Executive Summary

The key points from this detailed review of over 1,400 retail parks, shopping parks, retail and leisure parks, leisure parks, major leisure schemes or retail warehousing developments are summarised below.

Established Schemes

Our research has identified 1,222 established schemes, that is to say they are trading or in the course of construction. These include 96 Leisure Parks, 107 Leisure schemes, 746 Retail Parks, 32 Retail and Leisure Parks and 194 Retail Warehousing developments.

The regional location of the established schemes is as follows: -

Number of schemes	EA	EM	N	NI	NW	SC	SE	SW	WA	WM	YH	UK
Leisure Park	3	9	6	2	11	9	26	8	4	10	8	**96**
Leisure Scheme	3	6	5	1	12	5	36	6	9	13	10	**107**
Retail and Leisure Park	0	0	2	1	13	4	5	1	1	2	3	**32**
Retail Park	31	54	39	24	80	70	195	61	48	73	71	**746**
Retail Warehousing development	5	11	10	4	16	15	71	21	8	15	18	**194**
Shopping and Leisure Centre	0	0	0	0	3	2	9	0	1	2	2	**19**
Shopping Park	1	2	1	0	6	1	5	2	2	4	4	**28**

Top 10 Retail Parks

Rank	Scheme	Location	GIA	Year Open	Region
1	Middlebrook Retail & Leisure Park	Bolton	700,000	1998	North West
2	Fort Kinnaird	Edinburgh	576,409	1989	Scotland
3	Clifton Moor Centre	York	575,126	1988	Yorkshire & Humberside
4	Retail World	Rotherham	549,224	1987	Yorkshire & Humberside
5	The Brewery	Romford	515,600	2001	South East
6	New Mersey Shopping Park	Liverpool	480,221	1985	North West
7	Merry Hill Retail Park	Brierley Hill	477,749	1984	West Midlands
8	Gallagher Retail Park	Wednesbury	470,000	1995	West Midlands
9	Greyhound Retail Park	Chester	438,250	1987	North West
10	Fosse Park Shopping Park	Leicester	416,413	1989	East Midlands

Top 10 Leisure Parks

Rank	Scheme	Location	GIA	Year Open	Region
1	Star City	Birmingham	392,993	2000	West Midlands
2	Dome Leisure Park	Doncaster	300,000		Yorkshire & Humberside
3	Cross Point	Coventry	280,000	1989	West Midlands
4	Junction 10 Leisure Park	Walsall	275,000	1991	West Midlands
5	Parrswood Leisure Park	Manchester	241,786	2001	North West
6	Fountain Park	Edinburgh	230,314	1999	Scotland
7	Festival Leisure Park	Basildon	218,917	1998	South East

8	Teesside Leisure Park	Stockton-on-Tees	201,087	1996	North
9	Valley Centertainment	Sheffield	200,000	1998	Yorkshire & Humberside
10	Norwich Riverside	Norwich	197,638	1999	East Anglia

Leisure

The trend to incorporate leisure facilities such as Cinemas and Health & Fitness Centres within larger Retail Parks continues. 32 incorporate Cinemas, 25 include a Bowling Alley or Family Entertainment Centre and 41 have Health & Fitness Centres.

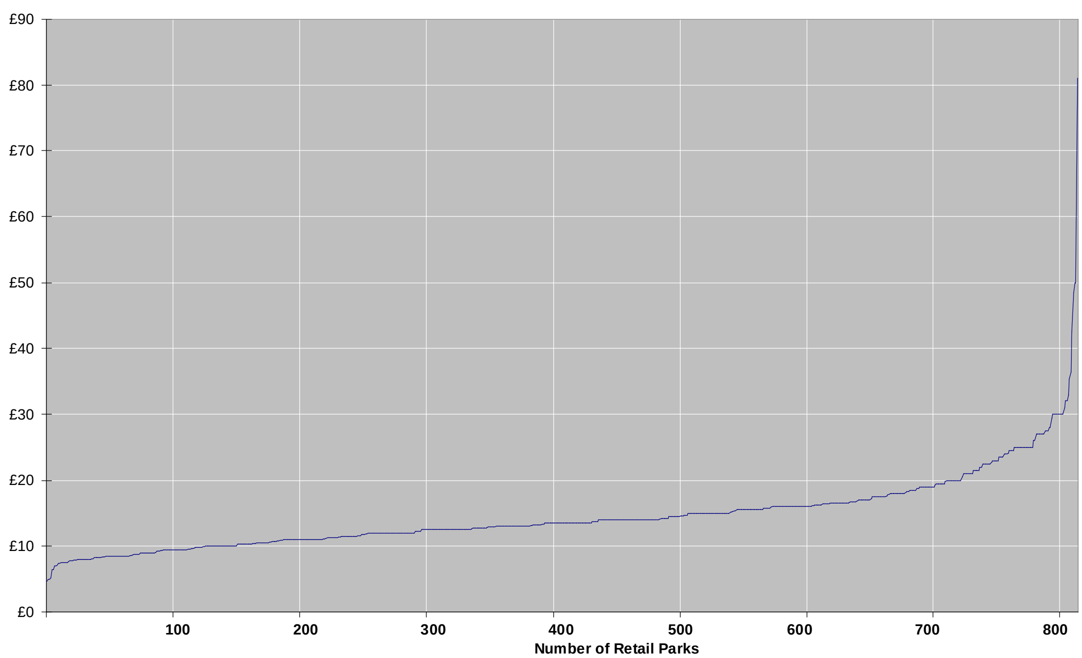
Conversely, some Leisure Schemes incorporate retail units to broaden their appeal - nineteen schemes are categorised as Shopping and Leisure Centres. 13 contain Cinemas, 3 include a Bowling Alley or Family Entertainment Centre and 12 have Health & Fitness Centres.

