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Retail Week

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Stores call for compensation as unsafe car park forces Bournemouth centre to shut

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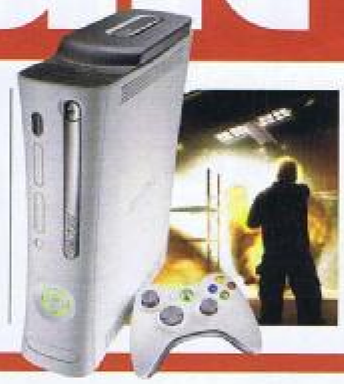

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Games retailers face a rocky ride after yet more console supply problems

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We tour Asda's largest store to date, which opened last week at Milton Keynes

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Up to 600 staff face redundancy as head office move is brought forward

Littlewoods jobs threat

By Neil Craven

Hundreds of staff at the Barclay brothers-owned Littlewoods Shop Direct office in Manchester face redundancy this Christmas after being told a planned move to a new office in Liverpool will begin next month.

As many as 600 people are expected to leave the 1,000-strong HQ once the 90-day consultation period with unions and staff is complete on February 15. The move to Liverpool had been scheduled for 2008 originally.

A Littlewoods Shop Direct spokesman said: "We have listened to our staff, who have said: 'Does it need to take that long?'"

Chairman David Simons said: "It [600] is the maximum number of people that could be affected. My guess is that it will be nearer a couple of hundred."

He said the retailer was working hard to offer appropriate packages to encourage staff to move to Liverpool and it may have to recruit in Liverpool to cover any shortfall.

He said the number of jobs available at Speke, the Liverpool site, would be less than 2,000.

Barclay brothers: Shop Direct move

Union bosses fear that the figure of 600, which accounts for more than a quarter of the 2,100 staff across the retailer's Liverpool and Manchester offices, could grow.

Usdaw home shopping representative Val Pugh said: "We are very disappointed. I don't expect to see many staff at Manchester go [to work at Speke]. The journey to Speke will be beyond the majority of people, with the exception of company management."

Pugh claimed the number of people that have lost their jobs since the Barclay brothers acquired Littlewoods catalogues business in 2002 and the GUS home shopping business in 2003 now runs into "thousands".

The agency catalogue market was difficult well before the Barclay brothers acquired and merged the businesses. However, Pugh said: "We are waiting for the company to tell us what they are going to do to stop the decline."

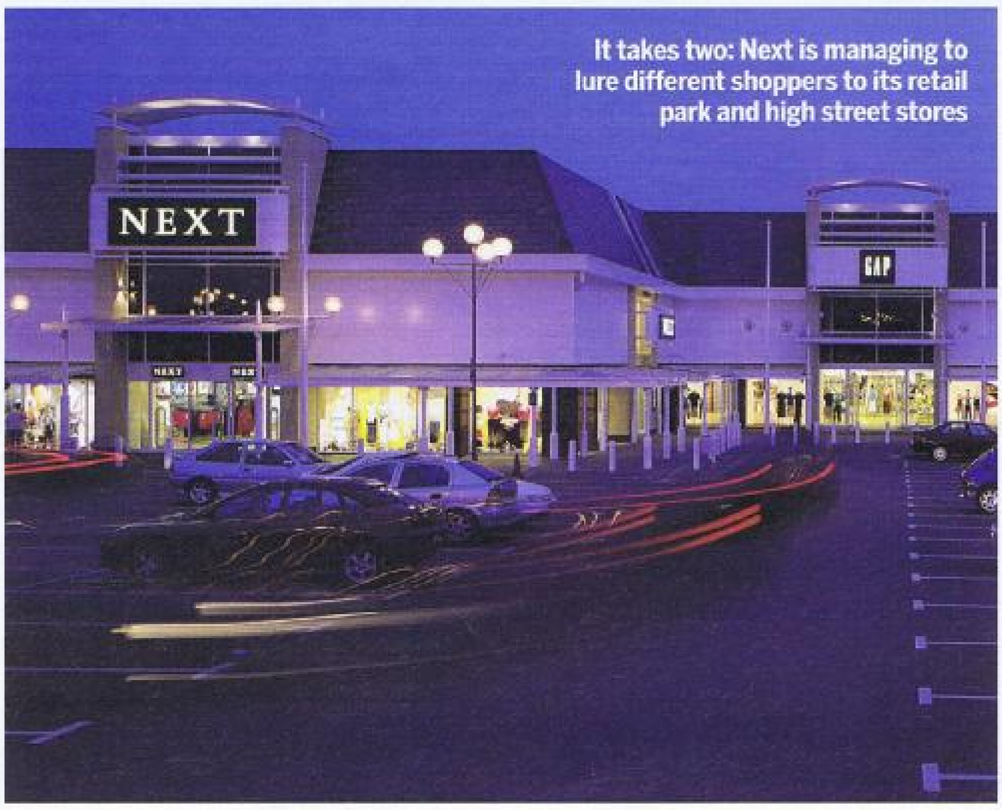
The retailer said its strategy is to move into smaller, better-targeted catalogues and e-commerce, away from the ailing agency catalogue market.

