Retail Week
PROPERTY
February 2016

High street caffeine hit

What retailers can learn from Costa's rapid UK expansion

- **Spotlight on growth** What can the retail property industry expect in 2016?
- **Doing it for themselves** Why brands are setting up shop and what it means for retail
- **Northern stars** How the Nordics have become a hit with property investors

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RetailWeek CONNECT
CONNECTING RETAIL WITH CREATIVE INTELLIGENCE

Dyson bites into the brand market

When Dyson revealed in September its plan to open a standalone store on London's Oxford Street, it sparked the inevitable comparison between what the electricals brand plans to do and Apple stores. Apple stores have become the benchmark of success for brands that are foraying into physical retail; sales densities, footfall and staff knowledge are all among the best in the industry, and emulating Apple's success is the aim of most brands that plan to take retail space.

But what is it about physical space that is attractive to brands that sell through concessions in department stores or online? In our feature on page 20 we explore why the physical shop is attractive to such brands and what this means for traditional bricks-and-mortar retailers.

Another brand taking the high street by storm is Costa Coffee; the chain has expanded from 73 outlets in 1999 to more than 2,000 in the UK alone this year. This meteoric rise means the operator now has a presence in every major spot across the country, but with expansion comes challenges, not least sustaining this phenomenal growth.

On page 15 we interview Costa property director Clive Bentley about the brand's recent growth, the challenges and opportunities in the coffee market, and what traditional retailers can learn from the coffee chain's success.

The changing nature of the whole industry is under the spotlight on page 9, where *Retail Week* talks to leading property professionals to find out what we can expect from 2016 in terms of growth, legislation and expansion. We garner the views of experts including retailers, landlords and property agents to try to discover what the retail property industry should prepare for in this new year.

One major shift the industry experienced in 2015 was the move to online witnessed on Black Friday, which is indicative of wider retail changes. In our feature on page 31, *Retail Week* explores how this shift to online is causing retailers to reconsider their fulfilment options, how they can make click-and-collect pay, and ultimately what the online swing means for the future.

Further afield, the Nordic property market is experiencing a period of strong growth with large acquisitions in Sweden, Norway and Finland. We consider the challenges and opportunities of getting involved in these markets, where the strongest growth potential is and look at the deals that have been done recently on page 27.

Katie Barker, Creative Lead

The big picture

It could be the end of Homebase as we know it, as its prospective new owner reveals plans to rebrand all 265 stores to the Bunnings fascia. **Gemma Goldfingle** reports

Homebase stores will rebrand as Bunnings

We believe that this is the best deal for shareholders and for the business

John Coombe, Home Retail

Home Retail has entered into an agreement to sell DIY retailer Homebase to Australian retail group Wesfarmers for £340m.

The sale includes all 265 stores and distribution centres, and a licence for Homebase to continue selling Home Retail product brands for one year.

The deal will return £200m to shareholders, after taking out £50m of pension contributions and £75m in transaction and restructuring costs.

While subject to approval by Home Retail's shareholders, the sale is expected to complete in the first quarter.

The Homebase fascia is set to disappear as Wesfarmers plans to rebrand all stores to its Australian brand Bunnings within five years.

Home Retail said the offload would allow it to focus on Argos' future, which it said was the "greatest potential source of shareholder value".

Sainsbury's has made a £1.3bn bid to acquire Home Retail Group, following a thwarted attempt late last year.

Home Retail chairman John Coombe said: "We are very pleased to have reached agreement with Wesfarmers regarding the sale of Homebase. We believe that this is the best deal for shareholders and for the business.

"Wesfarmers is an experienced and successful retailer with exciting plans to invest in and grow its presence in the UK through Homebase. This transaction crystallises value for our shareholders from our ownership of Homebase and specifically the work we have been doing through the productivity plan."

Moves and deals

■ **Birmingham's Grand Central** shopping centre, which is home to 40 retailers including John Lewis, has been sold to property firm Hammerson for £335m.

Hammerson exchanged contracts with Birmingham City Council to acquire the mall above New Street railway station, which recently underwent a £750m redevelopment.

Hammerson, which also owns the Bullring in Birmingham, said it was in advanced discussions with an existing partner about a 50-50 joint venture for the future ownership of the centre.

