

# RETAIL NEWS

THE HIGH STREET:  
REDUNDANT, RELEVANT OR RESURGENT?

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ISSUE 7

## KNIGHT FRANK'S TOP 200 RETAIL RANKING

*Where's hot, where's not?*

## INVESTMENT MARKETS

*Liquidity rules and Knight Frank's Top Picks*

## CLIENT INTERVIEWS

*Metro Bank and Redevco*

# KEY TAKEAWAYS

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- THE HIGH STREET IS NOT DEAD BUT IS UNDERGOING FAR-REACHING STRUCTURAL CHANGE. TOWN CENTRES ARE HAVING TO EVOLVE TO STAY RELEVANT
- THE ROLE OF THE HIGH STREET VARIES DRAMATICALLY BY LOCATION. HIGH STREETS THAT PROSPER ARE THOSE THAT UNDERSTAND THEIR ROLE AND RESPOND MOST DIRECTLY TO THE NEEDS OF THEIR CATCHMENT
- RETAIL OCCUPIER MARKETS CONTINUE TO REBASE RATHER THAN REBOUND. THIS IS THE NEW NORM, RATHER THAN A LOW POINT IN THE CYCLE
- OCCUPIER DEMAND IS FAR MORE SELECTIVE THAN IN THE PAST, WITH RETAILERS LESS WILLING TO COMPROMISE
- THERE IS A DEGREE OF HIGH STREET DEMAND COMING FROM 'NON-RETAIL' OPERATORS – A2 AND A3 USES, CONSUMER GOODS BRANDS AND 'PURE PLAY' ONLINE RETAILERS
- POST-REFERENDUM INVESTMENT DEMAND FOR HIGH STREET STOCK HAS BEEN STRONG THANKS TO SMALL LOT SIZES AND HIGH LIQUIDITY – PRIME HIGH STREET YIELDS ARE AT 20 YEAR LOWS (4.00%)
- OUR BESPOKE RETAIL RANKING QUANTIFIES INVESTMENT POTENTIAL, HIGHLIGHTING THE RELATIVE STRENGTHS OF:
  - HISTORIC/PICTURESQUE/TOURIST CENTRES (E.G. CAMBRIDGE, BATH, CANTERBURY)
  - 'AFFLUENT MARKET TOWNS' (E.G. GUILDFORD, CHICHESTER, WINCHESTER)
  - MAJOR CITIES (E.G. BRISTOL, READING, BIRMINGHAM, CARDIFF)
  - 'UNDER THE RADAR' CENTRES (E.G. SWINDON, PETERBOROUGH, BURY ST EDMUNDS, TRURO)
- TOP KNIGHT FRANK PICKS:
  - 'PREMIERSHIP CENTRES' – CHELTENHAM, BRIGHTON
  - 'CHAMPIONSHIP CENTRES' – EASTBOURNE, WORCESTER, STAINES

# INTRODUCTION

**T**he death of the high street – this has probably grabbed more headlines than any other retail topic over the past decade. Indeed, it was a widely held view until recently that the ultimate loser in the battle with online would be our high streets. Unable to transform, lacking cohesive management, made up of largely dated buildings, retailers would desert the high street at every opportunity. These locations would be left to the territory of the banks, estate agents and charity shops. Game of Thrones fans might imagine our high streets full of White Walkers!

Of course, there are some high streets that are going this way and, indeed, some of these are locations that would have been the playground of the institutions in the last decade.

However, our strongest high streets are fighting their corner. Normally they remain the busiest pitches in our top towns and cities. It's true, some have had to rebase their rents, but few of the top 50/75 have alarming vacancy rates. Few have seen a dramatic change in tenant mix and most, in our opinion, make sound medium term investment propositions, subject to picking the right stock.

Indeed, no longer is the high street the ugly duckling of retail. Turnover volumes are holding up, the market is refreshed, investors enthused by the liquidity and strong pricing achieved in this sector, even in the immediate aftermath of last year's Referendum.

This edition of our newsletter is not meant to try to convince you that all of those negative headlines were wrong. That Mary Portas was looking into a problem that did not exist. However, we do wish to make a case that this market is full of both winners and losers.

The right stock will always benefit from minimal obsolescence relative to other sectors. In the medium term we will see rental growth again and, throughout the ups and downs, the liquidity of this sector will remain incredibly valuable.

Write it off at your peril – the importance of our best high streets to retailers and investors is here to stay.



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# HIGH STREET DASHBOARD

## OCCUPIER MARKETS: STILL REBASING

**3,168**

NO. OF TOWN-BASED CENTRES IN GB LISTED BY CACI

**275<sub>M</sub> SQ FT**

ESTIMATED TOTAL TOWN CENTRE RETAIL FLOORSPACE IN UK

**2,450+**

NO. OF HIGH STREET RETAIL MULTIPLES IDENTIFIED BY GOAD

**12.2%**

GB SHOP VACANCY RATE AT JULY 2017, ACCORDING TO LDC

**13/6.5%**

NO. OF PROMIS 200 CENTRES WHERE PRIME ZONE A RENTS ARE HIGHER THAN 2008 LEVELS

## INVESTMENT MARKETS: POST-BREXIT 'PERFECT STORM'

**£1,290<sub>M</sub>**

HIGH STREET INVESTMENT VOLUMES IN H2 2016

**£712<sub>M</sub>**

HIGH STREET INVESTMENT VOLUMES IN H1 2017

**4.00%**

PRIME HIGH STREET YIELDS IN 2017

**-25<sub>BPS</sub>**

PROJECTED COMPRESSION IN 'GOOD SECONDARY' YIELDS OVER NEXT 6 MONTHS

**9<sup>TH</sup>/10<sup>TH</sup>**

POSITIONS OF KF TOP PICKS CHELTENHAM AND BRIGHTON IN THE RETAIL RANKING

## KF RETAIL RANKING: WHERE TO INVEST?

**474**

SCORE OF RANKING LEADER CAMBRIDGE (OUT OF A POSSIBLE 540)

**2**

NO. OF MAJOR CITIES TO FEATURE IN THE TOP 10 (BRISTOL, READING)

**22**

NO. OF TOP 50 CENTRES LOCATED IN THE SOUTH EAST

**70%**

PROPORTION OF TOP 50 CENTRES IN THE SOUTH (SE, SW + GREATER LONDON)

**200<sup>TH</sup>**

RANKING (OUT OF 200) OF SOUTH SHIELDS

## CLIENT INTERVIEWS: KEY STATS

**48**

CURRENT NO. OF METRO BANK OUTLETS IN THE UK

**100**

METRO BANK'S TARGET NO. OF OUTLETS BY 2020

**1,045,000**

NO. OF METRO BANK ACCOUNT HOLDERS AT END OF Q2

**CA. £750<sub>M</sub>**

VALUE OF REDEVCO'S UK ASSETS UNDER MANAGEMENT

**200**

NO. OF CITIES ACROSS EUROPE CONSIDERED INVESTMENT GRADE BY REDEVCO

# KEY POINTS

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- THE HIGH STREET CONTINUES TO UNDERGO PERMANENT STRUCTURAL CHANGE
- A REBASING RETAIL OCCUPIER MARKET IS THE NEW NORM, RATHER THAN A PASSING CYCLICAL PHASE
- RETAILERS WILL CONTINUE TO RIGHT-SIZE THEIR PORTFOLIOS, RELOCATE OR RE-GEAR TO REDUCE COSTS
- OCCUPIER DEMAND IS FAR MORE SELECTIVE – THE RIGHT SITES IN THE RIGHT TOWNS AT THE RIGHT RENT AND NO COMPROMISES
- FEWER NEW ENTRANTS FROM OVERSEAS, BUT INCREASING DEMAND FROM 'NON-RETAIL' OCCUPIERS
- THERE IS STILL THE ISSUE OF OVER-SUPPLY – THE UK SIMPLY HAS TOO MANY SHOPS
- THE HIGH STREET IS EVOLVING RATHER THAN DYING
- OUR TOP STREETS REMAIN INCREDIBLY STRONG, BUT THE 'WINNERS' LIST IS NOTABLY SHORTER
- RETAIL CENTRES NEED TO UNDERSTAND THEIR ROLE – A ROLE THAT IS DICTATED BY THE DEMANDS AND ASPIRATIONS OF THE CATCHMENT THEY SERVE

# THE UK HIGH STREET: REBASING RATHER THAN REBOUNDED

WORDS: DAVID LEGAT & MIKE WIMBLE – PARTNERS, RETAIL AGENCY

*It's time to wake up and smell the coffee.  
The occupational market has changed for good.*

The occupational market has been in decline for some time and there is general acceptance that we are reaching the bottom of yet another cycle. There is, however, a lack of acceptance that the bottom of the market is actually the new norm, at least in some towns. Those expecting a bounce back and return to former levels across the country will be sorely disappointed.