PROPERTY: RETAIL WAREHOUSING

Great escape: more and more high street retailers are moving onto retail parks

WATCH THIS SPACE

The vacancy rate in the retail warehouse sector is soaring after several high-profile failures and a year of retail consolidation. **Jennifer Creevy** looks at how fashion retailers are muscling in on out-of-town sites



It takes two: Next is managing to lure different shoppers to its retail park and high street stores

Most high streets and shopping centres in the UK, even if they are trading well overall, will have at least some vacant stores as a result of a difficult and tumultuous year for retailers. Retail warehousing – which has continued to perform well even in a tough climate – is now starting to bear similar bruises.

The vacancy rate in the sector has increased 1.4 per cent in the past year – from 6.2 per cent in October last year to 7.6 per cent this October. The amount of available retail warehousing space stands at 12.5 million sq ft (1.2 million sq m), most of which is second-hand space (10.75 million sq ft), with the remainder comprising newly built space (1.75 million sq ft).

The Definitive Guide to Retail and Leisure Parks 2006, produced by Trevor Wood Associates and Savills, found that this vacancy rate is a result of corporate retail failures and consolidations. "Retail warehousing has seen a lot of change this year, with retailers either disappearing from the market or shedding a few stores," says Savills out-of-town retail national director Martin Supple.

Corporate failures have mainly been in the furniture sector, with losses in including Allders, Courts, Furnitureland, Klaussner and Durham Pine. The ongoing rationalisation and consolidation by bulky goods retailers such as Focus, MFI, B&Q and Currys has also pushed the vacancy rate up.

The research points out that of 12,000 retail warehouse units, more than 2 million sq ft (185,800 sq m) of available floorspace was occupied by Allders, Courts, Furnitureland and Klaussner – accounting for just under a fifth of the market total. What's more, relocations and closures by the top 10 retail park tenants accounted for another 30.7 per cent, or 3.3 million sq ft (306,570 sq m) of second-hand floorspace this year.

"The retail warehousing market is now more fluid," says Supple. "Whereas previously it was dominated by bulky goods retailers, we're now seeing high street brands coming in and changing the dynamics."

Focus had the most dramatic decrease in retail park floorspace in the past year, dropping 10 per cent to 3 million sq ft (278,700 sq m). It is followed by Toys R Us and Carpetright – with a fall of 3 per cent each – then MFI, down 2 per cent, and Halfords, falling 1 per cent.

But other retailers are ramping up their retail park floorspace. Next has seen the highest increase, up 31 per cent to 1.7 million sq ft (157,930 sq m). Supple says Next is "kicking on two feet", managing to pull in different shoppers to its high street and retail park stores. "Some high street retailers are worried about cannibalising their existing stores if they take space on retail parks, but Next has got the balance right," he explains.

He adds that Next has opened on retail parks to showcase its entire range and these stores are proving attractive to male shoppers – those that want to know they will get a wide choice in one place. The retailer's high street stores, on the other hand, attract more female customers.

Other retailers are also increasing their space on retail parks, with TK Maxx up 20 per cent, Argos up 16 per cent and Boots up 14 per cent.