■ **Next** will take over the entire Plaza shopping centre on Oxford Street to create a flagship store, the retailer has revealed. The two-level, 73,000 sq ft store will boast a frontage of around 50m, running between Wells Street and Berners Street.

Next plans to incorporate a Lipsy concession and a cafe into the store.

Plaza will be redeveloped by its German owner Sirosa, knocking all 20 units of the centre together to create the store, by the end of 2017.

Christmas high street footfall decline sharpest since November 2014

-4%

High street footfall dropped 4% in December, marking the biggest decline in shopper numbers since November 2014. The drop-off rate was higher than the October to December average decline of 2.9% and November's 1% decrease.

Shopper footfall shrivelled once again in December and at a faster rate than compared with the three-month average. Retailers are having to revamp their businesses in order to respond to the profound changes in the way we are all shopping

Helen Dickinson, BRC

Q4 Figures from the British Retail Consortium (BRC) and Springboard showed that average footfall fell by 2.2%, against the average of -1.6% for the October to December quarter. This was the ninth consecutive month of decline.

▲2.3%

Retail parks were the only location to see positive growth in the Christmas month, with December footfall up 2.1% and the October to December average coming in at 2.3%. Shopping centre footfall decline was stable at -2%, matching the performance for the quarter.

▲0.2%

The only region of the UK to report a rise compared with the same period in 2014 was Scotland, though even this increase was marginal at 0.2%. Some of the sharpest declines were in the West Midlands (-3.4%), the North (-3.5%) and Wales (-2.9%).

■ **Debenhams** will become the anchor store at the 400,000 sq ft retail and leisure extension at Intu Watford shopping centre.

A lease for a 113,000 sq ft unit at the development has been agreed.

The centre, which also includes John Lewis and Marks & Spencer as anchor tenants, will span 1.4 million sq ft once the development is completed, adding up to 16 shops, 10 restaurants and a nine-screen Imax cinema to the offer.

■ **Aldi** will open a record number of new stores this year as the discounter accelerates its UK expansion and ramps up the pressure on the big four.

It will open 80 supermarkets, 23% more than it launched last year, in a bid to gain further traction among British consumers.

The ambitious strategy will take Aldi past the 700-store mark and should help it grow its market share.

News in brief

■ **The Range** has unveiled plans to create more than 1,000 jobs as it prepares to open a new distribution centre in the Southwest.

The discount homewares retailer has acquired a 55-acre site at Delta Properties' logistics development, Central Park in Bristol, which will house the 1.2 million sq ft centre and where 1,050 employees will work.

The Range said it would be completed by 2017.

■ Menswear retailer Blue Inc closed almost a third of its stores in January in a bid to restructure the business for "profitable growth".

The young fashion retailer has placed subsidiary A Levy – which holds its leases – into administration, after filing an intent to appoint administrators in January.

Blue Inc is shuttering 74 branches, resulting in the loss of 560 jobs, but will keep the remaining 158 shops trading after buying the leases out of administration.

■ **Missguided** has pushed the button on a UK-wide store roll-out that includes a central London location.

The young fashion etailer signalled its bricks-and-mortar ambitions, hiring retail director Andy Marsh from fashion brand Bench, and has brought on board former Abercrombie & Fitch UK property boss Richard Collyer on a consultancy basis.

It has also appointed property agent Savills to help identify UK locations, with a view to eventually rolling out stores internationally.

■ Walmart will close 154 US outlets and 115 international stores as it cuts its convenience offer and invests in its ecommerce business.

Walmart's Express store format, which has been trialled since 2011, will make up the bulk of the US closures. The retailer's international cuts will be made across its loss-making Latin American outlets, including 60 recently closed unprofitable stores in Brazil.

Westfield London is expanding in order to add 800,000 sq ft of retail space

Retail devolution spreads the bets

UK retailing is attempting to shake off London domination and spread growth around the country, but new development remains at a premium in 2016. By **Mark Faithfull**

Despite a late flurry of shopping centre openings last year – notably Friars Walk in Newport, The Broadway Bradford and Grand Central in Birmingham – 2016 has begun with a stutter. UK retail goes into the year off the back of a tough Christmas, with retail sales having dropped in December compared with the previous month as mild weather and deep discounting dented takings for retailers.