## The new order

Why? The way we shop has fundamentally changed. The retail environment experienced a perfect storm through 2009/10 as the great economic crash really bit. But the retail revolution wasn't driven purely by wider economic malaise. At the same time, consumers have increasingly embraced technology – prompting a seismic change in the way we shop, what we shop for, as well as when and where we shop.

Retailers no longer need to be on every high street in the country and can service the UK market from a smaller number of stores. Established traders have spent the past ten years right-sizing their portfolios, relocating, re-gearing or vacating to reduce overheads, while new retailers have become far more selective in their acquisition programmes. The days of a whole host of retailers rampaging across the land acquiring 40/50/60 stores a year are gone. Landlords are vying with each other to attract any retailer in acquisition mode, and offering the deals to secure them.

The high street is far from dead, but it is a very different place than it was ten years ago. Those that understand this will prosper; those that don't will be left regaling tales of the good old days, as the market moves on and leaves them behind.

## Evolving rather than dying

Town centres need to evolve to offer what is demanded from the catchment, not what landlords falsely create with huge incentives and low rents. Not every retail centre needs to offer the multi-channel, high experience, quality offering that the likes of a Westfield scheme embraces. Retail centres are becoming more compartmentalised, and the faster a centre recognises which compartment it sits in, the more chance it has of survival.

Take Manchester as an example. The city centre provides one of the UK's leading retail and leisure experiences. The prime high street pitches remain incredibly strong and this can be said about our other leading (25 or 50) cities. However, this is an environment the satellite towns such as Stockport, Ashton-under-Lyne, Bury, Bolton etc. cannot compete with, and never will. Add to that the smaller towns in the wider Manchester conurbation of Middleton, Oldham, Stretford, Wythenshawe and so on, and the result is a catchment oversupplied with retail space.

Smaller retail centres need to realise their position in the hierarchy and offer what the consumer wants, which is a convenient place to grab the essentials of everyday

life; be that the bank, the hairdresser, the doctor, the travel agent or the supermarket. If the centre is able to reflect the convenience-based needs of the people that live and work there, the end result is generally a vibrant, sustainable retail location.

Where once we feared the homogenisation of high streets, successful town centres have evolved into very different things. Today, town centres can offer various options and experiences depending on where you go. Owners with control of multiple holdings are able to influence and manage the mix to deliver a point of difference that will attract the ever more discerning customer.

“There is, however, a lack of acceptance that the bottom of the market is actually the new norm in some of our towns.”

# METRO BANK: BANKING ON THE HIGH STREET

WORDS: CALUM EWING, HEAD OF PROPERTY, METRO BANK

*The enduring appeal of the high street extends beyond traditional retailers. In contrast to many of its peers, Metro Bank is firmly on the expansion trail.*

There can be no 'one size fits all' approach. Retail is a very organic thing; it changes with the times and delivers those uses which are demanded by the consumer. As such, town centres have moved away from the pure shopping experience and food and beverage now plays a key part in any visit to a high street, be that a cup of coffee or a meal. Consumers today are far more discerning and demand much more from their retail experience.

## Far more selective occupier demand

Despite the headwinds the high street faces, there is still activity in the market. But generally speaking, demand is far more selective.

Some established retailers are embracing changing markets. Waterstones is a good example of an 'old guard' retailer which has rebased to ensure prosperity going forward. Only a few years ago the business was apparently consigned to history as Amazon took over the world, with books at the very sharpest end of its dominance. Having retrenched, Waterstones is again on the expansion trail, understanding and responding to the needs and aspirations of customers who love books and the printed word, and are not purely wedded to a digital environment.

Maybe not as many as we would like, but there are still new entrants to the market. Australian stationery retailer Smiggle is probably the best example of an international retailer entering the UK for many years. Recognising that entering a very crowded established market is not easy, the business has been very selective in its site selection, stuck at it and proved a huge success. It now has over 100 stores trading across the country.

Equally, the high street is not necessarily all about retail. We are seeing more activity from non-traditional retail uses on

high streets. MetroBank now occupies a prominent corner of most major high streets in the South East, bucking the trend of portfolio rationalisation of the more traditional retail banks. We are also seeing branded stores for consumer goods such as Dyson, Kitchen Aid, Tempur and Tesla all opening shops and adding a new element to our high streets. As much marketing showcases for the brand as a whole than traditional retail outlets, they nevertheless bring a welcome sense of diversity and "fresh blood".

The final new addition to the high street is perhaps the least expected — the pure play online retailers. Traditionally dubbed high street tormentors that flourish by avoiding the high cost base of operating physical stores, many of the pure-plays are slowly but surely crossing the supposed divide and opening outlets on the high street. Recent high profile examples include Sofa.com and Missguided.

This affirms our underlying belief that the high street and online worlds work hand in hand, rather than in isolation or opposition. Nonetheless there is still a certain irony that high street occupier demand is now coming from the very forces that were supposed to undermine it.

## The new norm

The days of long retailer requirements lists across 100+ towns, rampant occupier demand and easy rental growth have gone forever. This is the new reality and there will be no going back to the good old days. But the high street is far from dead.

Above all, the tale of the high street boils down to basic economics: supply is outstripping demand. The ramifications of this are wide, but not necessarily all bad. Nevertheless, landlords need to wake up and smell the coffee.

“There is still a certain irony that high street occupier demand is now coming from the very forces that were supposed to undermine it.”



## Q For those unfamiliar with the Metro Bank brand and concept, can you explain what you offer?

A When we opened seven years ago this month, we were the first high street bank in over 100 years to get a brand new banking licence in the UK. The model that we have established is one that prides itself on providing customers with amazing service and convenience. Our retail and commercial customers' experience is something which other British banks don't offer anymore and that is one where the customer is king.

## Q How do you differentiate yourself from traditional retail banks?

- A We differentiate ourselves in a few ways:
- We are open 8am - 8pm Monday-Friday, 8am - 6pm on Saturdays and 11am - 5pm on Sundays. We are open bank holidays too. We are only closed three days a year: Christmas Day, New Year's Day and Easter Sunday.
  - We provide an unparalleled banking experience — one where customers visit our stores at a time convenient to them with no appointment and can walk out, with a fully functioning account in around 15 minutes. So, in 15 minutes 80% of our customers can get a bank account opened and a debit or credit card printed in store while they wait. 60% SME customers get a bank account opened in a matter of hours, not weeks. Most of our customers only need one form of photographic ID to open a bank account so a driving license or passport will be sufficient.
  - We provide safe deposit boxes in all our stores and free coin counting machines for customers and non-customers.
  - We provide a physical retail banking service, contrary to our competitors, who have closed down stores, moved away from the high street and rationalised portfolios and services online.

## Q While the traditional retail banks are rationalising their portfolios, Metro Bank is going in the opposite direction. What is your rationale for opening high street sites?

A Like any great retailer, you have to offer customers a multi-channel approach. You have fundamentally got to empower customers to choose how, when and where they bank with us. We cannot be dictating to customers "you must go online" or "you must do telephone banking"; the choice is theirs. So, we offer a physical retail experience supported with amazing technology. We offer online, telephony from UK contact centres (in fact they are above and behind our stores), as well as an award winning mobile app. This is all to give our customers a banking experience which you cannot get anywhere else on the high street.

## Q How many sites do you currently have and what are your short and longer term objectives in terms of expansion?

A We have 48 stores at present and we are looking at opening to in excess of 100 by 2020. From there we will move into a rolling strategy which will include the rest of the UK over the coming years.

## Q With such an ambitious store target is your team growing at a similar rate?

A We are in fact looking to strengthen our property team. We are looking for people who share the values of Metro Bank and want to join our revolution in retail banking by acquiring leasehold and freehold properties and developing new stores.

## Q What sort of towns/locations are you predominantly targeting? What particular boxes need to be ticked?

A We need to be in every vibrant town centre and city centre, but they are not the only locations to look at. We will also need second stores in the bigger towns and cities, and therefore we will start looking at shopping centres, retail parks as well as roadside locations but fundamentally the one common characteristic of them all is busy, visible and accessible locations.

