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RISE IN PEAK RENTS FOR UK RETAIL PARKS

The Definitive Guide to Retail and Leisure Parks 2007 has revealed that the proportion of retail parks with peak rents above £25.00 per sq. ft. has increased to 20% from 17% in 2006 and the entry level for the Top 100 Retail Parks Rents has risen to £30.00. Furthermore, the annual research survey, which was conducted by Trevor Wood Associates in conjunction with Savills, also shows a wide variation in peak rents achieved on retail parks from £6.00 per sq. ft. to £95.00 per sq. ft.

Fosse Park Shopping Park in Leicester has the highest Retail Park rent at £95.00 per sq. ft., followed by Brookfield Retail Park in Cheshunt, Hertfordshire which has a peak rent of £75.00 per sq. ft. In third place is Colney Fields Shopping Park in St Albans with £65.00 per sq. ft. while Castlepoint in Bournemouth ranks fourth with £62.50 per sq. ft.

In comparison to the increasing rents, the research shows that the quantity of vacant or available space has risen again over the last year from 7.6% in 2006 to a new peak vacancy rate of 8.0%. Over the last four years, the overall supply of warehousing floorspace has grown by 19% while the supply of second-hand retail warehousing has increased by 83% with many units still remaining unoccupied from the failure of retailers such as Landmark, Tempo and World of Leather.

Trevor Wood of Trevor Wood Associates says: “Twenty of the top fifty retail park tenants have either reduced their retail park floorspace over the past year or shown nil growth, although I should add that sixteen other retailers have shown double digit growth. However, new entrants continue to appear and five of this year’s top 30 retailers were not ranked in the top thirty five years ago.”

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Mat Oakley, head of commercial research at Savills, comments: "While we are seeing many retailers leaving the high street in favour of retail parks, where rents are more competitive, we are also witnessing existing large space occupiers at retail parks changing priorities in a bid to control rent bills. Many retailers are continuing to relocate, close down marginal stores and downsize large stores. In fact, 70% of the current demand at retail parks is for units of less than 12,000 sq. ft, which has resulted in landlords finding it harder to let larger stores. However, we expect the vacancy rate to stay at its current level of 8% over the next 12 months."

The review highlights other influences to the sector, some of which include the following:

In an attempt to increase appeal, the guide states, that the trend among larger retail parks to incorporate leisure facilities, such as cinemas and health and fitness centres, within the scheme has peaked. 32 retail parks, retail and leisure parks or shopping parks have now integrated a cinema, 26 have included a bowling alley or family entertainment centre and 57 have a health and fitness centre.

In terms of general retail park size, the research ranks Castlepoint in Bournemouth totalling 645,000 sq. ft. in first place, Middlebrook Retail and Leisure Park, Bolton, totalling 634,014 sq. ft., in second place and Fort Kinnaird, Edinburgh, totalling 576,409 sq. ft., in third place. Retail World in Rotherham, totalling 560,425 sq. ft. and Clifton Moor Centre in York, totalling 546,029 sq. ft. are ranked in fourth and fifth place respectively.

According to the research, there is no change to the top 5 of the Top Retail Park Tenants, with B&Q, Homebase, Currys, Matalan and MFI retaining positions from one to five respectively.

Elsewhere in the review, British Land was ranked first in both the Top 10 Investment Managers for Retail Parks and Top 10 Investment Managers for Retail Warehousing. Standard Life, Morley Fund Management, Land Securities and Prudential Property Investment Managers were also featured in the top five of both categories.

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Notes to editors

- Copies of The Definitive Guide to Retail and Leisure Parks 2007 are available for £395 from Trevor Wood Associates (tel: 01494 715 846 or email retail@trevorwoodassociates.co.uk

The 296 page review has identified 1,466 established schemes that are trading or in the course of construction that include 103 leisure parks, 125 leisure schemes, 893 retail parks, 55 shopping parks, 36 retail and leisure parks and 282 retail warehousing developments.

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