Against patchy retail figures, the development pipeline stands at an estimated 1.7 million sq ft through six new schemes and four extensions this year, including Victoria Gate in Leeds (450,000 sq ft) and the 300,000 sq ft Chelmsford Bond Street, anchored by a 120,000 sq ft John Lewis.

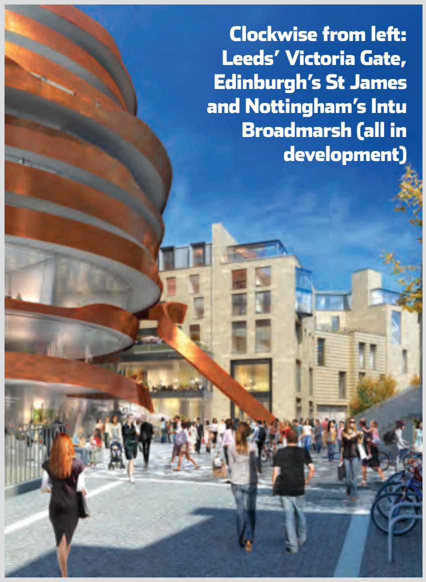
However, development is likely to be more subdued in 2017 because of projects being deferred, with just 1.1 million sq ft arriving through three new schemes and one extension. Bracknell town centre's regeneration is the largest at 580,000 sq ft but, all in all, it means that new shopping centre space will be the smallest for 20 years, excepting the dismal 2012 numbers.

What will 2016 bring?

London dominates retail performance, but last year's push for Scottish independence will have a wider ripple effect across the UK, according to BCSC director of policy and public affairs Ed Cooke. "As part of its ongoing devolution agenda, government will continue to make good on its commitment to close the 'north-south' gap by rebalancing the economy and rolling out the 'Northern Powerhouse'," he says. "We expect the devolution of unprecedented levels of power."

Paul Sargent, boss and co-founder of Queensberry Real Estate, agrees and adds: "2016 will be the year of increasing public-private partnerships. Our recent opening of Friars Walk has proven the model as a solution to unlocking retail regeneration. And, if the development ↘

UK hotspots: where next for retail?



Clockwise from left: Leeds' Victoria Gate, Edinburgh's St James and Nottingham's Intu Broadmarsh (all in development)

London

London's shopping centre density is one of the lowest in the UK, according to property consultancy Cushman & Wakefield, but over the next two years, 1.2 million sq ft of new space through three new schemes and two extensions should be added. Westfield London's extension of 800,000 sq ft will take its total to more than 2.4 million sq ft after completion in 2017. Other developments in the pipeline include the Westfield/Hammerson joint venture at Croydon and the Brent Cross extension by Hammerson and Standard Life. In the West End, Savills points to upcoming flagships including Dyson (Q1 2016), Kiko (Q1 2017), Sketchers (Q1 2017) and Stradivarius (Q2 2016) as proof of the capital's ongoing global reach. "This will only increase with the arrival of Crossrail and the key department stores continuing to strengthen their offer," says Sam Foyle, director of retail at Savills.

Leeds

Hammerson's Victoria Gate development, including a John Lewis store, restaurants and two covered streets, is due to open in late 2016. Yorkshire's retail map was redrafted by Trinity Leeds nearly three years ago when the £350m scheme, at the heart of the UK's third largest city, opened to add 1 million sq ft of prime retail space to Leeds city centre. Late last year, nearby Bradford finally welcomed Bradford Broadway.

Nottingham

Nottingham City Council last year approved plans for the transformation of the Intu Broadmarsh shopping centre in Nottingham, owned two-thirds by Intu and one-third by the local authority. This forms part of a £150m investment by Intu and Nottingham City Council in the Broadmarsh area, including refurbishment of the car park, bus station and public realm.

Martin Breeden, regional director of Intu, says: "Along with our work at Intu Victoria Centre, we now have a great opportunity to create something special for Nottingham."

Edinburgh

Edinburgh's single-sided main retail thoroughfare is an attractive yet impractical configuration to serve the millions who visit. Within five years, TH Real Estate hopes to change all that with the £850m regeneration of a 10-acre site at the east end of Princes Street, currently occupied by the tired St James shopping centre. The mixed-use, retail-led Edinburgh St James scheme will make use of the existing John Lewis as an anchor, but will also include homes, a hotel and leisure facilities. It is expected to complete in late 2019 or early 2020.