**Q Within a town or location, what constitutes a good site? Particularly in terms of unit size, pitch and adjacencies?**

**A** We are looking for a minimum of 3,000 sq ft. We prefer to be close to other service retailers such as the foodstores, chemists, train stations and everyday use stores. Whilst being close to the other banks is nice we would much rather be taking space from fashion retailers etc. We are not interested in traditional banking properties; we want units and shops that have got lots of glass and high ceilings in prominent locations.

**Q Many of your sites appear to be corner pitches. What's the thinking behind that?**

**A** It is really about the visibility and accessibility of the stores so customers want to come in. People do not tend to browse banks when they are out shopping so we need to make them as convenient as possible and give them a reason to come in; whether that be to switch accounts, use our toilets or attend one of our business networking or community events, we need to give these people a reason to come in.

**Q Whereas retailers can run store-based P&L accounts to gauge and monitor performance, how do you assess whether an individual branch is pulling its weight?**

**A** We are more akin to a retailer than a bank in terms of the way we operate and monitor performance, and most importantly the way we seek the validation and feedback from our customers in terms of level of service. We have mystery shoppers in our stores weekly in order to ensure we maintain our high standard of customer service – that is the way we win and retain customers.

**Q How many customers do you have and can you give us some indicative growth figures? Any statistics you can give us regarding new customer recruitment?**

**A** We just released our second quarter results. We opened 58,000 new customer accounts in Q2, taking us to a total of 1,045,000. Furthermore, our profits for the last quarter doubled to £4m, our fourth consecutive quarter of profitability. We remarkably opened our one millionth customer account during the May Bank Holiday, whilst all

of our competitors were closed for the day! That was also less than seven years after launch – significantly earlier than our original target.

**Q What is the typical demographic of your customer base?**

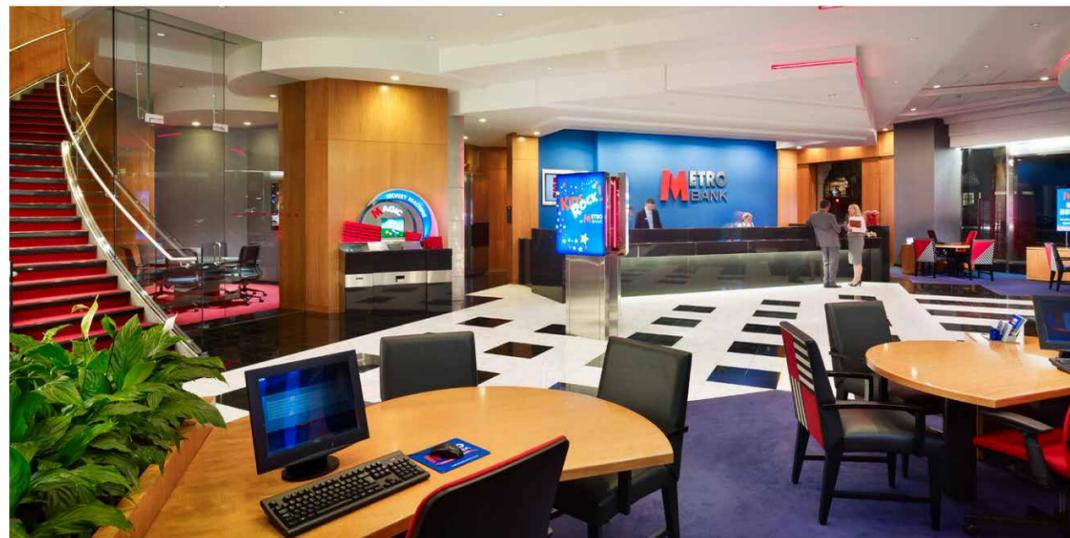
**A** If you ask our chairman he will say “everyone”, and if you asked him “who would you want to bank at Metro Bank?” he will say “the entire market”. We can offer fantastic service to corporates at one extreme down to local market traders and school kids at the other. People wanting to open a bank account with Metro Bank are never sold products and they are able to use for day-to-day spending with no additional charges. We offer services to attract a full range of retail and commercial customers throughout the UK.

**Q Retailers are generally striving to achieve a seamless multi-channel proposition. Do you see parallels with Metro Bank and your embrace of both digital and physical sites? How do the two interact?**

**A** Totally – we offer a multi-channel approach to give our customers the opportunity to be supported by our colleagues through whichever channel they choose to access the bank. Our Single Customer View enables our customers to access all of the account content and make any changes they wish, whether they contact our call centre at 2am, walk into a store on a Sunday morning, or use the website or app.

**Q Would it be fair to interpret your commitment to opening new sites as a vote of confidence in the high street?**

**A** Absolutely, we believe in vibrant town centre locations whether they be traditional town centres, shopping centres or retail parks. We support Business Improvement Districts (BIDs) everywhere we go and we endeavour not only to bank with them but to have one of our colleagues on the BID board. Through that partnership in town centres we are investing not just money, but also our time and effort into the success of each retail hub or high street.



# KEY POINTS

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- KNIGHT FRANK'S BESPOKE RETAIL RANKING ASSESSES THE RELATIVE INVESTMENT MERITS OF 200 TOWN CENTRES ACROSS THE UK
- CAMBRIDGE TOPS OUR RANKING BY SOME MARGIN, SCORING HIGHLY ACROSS MOST OF THE 20 DATAFEEDS
- OTHER HISTORIC, PICTURESQUE, TOURIST CENTRES (E.G. BATH, CANTERBURY, BRIGHTON, EDINBURGH, YORK) ALL RANK HIGHLY
- NONE OF THESE HISTORIC CENTRES ARE PERFECT – MANY SUFFER FROM UNDER-SUPPLY, A LACK OF MODERN STOCK AND POOR ACCESSIBILITY
- 'AFFLUENT MARKET TOWNS' SUCH AS GUILDFORD, CHICHESTER, WINCHESTER & CHELTENHAM GENERALLY HAVE STRONG FUNDAMENTALS THAT TRANSCEND WEALTH ALONE
- AFFLUENCE IN ITSELF IS BY NO MEANS A GUARANTEE OF A PROSPERING RETAIL CENTRE
- READING AND BRISTOL RANK HIGHEST OF THE UK'S MAJOR CITIES. BIRMINGHAM, CARDIFF AND LEEDS ALSO FEATURE IN THE TOP 20.
- SURPRISE INCLUSIONS INCLUDE RELATIVELY 'UNLOVED' CENTRES SUCH AS SWINDON, STAINES AND PETERBOROUGH
- 70% OF THE TOP 50 CENTRES ARE LOCATED IN THE SOUTH (SOUTH EAST + SOUTH WEST + GREATER LONDON)
- LOCATION DOESN'T NECESSARILY OVERRIDE INDIVIDUAL ASSET QUALITY – A BAD STORE IN CAMBRIDGE, GUILDFORD OR READING IS STILL A BAD STORE



## KNIGHT FRANK'S TOP 200 RETAIL RANKING

WORDS: STEPHEN SPRINGHAM, HEAD OF RETAIL RESEARCH

*The million dollar question: where to invest? Our bespoke Retail Ranking quantifies what is usually qualified merely by sentiment.*

Big and busy is best? Geographic comfort of London and the South East? An affluent catchment? An isolated town with limited competition? A picturesque centre that presents well? All considerations that invariably drive sentiment in high street investment decisions, but rarely transcend the subjective. Investment decisions need to be much more quantifiable than the mere eye of the beholder. Cue Knight Frank's bespoke High Street Investment Ranking. There's nothing like a retail ranking to provoke media interest, spark bragging rights debates and generally stir up the hornets' nest (and there's always as much interest in wallowing at the bottom, as focussing on the top). Producing retail rankings is a well-trodden path, with the likes of CACI (Retail Footprint), Javelin (Venuescore) and PMA (PROMIS) all having a strong track record in deciphering national retailing hierarchies. All these rankings carry merit and are rightly used across the retail

occupier and investment industries. Our aim is to complement other mainstream rankings, rather than supplant them.

### How is Knight Frank's Ranking different?

1. It is tailored to the retail property investment community – what constitutes a good town centre or high street to invest into
2. It is forward looking – where possible, to major on forecast variables and datasets to give a view as to where a centre is going, as opposed to where it is now or has come from.

Other retail rankings tend to rate the relative quality of a town's overall retail proposition based upon the presence of key retailers in that centre. Others are based on estimates of the gravitated comparison goods spend that is made in each

“ While scale and quality of offer are key components of our Ranking, they are by no means the only ones. We endeavour to give a more multi-dimensional view of relative investment merits of towns across the country. ”

of the centres. In reality, there is strong correlation between both methodologies – it's totally logical that a town with the best retailer line-up will attract the highest number of shoppers and biggest volume of spend. Unsurprisingly, the top ranking centres in each are invariably the major UK cities: London, Glasgow, Birmingham, Manchester and Leeds.

