

RETAIL WAREHOUSING VACANCY RATES NOW 5.9%

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The level of available retail warehousing continues to amount for less than 6% of the total amount of retail warehousing space, according to *The Definitive Guide to Retail and Leisure Parks* by TW Research Associates and FPDSavills.

The research shows that the total amount of retail warehousing floorspace in 2002 stands at approximately 147 million sq ft, showing an increase of 7 million sq ft from 2001.

Over the same period total vacant space (comprising newly built stock and second-hand supply) increased by 0.5 million sq ft.

The amount of newly built space which was available at the time of the survey represented just over 1% of overall stock, underlining the strength of occupational demand and continued prevalence of pre-letting within the sector.

Vacant Retail Warehousing Type	Size (sq ft)	
	2002	2001
“Second-hand” space available	6,750,000	6,150,000
Newly built space available	1,850,000	1,950,000
Available Retail Warehousing	8,600,000	8,100,000
Vacancy Rate	5.9%	5.8%
Total Retail Warehousing	147 million	140 million
Consented and likely to be built in the next two years	3,300,000	2,900,000

Note: The figures for newly built and consented retail warehouse space show vacant space only and DO NOT include pre-lets or conditionally agreed space.

The rate of second-hand space rose slightly in 2002 to a total of 6.75 million sq ft. The increase in second-hand supply is due to a variety of reasons including disposal of first generation units by major retailers such as B&Q, Currys, Homebase and Comet as they continue to expand their chains into new larger formats. At the same time there has been corporate consolidation within the sector with the withdrawal of Scottish Power and the collapse of retailers such as Tempo and World of Leather.

The take-up of newly built units, both on retail parks and smaller developments, is higher than in 2002, resulting in a 5% fall in the amount of vacant space on these schemes. Partly as a result of this demand and partly due to increased confidence in future prospects there has been a near 15% increase in the allocation of retail warehouse space on consented developments.

Trevor Wood, principal of TW Research Associates, says: “This is the first time that research has been undertaken into the level of available comparable stock over a two-year period. This analysis creates exciting possibilities for existing retailers looking to

expand and newer dynamic companies coming into the market.

“Several retailers, such as Argos, Brantano, Dunelm, Holiday Hypermarket, Land of Leather, Matalan, Powerhouse, ScS and TKMaxx have been able to rapidly expand their branch network by taking up some of this ‘second-hand’ space, often in areas where a limited amount, if any, of new-build space has been proposed.”

Martin Supple, national retail warehouse director of FPDSavills Commercial, adds: “Overall vacancy rates have remained low as compared to other market sectors, reflecting the strength of occupational demand. Expanding retailers, particularly new entrants, are recognising the growing importance and benefit of targeting second-hand space in the context of an ever tightening planning regime.”

The review is available for £245.00 from TW Research Associates, retail@twresearch.co.uk, tel: 01494 715 846.

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