Martin Perry, director of development at TH Real Estate, adds that the city has paid for a lengthy period in limbo. "The issue for Edinburgh is that it's a top 10 UK city without a major shopping centre in or near the city," he says. "We need to serve the local market, many of whom live very close to where they work, and obviously Edinburgh is also on the world stage."

pipeline is to continue, the wider sector must learn from ours and others' success in this area."

He too points to the regionalisation agenda, with local authorities having more autonomy, access to land, legislative power and sources of capital to get a development off the ground, and says: "It is reassuring that other local authorities are beginning to follow suit, with joint schemes being brought forward. Yet, with a number of UK high streets still unfit for purpose and unable to keep up with retail demand, it is about time that the whole industry recognises this model for regeneration."

> **2016 will be the year of increasing public-private partnerships**
>
> PAUL SARGENT, QUEENSBERRY REAL ESTATE

Of upcoming schemes, Edinburgh, Leeds and Nottingham are at various points in planning and construction, while Bracknell, Chelmsford and three Greater London projects (Brent Cross, Croydon and Shepherd's Bush) reflect ongoing southern expansion. Meanwhile, Hammerson recently snapped up Grand Central, adding to its Bullring scheme.

"As demand outstrips supply in the prime ↘

Friars Walk in Newport, Wales, and (below) the planned Lexicon Bracknell regeneration

Amazon adds to pressure on supermarkets

UK grocery growth has been radically reshaped in recent years, with large out-of-town schemes largely abandoned for a plethora of urban convenience formats and online initiatives. Signs that this could be further ramped up in 2016 came late last year when Amazon confirmed the expansion of its Pantry service – the food department it launched in November – adding thousands more goods to the 4,000 already on offer, which customers can get delivered for £2.99 per large 'Pantry box'.

UK managing director Christopher North has been tight-lipped about a possible launch of Amazon Fresh – the delivery service it operates in New York and the west coast of America – but by expanding Pantry, Amazon is adding to the pressure on traditional grocery groups such as Tesco, Sainsbury's, Morrisons and Asda and their portfolios of out-of-town superstores.

Meanwhile, German retailer Aldi continues to expand in line with its two-year, £600m investment pledge. Last year, it grew its estate by around 65 stores and plans to exceed this in 2016 with 80 openings, taking its total store count to more than 700. This year Aldi will also make its move online in the UK.

Last autumn, rival countrymate Lidl revealed its own plans to accelerate growth with the introduction of up to 50 new stores a year. Previously it had hoped to open up to 40 branches. Aldi and Lidl now control 10% of the UK grocery market after collectively increasing their share by 1.4% last year, according to market research firm Kantar.

> **There is some nervousness about the pipeline**
>
> PHIL CANN, CBRE

locations, rental rates will be pushed up. This will be particularly prevalent in small units and medium-sized units. We will be left with a surfeit of 3,500 to 5,000 soft units that were historically the key to driving rental growth," says Lunson Mitchenall head of shopping centre leasing Neil Hockin.

The how and why

However, retail growth in 2016 will not only be about where consumers shop, but how and why. Tim Vallance, JLL's lead director of UK retail and leisure, predicts a year of the "true Millennial" – those born in 2000 and starting to turn 16. "They are growing up, they will start to make spending decisions, and the retail industry would be unwise to underestimate their appetite for change, indifference to tradition and general retail promiscuity," he says.

Phil Cann, CBRE's head of UK retail, also points to changing consumer priorities. "We are seeing retailers increasingly attracted to 'village-style' locations in an attempt to personalise their offer, most notably in east and southeast London," he says. "Gen Y live there and the Millennials are prepared to travel."

With retailer focus firmly on the Southeast, Battersea Power Station, Wood Wharf and Earls Court are among the off-pitch locations also set to add significant retail space, but Cann believes the sustainability of ever more space must be questioned. "There is some nervousness about the pipeline," he says. "We are clearly looking at fewer stores and destinations, encouraging more experience and dwell. But that's not bad news, that's good news for the consumer."

