HIGH STREET & OUT OF TOWN RETAIL FOCUS

Q3 2024

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Welcome to SHW's 2024 Retail Focus which provides an overview of the High Steet & Out-of-Town retail markets.

Despite the ongoing challenges of the high street, the positive outlook for out-of-town remains, with record rents being set within the drive thru/to markets.

Our current instructions stretch from Newcastle to Weymouth and Eastbourne, covering a mix ofretail parks, restaurants and food retail units.

On the high street, although prime and secondary rents have remained broadly static, and we expect this to continue, demand within the South East region remains good, with many retailers/operators using current market conditions to their advantage.

Local councils still need to continue working with retailers to ensure the High Street remains viable and vibrant, together with diversification and intensification to ensure high footfall.

The out-of-own retail investment market remains popular, albeit with little stock available.

RICHARD PYNE
Partner

JEREMY GOOD
Director

PRIME RENTS (ITZA)

BROMLEY	£105
CROYDON	£125
EPSOM	£80
SUTTON	£75
PURLEY	£50
OXTED	£45

SECONDARY RENTS (ITZA)

BROMLEY	£50
CROYDON	£65
EPSOM	£40
SUTTON	£35
PURLEY	£20
OXTED	£30

DEALS DONE

Unit 5-7 AMP House | Croydon

Let to a global franchise fitness company.

3A George Street | Croydon

Let to an independent restaurant operator on behalf of a Charity.

938 Brighton Road | Purley

Let to a national franchise.

MEET THE TEAM

Richard Pyne
Partner
07901 821843
rpyne@shw.co.uk
AGENCY

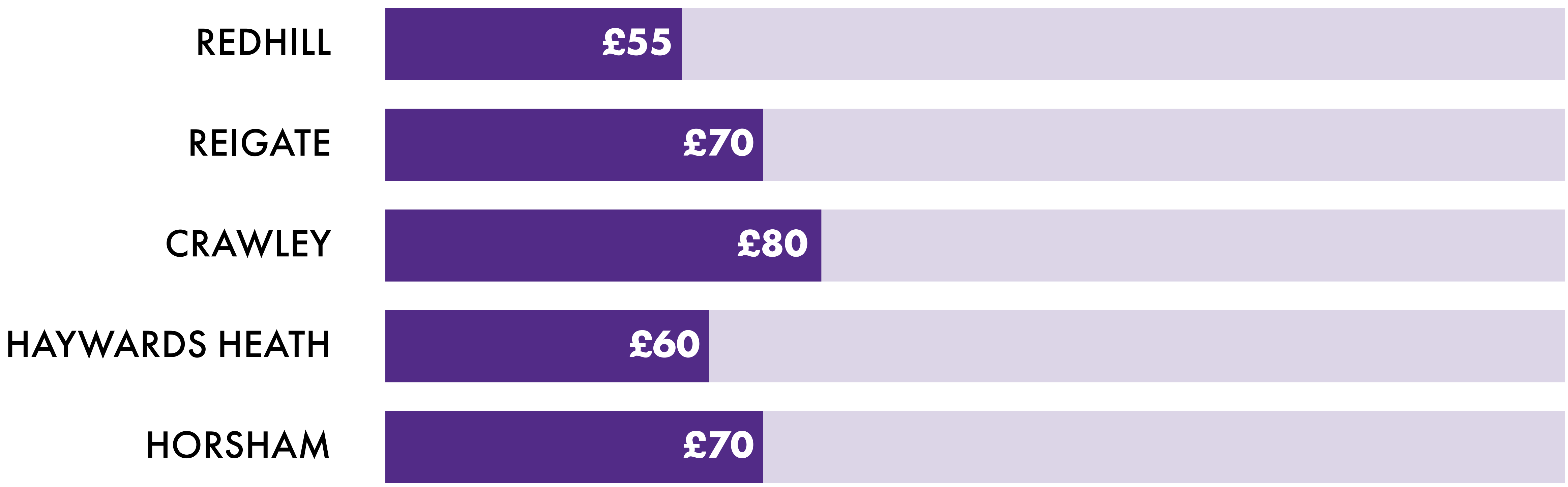
Ian Campbell
Associate
07964 485812
icampbell@shw.co.uk
AGENCY