While scale and quality of offer are key components of our Ranking, they are by no means the only ones. We endeavour to give a more multi-dimensional view of relative investment merits of towns across the country.

#### Ranking methodology

Our Ranking is deliberately tight, focussing on just the PROMIS Top 200 Centres. While keeping the outputs manageable, this also ensures consistency and completeness of comparable data, with no 'n/as' or holes. The data itself has been sourced from Knight Frank's own proprietary data and market knowledge and various third parties, most notably PMA and CACI.

Notable exclusions are Central London centres (e.g. West End, Chelsea, etc) and the regional shopping malls (e.g. Westfield London, Bluewater, etc). These are markets distinct from traditional high street investment and their inclusion would distort results. While the relative investment case for these may be equally valid (perhaps even more so), this would need to be addressed through an alternative workstream.

Overall, the model is driven by 20 distinct datafeeds. These fall under six broader headings:

#### 1. Catchment

- Catchment population
- Population growth
- Affluence

#### 2. Expenditure

- Total catchment spend
- Per capita spend
- Expenditure growth
- Tourism spend

#### 3. Retail/leisure supply

- Retail provision
- Expenditure/supply ratio
- Quality of retail mix
- F&B supply
- Cinema provision

#### 4. Occupational market

- Occupier demand
- Historic rental resilience
- Forecast rental growth

#### 5. Investment market

- Investment demand

#### 6. Competition

- Level of competition from other centres
- Retail warehousing provision
- Local online spend
- Future changes in local supply



The data has been collated for each variable on each of the 200 centres. Each centre is then scored relative to all the other centres on every variable. The top 10 centres on each variable are allocated 20 points, those ranking 11-20, 19 points and so on (the bottom 10 centres a single point). We have also applied selected weightings to reflect the relative importance of certain variables. For example, we have upweighted most of the forward-looking variables and forecasts, in keeping with our aim of looking more to the future than the past. Others with degree of overlap or possible double-counting have been selectively downweighted.

Each centre is allocated an Overall Score, the cumulative total of the scores it achieves across the 20 variables (with weightings applied).

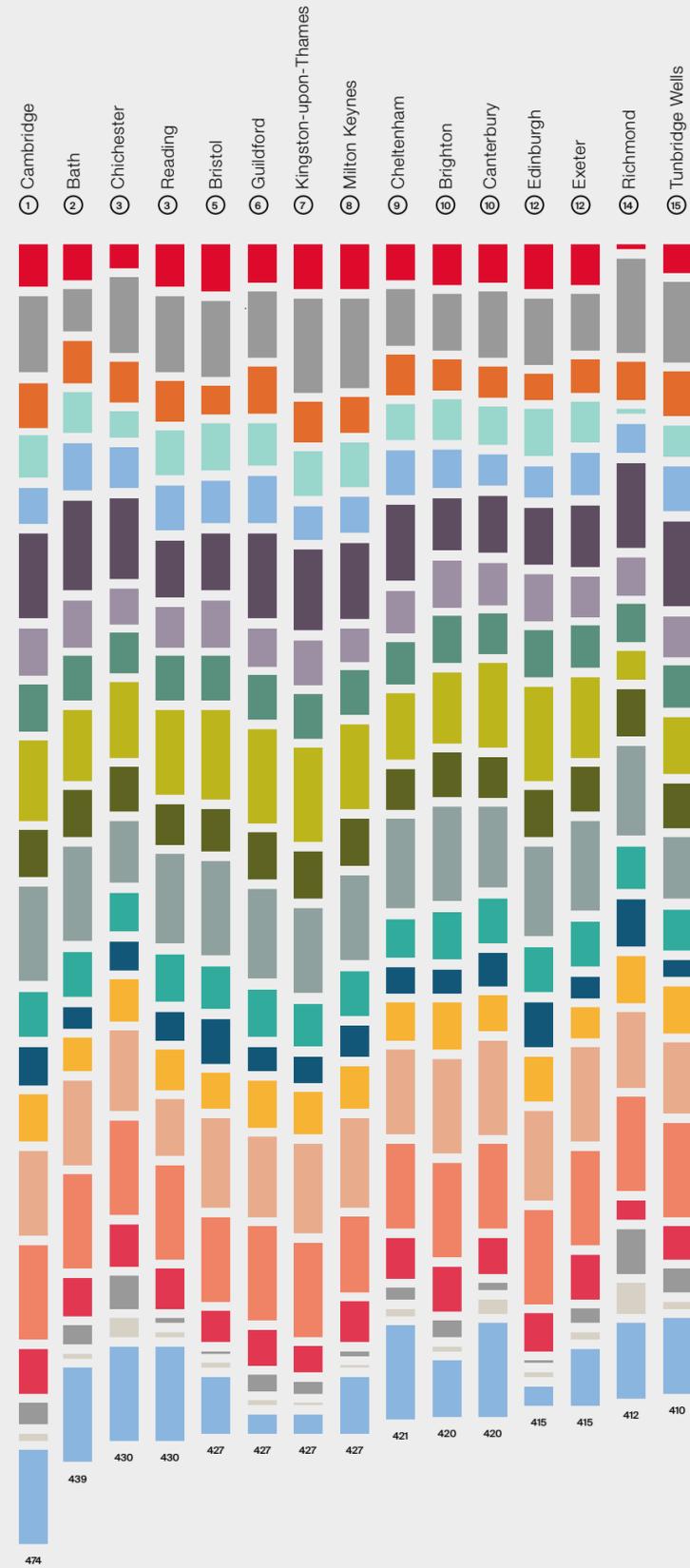
#### The Top 30

The Top 30 are listed overleaf (for the full Top 200, please refer to the Appendix). For the benefits of transparency, we have applied a 'stacked bar' system to all the variables as an indication of the relative strengths and weaknesses of that town relative to the rest of the PROMIS 200.

In simple terms, the larger the bar, the higher the score on that particular variable. So, for example, those centres with the largest catchment population (e.g. Manchester, Leeds) have a larger bar than those in the Top 30 with the lowest (e.g. Richmond, Harrogate). For variables such as competition rank, those with the lowest level (e.g. Bury St Edmunds, Salisbury, Basingstoke) achieve the highest score and, accordingly, the largest bar.