Wake up and smell the coffee

Costa has more than 2,000 outlets in the UK alone

Costa's remarkable expansion over the past decade has made it an ever-present force on the UK high street – and, as **Ben Cooper** reports, there are lessons for mainstream retailers from its growth

When Clive Bentley took over as Costa property director in 1999, the chain was made up of 73 outlets. Today it has more than 2,000 in the UK alone and is still growing. The coffee chain's meteoric rise over the past decade has given it a presence in every major town and city in the country, and the top spot in a market undergoing its own revolution.

But is this phenomenal growth sustainable, given the big-hitters Costa is up against? What challenges are there in managing such an aggressive expansion? And what might traditional retailers learn from this phenomenal growth story?

Any retailer will tell you that to go from fewer than 100 stores to more than 2,000 in 15 years takes some doing. Especially at a time when most retail businesses are not looking to expand their portfolios, but rather cut back in the face of tough economic conditions combined with falling physical sales. But coffee is different.

Huge appetite for coffee

The public's appetite for that laid-back latte or on-the-go espresso seems to know no limits – research consultancy Allegra estimates that 2.2 billion cups of coffee were drunk in cafes last year, with the latte coming in as the nation's favourite. And where the big three – Starbucks, Costa and Caffè Nero – have helped shaped the trend, others, the non-specialists, have followed. The results speak for themselves (see box, page 18). For those businesses, a total transformation has taken place; for the high street, a whole new era has arrived.

Conlumino food and beverage analyst George Scott says a major shift in the coffee market has taken place, affecting all aspects of the industry, and that Costa and its competitors have played a big part in that.

He says: "We used to see a lot of the greasy-spoon cafes serving filter coffee, but the chains have helped to increase consumer expectations. They've created these coffee moments, like the one on the morning commute or the evening latte, particularly in the winter. At the same time there's been a new breed of cafes: the artisan ↘

250 of Costa's UK sites are concessions in retailers such as Next

independents. It's all added up to increased expectations, and the non-specialists such as Pret A Manger and Eat have had to up their game as well."

Diversification

For Costa, what started out as a small group of kiosks in railway stations and airports has become a growth story almost unparalleled in modern retailing, and commercial property history. New formats are being tested; first-generation stores phased out; the possibilities of etailing are being explored (see box, right); and the whole portfolio might yet grow by as much as 25% in the coming years.

So how has this shift been achieved, and how has Costa been such a dominant force? When Whitbread stepped in and bought the coffee-bean-wholesaler-turned-cafe-chain, which still bears its founding brothers' surname, it was the start of a whole new chapter for the business. The market for coffee was taking off and, says Bentley, the company saw its chance.

"The coffee market has been growing exponentially, not just in numbers of stores but in the type of locations. We started in railway stations and airports; we moved into the high street and found that people wanted more of a sitting-down, relaxing experience. We are one of the most aggressive retailers on the UK high street. We always say we want to be within arm's reach of desire; that's what the customer base has wanted from us," he says.

The operator is in a crowded market, to say the very least. In 2015, total turnover across the UK sector was £7.9bn, 10% up from the previous year, with the number of outlets at well above 20,000. By 2025, research from Allegra shows, the coffee-shop market is likely to exceed 30,000 units and have a combined turnover of more than £15bn.

What was once a polarised market, between the upmarket bistro-style cafe and the greasy spoon, has been thrown wide open, according to Scott. In this new climate, the non-specialist sector accounts for 39% of the total coffee-shop market, followed by the branded chains with a 31% share – more than half of which is taken up by Costa, Starbucks and Caffè Nero – and independents with 30%.

Costa Fresco is currently being trialled

> "We are a brand that is breathing life into the high street
>
> CLIVE BENTLEY, COSTA

With the ubiquitous presence of the chains, food retailers – traditionally there for a takeaway sandwich or pasty – have been forced to enter the coffee business or lose customers looking for a quality caffeine hit with their lunch.

Perhaps the clearest sign of the times was Greggs' creation of the Greggs Moments format, promising freshly ground Fairtrade coffee served by baristas. Although the trial was discontinued eventually, the notion of creating the cafe environment has been kept, and you will find coffee machines, not filter pots, in most Greggs outlets today. And other non-specialists – Pret A Manger, Subway, McDonald's, Eat – have all had to "up their game", as Scott says, in order to keep pace with the specialists.