There are now 96 Leisure Parks - new additions include Yeo Vale Leisure Park in Yeovil and Ashton Moss in Ashton-under-Lyne. 84 incorporate Cinemas, 47 include a Bowling Alley or Family Entertainment Centre and 35 have Health & Fitness Centres.

Of 107 Leisure Schemes, 50 contain Cinemas, 14 include a Bowling Alley or Family Entertainment Centre and 43 have Health & Fitness Centres.

Night-clubs can be found on 58 schemes with 44 incorporating a Hotel and The Embassy Centre in Skegness, The Lowry Designer Outlet in Salford and Tally Ho in Finchley include theatres.

Peak Rents



As can be seen above, there continues to be a wide variation in peak rents achieved on Retail Parks from £5 per sq. ft. to £81. The greatest concentration of peak rents is in the £10 to £12 band with 6% of Retail Parks having peak rents above £25 per sq. ft. With rent reviews and further lettings there has been a slight upward shift in the rental bands, resulting in a 2% increase in the £15 to £20 band.

Peak Rents for Retail Parks

Range (per sq.ft.)	2002 %	2001 %
Over £25.00	6	13
£20.00 - £24.99	7	
£15.00 - £19.99	28	26
£10.00 - £14.99	44	44
£5.00 - £9.99	15	17

Most Leisure Park peak rents were in excess of £20 per sq. ft. and ranged from £10 per sq. ft. to over £30. The vast majority of Retail Warehousing developments recorded rents below £15, with a handful above £20.

Rank	Rent	Scheme	Location	GIA
1	£81.00	Fosse Park Shopping Park	Leicester	416,413
2	£50.00	Brookfield Retail Park	Cheshunt	90,000
2	£50.00	Fort Kinnaird	Edinburgh	576,409
4	£48.50	The Fort Shopping Park	Birmingham	256,947
5	£42.50	Castlepoint	Bournemouth	600,000
6	£36.50	Ladymead Retail Park	Guildford	115,000
7	£35.43	Broughton Shopping Park	Chester	297,348
8	£33.00	Valley Park	Croydon	130,091
9	£32.00	Castle Meadow Retail Park	Nottingham	151,343
9	£32.00	Solihull Retail Park	Solihull	180,000

Vacant or available space

Last year we highlighted the fact that Retail Parks were facing a new problem. The bulk of available or vacant retail warehousing space on the market has again been shed by retailers, either through business failures or relocations. “Second-hand” supply 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.

Despite the take-up by expanding retailers, there has been an abundance of second-hand retail warehousing coming on to the market. Large space users continue to shed units and others have been redeveloped to offer modern retail parks.

Our research shows that the total retail warehouse market grew from 140 million square feet in 2001 to 147 million square feet in 2002. This increase of 7 million square feet was due to consents for change of use for former Bingo Halls and other leisure or non-retail developments as well as the result of newly built units.

The take-up of newly built developments is higher than last year, resulting in a 5% fall in the amount of vacant space on these schemes.

Vacant Retail Warehousing Type	Size (Sq. Ft.)	
	2002	2001
"Second-hand" space	6,750,000	6,150,000
Newly built space available	1,850,000	1,950,000
Consented and likely to be built in the next two years	3,300,000	2,900,000
Total	11,900,000	11,000,000
Available Retail Warehousing	8,600,000	8,100,000
Vacancy Rate	5.9%	5.8%
Total Retail Warehousing	147 million	140 million

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.

All of these facts have contributed to an increase in vacant or available retail warehousing from 5.8% in 2001 to 5.9% in 2002.

Leading Investment Managers - Retail Parks

Following recent investment deals, Pillar Property have extended their position as the leading investment manager of Retail Parks in the UK with 5.2 million square feet under active management, compared to 4.5 million last year. The chasing pack is lead by Prudential, who move up from 4th place mainly due to taking the management of Scottish Amicable schemes in-house. British Land and Chartwell have both increased their portfolios while Morley slip from 5th to 7th place following the creation of The Junction LP, the main factor behind Capital and Regional joining the top ten.

