

SHOPPING CENTRES INCREASE REVENUE SHARE

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Purpose-built Shopping Centres are steadily increasing their share of total retail expenditure. This trend is particularly noticeable when looking at the share of comparison goods expenditure accounted for by shopping centres which is expected to continue rising over the next five years.

These are some of the findings of research undertaken by TW Research Associates in conjunction with Weatherall Green & Smith. Total retail expenditure in the last year was estimated at £161.3 billion by Corporate Intelligence on Retailing (CIR). This latest research shows that purpose-built shopping centres account for £24.1 billion of this total, rising from 14.5% to 14.9% in the last year. Part of the reason for this increased share of expenditure is that sixty two of the 400 most attractive schemes have been refurbished or extended, resulting in an increase in both the number and quality of tenants. Several schemes have also opened recently, including the White Rose Shopping Centre in Leeds, Priory Meadow in Hastings, Stirling Thistle Marches and The Mall at Cribbs Causeway.

An elite class – judged by shoppers, retailers and investors alike – of 28 super-centres was identified by earlier research for **Going Shopping 1998 / 99**. These super-centres include MetroCentre in Gateshead, Lakeside in Thurrock, Sheffield's Meadowhall, Merry Hill in Brierley Hill and Milton Keynes Shopping Centre. The combined receipts of these 28 super-centres are estimated at £4.3 billion with average revenue of £150 million, while some recorded retail revenues in excess of £250 million. Total revenues are even higher when leisure and non-retail activities are taken into consideration as the earlier research showed that many leading schemes incorporate features such as food courts, bowling alleys and cinemas.

Looking at comparison goods shops where we spend £76.4 billion according to CIR, the dominance of these super-centres in particular and shopping centres in general becomes apparent. Shopping centre revenue of £17.2 billion sees their share rise from 21.8% to 22.5% over the year, with £3.5 billion spent in the super-centres. This shows that 4.6% of all U.K. consumer goods expenditure is concentrated in just 28 Shopping Centres.

Speaking about the latest findings, Trevor Wood of TW Research Associates said, "*Our research suggests that this concentration of expenditure in Shopping Centres, particularly the super-centres, is set to increase. This is due to the recent opening of Trafford Park near Manchester and the imminent opening of Bluewater in Kent, Braehead and Buchanan Galleries - both in Glasgow, together with sizeable extensions proposed to other centres.*"

He went on to say, "*Future prospects for purpose built shopping centres look good, but after*

2005 it is difficult to see how the considerable momentum in growth of retail turnover share can be maintained once most of the large schemes have been completed. ”

Keith Steventon, head of research at Weatherall Green & Smith added, *“We think, however, that the share is unlikely to fall and we predict that shopping centres share of comparison goods expenditure will stabilise somewhere between 25% and 30%.”*

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This latest research was undertaken by Trevor Wood of TW Research Associates in conjunction with international property consultants and surveyors Weatherall Green & Smith to follow up earlier joint research. Additional information was obtained from or verified by shopping centre managers, owners and managing agents.

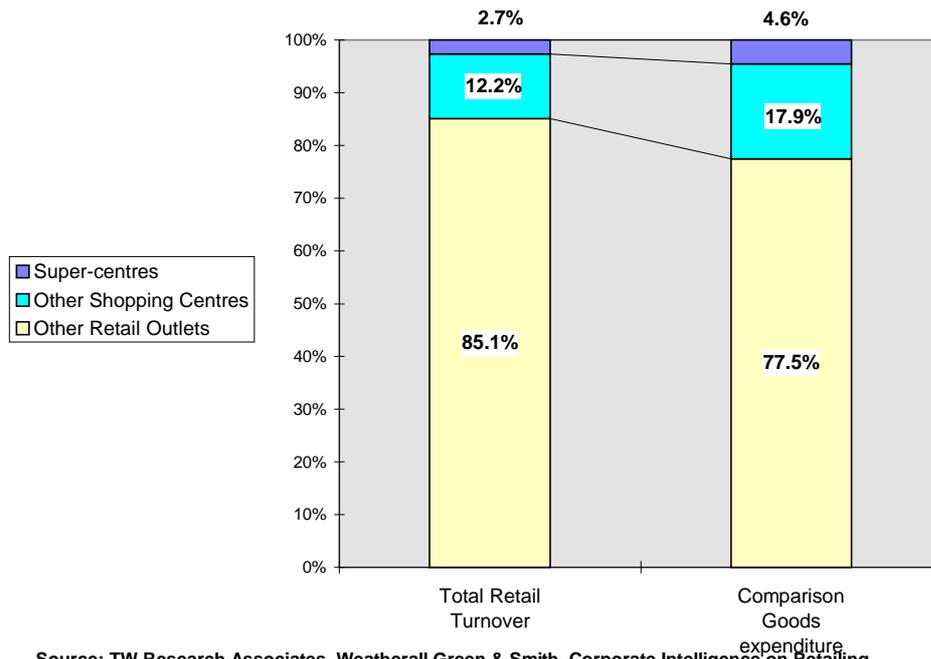
The earlier research, “Going Shopping 1998/99” contains more than 100 pages of detailed analysis which was compiled principally from questionnaires completed following extensive research. The report looked at schemes currently trading as well as those anticipated to be trading by 2002.

Comparison Goods are defined as goods where shoppers tend to go from one shop to another comparing the product offer and price before making a purchase. Amongst others, this principally includes clothing, footwear and electrical goods.

Copies of “Going Shopping 1998/99”, together with this latest research, are available from Keith Steventon, head of research, Weatherall Green & Smith, 22 Chancery Lane, London WC2A 1LT. Tel: 00 44 171 493 5566. Fax: 00 44 171 493 0746. Price: £195.00 per copy plus postage.

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WEATHERALL GREEN & SMITH**

SHOPPING CENTRE REVENUE



Source: TW Research Associates, Weatherall Green & Smith, Corporate Intelligence on Retailing