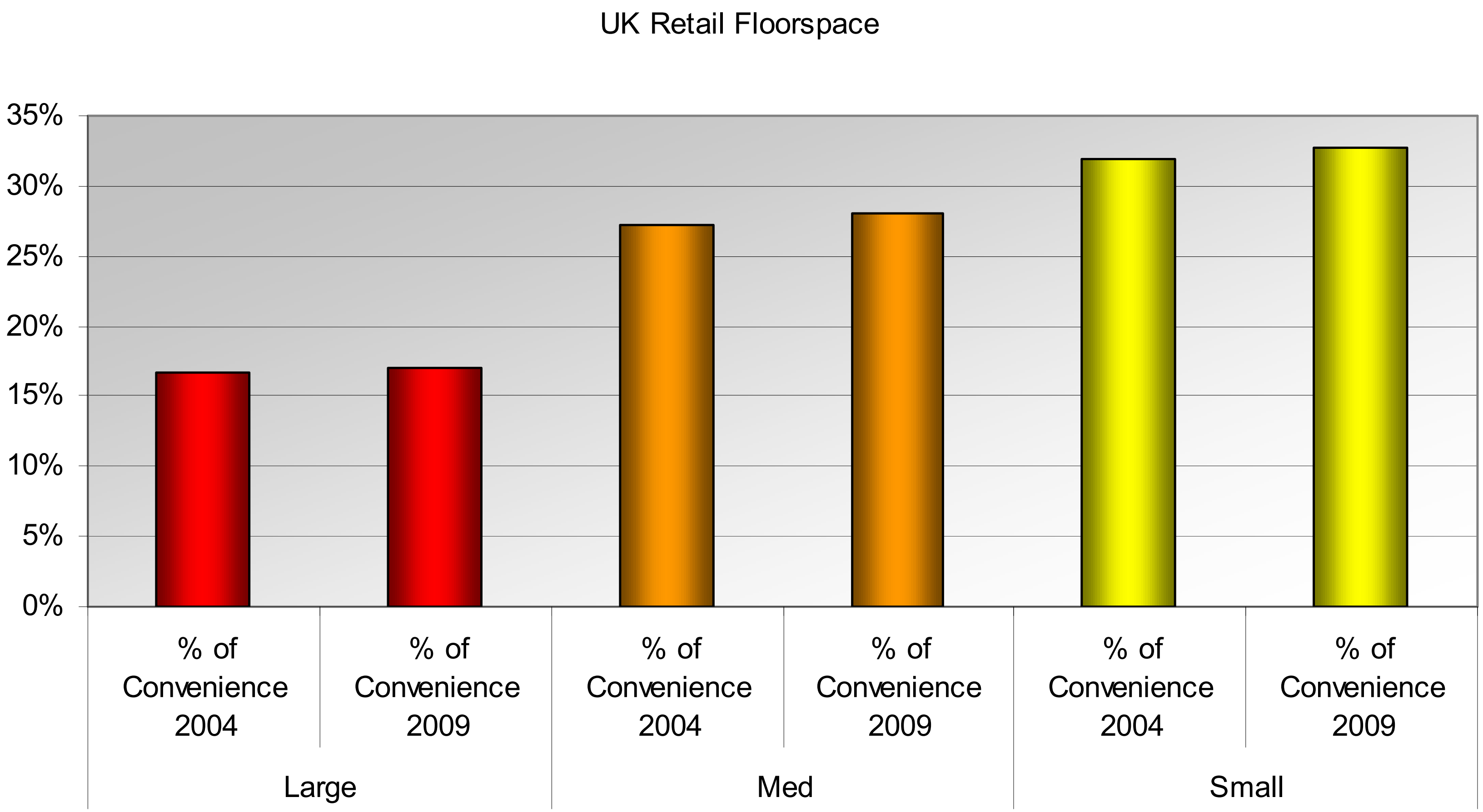
2004-2009: Spiral of Decline

Multiple/Independent Mix by centre size



Convenience Floorspace by Size Band 2004 - 2009



Top Retailers in 2004 & 2009 - Small Centres

Small (2004)	
Fascia	Count
The Post Office	473
Boots The Chemist	447
Oxfam	263
Greggs	230
Cancer Research U K	226
Lunn Poly Holiday Shop	189
Somerfield	183
Threshers	183
Superdrug	168
Lloyds Pharmacy	163

Small (2009)	
Fascia	Count
Boots The Chemist	441
The Post Office	403
Greggs	259
Oxfam	253
Cancer Research U K	207
Superdrug	202
Somerfield	198
Lloyds Pharmacy	190
Thomson	146
Clinton Cards	145

2004 – 2009 increase

Fascia	2009	2004	Increase
The Carphone Warehouse	90	33	57
Morrisons	74	19	55
Tesco Express	63	9	54
Marks & Spencer Simply Food	65	12	53
Timpson	84	34	50
Julian Graves	74	25	49
Card Factory	50	3	47
Clinton Cards	145	107	38
Specsavers	69	34	35
Superdrug	202	168	34

2004 – 2009 decrease

Fascia	2009	2004	Decrease
Woolworths	0	307	-307
Kwik Save	0	120	-98
The Post Office	403	473	-70
Threshers	115	183	-68
Victoria Wine	35	95	-60
Going Places	50	107	-57
Unwins	6	56	-50
Global Video	14	63	-49
Klick Photopoint	41	86	-45
Moss Chemists	11	54	-43

Experian™

Top Retailers in 2004 & 2009 – Mid-sized Centres

Medium (2004)	
Fascia	**Count**
The Post Office	310
Boots The Chemist	291
Superdrug	233
Lunn Poly Holiday Shop	222
Clinton Cards	219
W H Smith	203
Greggs	201
Cancer Research U K	191
New Look	190
Going Places	189

Medium (2009)	
Fascia	**Count**
Boots The Chemist	289
Greggs	248
The Post Office	247
Superdrug	225
Clinton Cards	209
British Heart Foundation	202
WHSmith	202
New Look	200
The Carphone Warehouse	197
Holland & Barrett	188

2004 – 2009 increase

Fascia	2009	2004	Increase
The Carphone Warehouse	301	220	81
O2	248	170	78
Gamestation	157	91	66
Waterstones	193	130	63
H & M	129	70	59
Shoe Zone	162	104	58
Argos Extra	72	14	58
Poundland	125	69	56
Republic	89	36	53
Primark	114	62	52

2004 – 2009 decrease

Fascia	2009	2004	Decrease
Going Places	41	244	-203
The Link	1	195	-194
Adams	40	165	-125
Birthdays	108	199	-91
Klick Photopoint	52	141	-89
Rosebys	59	143	-84
Stationery Box	11	86	-75
Virgin Megastore	2	65	-63
Pilot	7	67	-60
Ciro Citterio	1	58	-57

Top Retailers in 2004 & 2009 - Large Centres

Large (2004)	
Fascia	**Count**
Clinton Cards	330
Boots The Chemist	305
Greggs	281
The Post Office	265
Superdrug	253
Thomas Cook	252
Going Places	244
Game	235
W H Smith	234
H Samuel	230

Large (2009)	
Fascia	**Count**
Greggs	370
Boots The Chemist	305
The Carphone Warehouse	301
Clinton Cards	285
O2	248
Phones 4 U	244
Game	239
Thomas Cook	238
Timpson	228
WHSmith	226

2004 – 2009 increase

Fascia	2009	2004	Increase
The Carphone Warehouse	301	220	81
O2	248	170	78
Gamestation	157	91	66
Waterstones	193	130	63
H & M	129	70	59
Shoe Zone	162	104	58
Argos Extra	72	14	58
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Primark	114	62	52