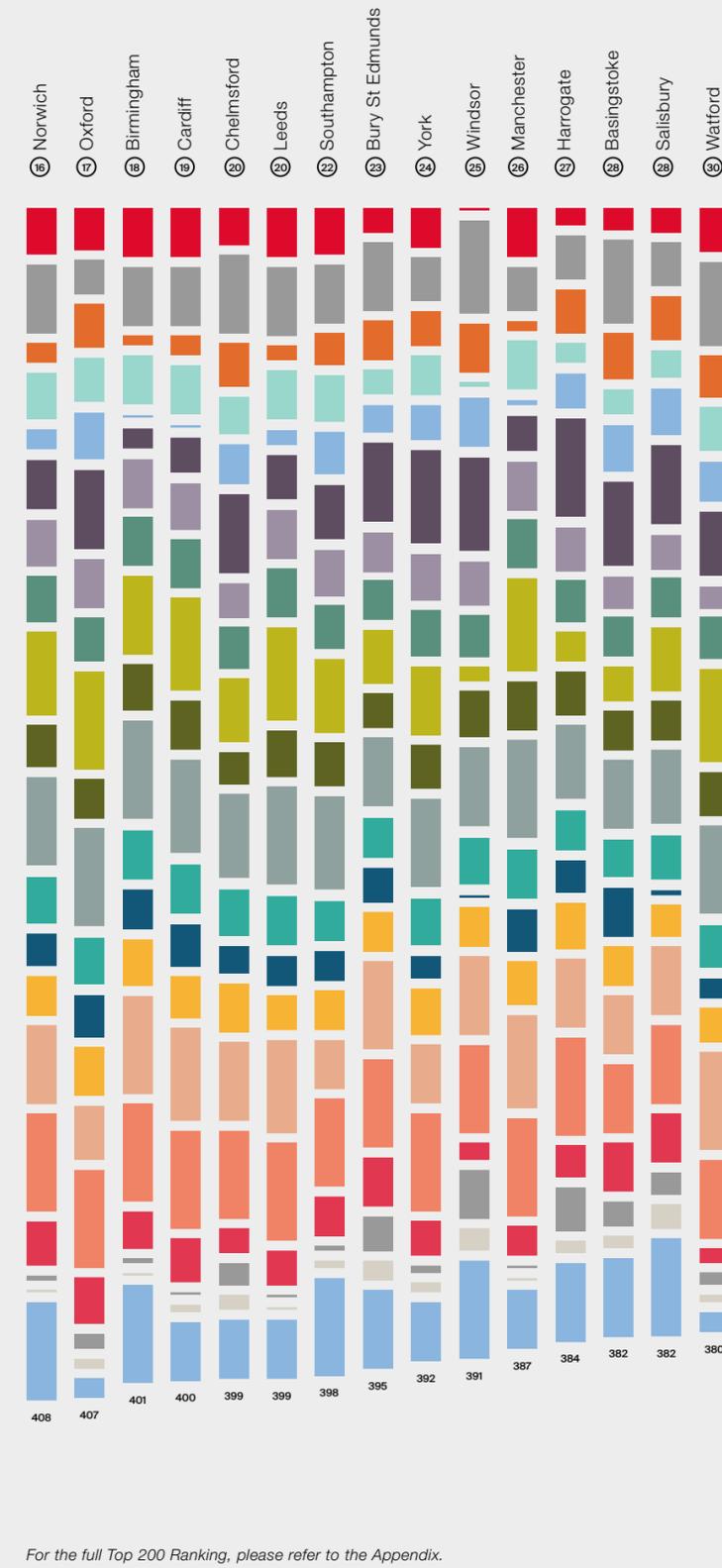
KNIGHT FRANK'S HIGH STREET INVESTMENT RANKING - TOP 1 - 15

Sources: Knight Frank, PMA, CACI, ONS



- KEY**
- Catchment Size
  - Population Growth
  - Affluence
  - In Store Retail Expenditure
  - Per Capita Spend
  - Expenditure Growth
  - UK Tourism
  - Retail Provision
  - Expenditure to Supply
  - Retail Mix
  - Occupational Demand
  - F&B
  - Cinema
  - Rental Resilience
  - Rental Growth
  - Investment Demand
  - Competition
  - OOT Provision
  - Online
  - Supply Threat

KNIGHT FRANK'S HIGH STREET INVESTMENT RANKING - TOP 16 - 30



For the full Top 200 Ranking, please refer to the Appendix.

"Historic, picturesque and tourist destinations feature prominently in the upper echelons of the Ranking"

**Historic centres – the benefits of supply constraints?**

Topping our ranking, Cambridge scores highly across the board, not just in obvious areas such as tourist spend, but also in more fundamental aspects such as population growth, spend growth and rental performance (both historic and forecast). Its only weak points are very high online spend locally and relatively high OOT competition. By implication, not all spend in the wider catchment may actually gravitate to the city centre itself.

Historic, picturesque and tourist destinations feature prominently in the upper echelons of the Ranking – Bath (2nd), Canterbury (10th=), Brighton (10th=), Edinburgh (12th=), York (24th), Windsor (25th), Harrogate (27th), Salisbury (28th) and Stratford-upon-Avon (44th) all rank in the Top 50. This is despite no upweighting being applied to tourist spend and the relative aesthetics of the centres not being factored into the ranking in any explicit way.

As a general rule, retail property investors do continue to favour historic locations that present well. Often, this judgement is subjective and there is a danger of them effectively merely judging a book by its cover, so to speak. But our Ranking would suggest that beneath the pleasing aesthetics of many centres, there lie strong fundamentals. Positive sentiment towards historic centres may actually be justified.

Are historic centres the epitome of retail health? Not necessarily, and even as our top ranking centre, Cambridge is not without major operational shortcomings as a retail destination. Many historic centres suffer from under-supply and a lack of modern retail stock, compounded by poor accessibility and limited car parking. Retailers often pay very full rents to occupy dated,

compromised and under-spaced units. In effect, they are often strong high street investment markets by default, rather than by design.

**Affluent market towns – more than a cliché?**

‘Affluent market towns’ is something of a lazy fall-back to the question of which centres offer the greatest investment potential. But our Ranking does validate the cliché.

The ‘usual suspects’ – Guildford, Chichester, Winchester, Canterbury, Cheltenham, Richmond, Tunbridge Wells, St Albans – are all in the upper reaches of our Ranking, as are slightly under-the-radar towns of a similar ilk such as Chelmsford, Bury St Edmunds, Lincoln and Bishopstortford. A number of the historic centres (e.g. Canterbury, Harrogate, Windsor, Salisbury) effectively tick both the tourist and affluent market town boxes.

In our opinion, catchment affluence can be an over-rated consideration in property investment decisions. Invariably, would-be investors seek comfort from the knowledge that the local population is rich and of a certain social standing. However, as we have argued in the past, affluence can be a false friend in retailing, in that consumers with the most money are not necessarily those that have the highest propensity to spend it. An affluent catchment by no means guarantees a prospering retail centre.

The high-ranking affluent market towns have more in their favour than just a well-heeled catchment. Taking Guildford and Chichester as leading examples, both have impressive fundamentals across the piece – solid population growth, very strong spend metrics (total/per capita/supply-expenditure) and

"Affluence can be a false friend in retailing, in that consumers with the most money are not necessarily those that have the highest propensity to spend it"



buoyant occupier dynamics (provision/mix/F&B/demand/rental performance). If there are weaknesses, these tend to be on the competition side, more so from high online spend locally, than from other centres.

Retail warehousing competition is not unduly onerous in either Guildford or Chichester, but is marginally stronger in the former.

Affluent market towns offer far more than affluence – they are often a virtuous circle of strong fundamentals, good retail/leisure supply in aesthetically-pleasing environments and vibrant occupier markets. There is investment rhyme and reason.

**Big cities – comfort in scale?**

Our Ranking seeks to level the playing field and ensure that it is not just a size-based hierarchy. Nevertheless, some of the heavyweight centres do still rank very highly. Two large cities make the Top 10, namely Reading and Bristol, the former with a more substantial high street offer than the latter.

Both cities obviously score well on the scale based metrics – catchment size, total retail expenditure and retail provision. But they are also strong on other fundamentals, such as population

growth and both have very high expenditure/supply ratios – by implication, there is limited evidence of over-supply that often blights large cities and the existing floorspace is working hard. Weaker points are again high supply of retail warehousing locally and high consumer propensity to shop online. In many respects, there are parallels with the affluent market towns, albeit with a bit less affluence and kudos, counterbalanced by larger scale.

Major UK cities are by no means absent from Top 50. Birmingham, Cardiff and Leeds all feature in the Top 20, with little to choose between them in terms of overall score. Manchester is not far behind in 26th place. Although each of these are subject to their own dynamics and strengths/weaknesses, generally they score very lowly on any affluence-based metrics and issues with potential over-supply also manifest themselves in the form of low rental growth.

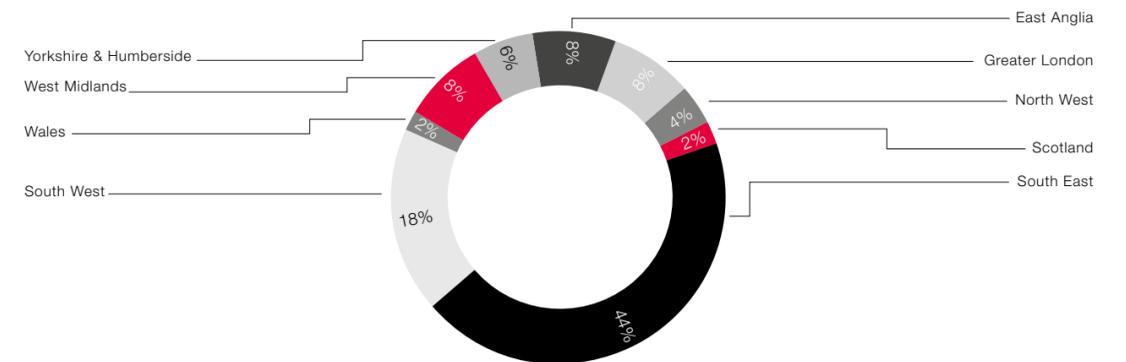
**Surprise inclusions?**

The preponderance of affluent market towns and aesthetically pleasing historic centres is one of the more predictable outputs

“Equally predictable is the geographic distribution of the centres and the disproportionate bias towards the South.”