Remaining nimble

In Costa's case, it's not just the times that have enabled it to grow, it's been a carefully thought-out real estate strategy. Having 60% of the portfolio company owned and 40% run by franchisees – whose store locations and designs are tightly controlled – has enabled the business to be far more nimble than a classic retail group expansion.

And there's been another auspicious factor: the rise of the coffee giants has come at the same time as an inverse trend of falling occupancy on the high street, particularly in secondary locations. But Bentley says that the growth ↘

Coffee machines now play a growing part in Costa's portfolio

New Costa formats

Costa is experimenting with a number of new formats and tactics to reach the public. One of these, Costa Fresco, currently being trialled on Tottenham Court Road in West London, is designed to offer a more upmarket, artisan food offering. Another initiative, Costa Pronto, is about speeding up the whole ordering process to cut down waiting time at the counter.

Bentley says that while Costa "is very much a physical experience", the company is experimenting with an online pre-order and collection service, similar to the app-based service already offered by Starbucks. Currently the mainstream smartphone app offered by Costa has a store locater and loyalty card functions.

“There is big scope for coffee shops to broaden their formats

GEORGE SCOTT, CONLUMINO

Costa is focusing on convenience, and being ‘within arm’s reach of desire’

of the cafe chains has been one mitigating factor in this unhappy trend.

“We are a brand that is breathing life into the high street,” he says. “We’ve been able to deliver what the customer wants, and I think that’s helped in the sorts of locations, especially small towns, where there has been well-publicised problems. We’ve brought back a community heart and that’s driven footfall into other retail stores.”

This intangible factor isn’t the only way the burgeoning presence of Costa on the high street affects general retailing. The company has taken a more direct route, to actually partner up with fashion and other retailers, so now 250 of its UK sites are in-store concessions with retailers Next, Debenhams and Tesco.

The strategy, claims Bentley, is a win-win for Costa and the retailers, not least because many find themselves with excess space in their larger stores.

He says: “We have more than 250 concessions in partnership with retail brands; we are adding something to those retail brands. It’s been excellent working within these partnerships and adapting to new formats. It’s all about coming back to putting that experience within arm’s reach of desire of shoppers. And for those retailers it’s allowing them to make good use of their property assets.”

Expanding footprint

Managing Costa’s own assets isn’t about making maximum use of space, but expanding its footprint. Over time, the average cafe footprint has grown, not shrunk, from around 1,200 sq ft 10 years ago to between 1,600 sq ft and 1,800 sq ft now. The flexible leases that the retailer has signed means there is a “constant churn” of the portfolio, according to Bentley, with older, smaller outlets dropping off all the time to be replaced by larger ones.

What Bentley also has to do is keep finding ever more convenient ways of getting the Costa experience to customers. Cue the rise of the retail park unit and, most recently, the nascent drive-thru format, of which the chain now counts some 40 units.

All of which raises its own challenges, not least in logistics. “We’ve got fresh products delivered every single day to 2,000 stores,” says Bentley. “We have a fleet of lorries travelling around the country every day.”

So what next for the company, and the whole coffee market? Scott says the next challenge for all the big coffee players might be to focus on carefully targeted local offerings, rather than continuing to roll out stores in huge quantities.

He says: “There is big scope for the coffee shops to broaden their formats and go into places beyond the typical high streets. They are looking to localise. They will be looking at neighbourhood high streets, the places where you would have more indy coffee shops. It’s becoming a lot more focused and targeted.”

Looking ahead, there is no sign of a slowdown for Costa. Bentley says that the current rate of 150 to 200 new stores per year is likely to continue, with a potential 500 to 600 new sites on the cards in the next few years. And with new formats being trialled (see box, previous page), designed to keep the business moving with the times, he says that the type of growth already achieved remains sustainable.

With many secondary locations still struggling, and online accounting for ever more retail sales, the climate that has given the coffee chains so many opportunities looks set to remain. A saturation point seems inevitable, but not, Costa and its competitors will be pleased to say, any time soon.

Non-specialists stir up the market

Data from Allegra’s latest annual Project Cafe UK report presents a detailed overview of the market as it stood at the end of 2015.

- Costa led the way in terms of UK outlets, with 1,992, followed by Starbucks at 849 and Caffè Nero at 620.

