



# What is happening in the retail leasing market?

A landlord's (agent's) perspective.

**Mark Disney**  
**Executive Director**

20 January 2010

- **Demand**

- **Supply**

- **Affordability**

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**DEMAND**

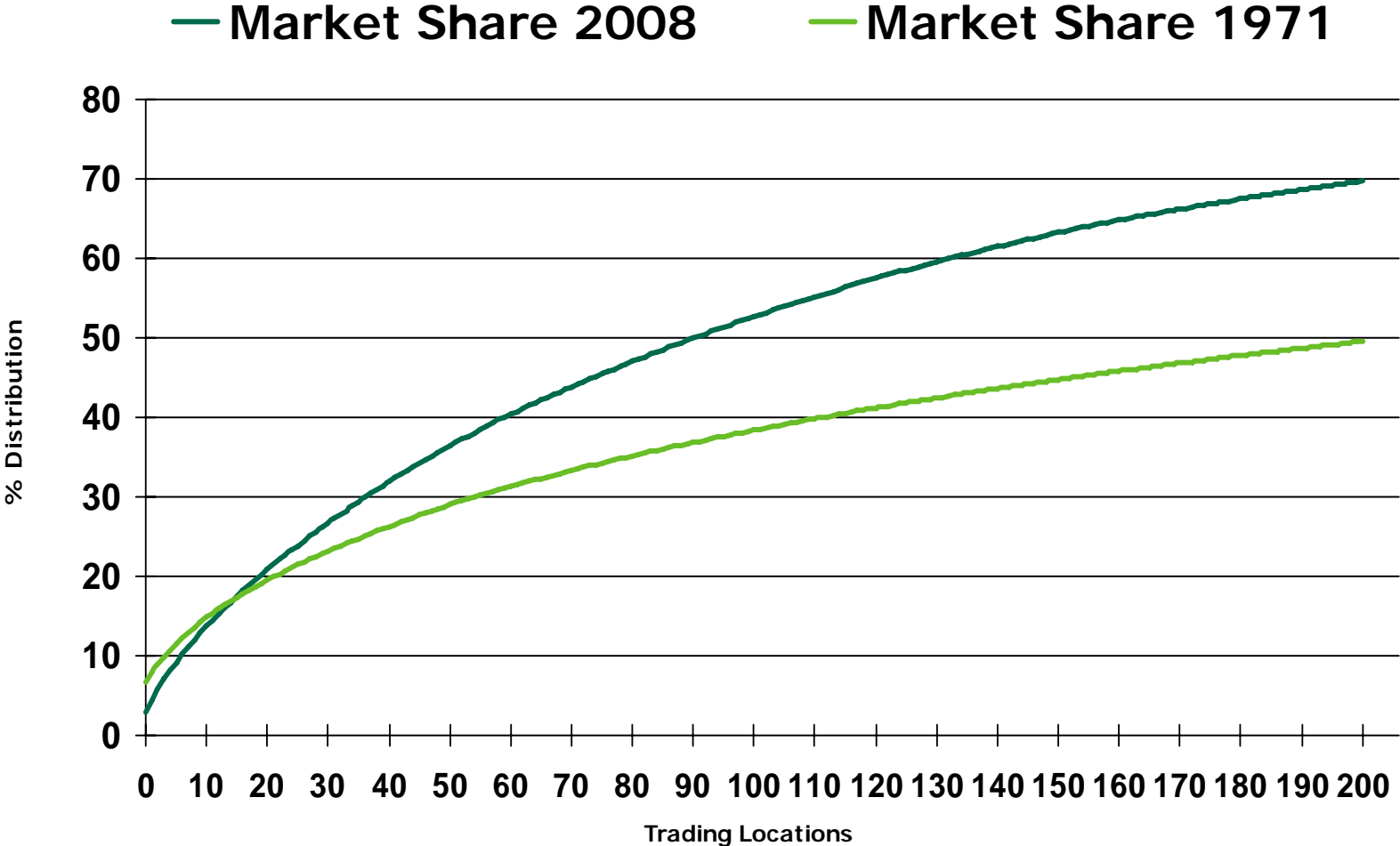
# RECESSION OR STRUCTURAL CHANGE?