Supple believes that while the vacancy rate for retail warehousing has increased, the demand from different types of retailer will continue. "Normally there are a couple of retailers dropping out of the sector and a few new entrants, which

Big hitter: Homebase is still the number two retail park tenant, with 5 million sq ft

TOP 20 RETAIL PARK TENANTS BY AREA

Rank 2005	Retailer	Rank 2004	Rank 2003	Rank 2002	Total area on retail parks 2005 (million sq ft)	Total area on retail parks 2004	% increase in area
1	B & Q	1	1	1	8.33	7.71	8
2	Homebase	2	2	2	5.03	4.83	4
3	Currys	3	3	3	4.56	4.43	3
4	Matalan	6	6	9	3.33	3.16	5
5	MFI	5	5	5	3.14	3.21	-2
6	Focus	4	4	4	3.02	3.32	-10
7	Comet	8	8	7	2.85	2.78	2
8	Carpetright	7	7	6	2.81	2.90	-3
9	JJB Sports	9	9	8	2.79	2.75	1
10	Halfords	10	10	10	2.27	2.29	-1
11	PC World	11	11	11	2.04	2.05	0
12	Argos	14	16	20	1.89	1.58	16
13	TK Maxx	16	22	26	1.81	1.44	20
14	Allied Carpets	12	12	12	1.72	1.70	1
15	Harveys	13	13	14	1.72	1.63	5
16	Next	21	29	36	1.71	1.18	31
17	Wickes	17	23	21	1.53	1.34	12
18	Boots	20	25	24	1.46	1.26	14
19	Toys R Us	15	15	15	1.41	1.45	-3
20	Staples	23	18	17	1.35	1.14	16

balances out the situation," he says. "But this year there have been so many falling all at once that have left a big hole in the sector. This will balance out to a certain degree, but not fully."

Trevor Wood Associates senior partner Trevor Wood agrees that this year's review has shown the most comprehensive shake-up to date, pointing to the changing tenant mix on retail parks. "These changes are shown by the declining importance of the top 10 leading retail park tenants. They now account for only 37.7 per cent of total retail park floorspace, against 40.2 per cent just three years ago," he explains.

Supple believes there will be some fall-out, with retail parks having to develop into leisure or entertainment parks and ensuring they provide the right configurations for those retailers that are expanding. "There are retailers that still want the large units – take Sports World for example," he says. "It has opened about 50 stores in the past 16 months and the majority are on retail parks, but for high street retailers coming into the sector, retail parks need to reconfigure their vacant spaces."

Retail parks are churning the stock left over from the loss of the furniture retailers. The development pipeline has also slowed, mainly because of planning difficulties, meaning existing parks have to adapt to cope with the demand from new retailers. Some of these units are large enough to be sub-divided to create three or four standard-sized units.

Savills director of research Mat Oakley says there is a definite increase in demand for smaller stores. "Units of less than 10,000 sq ft (930 sq m) are in demand and with the difficulty in getting planning permission for retail parks, we will see more being reconfigured to tailor for this," he says.

Oakley also cites figures from Verdict suggesting that spend on out-of-town retail will grow by 5.7 per cent a year and says retailers will want a slice of this. "Rents are roughly 30 per cent cheaper than the high street, so warehousing is an attractive proposition – if more units are reconfigured, we will see retail parks change dramatically. Ten years ago, DIY and furniture stores were the anchors, but now fashion and bulky goods are fast swapping places," he explains.

Fashion retailers have already made inroads into the top 20 retailers in terms of total area on retail parks. TK Maxx has moved from 26th place in 2002 to 13th place this year and occupies 1.8 million sq ft (167,220 sq m) of space on retail parks. Next has upped its space dramatically, moving from 36th place in 2002 to 16th place this year, occupying 1.7 million sq ft (157,930 sq m) of space.

For the time being, however, the familiar names still occupy the top 10. B&Q leads the way with 8.3 million sq ft (771,070 sq m) of space, followed by Homebase with 5 million sq ft (464,500 sq m), then Currys with 4.6 million sq ft (427,340 sq m).

Supple says these findings mark the challenging retail environment, but believes it creates exciting opportunities for some retailers. "There are unlikely to be many new bulky goods retailers coming into the market for a few years, so parks will change and become more fashion-focused," he says. "The retailers that use this to their advantage will be the ones that know the difference between in-town and out-of-town retail and use that to grow their shopper audience. Retail parks should readily adopt these new retailers." RW

TOP 20 RETAIL PARK MOVERS 2005

The biggest retail park risers and fallers, plus their total area on retail parks in 2005 (million sq ft)

Source: Trevor Wood Associates/Savills The Definitive Guide to Retail & Leisure Parks 2006