2004 – 2009 decrease

Fascia	2009	2004	Decrease
Going Places	41	244	-203
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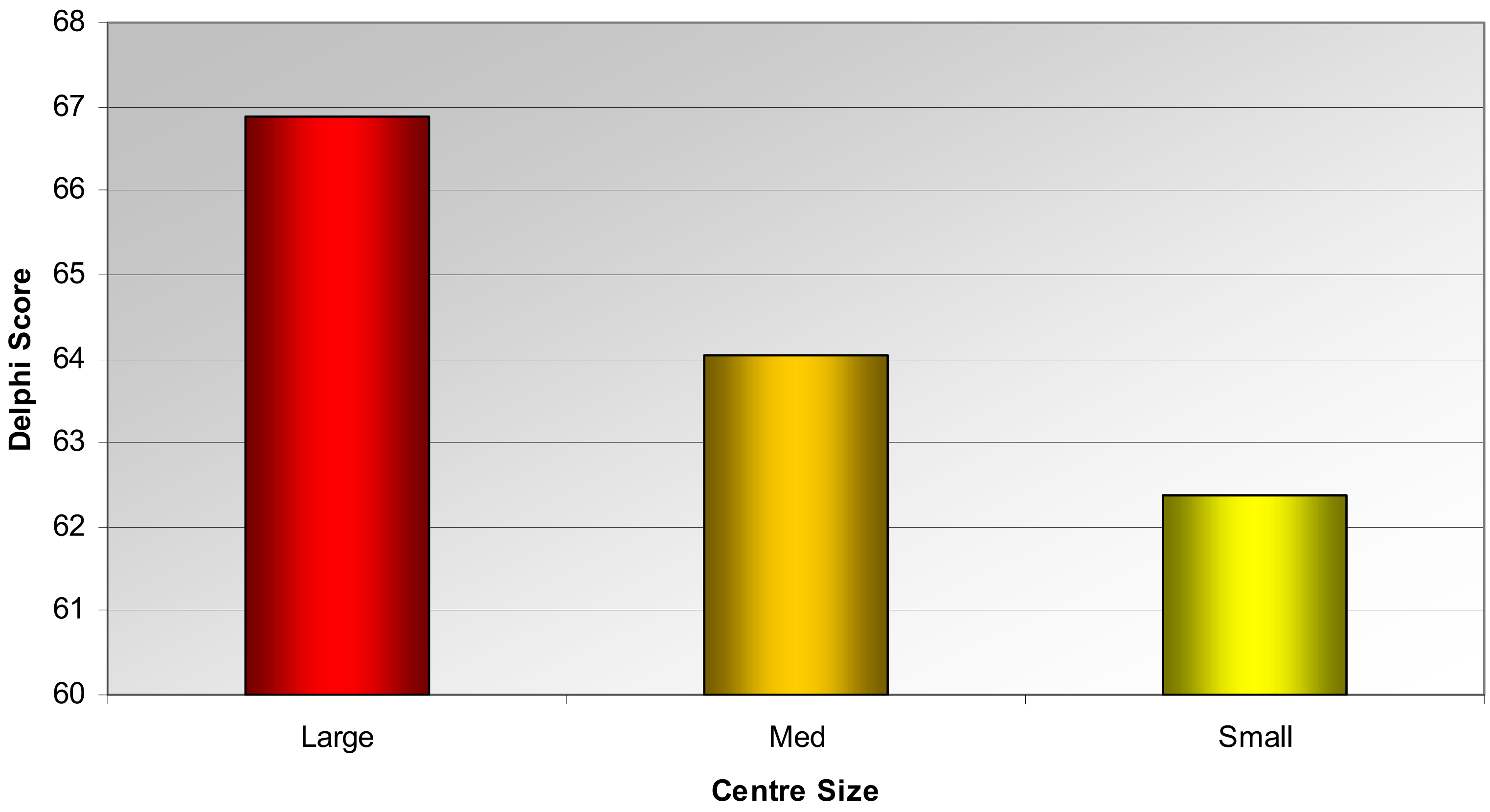
Rosebys	59	143	-84
Stationery Box	11	86	-75
Virgin Megastore	2	65	-63
Pilot	7	67	-60
Ciro Citterio	1	58	-57

Average ‘Delphi Risk’ scores of centres



Best Delphi Scores 2009

Mall Ranking	Shopping Mall	Vacancy Rate By Unit (%)	Average Commercial Delphi Score	Future Vacancy Rate By Unit (%)
1	Manchester Fort Shopping Park	16.2%	85.2	18.9%
2	Brent Cross	7.8%	82.9	10.6%
3	Birmingham - The Fort	5.6%	79.2	8.6%
4	Edinburgh - Fort Kinnaird	9.1%	77.9	12.2%
5	Cribbs Causeway	6.6%	76.4	9.8%

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Vacancy Rates 2009: Highest & Lowest

High Vacancy Rates

Retail Centre	Sep-09	Dec-09	Jun-10
Blackpool - South Shore	44.6%	47.3%	38.6%
Liverpool - Central	42.5%	45.1%	36.7%
Morecambe	42.4%	46.3%	36.7%
Margate	41.8%	44.3%	36.1%
Camberley	41.6%	44.1%	35.9%

Low Vacancy Rates

Retail Centre	Sep-09	Dec-09	Jun-10
Ely	8.4%	8.9%	7.2%
Newquay	7.6%	8.1%	6.6%
Leeds - White Rose	7.6%	8.0%	6.6%
Thame	7.2%	7.6%	6.2%
St Johns Wood	5.5%	5.8%	4.7%

BCSC Educational Workshop: Second Tier Towns & Cities

Impact of Woolworths

Impact of Woolworths Administration by Centre Size

Large (500,000 sq.ft. +)

Centre	Woolworths Floorspace (Sq.ft)	Comparison Floorspace (Sq.ft)	Woolworths % of Comparison Floorspace	Total Retail Floorspace (Sq.ft)	Region
Loughborough	55,100	473,500	12%	631,700	East Midlands
Harrow	35,200	496,800	7%	696,400	Greater London
Salisbury	36,600	521,000	7%	699,200	South West
High Wycombe	31,600	490,000	6%	650,400	South East
Clydebank	27,700	481,100	6%	674,500	Scotland

Average impact: 3%

Mid-Sized (250,000 – 500,000 sq.ft)

Centre	Woolworths Floorspace (Sq.ft)	Comparison Floorspace (Sq.ft)	Woolworths % of Comparison Floorspace	Total Retail Floorspace (Sq.ft)	Region
Beckton	87,500	194,900	45%	295,300	Greater London
Gillingham (Kent)	19,500	161,100	12%	276,800	South East
Alloa	10,600	93,900	11%	304,600	Scotland
Northallerton	17,800	209,600	8%	390,200	Yorkshire & Humberside
Montrose	9,500	112,900	8%	254,600	Scotland

