Press Release

26 September 2003

RETAIL WAREHOUSE MARKET EXPANDS

The total retail warehouse market grew from 140 million sq ft (13,006,000 sq m) in 2001 to 147 million sq ft (13,656,300 sq m) in 2002 and 152 million sq ft (14,120,800 sq m) in 2003 according to FPDSavills and TW Research Associates' *Definitive Guide to Retail and Leisure Parks 2003.*

The take-up of newly built developments is higher than in the previous two years, resulting in a 3% fall in the amount of vacant space on new schemes. Partly as a result of this demand, and partly due to increased confidence in future prospects, there has been a 3% increase in available space on consented developments.

However, it became apparent that the bulk of available or vacant retail warehousing space on the market has been shed by retailers, either through business failures or relocations rather than new developments. 'Second-hand' supply now accounts for more than three times the supply of newly built retail warehouse space and is even greater than the overall supply of new retail warehouse space projected to come on stream by summer 2004.

The retail warehousing vacancy rate has increased marginally from 5.8% in 2001 to 6.1% in 2003.

Trevor Wood, principal of TW Research Associates, comments: 'While the analysis may make gloomy reading for some, as always, it creates exciting opportunities for others. There has always been a continuing take up of existing floor space by new dynamic companies. Retailers such as Argos, Brantano, Dunelm, Land of Leather, Matalan, ScS and TK Maxx have all been able to rapidly expand their branch network by taking up some of this 'second-hand' space. This expansion often takes place in areas where little, if any, new-build space has been proposed.'

According to the review, 7.5 million sq ft (696,750 sq m) of retail warehouse space built before 2002 is currently vacant or occupied, but available, with less than 2 million sq ft (185,800 sq m) of retail warehouse space newly built but not yet exchanged.

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There has been an abundance of second-hand retail warehousing coming on to the market during 2002 and 2003 from Powerhouse, Texstyle World, What Everyone Wants and Brunswick Warehouse to name a few.

The large space users such as B & Q, Comet, Curry’s, Homebase and Matalan, continue to shed smaller units, some of which are large enough to be sub-divided to create three or four standard sized units. Other large space units have been demolished as part of redeveloped schemes to offer modern retail parks.

Martin Supple, head of FPDSavills’ retail warehousing team, commented: ‘The vacancy rate within retail warehousing has remained relatively static at around 6% for the last three years reflecting the robust nature of the sector in lieu of supply demand in comparison to more volatile markets such as city offices.’

There is a wide variation in peak rents achieved on retail parks from £5 per sq ft (£54 per sq m) to £82 per sq ft (£883 per sq m) with the majority of parks recording peak rents of £10 to £20. The greatest concentration of peak rents was still in the £10 to £12 band with 7% of retail parks achieving peak rents above £25 per sq ft (£269 per sq m).

Peak Rents for Retail Parks

<table>
<tr><th></th><th>2003</th><th>2002</th><th>2001</th></tr>
<tr><th>Range (per sq. ft.)</th><th>%</th><th>%</th><th>%</th></tr>
<tr><td>Over £25.00</td><td>7</td><td>6</td><td rowspan="2">13</td></tr>
<tr><td>£20.00 - £24.99</td><td>8</td><td>7</td></tr>
<tr><td>£15.00 - £19.99</td><td>28</td><td>28</td><td>26</td></tr>
<tr><td>£10.00 - £14.99</td><td>42</td><td>44</td><td>44</td></tr>
<tr><td>£5.00 - £9.99</td><td>15</td><td>15</td><td>17</td></tr>
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Fosse Park Shopping Park achieved the highest rent in 2003 of £82 per sq ft (£883 per sq m), Brookfield Retail Park was second with £62 per sq ft (£667 per sq m) and The Fort Shopping Park took the third place with a peak rent of £52.50 per sq ft (£565 per sq m).

With rent reviews and further lettings on both new and existing schemes, there has been a slight upward shift in the rental bands, resulting in a 1% increase in both the £20 to £25 band and over the £25 band. The vast majority of retail warehousing developments recorded rents below £15, with only a few above £20.

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Top 20 Retail Park Rents

Rank	Rent	Scheme	Location	GIA Sq.
1	£82.00	Fosse Park Shopping Park	Leicester	416,536
2	£60.00	Brookfield Retail Park	Cheshunt	90,000
3	£52.50	The Fort Shopping Park	Birmingham	256,947
4	£50.00	Castlepoint	Bournemouth	589,136
4	£50.00	Fort Kinnaird	Edinburgh	576,409
6	£40.00	Ladymead Retail Park	Guildford	115,000
6	£40.00	Birstall Shopping Park	Leeds	125,146
8	£37.50	Monks Cross Shopping Park	York	268,331
9	£36.00	Tandem Centre	London	102,060
10	£35.43	Broughton Shopping Park	Chester	297,241
11	£35.00	Enfield Retail Park	Enfield	151,753
11	£35.00	New Mersey Shopping Park	Liverpool	482,928
11	£35.00	Riverside Retail Park	Nottingham	197,000
11	£35.00	Springvale Retail Park	Orpington	100,786
11	£35.00	Fforest-fach Parc	Swansea	231,946
16	£33.00	Valley Park	Croydon	130,091
17	£32.50	West One Fashion Park	Eccles	151,000
17	£32.50	Kew Fashion Park	Richmond-upon-Thames	138,708
17	£32.50	Waterfields Retail Park	Watford	74,824
20	£32.00	Beckton Triangle Retail Park	London	135,675
20	£32.00	Castle Meadow Retail Park	Nottingham	174,149
20	£32.00	Solihull Retail Park	Solihull	180,000
20	£32.00	Hedge End Retail Park	Southampton	85,852

Source: TW Research Associates / FPDSavills – The Definitive Guide to Retail & Leisure Parks 2003

The Definitive Guide to Retail and Leisure Parks 2003 can be purchased for £295 from TW Research Associates, retail@twresearch.co.uk, 01494 715 846.

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For further information please contact;

Martin Supple, FPDSavills **Tel: 020 7409 4433**

Trevor Wood, TW Research Associates **Tel: 01494 715 846**

Merilla Colovic, FPDSavills press office **Tel: 020 7409 8940**