Luke Longley
Associate
07947 373494
llongley@shw.co.uk
PROFESSIONAL

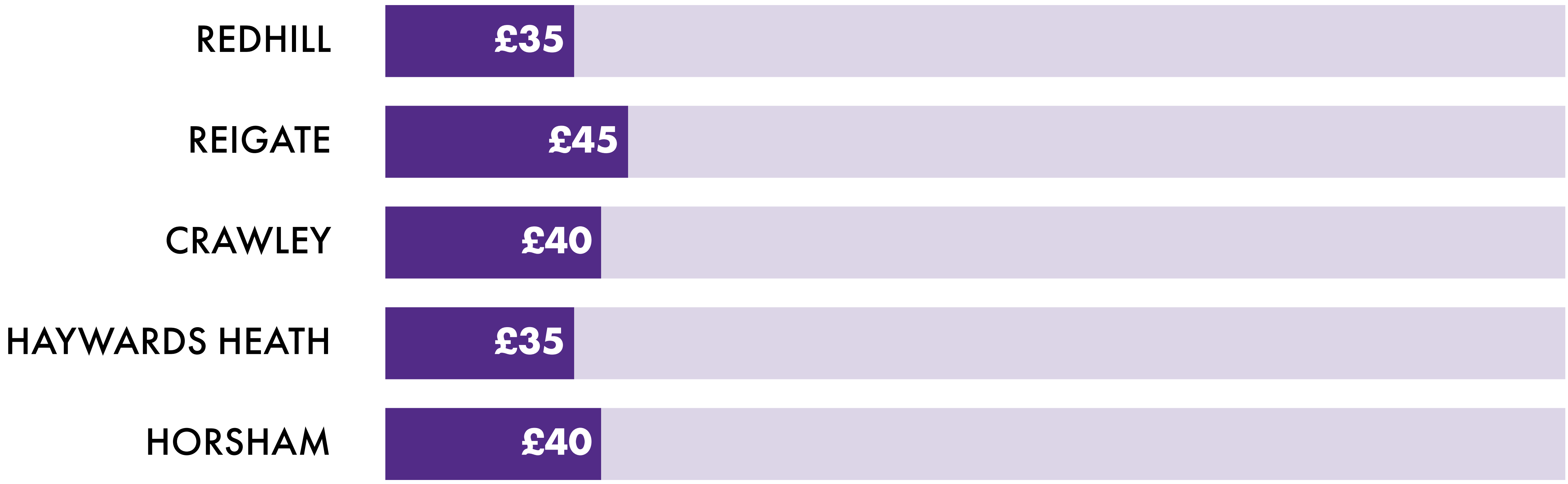
Matt Morris
Surveyor
07894 692426
mmorris@shw.co.uk
AGENCY

James Griffiths
Graduate Surveyor
07867 232653
jgriffiths@shw.co.uk
AGENCY

PRIME RENTS (ITZA)



SECONDARY RENTS (ITZA)



DEALS DONE

22 Haslett Avenue | Crawley

Former Blacks let to multiple occupier, on behalf of asset management client.

14 The Martlets | Crawley

Let to national franchisee, on behalf of asset management client.

112 South Road | Haywards Heath

To Let on behalf of private individual.