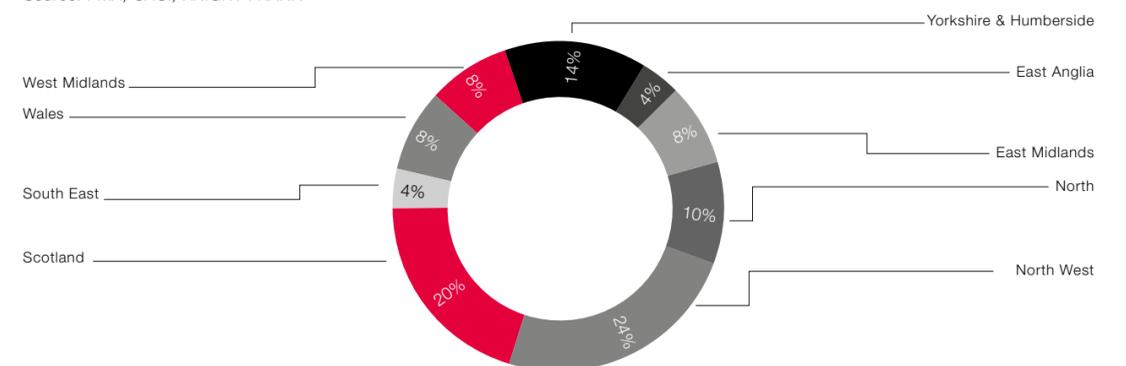
**TOP 50 REGIONAL BREAKDOWN**

Source: PMA, CACI, KNIGHT FRANK



**BOTTOM 50 REGIONAL BREAKDOWN**

Source: PMA, CACI, KNIGHT FRANK



of the Rankings. Equally predictable is the geographic distribution of the centres and the disproportionate bias towards the South. Some 22 of the Top 50 are located in the South East, with a further four in Greater London. Aggregating the South East, the South West and Greater London, 35 (70%) of the Top 50 are located in the South.

It is a very different story at the other end of the ranking. There are just two Southern centres in the bottom 50, both of which are in the South East (Dover and Folkestone). There are no centres from either Greater London or the South West in the Bottom 50. Conversely, there are 12 centres in the North West and ten in Scotland. North – South divides are generally very facile, but there is still an element of truth.

For all the predictability, the Ranking does throw up some surprises. The likes of Swindon, Staines and Peterborough are rarely mentioned as beacons of retail potential, but all make our Top 50. The catchment fundamentals of population and expenditure growth are key drivers, with the retail proposition in the town itself (especially in the case of Swindon) being the key constraint on a higher overall score. But negative perceptions can run very deep and many investors may not be able to look beyond any prejudices they may have, rightly or wrongly.

Other centres may not carry the baggage of negative perception, but often fly under the radar nonetheless. The likes of Bury St Edmunds, Truro, Bishops Stortford and Taunton would probably fall into this category, but our Ranking presents a decent investment case for each. Albeit a much larger centre, Norwich could nevertheless be put in the same bracket.

**Location, location, location – asset, asset, asset?**

Sentiment is still the arbiter in many retail investment decisions, but there are a whole host of data sources that both inform and validate. Retail Rankings such as ours are designed to take this process to a much higher level. Rather than necessarily supply all the answers, they provide direction and food for thought – and hopefully prompt debate.

Location, location, location is perhaps the most hackneyed cliché of all in real estate. In truth, location is only one half of the equation, the other being the quality of the asset itself. A bad store in Cambridge, Reading or Guildford doesn't become a good store just because of the positive attributes of the town in which it trades. Equally, the right store, with a suitable occupier for that location off an affordable rent, may still represent a good investment opportunity even if it is in Kilmarnock, South Shields or Rotherham. Sentiment will only take the investor so far and the best investment cases are built on balance of both location and asset intelligence.

"Other centres may not carry the baggage of negative perception, but often fly under the radar nonetheless. The likes of Bury St Edmunds, Truro, Bishops Stortford and Taunton would probably fall into this category, but our Ranking presents a decent investment case for each."



# REDEVCO: THE LANDLORD VIEW

WORDS: TOM HOYE, TRANSACTION DIRECTOR UK & EUROPE, REDEVCO

*The UK high street remains a key part of Redevco's pan-European investment strategy.*

**Q Can you give us a bit of background on the current make-up of the Redevco UK portfolio in terms of size, number of assets and major holdings?**

**A** We're now 100% retail focussed and have a strong belief in sticking to our specialist area. We've worked hard to keep pace with the major structural changes in the retail sector and our criteria for investible locations has been continually challenged. Essentially, we have been upgrading and; notably, our UK assets under management (AuM) has continued to grow by value and we are now at circa £750 million. We continue to own major stores in most key UK cities, as well as flagship assets such as Princes Square in Glasgow, two Oxford Street holdings and the Hannington's Estate in Brighton.

**Q You have an extensive pan-European portfolio. How has this evolved in recent years?**

**A** After a period of restructuring what used to be one single portfolio, we currently manage multiple vehicles for various investor clients with about €7.5bn AuM. Over the

years, we divested assets that we believed were not future-proof, did not reflect our retail only strategy and that were outside the core markets in Europe; we now manage half the number of assets that we used to have against the same total portfolio value. The vehicles we now manage each come with varying mandates and different strategies and include two successful joint ventures that we both manage and co-invest in with Ares Management (NYSE:ARES) and Hermes Investment Management respectively. We invested over €1bn across our funds last year, so this certainly keeps us busy enough but we are also already looking to our next venture!

**Q What are the major structural differences between the UK and European occupational markets?**

**A** Huge! It's not until you start really getting under the skin of assets in other jurisdictions that you realise how different each aspect is; be that the culture of the consumers, the retailers or the real estate market mechanics. The latter part is actually the easiest part. For example, once you real-





ise every lease in Belgium effectively has a statutory tenant break option every three years, it's not something you forget in the underwriting. But there is generally less transparency in the European real estate markets than we are used to here and underwriting has to be based on a higher percentage of the softer research-based inputs rather than the UK style transactional evidence. This means there is more scope to hit some fantastic returns, but also to get the stock selection wrong, which is why we rely heavily on our local expertise across our seven offices.

**Q What are the advantages/disadvantages of being a UK retail landlord compared to Europe?**

**A** There are pros and cons of every market. The UK is certainly much, much faster. We have a lot less red tape here and transactions happen relatively quickly. My counterparts in our other offices thought I was joking when we completed the Hannington's deal in Brighton in 15 days!

**Q What major differences do you see from a rental and capital growth perspective between your UK and European portfolios?**

**A** We actually don't look at these on a national basis, but more city to city. We have an excellent proprietary City List developed by our research and strategy team which identifies there to be around 200 cities across Europe which we consider to be investment grade for our various funds. As a fully integrated Investment Manager we compare on this basis rather than countries. We bought the Nike Store in Glasgow earlier this year and while many investors were questioning investing in Scotland, we were looking to invest in Glasgow, and even more specifically, in Buchanan Street Glasgow which is arguably the best retailing high street outside of London, so we could get over these more macro level concerns.

**Q Have you been able to leverage your relationship with UK retailers to enhance your European portfolio and vice versa?**

**A** Yes – this is a key strength of our company and is true across the business, not just on the retailer relationships. We strongly believe in the scalability of a European-wide enterprise with strong local teams on the ground who know their markets thoroughly. Obviously, this holds true for leveraging the contacts each team has with local and international retailers. Colleagues responsible for Leasing meet frequently to make sure we take advantage of every opportunity and attend international leasing events together.

**Q Which of your current holdings are performing well?**

**A** It goes without saying that central London has flown over recent years, but the Hannington's Estate has also done really well since we bought it circa two years ago. We've added more to it since and the building works for the new Hannington's Lane are on site and progressing well towards completion next year.

**Q Would it be fair to interpret your commitment to the UK as a vote of confidence in the UK high street?**

**A** Yes very much so. In fact we are very deliberately focussed on the UK high street and we are still actively looking to deploy capital here going forwards. Stock selection has become ever more important given the pace of macro level changes around us, but our niche expertise and focus on retail, combined with the wider European platform, allows us to really get under the skin of this sub-sector. This approach and deeper understanding is crucial to driving out-performance, so yes, we are certainly confident in this sector, so long as it's really well understood!