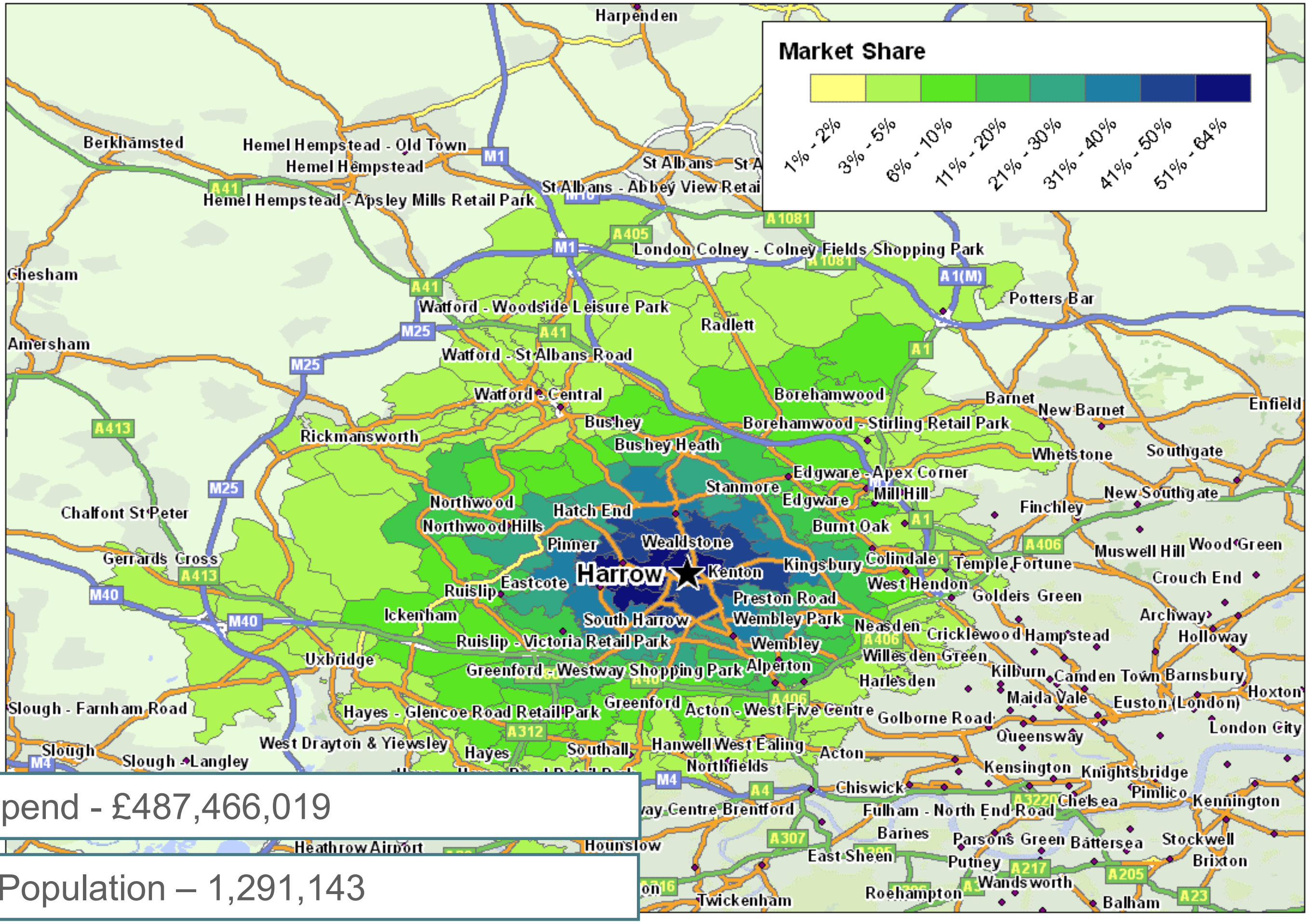
Average impact: 5%

Small (Less than 250,000 sq.ft.)

Centre	Woolworths Floorspace (Sq.ft)	Comparison Floorspace (Sq.ft)	Woolworths % of Comparison Floorspace	Total Retail Floorspace (Sq.ft)	Region
Dronfield Civic Centre	4,100	10,900	38%	69,100	East Midlands
Chessington & Hook	5,000	21,500	23%	58,300	Greater London
Brighton - Southwick	5,100	22,400	23%	41,600	South East
Preston Road	5,400	24,100	22%	70,200	Greater London
Debden	9,300	44,000	21%	93,000	South East

Average impact: 8%

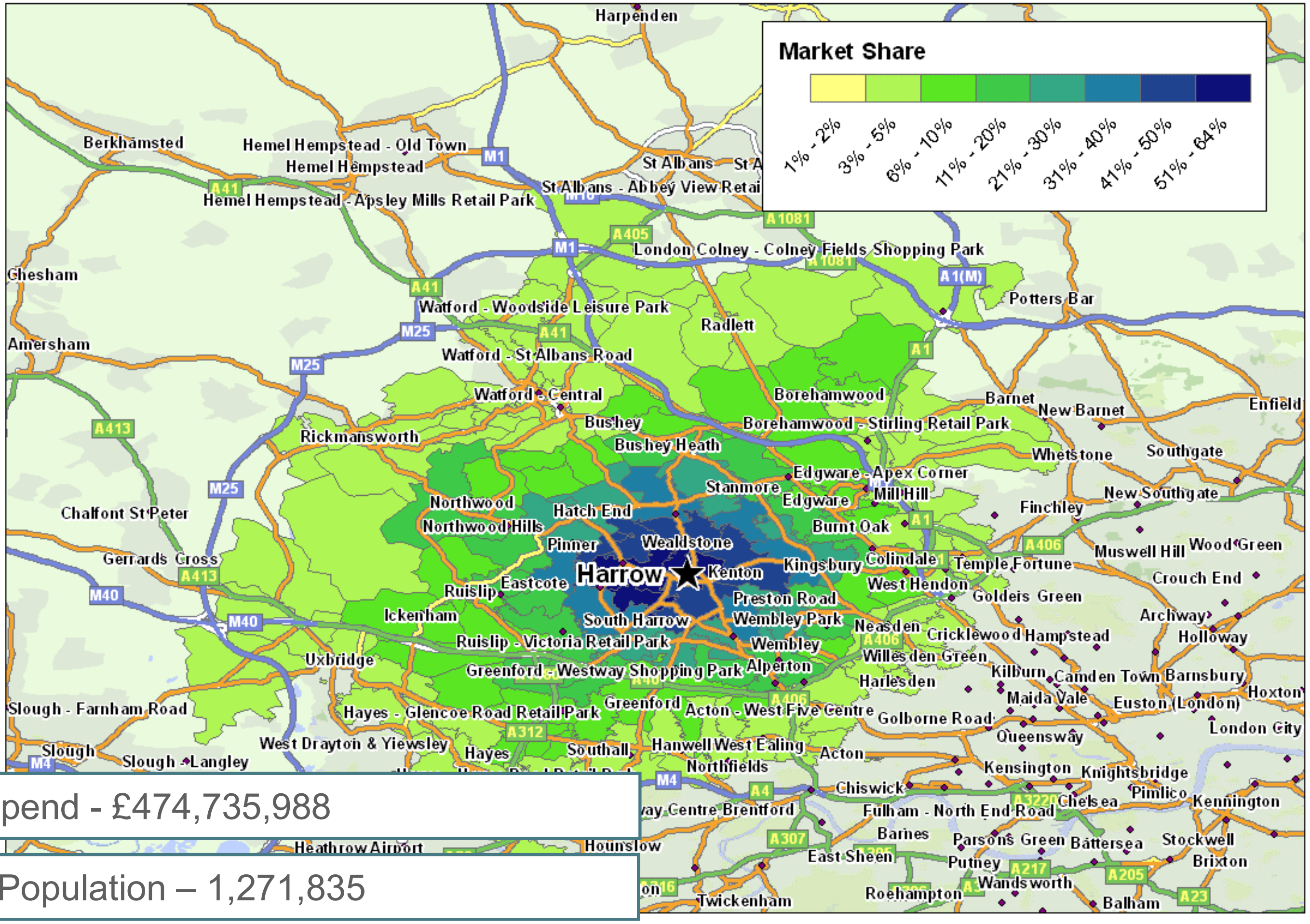
Harrow Catchment – Pre Woolworths Closure