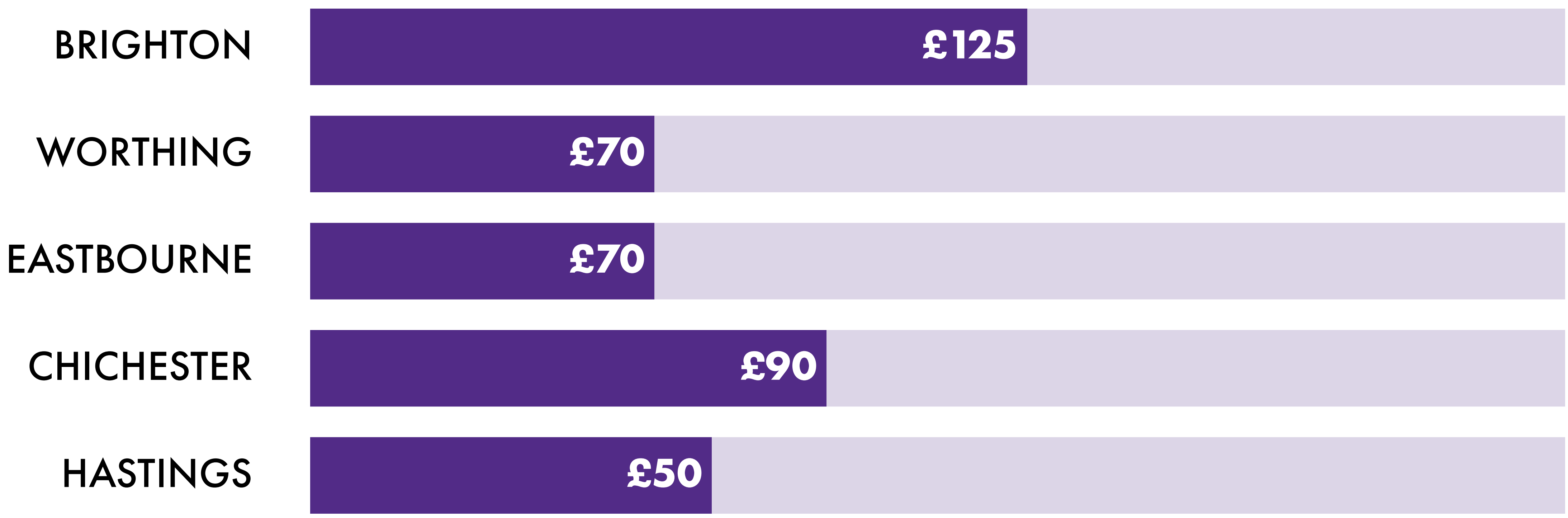
MEET THE TEAM

Richard Pyne
Partner
07901 821843
rpyne@shw.co.uk
AGENCY

Alex Denning
Graduate Surveyor
07943 524921
adenning@shw.co.uk
AGENCY

Rachel Finn
Director
07740 631560
rfinn@shw.co.uk
PROFESSIONAL

PRIME RENTS (ITZA)



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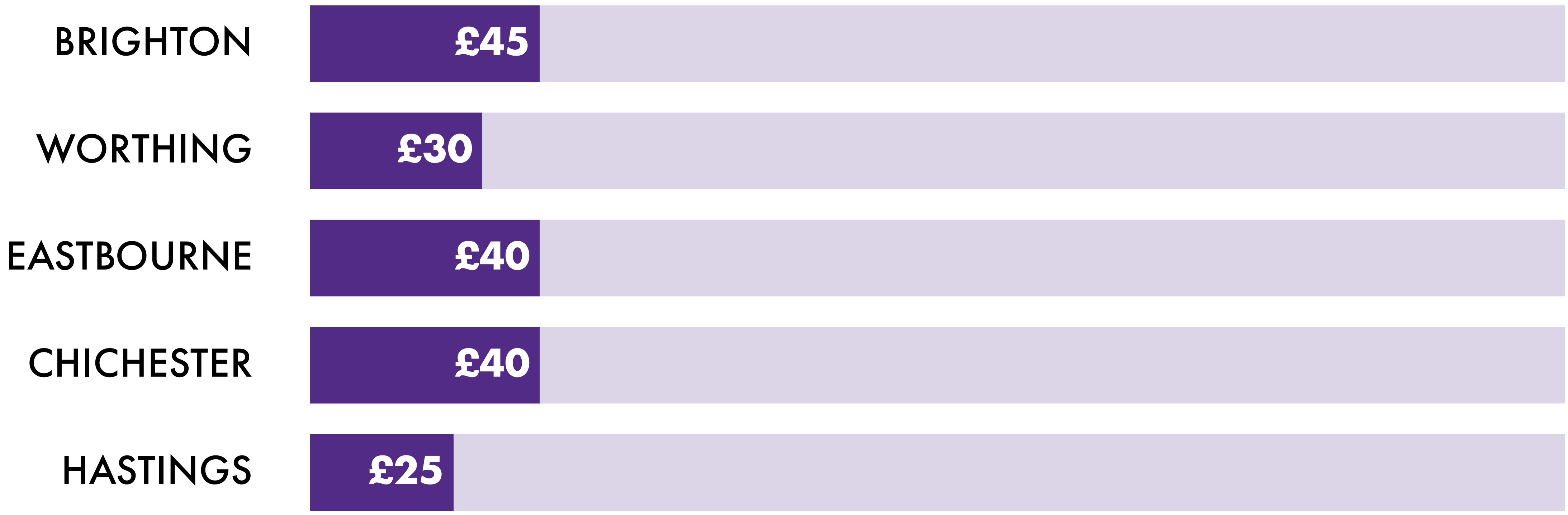