# KEY POINTS

- POST-BREXIT HIGH STREET INVESTMENT MARKET BENEFITTED FROM 'PERFECT STORM' OF LOW INTEREST RATES, RETAIL FUND OUTFLOWS AND STRONG PRIVATE INVESTOR REQUIREMENTS
- TRANSACTIONAL VOLUMES FOR H1 2017 (£712M) IN LINE WITH H1 2016 NUMBERS (£755M)
- DEEPEST POOL OF BUYERS ARE PRIVATE INVESTORS – RISK-AVERSE, FOCUSSED ON WELL-LET PRIME UNITS IN ATTRACTIVE MARKET TOWNS / LONDON SUBURBS
- PRIVATE INVESTORS ATTRACTED BY LOW CAPITAL EXPENDITURE AND HIGH LIQUIDITY HIGH STREET OFFERS
- MAJORITY OF FUNDS HAVE BEEN NET SELLERS OF HIGH STREET RETAIL, MAINLY TO IMPROVE THEIR CASH POSITION OR TO TAKE ADVANTAGE OF LOW YIELDS
- PRIME HIGH STREET YIELDS CURRENTLY AT THE LOWEST LEVELS IN 20 YEARS – CA. 4.00%
- PRIME HIGH STREET YIELDS LIKELY TO SOFTEN BY 25BPS OVER THE NEXT SIX MONTHS. GOOD SECONDARY COULD COMPRESS BY 25BPS TO 5.75%
- POTENTIALLY MORE VALUE IN A SMALL BUT SELECT GROUP OF UNDER-THE-RADAR "GOOD SECONDARY" TOWNS
- KNIGHT FRANK'S TOP PICK INVESTABLE TOWNS INCLUDE BRIGHTON, CHELTENHAM, EASTBOURNE, WORCESTER AND STAINES
- A NUMBER OF SECONDARY TOWNS ARE IN TERMINAL DECLINE AND NOW MAY BE THE TIME TO CUT AND RUN

# HIGH STREET INVESTMENT MARKET

WORDS: ALASTAIR BIRD, PARTNER - RETAIL INVESTMENT

*The merits of following the herd versus the risks of going off piste*

Retail is facing its fair share of challenges or “disruption” for use of a fashionable phrase. But how does the high street fare in such an environment? Which investors are currently active in this market and what are they looking for? Where’s hot and where’s not?

### Market Snapshot

The past ten years for high street advisors have been, to put it mildly, challenging. A tough occupational market and, subsequent, cautious sentiment has resulted in limited transactional volume when compared to the other major sectors.

However, during H2 2016 (post-Referendum), love for the high street returned! While a number of Retail Fund

Managers were forced to fire sell their prime assets at discounted levels, high street retail, due to its universal appeal and liquid lot sizes, was one of the only sectors where values achieved were at, and sometimes better than, book value.

Transactional volumes for the first six months of 2017 have totalled £712m, in line with the same period in 2016 (£755m), but well down on H2 2016 (£1,290m). This is primarily due to a dearth of available prime institutional stock this year, but there has also been a switch of institutional focus to other sectors (particularly industrial).

However, there have still been a number of key sales in 2017 that received strong bids. A selection of these are set out in the table below:

As is clear from the data, prime yields currently stand close

### SELECTED KEY HIGH STREET INVESTMENT DEALS IN H1 2017

Source: Knight Frank, Property Data

ADDRESS	TENANT	UNEXPIRED TERM/ WAULT	DATE	PRICE (M)	NIY	PURCHASER
129-132 North Street & 133 Queens Road, Brighton	Boots, Krispy Kreme, TUI	9.6 yrs	Jul 17	£31.55	4.52%	Teesside Pension fund
20-26 Buchanan Street, Glasgow	Nike	8 yrs	Mar 17	£29.3	4.22%	Redevco
Long Row, Nottingham	Debenhams	22.5 yrs	Jun 17	£25.85	5.35%	Altum Capital
35-38 George Street, Richmond upon Thames	Leon, Pret A Manger, Russell & Bromley, Santander	6.43 yrs	May 17	£21.34	3.65%	Knight Frank Investment Management
90-93 & 95-96 Broad Street & 1-5 Chain Street, Reading	Barclays, Bravissimo, Sports Direct, Cath Kidston	5.1 yrs	Feb 17	£20.5	6.34%	Odysseus Asset Management (KF Advised)
55/57B Clarence Street & 4 Fife Road, Kingston upon Thames	3 Mobile, Oasis	2.75 yrs	Jul 17	£18.1	4.41%	DTZ Investors
22-23 East Street, Chichester	Vodafone	7.29 yrs	Aug 17	£2.5	3.20%	Private

## HIGH STREET YIELDS AND FORECASTS 1998 - 2018

Source: Knight Frank



to their lowest levels seen in the past 20 years. Conversely, secondary stock is achieving unprecedented high levels not seen over this period; highlighting the disparity between investment sentiment for prime and secondary.

The majority of properties achieving ca. 4% NIY have been acquired by private investors, while funds are regularly finding themselves priced out of the prime market. There is a lot less activity at the secondary end of the market as investors remain nervous about the future of some towns, occupational demand and determining true rental values.

Yields achieved on secondary high streets vary significantly depending on the town, pitch, passing rent and lot size of the asset. Buyers of secondary will invariably be focussed on their

equivalent and running yields, as rental values in a number of secondary locations face downward pressure.

### Buying opportunities – where can you find value?

The majority of investor requirements are focussed on well-configured units in the top South East towns and top 10 regionally dominant centres. Buyers of prime high street retail are attracted to strong re-let prospects to solid covenants with high residual values and limited (if any) capital expenditure required. However, buying off ca. 4% NIY with limited rental growth prospects (in the short term) is a little uninspiring for some property companies and funds.

## PREMIERSHIP

Source: Knight Frank

KF RETAIL TOWN RANK	TOWN	DOMINATES LOCAL CATCHMENT?	REASONS TO LIVE, WORK, SHOP HERE?	STRONG, DIVERSE, RETAIL OFFER?	ATTRACTIVE ENVIRONMENT?	IS LOCAL RETAIL SUPPLY STABLE?
1	Cambridge	✓	✓	✓	✓	✓
2	Bath	✓	✓	✓	✓	✓
3	Chichester	✓	✓	✓	✓	✓
5=	Guildford	✓	✓	✓	✓	✗
5=	Kingston upon Thames	✓	✓	✓	✓	✗
9	Cheltenham	✓	✓	✓	✓	✓
10	Brighton	✓	✓	✓	✓	✗
14	Richmond upon Thames	✓	✓	✓	✓	✓
17	Oxford	✓	✓	✓	✓	✗



We currently see value in a small but select group of “Good Secondary” towns, which perhaps fly under the radar of a number of active buyers, but offer a very attractive discount to prime of circa 200 basis points at 6% NIY. Our Retail Ranking table highlights a number of these towns, which we view as highly investable for the right asset.

### Knight Frank Top Picks – Premiership:

Cheltenham – The John Lewis factor should increase spend in the town and a slight yield discount compared to other high-lighted towns.

Brighton – Improving town with anticipated growth.

### Knight Frank Top Picks – Championship:

Eastbourne – New shopping centre extension and improved A3 offer will improve town’s standing.

Worcester – Refusal of consent for Worcester Woods Retail Park will give occupiers and investors greater confidence in the town.

Staines – May be a surprising choice, but we are fans of a number of London suburbs which we will explore further in our next newsletter.

The above League Two towns are some examples of historically “institutional” locations which now underwhelm on most measures. Can an investor be confident of maintaining

## CHAMPIONSHIP

Source: Knight Frank

KF RETAIL TOWN RANK	TOWN	DOMINATES LOCAL CATCHMENT?	REASONS TO LIVE, WORK, SHOP HERE?	STRONG, DIVERSE, RETAIL OFFER?	ATTRACTIVE ENVIRONMENT?	IS LOCAL RETAIL SUPPLY STABLE?
20	Chelmsford	✓	✓	✓	✓	✗ (Out of Town Supply)
23	Bury St Edmunds	✓	✓	✓	✓	✓
36	Staines	✓	✓	✓	✓	✓
37	Colchester	✓	✓	✓	✓	✗ (Out of Town Supply)
39	Maidstone	✓	✓	✓	✓	✓
42	Truro	✓	✓	✓	✓	✗ (Out of Town Supply)
47	Lincoln	✓	✓	✓	✓	✓
49	Leamington Spa	✓	✓	✓	✓	✓
54	Eastbourne	✓	✓	✓	✓	✗
55	Crawley	✓	✓	✓	✗	✗ (Out of Town Supply)
66	Worcester	✓	✓	✓	✓	✓



## LEAGUE TWO

Source: Knight Frank

KF RETAIL TOWN RANK	TOWN	DOMINATES LOCAL CATCHMENT?	REASONS TO LIVE, WORK, SHOP HERE?	STRONG, DIVERSE, RETAIL OFFER?	ATTRACTIVE ENVIRONMENT?	IS LOCAL RETAIL SUPPLY STABLE?
96	Coventry	✓	✗	✓	✗	✗
103	Hemel Hempstead	✓	✗	✗	✗	✗ (Out of Town Supply)
105	Southend	✓	✗	✗	✗	✗ (Out of Town Supply)
109	Portsmouth	✗	✓	✗	✗	✗
110	Stevenage	✓	✗	✗	✗	✓
113	Slough	✗	✗	✗	✗	✗
120	Lancaster	✓	✗	✗	✓	✗
124	Basildon	✓	✗	✗	✗	✗
132	Hull	✓	✗	✓	✗	✓
144	Wolverhampton	✓	✗	✓	✗	✗

income levels in these towns? Are these high streets ever going to attract institutional demand again? Our experience of selling assets in these towns has shown that there is still investor appetite for these locations if sensibly priced, but perhaps an early exit is the safest policy.

selection will become increasingly important going forward as shopping habits evolve and dominant popular centres continue to strengthen, to the detriment of nearby weaker towns. Some high streets are rising to the challenges better than others – the art is separating the wheat from the chaff.