Weighted Spend - £487,466,019

Catchment Population – 1,291,143

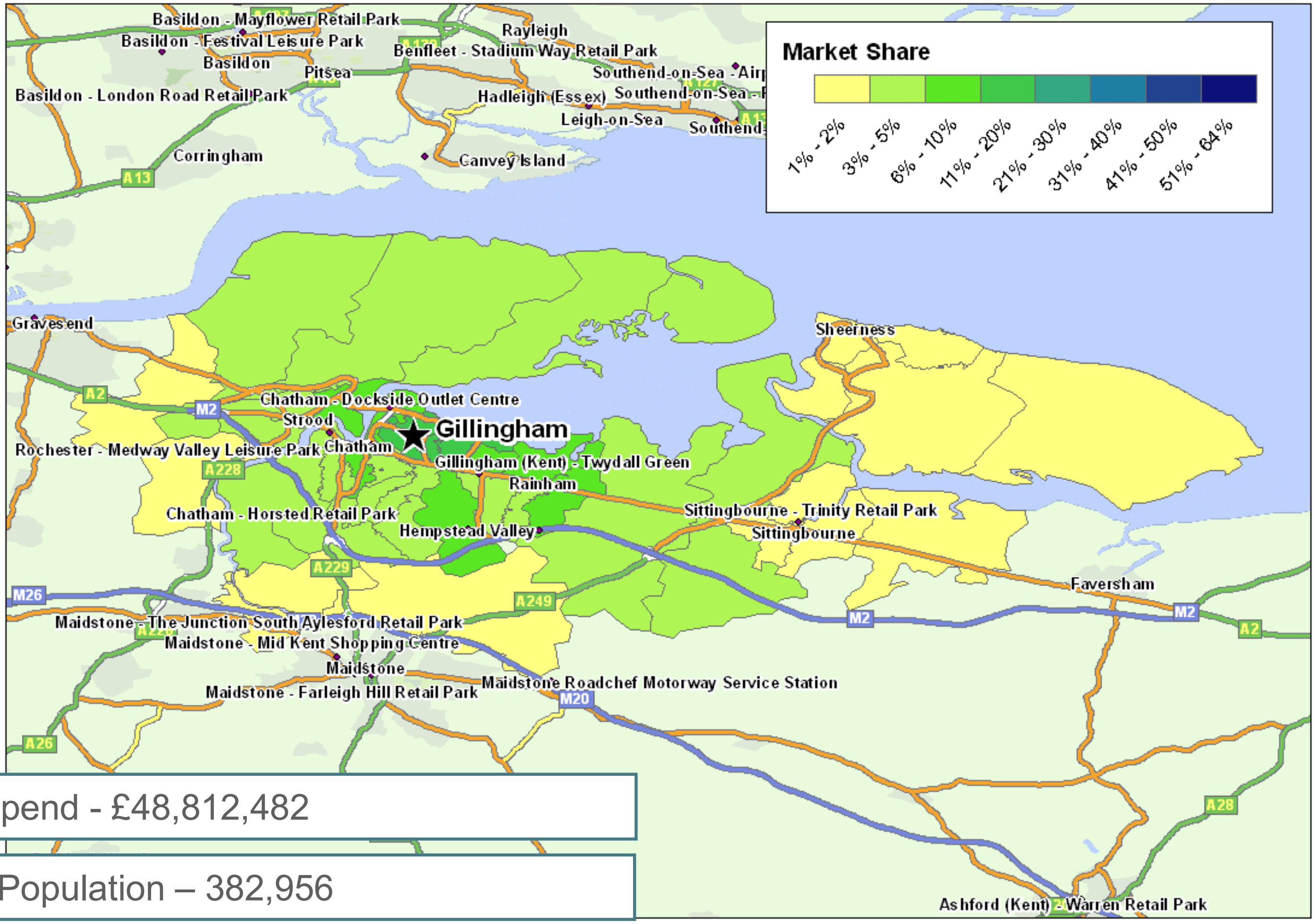
Harrow Catchment – Post Woolworths Closure



Weighted Spend - £474,735,988

Catchment Population – 1,271,835

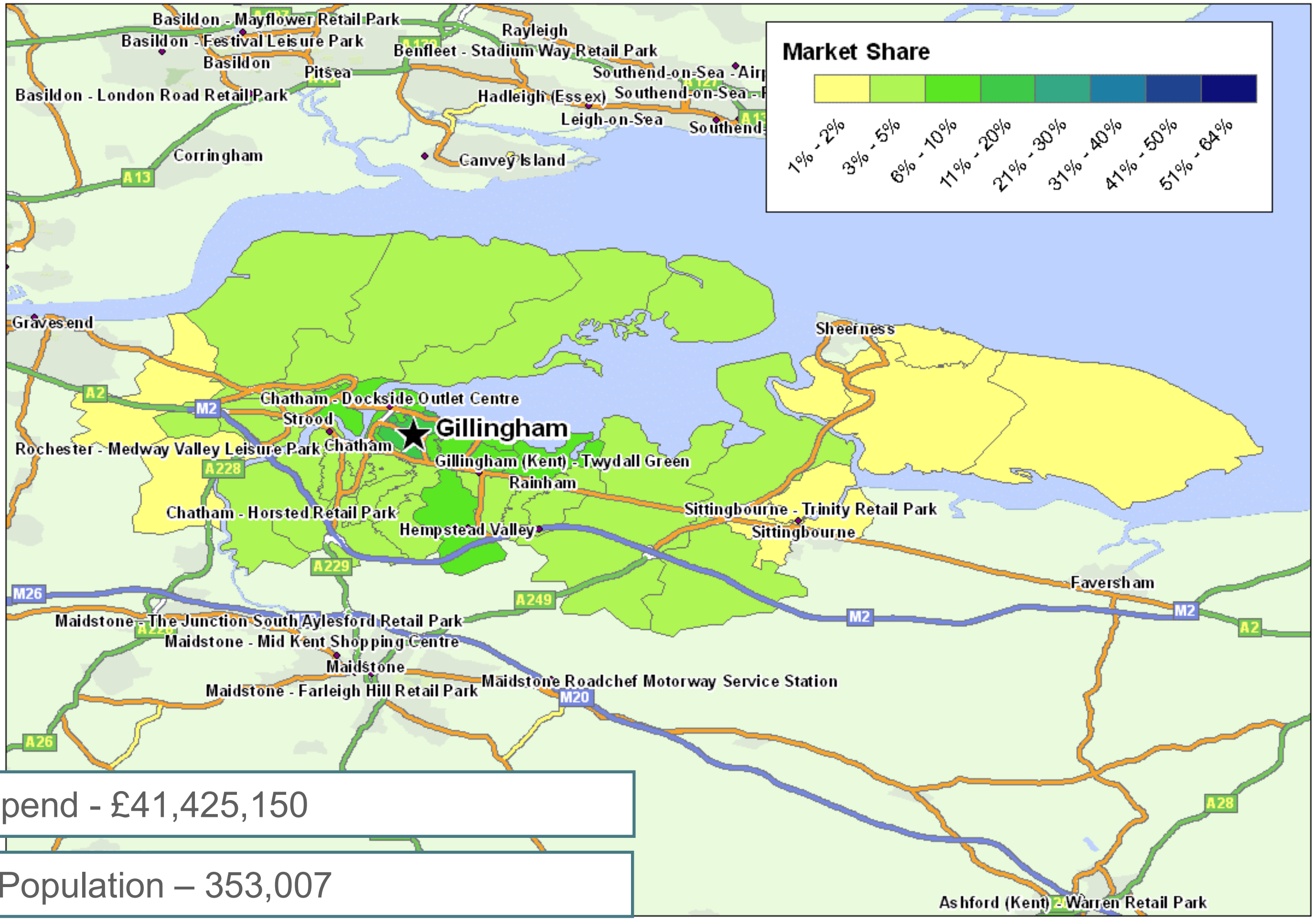
Gillingham Catchment – Pre Woolworths Closure