DEALS DONE

47 Market Street
Brighton
Grade II listed building, let on behalf of private client.

67 Trafalgar Street
Brighton
Let to independent, on behalf of multi-national real estate company.

Edward Street Quarter
Brighton
Let to multiple Gym operator on behalf of multi-national real estate company.

8-9 Montague Place
Worthing
Assigned the lease on behalf of Boston Tea Party to a competitive Socialising user.

39 Grove Road
Eastbourne
Letting agreed to a Board Game Cafe.

MEET THE TEAM

Richard Pyne
Partner
07901 821843
rpyne@shw.co.uk

AGENCY

Duncan Marsh
Partner
07970 524840
dmarsh@shw.co.uk

AGENCY

Max Perkins
07947 373545
mperkins@shw.co.uk

AGENCY

Alex Denning
Graduate Surveyor
07943 524921
adenning@shw.co.uk

AGENCY

EXECUTIVE SUMMARY

The first half of 2024 has seen the overall economic climate stabilise as inflationary pressures reduce and interest rates hold, leading to an improvement in consumer confidence across the retail sectors.

The sector continues to see positive sales growth in the grocery, essential, hospitality and leisure sectors, although the more traditional "big box" retailers sectors including DIY, electrical and furniture operators have suffered from consumers deferring discretionary expenditure on big ticket items. Recent letting activity in the sector has continued to be focussed on the discount retailers, but the increasing activity in the essential and value non-food sector has resulted in a further shift away from reliance on discretionary spend. Along with improving sales volumes we have seen continued year-on-year growth in footfall on retail parks as the shift to convenience/ essential retail continues.

The drive-thru coffee shop and bakery operators continue to be the most acquisitive in the F&B sector, although the volume of transactions is falling due to the difficulties in securing sites with planning consent and the increased costs of construction reducing viability.

Investment activity in the sector has remained at relatively low levels but there has been a marked adjustment in the pricing of some assets reflecting the scarcity of supply and optimistic projections of growth and retailer activity.

PRIME NON-FOOD RETAIL RENTS*

CROYDON	CRAWLEY	BRIGHTON	PORTSMOUTH	EASTBOURNE
£35.00 psf	£32.50 psf	£30.00 psf	£22.50 psf	£20.00 psf

PRIME NON-FOOD RETAIL RENTS:

Whiteley Village | Fareham
Lease advice.

Stockport Retail Park | Stockport
Lease advice for Landlord, Peel.

Kingsway Retail Park | Rochdale
Lease & agency advice.

Trafford Retail Park | Manchester
Lease advice for Landlord, Tritax. matters.