Rank 2002	Rank 2001		Owner / Investment Manager	Area - Million Square Feet
1	1	—	Pillar Property	5.20
2	4	▲	Prudential Property Investment Managers	3.74
3	2	▼	LaSalle Investment Management	3.60
4	3	▼	Land Securities	3.47
5	7	▲	British Land	3.18
6		▲	Chartwell Land	2.62
7	5	▼	Morley Fund Management	2.56
8	8	—	Standard Life Investments	2.51
9	9	—	Legal & General Investment Management	2.49
10		▲	Capital and Regional	2.45
			All Retail Parks	**85.59**

As last year, every one of the ten leading investment managers covers more than 2 million square feet of retail parks. They look after 37.2% of the overall 85.59 million square feet of retail park floorspace, slightly down on last year's 38.5%. This is because, although schemes under management increased by 4.8% or 1.5 million square feet, the market grew at the higher rate of 8.5%. The top twenty investment managers now look after 55.2% of total retail park floorspace.

Leading Investment Managers - Retail Warehousing

Widening the analysis to include free-standing retail warehouse units, such as B & Q, Currys and Halfords changes the picture dramatically, but still leaves Pillar Property with 5.6 million square feet under active management, compared to 4.8 million last year.

Rank 2002	Rank 2001		Owner / Investment Manager	Area - Million Square Feet
1	1	—	Pillar Property	5.59
2	4	▲	Prudential Property Investment Managers	5.15
3	5	▲	Chartwell Land	5.13
4	2	▼	Land Securities	4.85
5	7	▲	British Land	4.43
6	6	—	LaSalle Investment Management	4.38
7	3	▼	Morley Fund Management	4.29
8	9	▲	Legal & General Investment Management	3.36
9		▲	Aberdeen Property Asset Managers	3.24
10		▲	Henderson Global Investors	2.85
			All Retail Warehousing	**147.00**

The chasing pack is again lead by Prudential, who move up from 4th with Chartwell moving up to 3rd. British Land and Legal & General both increased their portfolios while Morley slip to 7th and, following various mergers, Aberdeen Property join the top ten. The top ten now look after 29.4% of the overall 147 million square feet of retail warehousing floorspace, up from 28.9% last year, while the top twenty look after 43.9%.

Leading Retailers

Over 800 different tenants now trade from retail parks, shopping parks, retail and leisure parks, leisure parks, leisure schemes or retail warehousing developments. The tenants most likely to be found on Leisure Parks or Retail and Leisure Parks are Frankie & Benny's, McDonalds and Pizza Hut. The tenants most often found on Retail Parks, Shopping Parks or Retail and Leisure Parks are Carpetright, Currys and Halfords.

Having a large number of outlets is not the same as having the largest presence so the **largest** tenants of Retail Parks are shown below.

Rank	Retailer	Total Area on Retail Parks (Million Square Feet)
1	B & Q	6.39
2	Homebase	4.60
3	Currys	4.19
4	Focus	3.65
5	MFI	3.14
6	Carpetright / Carpetwise	2.69
7	Comet	2.65
8	JJB Sports / Sports Division	2.46
9	Matalan	2.42
10	Halfords	2.23

As can be seen, B & Q with 6.4 million square feet is by far the largest Retail Park tenant, with the other main DIY operators, Homebase and Focus, 2^{nd} and 4^{th}. It should be noted that we are only looking at space on Retail Parks, otherwise the figure for B & Q would be in excess of 14 million square feet.

There are ten retailers with more than 2 million square feet of Retail Park floorspace. Every retailer in the top 20 has more than 1 million square feet while the thresholds for joining the top 30 and top 40 are 450,000 square feet and 275,000 square feet respectively.

Future developments

Of the 1,222 schemes listed within this review, 247 schemes have development proposals of some kind, of which 173 are Retail Parks and 22 are Leisure Parks. These include refurbishment or sub-division of existing units as well as proposed additional units or further phases.

Proposed Schemes

Schemes such as Holywood Exchange in Belfast, Glasgow Fort Shopping Park, Electric City in Newcastle-upon-Tyne and The Junction in Oldbury are in the pipeline. That is to say they have planning permission or are thought likely to proceed. Schemes known to be under construction in January 2002 are included in the regional analyses.

Our research has led us to itemise 250 schemes that may be completed before the end of 2005, including 9 Leisure Parks, 64 Leisure schemes, 5 Shopping Parks, 98 Retail Parks and 12 Retail and Leisure Parks. There are also 50 Retail Warehousing developments and 12 Shopping and Leisure Centres itemised. It should be noted that more than two hundred speculative schemes were excluded from this review, partly because of their nature and partly due to short-term uncertainty by the developers or agents involved.