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## **Polarisation:**

- **bigger brands**
- **bigger formats**
- **bigger centres**
- **better specialists**

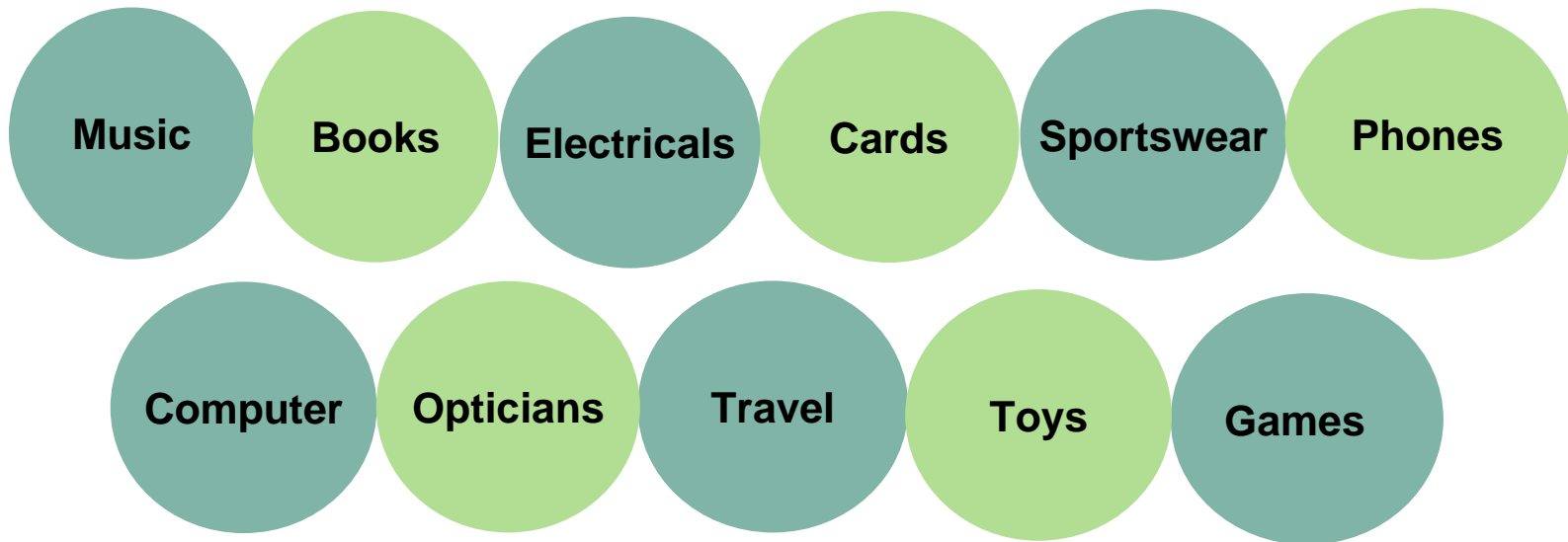
# LOCAL RETAIL MARKET SHARE DISTRIBUTION



# RETAIL SECTOR CONSOLIDATION

## Affecting

- demand
- margins
- expansion strategies



# GROWTH SECTORS

- Value Fashion** - Primark, Peacocks, TK Maxx
- Major Fashion Multiples** - Next, New Look, H&M, River Island
- Luxury for all** - Tiffany, Burberry, Hugo Boss
- Technology** - Apple, Microsoft?
- International** - Forever 21, Banana Republic, Anthropologie
- Hot Brands** - Cult, Hollister, Jack Wills, All Saints
- Specialists** - Crew Clothing, TM Lewin, Paperchase
- Branded Jewellery** - Links, Pandora, Thomas Sabo

# WHAT DOES AN AGENT HEAR?

“

That doesn't give me  
the return I need

”

“

I could get a better  
deal elsewhere

”

“

I don't need to  
expand

”

“

“I have no cap-ex”

”

“

I could turn over the  
same in a smaller  
town!