Weighted Spend - £48,812,482

Catchment Population – 382,956

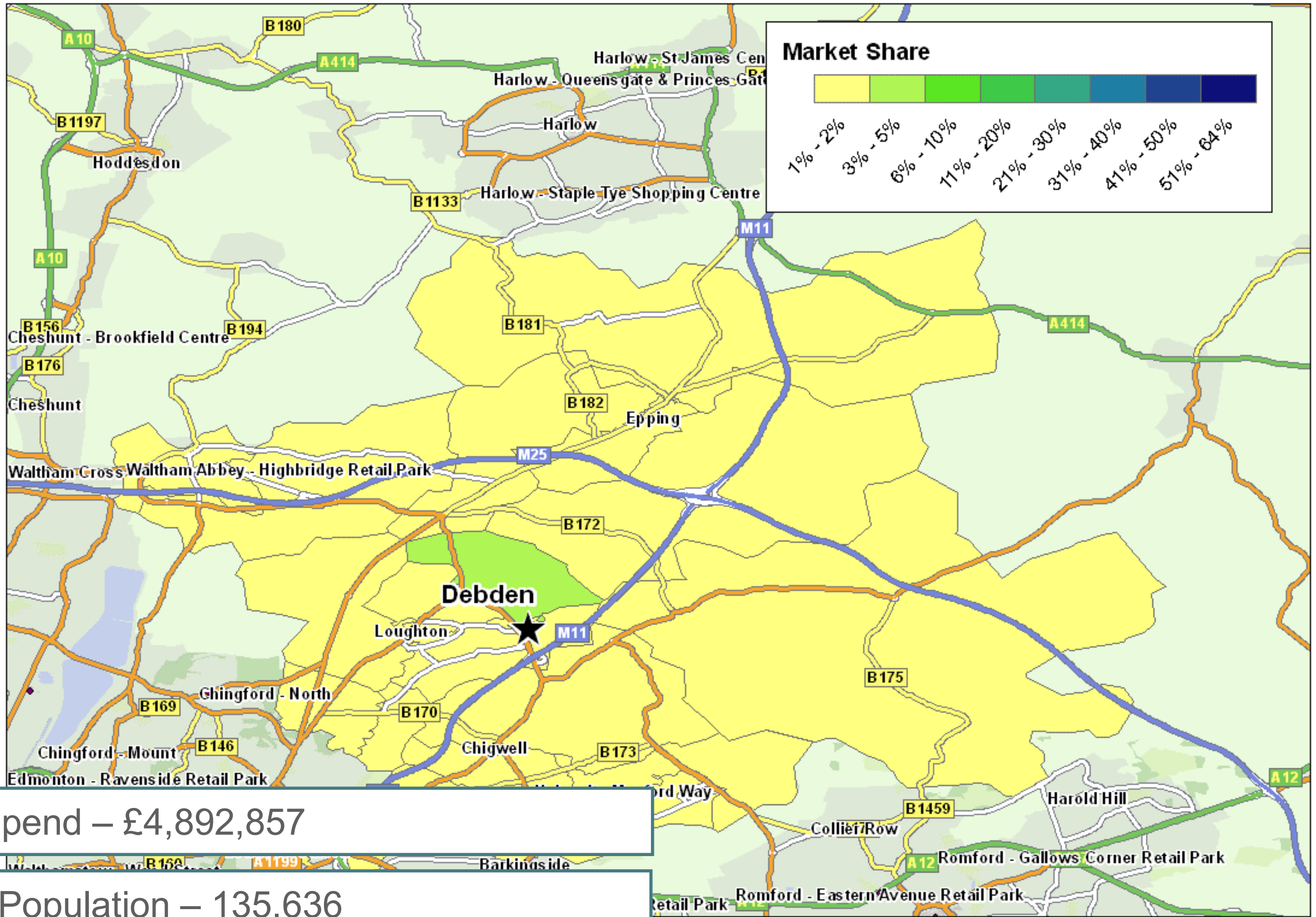
Gillingham Catchment – Post Woolworths Closure



Weighted Spend - £41,425,150

Catchment Population – 353,007

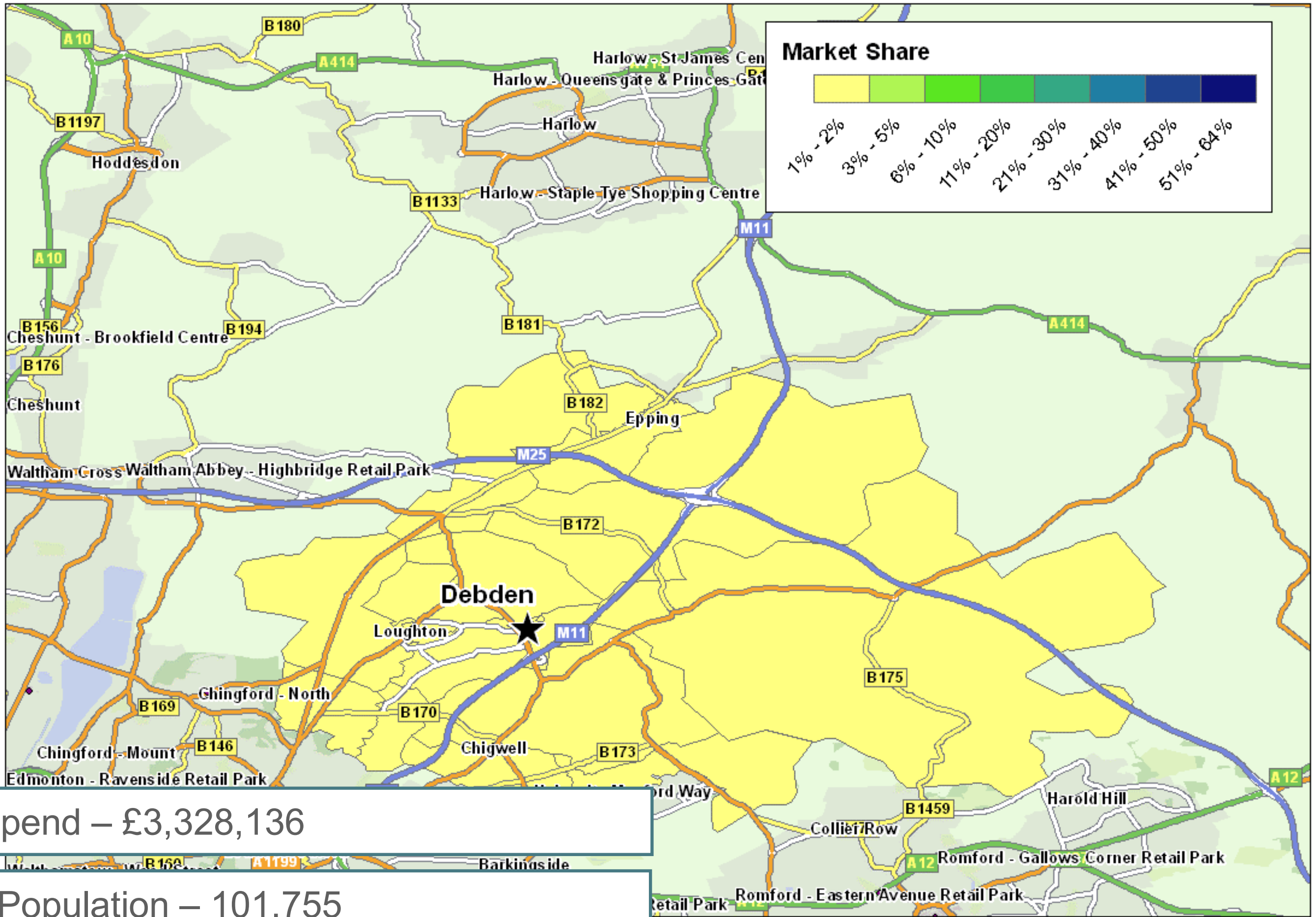
Debden Catchment – Pre Woolworths Closure



Weighted Spend – £4,892,857

Catchment Population – 135,636

Debden Catchment – Post Woolworths Closure



Weighted Spend – £3,328,136

Catchment Population – 101,755

BCSC Educational Workshop: Second Tier Towns & Cities

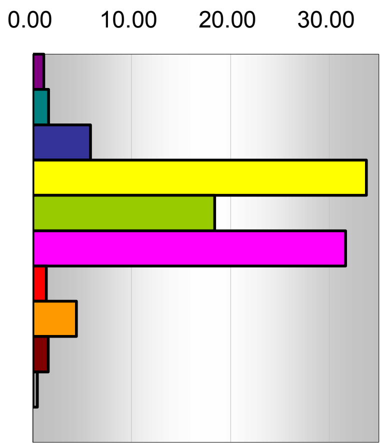
Small Town Survivors

Canning Town's Catchment Mosaic Profile vs London

- Canning Town's current catchment area is dominated by the four key Mosaic UK Groups:

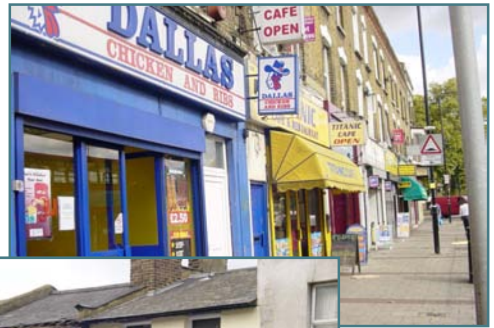
  - Ties of Community (34%)
  - Welfare Borderline (32%)
  - Urban Intelligence (18%)
  - Suburban Comfort (6%)