### Conclusion

The high street is not dead, but it is challenged. We have seen that high street retail has plenty of merits for a variety of investors, particularly due to its liquid nature. However, town



# SUMMARY

The Knight Frank high street team pride ourselves on giving honest, detailed and well-researched advice. Our investment team has been recently bolstered by two excellent additions, Sam Waterworth (Associate) and Joe Kane (Surveyor). We are delighted to have advised on £145m worth of transactions in the first half of the year, accounting for close to 20% market share. We have advised on a very diverse and broad range of transactions, ranging from a £20m disposal in Putney to a £1m acquisition in Salisbury. Our client base is equally diverse — we have recently advised REITs, Funds, occupiers and Private Chinese Investors!

Our team would welcome giving you our views on any properties you are considering acquiring. Conversely, please do consider us on any potential disposals, as our strong track record has given us an excellent understanding of who are the genuine active buyers and where true values stand, which is invaluable in this current evolving market.

## H1 2017 HIGH STREET TRANSACTIONAL DATA BY AGENT

Source: Property Data, Knight Frank

	Value	Count
1 Knight Frank	£145m	9
2 Jackson Criss	£102m	6
3 Fawcett Mead	£101m	23
4 GCW	£75m	9
5 CBRE	£74m	8

# SNAPSHOT: RECENT KNIGHT FRANK TRANSACTIONS



AVAILABLE  
Newcastle, 72-76 Northumberland Street  
£17.9m



AVAILABLE  
Cardiff, 10 The Hayes  
£15.35m



AVAILABLE  
Hampstead, 2, 2B & 2C England's Lane  
£2.75m



UNDER OFFER  
Brighton, 51-52 North Street  
£2.24m



UNDER OFFER  
Portsmouth, 208-220 Commercial Road & 7-13 Crasswell Street  
£6.92m



UNDER OFFER  
Southampton, Debenhams  
£29.2m



ACQUIRED  
Perth, 111-121 High Street  
£5.9m



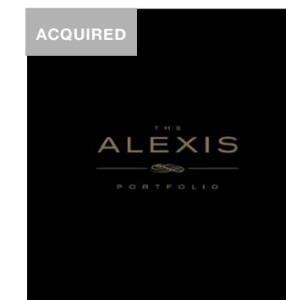
SOLD  
Putney, 56-70 High Street  
£19.75m



ACQUIRED  
Reading, 90-93 & 95-96 Broad Street & 1-5 Chain Street  
£20.5m



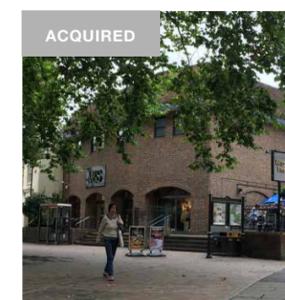
SOLD  
Edinburgh, 97a/98 Princes Street & 1/3 Frederick Street  
£12.65m



ACQUIRED  
Alexis Portfolio  
£86.3m



SOLD  
Guildford, 92-94 High Street  
£7.61m



ACQUIRED  
Banbury, M&S Bridge Street  
£7.0m



ACQUIRED  
Fulham, 222-224 Munster Road  
£3.12m



SOLD  
London, 368-370 Oxford Street  
£36.0m



ACQUIRED  
Brighton, Hanningtons Estate  
£56.7m

# APPENDIX: TOP 200 HOT TOWNS RANKING

1. Cambridge	51. Camberley	101. Weston-Super-Mare	151. Scarborough
2. Bath	51. Nottingham	102. Yeovil	152. Blackburn
3. Chichester	53. Derby	103. Hemel Hempstead	153. Mansfield
3. Reading	54. Eastbourne	103. Sutton Coldfield	153. Southport
5. Bristol	55. Crawley	105. Burton-on-Trent	155. Barnsley
5. Guildford	56. Solihull	105. Perth	155. Tamworth
5. Kingston upon Thames	57. Uxbridge	105. Southend-on-Sea	157. Birkenhead
5. Milton Keynes	58. Woking	108. Preston	158. Great Yarmouth
9. Cheltenham	59. Harrow	109. Portsmouth	158. Grimsby
10. Brighton	60. Plymouth	110. Stevenage	160. Wrexham
10. Canterbury	61. Horsham	111. Bury	161. Doncaster
12. Edinburgh	61. Welwyn Garden City	112. Rugby	162. Macclesfield
12. Exeter	63. Romford	113. Slough	163. Bridgend
14. Richmond on Thames	64. Aberdeen	115. Wood Green	164. Wigan
15. Tunbridge Wells	64. Liverpool	116. Trowbridge	165. Lowestoft
16. Norwich	66. Chester	116. Stirling	165. Sunderland
17. Oxford	66. Hereford	116. Warrington	167. Keighley
18. Birmingham	66. Poole	118. Durham	168. Llandudno
19. Cardiff	66. Worcester	118. Loughborough	169. Crewe
20. Chelmsford	70. Ipswich	120. Lancaster	170. Grantham
20. Leeds	71. Ashford	121. Bolton	170. Walsall
22. Southampton	72. Carlisle	121. Kings Lynn	172. Folkestone
23. Bury St Edmunds	73. Banbury	123. Newark	173. Falkirk
24. York	73. Ilford	124. Basildon	173. West Bromwich
25. Windsor	75. Lewisham	124. Torquay	175. Dunfermline
26. Manchester	76. Bracknell	126. Darlington	176. East Kilbride
27. Harrogate	76. Croydon	127. Dundee	177. Ayr
28. Basingstoke	76. Sutton	127. Stoke-on-Trent	178. Barrow-in-Furness
28. Salisbury	76. Worthing	129. Chesterfield	179. Ashton-under-Lyne
30. Watford	80. Barnstaple	130. Stafford	179. Hamilton
31. Bromley	80. Ealing	130. Weymouth	181. Wellingborough
32. Peterborough	82. Shrewsbury	132. Chatham	182. Oldham
33. St Albans	83. Sheffield	132. Harlow	183. Scunthorpe
34. Bournemouth	84. Aylesbury	132. Hull	184. Dumfries
35. Newbury	84. High Wycombe	132. Kettering	184. Kidderminster
36. Staines	86. Bedford	132. Swansea	186. Llanelli
37. Colchester	86. Maidenhead	137. Halifax	186. St Helens
37. Leicester	88. Northampton	137. Redditch	186. Stockton-on-Tees
39. Maidstone	89. Inverness	139. Livingston	189. Worksop
40. Bishops Cleeve	90. Gloucester	140. Newport	190. Dudley
40. Winchester	91. Luton	141. Hastings	191. Burnley
42. Taunton	92. Boston	142. Huddersfield	192. Hartlepool
42. Truro	92. Telford	143. Lichfield	193. Kirkcaldy
44. Stratford upon Avon	94. Belfast	144. Wolverhampton	194. Dover
45. Glasgow	95. Bexleyheath	145. Altrincham	195. Greenock
45. Newcastle upon Tyne	96. Andover	146. Bradford	196. Rochdale
47. Lincoln	96. Coventry	146. Wakefield	197. Paisley
47. Wimbledon	98. Kendal	148. Middlesbrough	198. Kilmarnock
49. Leamington Spa	98. Redhill	148. Stockport	199. Rotherham
50. Swindon	100. Fareham	150. Blackpool	200. South Shields



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