”

# WHAT DOES AN AGENT HEAR? PART II

“

**I know what our strategy is for 2010**

”

“

**What do I need to do to secure that shop?**

”

“ **We can't be so choosy this year as there is less stock around**

”

“

**I need more space**

”

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SUPPLY

- **responsive to trends**
- **delivers optimum space**
- **provides “latest” tenant line ups**
- **capital assistance with fit outs**
- **pipeline turned off – quickly!**
- **not just the landlords’ problem!**

# RETAIL PIPELINE - 2010/2011

## 2010

- Bury – Lloyds/Deloitte/Hammerson
- Bath (Phase 2) – Multi
- One New Change – Land Securities
- Carmarthen – Simons
- Newcastle – Eldon Square extension – CSC
- Blackburn – The Mall

The Rock, Bury



## 2011

- Stratford City – Westfield
- Wakefield – Sovereign Land
- Newbury – Shearer/Standard Life



Stratford City

One New Change,  
London



- **less flexible**
- **pressure to keep voids to a minimum**
- **oversupply?**
- **15% UK stock vacant (Experian)**
- **wrong sized units in wrong locations!**
- **prime voids very low**
- **landlords and tenants frustrated**

# WHERE IS THE MARKET TODAY?

## Who is winning?

- **The Regional Mall**
- **Prime City Centre**
- **Affluent suburb or Market Town**

## Who is suffering?

- **The Regional Mall**
- **Prime City Centre**
- **Affluent suburb or Market Town**
- **Secondary Shopping Centres/Towns**

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## AFFORDABILITY

# AFFORDABILITY, FRIEND OR FOE?

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- **CVA's and pre-packs – Fast track to transparency**
- **Highlight retailers' diverse business models**
- **Lease expiry bubble – mark to market**
- **Rents becoming aligned to performance**
  
- **Can the best pay more?**

# MAKING IT WORK FOR THE LANDLORD

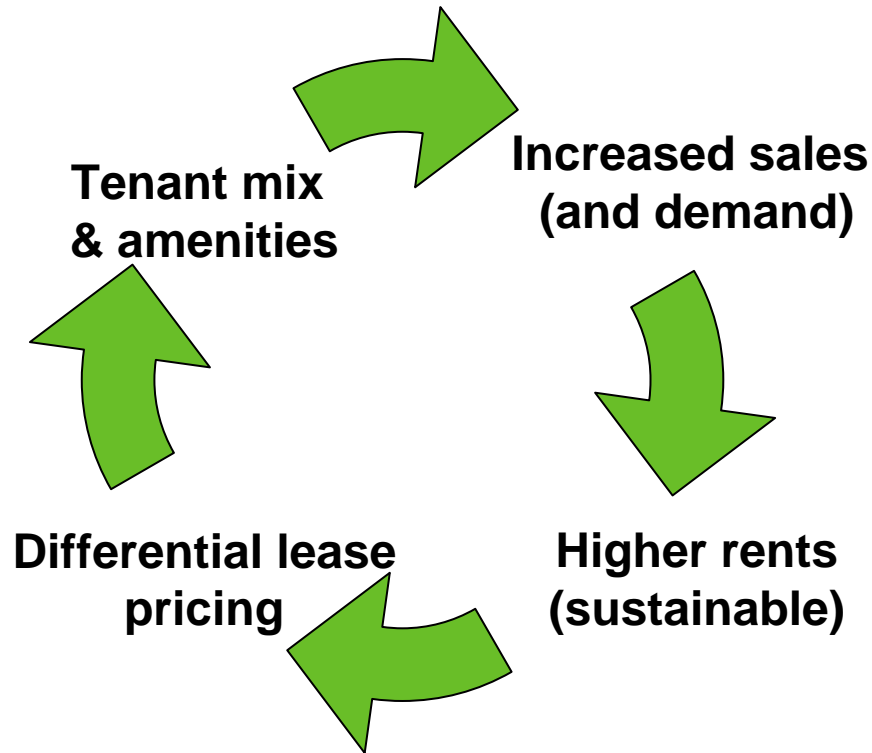
## Focus on driving sales

- more shoppers spending more
- define your proposition
- more distinct/varied offer
- better service, amenities, parking

## Create competitive tension

- define tenant mix
- differentiate locations
- manage supply
- understand the opportunity

# A VIRTUOUS CIRCLE?



- **Share information**
- **Understand diverse business models**
- **Needs retailer and landlord buy in**

- **The best and the rest**
- **Trading performance = property performance**
- **Know your market!**

# Q & A