MEET THE TEAM

Jeremy Good
Director
07867 606061
jgood@shw.co.uk
AGENCY

Ian Campbell
Director
07964 485812
icampbell@shw.co.uk
AGENCY

*Assumes 10,000 sq ft, open non-food retail planning within these conurbations, excluding fashion parks.

UK ECONOMY AND THE INVESTMENT MARKET

- GDP in the UK economy has steadily and resiliently grown since the covid volatility of 2020/2021, despite covid / Brexit / inflation and higher interest rates
- UK domestic interest rates increased as BoE seeks to combat inflation
- Higher cost of money reduces the margin between the amount of interest that borrowers must pay for debt and the rent that they hope to collect
- Some buyers have been seeking higher yields to maintain margins – this reduces sale prices, this is now somewhat ameliorated by expectations of inflation and the interest rates steadying or decreasing.
- Despite this, many buyers and sellers seeking to trade for their own reasons often driven by, for example, generational change / I H T, project completion, fund life ending, redemptions, lender pressures or crystallising profit

RETAIL INVESTMENT YIELDS

Prime High street - **6 - 9%**
Shopping Centres - **8 - 11%**
Retail warehouse – **5 - 11%**

Depending on:

- Location
- Letting
- Covenant
- Rent – above or below current ERV?

FUTURE

- Footfall is improving
- Scope for leisure
- Innovative reuse of larger units
- Changes of use having positive impact
- Shopping centres changing quickly, eg NHS at Metrocentre and IKEA at Hammersmith and now Brighton

BUYER TYPES

- HNW Individuals
- Family Property Companies
- Pension Funds
- Family Office/Trust
- Property Investment Companies
- SIPP and SSAS entities
- Property Developers

Resilience – Supermarkets and convenience stores, retail warehousing

Re-Pricing – High Street, restaurants, vacant units

Crawley High Street

Freehold, Prezzo Restaurant sold by SHW at 6.98% and £1.15M

Wallington, Woodcote Road

Tesco, Caffe Nero & Specsavers sold by SHW at£2.15M

Churchill Square Brighton

500,000 sq ft Shopping Centre purchased by IKEA

MEET THE TEAM

Martin Clark
Partner
07771 780708
mclark@shw.co.uk
AGENCY

Nick Bradbeer
07850 605770
nbradbeer@shw.co.uk
AGENCY

Jeremy Good
Director
07867 606061
jgood@shw.co.uk
AGENCY

Richard Pyne
Partner
07901 821843
rpyne@shw.co.uk
AGENCY

BRIGHTON

Brighton

Lees House, Brighton, East Sussex.
BN1 3FE

01273 876200 | brighton@shw.co.uk

EAST SUSSEX

Eastbourne

Chantry House, 22 Upperton Road, Eastbourne,
East Sussex. BN21 1BF

01323 437900 | eastsussex@shw.co.uk

WEST SUSSEX COAST

Worthing

3 Liverpool Gardens, Worthing, West Sussex.
BN11 1TF

01903 229200 | westsussexcoast@shw.co.uk

CRAWLEY/GATWICK

Crawley

Origin One, 108 High Street, Crawley,
West Sussex. RH10 1BD

01293 441300 | crawley@shw.co.uk

HAMPSHIRE

Hampshire

Victoria House, 178-180 Fleet Road, Fleet,
Hampshire. GU51 4DA

01252 811011 | hampshire@shw.co.uk

LONDON

London

14-15 Berners Street, London.
W1T 3LJ

020 7389 1500 | london@shw.co.uk

SOUTH LONDON

Croydon

Corinthian House, 17 Lansdowne Road, Croydon.
CR0 2BX

020 8662 2700 | southlondon@shw.co.uk

SW M25

Leatherhead

Wesley House, Bull Hill, Leatherhead, Surrey,
KT22 7AH

01372 818181 | swm25@shw.co.uk

SE M25

Bromley

Imperial House, 21-25 North Street, Bromley.
BR1 1SD

020 3763 7575 | sem25@shw.co.uk

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