Mosaic Lifestyle Groups	Canning Town	%	London	%	Index
A Symbols of Success	7,812	1.09	1,076,450	14.36	8
B Happy Families	11,276	1.57	237,765	3.17	49
C Suburban Comfort	41,853	5.83	1,353,205	18.06	32
D Ties of Community	242,424	33.74	1,210,061	16.15	209
E Urban Intelligence	132,040	18.38	1,780,769	23.76	77
F Welfare Borderline	227,285	31.63	1,075,182	14.35	220
G Municipal Dependency	9,845	1.37	62,014	0.83	166
H Blue Collar Enterprise	31,675	4.41	413,127	5.51	80
I Twilight Subsistence	10,962	1.53	93,997	1.25	122
J Grey Perspectives	3,304	0.46	188,309	2.51	18
K Rural Isolation	0	0.00	3,173	0.04	0
	718,476	100	7,494,052	100	



Canning Town: Current Retail Positioning

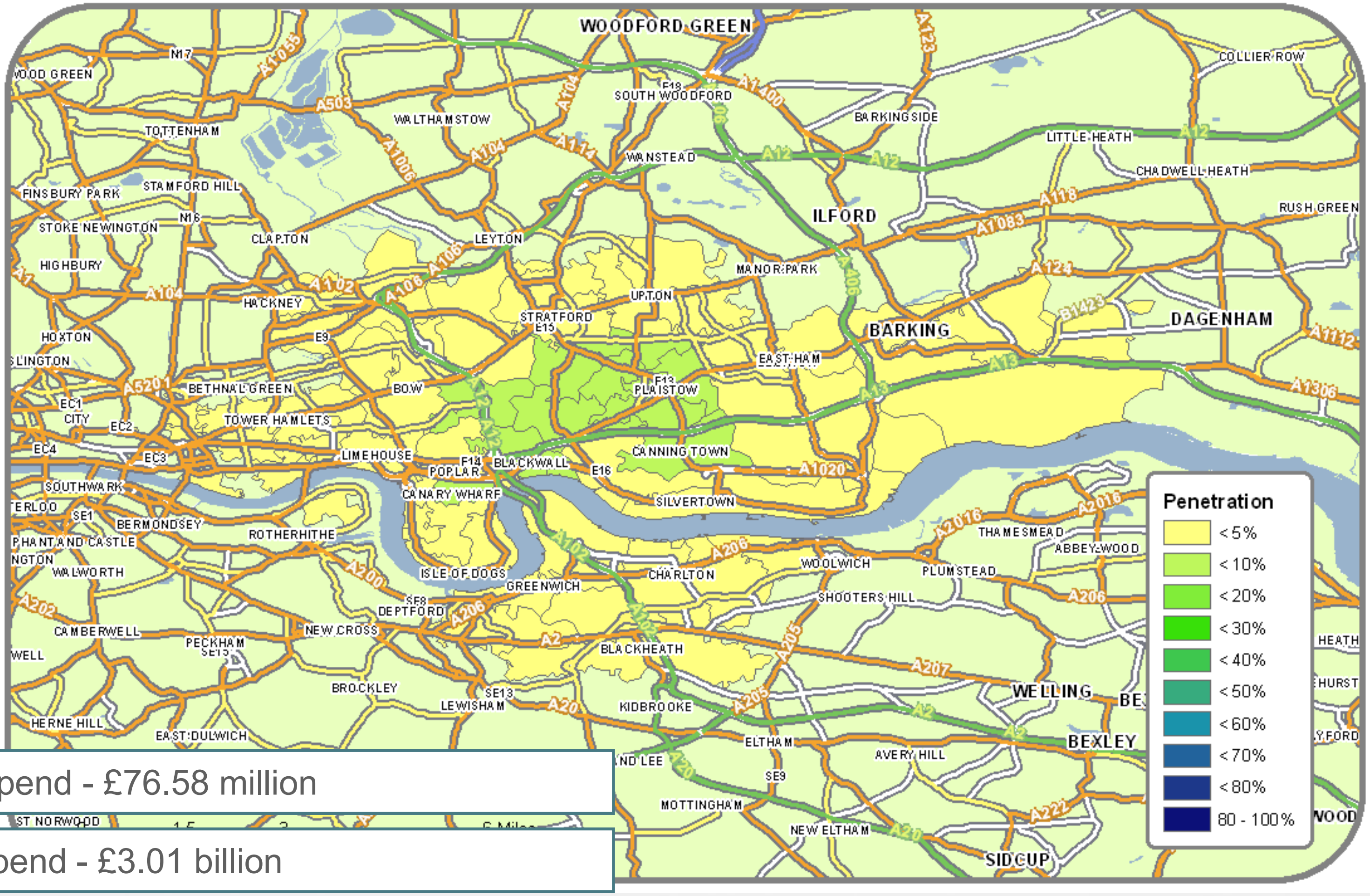
- Lack of multiple retailers
- There are elements of disrepair and neglect
- Lack of clothing and footwear floorspace at the centre.



Centre	Clothing & Footwear - % of Floorspace
Upton Park	18.1%
East Ham	10.9%
Ilford	10.0%
London West End	8.5%
Stratford	6.5%
Canning Town	3.20%

Centre	Multiples - % of Fascias
Stratford	47.2%
Ilford	39.7%
East Ham	30.3%
London West End	25.0%
Canning Town	15.2%
Upton Park	7.5%

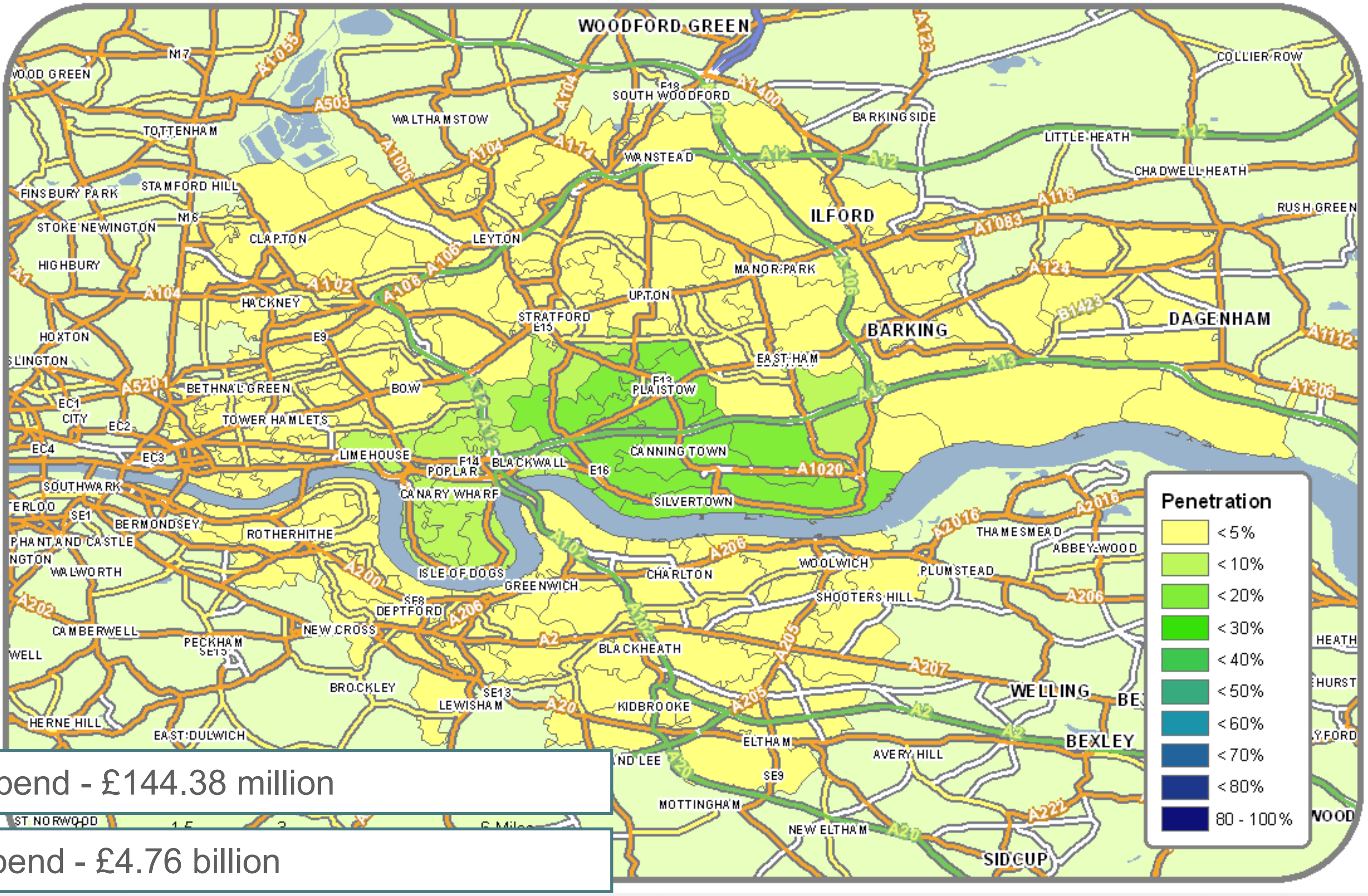
Canning Town – Current Catchment Area



Weighted Spend - £76.58 million

Available Spend - £3.01 billion

Additional 450,000 sq.ft. at Canning Town



Weighted Spend - £144.38 million

Available Spend - £4.76 billion

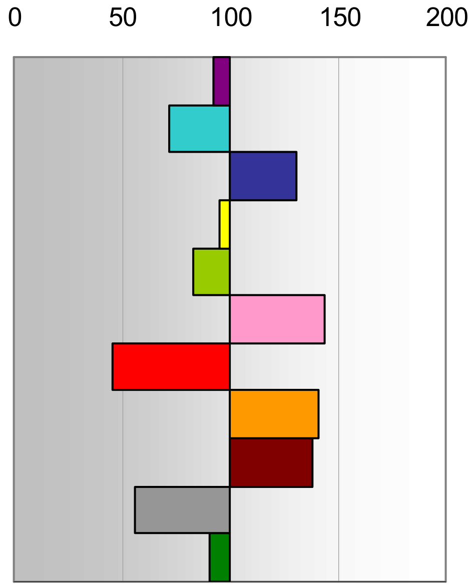
Pre and Post Development Expenditure Leakage

	Scenario 10 (No Growth)		Scenario 10 (2012 Spend)		Current	
Centre	Weighted Spend	%	Weighted Spend	%	Weighted Spend	%
Stratford	£899.14	18.9%	£950.11	18.9%	£202.82	6.7%
London West End	£766.26	16.1%	£809.69	16.1%	£617.33	20.5%
Ilford	£331.63	7.0%	£350.43	7.0%	£261.00	8.7%
Greenwich Peninsula - Greenwich Shopping Park	£226.25	4.8%	£239.07	4.8%	£204.16	6.8%
Woolwich	£172.98	3.6%	£182.79	3.6%	£120.31	4.0%
Lewisham	£164.17	3.5%	£173.47	3.5%	£89.96	3.0%
Bluewater	£163.01	3.4%	£172.25	3.4%	£95.88	3.2%
Bromley	£150.24	3.2%	£158.76	3.2%	£85.28	2.8%
Canning Town	£144.38	3.0%	£152.57	3.0%	£76.58	2.5%
East Ham	£130.19	2.7%	£137.57	2.7%	£141.04	4.7%
Romford	£127.50	2.7%	£134.73	2.7%	£49.37	1.6%
Lakeside	£118.52	2.5%	£125.24	2.5%	£77.96	2.6%
Upton Park	£108.59	2.3%	£114.75	2.3%	£125.85	4.2%
Barking	£107.73	2.3%	£113.83	2.3%	£94.58	3.1%
Walthamstow	£102.29	2.2%	£108.09	2.2%	£70.83	2.4%
Liverpool Street & Bishopsgate	£83.03	1.7%	£87.74	1.7%	£71.84	2.4%
Eltham	£81.36	1.7%	£85.97	1.7%	£53.73	1.8%
Surrey Quays	£72.59	1.5%	£76.70	1.5%	£52.60	1.7%
Canary Wharf	£67.24	1.4%	£71.05	1.4%	£66.99	2.2%
Other	£737.70	15.5%	£779.51	15.5%	£453.56	15.1%
Total	£4,754.80	100.0%	£5,024.33	100.0%	£3,011.67	100.0%

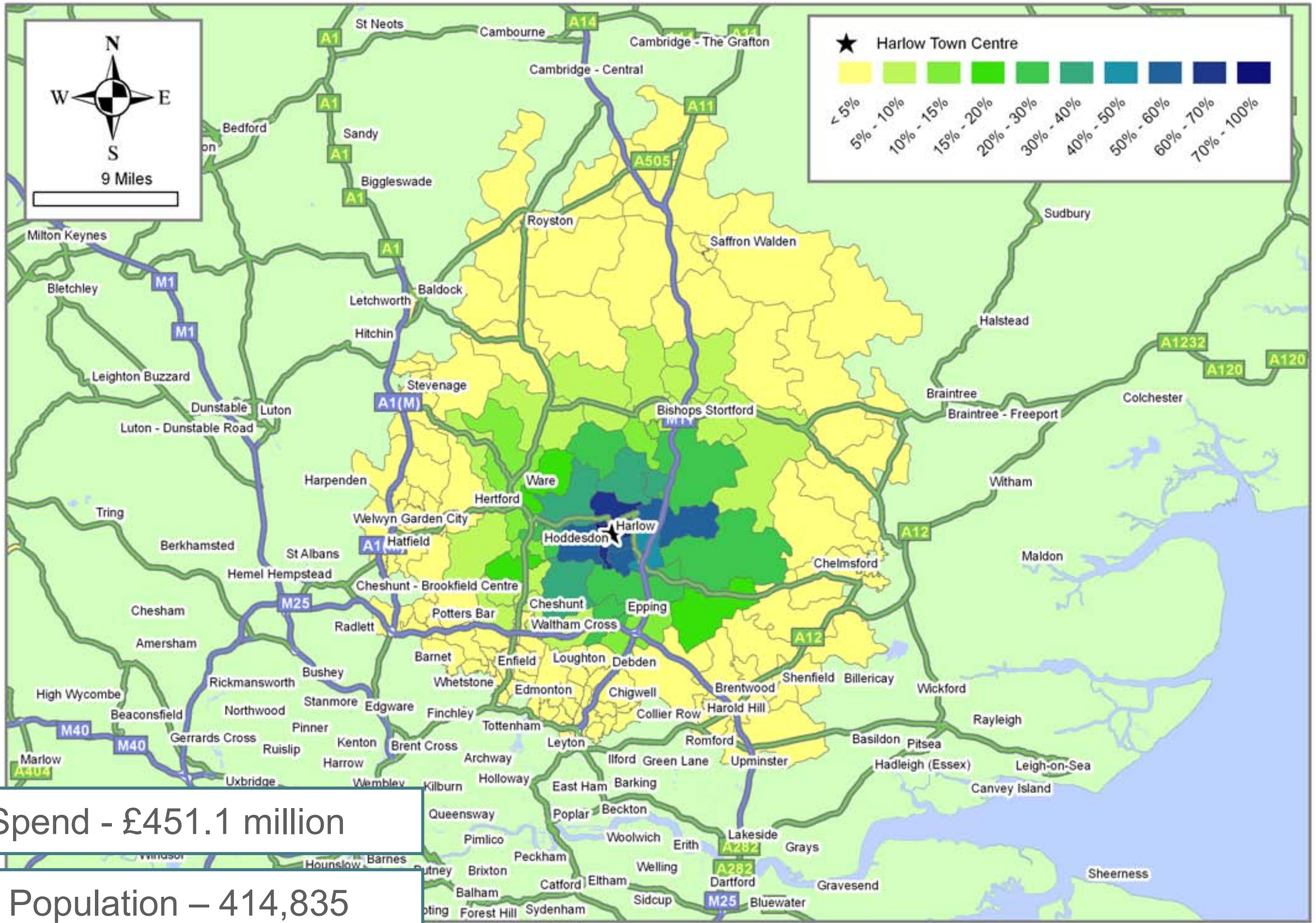
Harlow's Catchment Mosaic UK Profile vs South East

- Harlow's catchment area is dominated by the four key Mosaic UK Groups:
  - Suburban Comfort (24.7%)
  - Blue Collar Enterprise (17.3%)
  - Symbols of Success (16.6%)
  - Happy Families (11.5%)

Mosaic UK Groups	Current Catchment	Current Catchment %	South East	South East %	Index
A Symbols of Success	216,848	16.6%	2,054,153	18.0%	93
B Happy Families	150,219	11.5%	1,824,791	16.0%	72
C Suburban Comfort	321,393	24.7%	2,153,183	18.9%	131
D Ties of Community	118,460	9.1%	1,091,665	9.6%	95
E Urban Intelligence	67,843	5.2%	711,953	6.2%	84
F Welfare Borderline	35,912	2.8%	218,734	1.9%	144
G Municipal Dependency	10,608	0.8%	204,818	1.8%	45
H Blue Collar Enterprise	224,796	17.3%	1,394,781	12.2%	141
I Twilight Subsistence	42,508	3.3%	270,142	2.4%	138
J Grey Perspectives	66,574	5.1%	1,038,742	9.1%	56
K Rural Isolation	47,373	3.6%	459,205	4.0%	90
Total	1,302,534	100.0%	11,422,167	100.0%	100



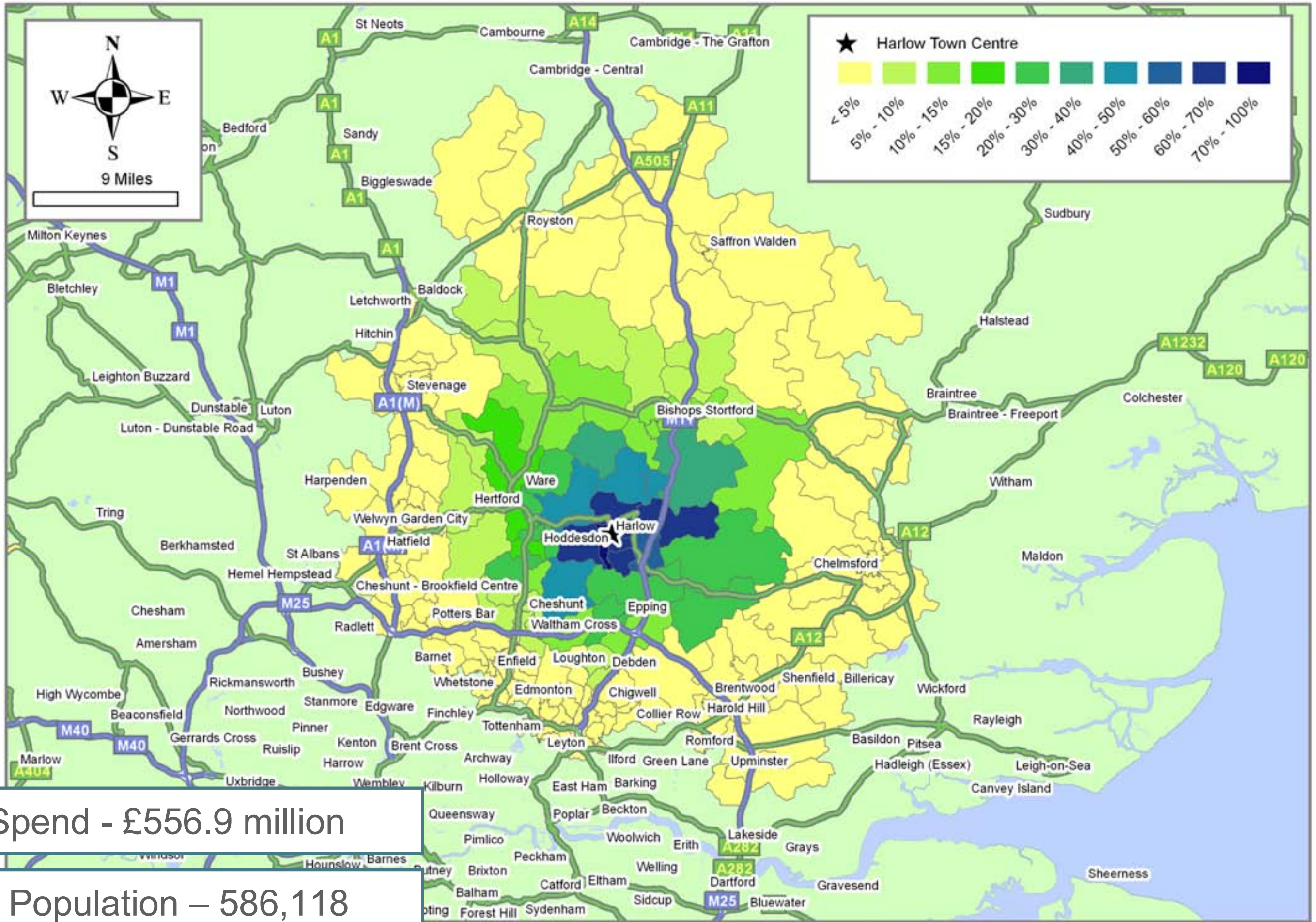
Harlow's 2014 'Without Development'



Weighted Spend - £451.1 million

Catchment Population – 414,835

Harlow's 2014 'With Development'



Weighted Spend - £556.9 million

Catchment Population – 586,118

Harlow 2014 Pre and Post Development Market Share

	2014 With Harlow Development			Current		
Centre Name	Shopper Population	Shopper Expenditure	Market Share	Shopper Population	Shopper Expenditure	Market Share
Harlow	109,238	£556,868,071	21.8%	93,361	£473,419,499	20.8%
Bishops Stortford	61,027	£340,619,216	13.3%	63,333	£352,420,077	15.5%
Welwyn Garden City	32,467	£173,000,740	6.8%	30,272	£160,507,469	7.1%
Stevenage	22,003	£112,451,091	4.4%	15,349	£83,390,538	3.7%
Enfield	20,393	£108,563,518	4.2%	16,003	£80,068,808	3.5%
London West End	20,010	£103,328,555	4.0%	19,031	£97,841,529	4.3%
Waltham Cross	17,507	£86,425,390	3.4%	17,811	£88,238,318	3.9%
Hertford	13,748	£73,083,557	2.9%	14,809	£78,623,687	3.5%
Chelmsford	12,242	£65,612,371	2.6%	10,221	£56,117,051	2.5%
Hatfield Galleria	11,782	£64,085,815	2.5%	12,122	£63,189,553	2.8%
Cheshunt - Brookfield Centre	11,648	£59,307,457	2.3%	11,976	£61,086,897	2.7%
Loughton	10,726	£56,820,416	2.2%	9,968	£51,136,024	2.2%
Stratford	10,432	£54,376,822	2.1%	1,077	£5,629,412	0.2%
Lakeside	10,219	£53,859,150	2.1%	9,187	£47,520,325	2.1%
Romford	10,026	£53,607,151	2.1%	8,715	£45,674,155	2.0%
Other	112,651	£593,592,240	23.2%	93,551	£530,014,667	23.3%
Total	486,118	£2,555,601,559	100%	435,030	£2,274,878,010	100%

Summary

- The majority of second tier towns and cities have declined over the last 5 years and the recession has exacerbated this.
- Development, such as the schemes planned at Canning Town and Harlow, can help to arrest and even reverse this decline.
- Regardless of development, it is key to match the retail mix of a centre to shopper requirements.
- Substantial opportunities exist for both retailers and developers/investors to tap into the latent potential afforded by some of the UK's second tier locations.

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