Greggs’ food-on-the-go format

- The total turnover of the coffee industry – including the branded chains, independents and non-specialists such as Greggs – came in at a massive £7.9bn, up 10% from 2014.
- All of these sectors combined accounted for a total of 20,728 outlets by the end of last year, compared with just 5,000 in 1999.
- Another key development is the rise of the non-specialists such as pubs, retail stores, fast-food outlets and supermarkets. Overall, non-specialists increased the number of outlets by 10.5% last year. Of these, the growth of in-store cafes within the grocery sector has been a big factor: Morrisons added 270 cafes to its stores last year, taking its total to 398.

M&M'S WORLD

ALAMY

Getting PHYSICAL: brands snap up store space

As electricals brand Dyson prepares to open an 'Apple-style' standalone store on London's Oxford Street, **Jon Severs** asks why the physical shop is attractive to such brands, what this means for traditional bricks-and-mortar retailers, and what it all says about the store's changing role

Apple stores are a case study in success for brands that take physical retail space. That's according to analysts who say one of its stores in London can outpace the sales of an entire shopping centre outside the capital. And no other brand can hope to match that, they say, despite the likes of Nespresso, M&M's and Nike doing their best to try.

Yet at the tail end of summer 2015, a brand unveiled a move into its own store that might just prove that theory wrong – Dyson is coming to London with a shop on Oxford Street. It's a move others will watch with interest: is it possible that another brand could 'do an Apple'?

It's unlikely. The unique thing about Apple is that it does not have the same model as other brands, as Jonathan De Mello, head of retail consultancy at Harper Dennis Hobbs, explains. "Apple makes money because it is an amazing brand, but also because it is unique in that it restricts the amount of wholesale, so you pretty much have to go to its store to buy," he says. "The model is different for other brands, which tend to have a decent amount of wholesale and/or concessions in department stores."

When customers can go elsewhere to buy if they want to purchase in person rather than online, that changes how the physical store works.

"They take a limited number of retail stores, in high-profile, high-foot-traffic areas, where they can build brand equity. These stores do not have to make money, they are looking to drive brand equity and drive sales through the wholesale that is making them reasonable ↘

profit. It's eco systems retail," says De Mello. "We work with a fashion retailer that makes an 80% net margin on its wholesale. For its own branded store, it doesn't necessarily have to make a margin, and it can often be as low as 5%. The rates and rents of that store in the high-profile area are high."

Graham Barr, senior director and head of UK retail agency at CBRE, agrees, saying: "Aside from Apple, the branded store is essentially a big billboard."

Who does it well?

When entering physical retail with a standalone store, Dyson should not take anything for granted. Just because you have a powerful brand name, it doesn't mean your "billboard" store, as Barr describes it, will necessarily thrive in the manner you expect. Success is trickier than you might think.

When you look at brands that have taken stores, any mention of 'getting it right' is usually swiftly followed by two names: M&M's and Nespresso.

"Nespresso's desire for stores was driven by them trying to replace the concessions business," says Barr. "They thought they could drive more income by going into bricks and mortar. And it has been very successful. The fit-out was expensive so the return was important, but they have managed that. Meanwhile, M&M's is in a great location, it is exactly the tourist and family centre of London that suits the brand."

Pillars of success

Barr pulls out two key elements of making a successful brand store work: the shopping experience itself, and the location. If we take the shopping experience first, it's clear that any brand setting up its own store needs to think bigger than simply shifting product. "When thinking about retail space, the 'experiential' element is crucial [to brands]," says Tim Vallance, head of retail at JLL.

> **"Aside from Apple, the branded store is a big billboard"**
>
> GRAHAM BARR, CBRE

"The retail space can then act as a gateway between the consumer and the brand, creating an important touchpoint. An example of this is Google's decision to open its first-ever store. Through offering classes and tutorials in the new store, Google is demonstrating an integrated marketing approach between the physical and virtual, and providing an experiential retail 'place'. [This is important as] consumers are time-poor and are faced with a crowded marketplace."

These spaces do not need to be huge to give that experiential effect. If brands are going for the community approach of 'hosting' clubs and classes, as in the Google example – a tactic also popular with fitwear fashion retailers such as Lululemon – or the Willy Wonka immersion of excitement of M&M's World, then they will need a large space. But many design houses that sell direct opt for smaller, more intimate spaces.

"The space must reflect the type of brand and the audience they wish to attract," says Matthew Thompson, associate director for retail strategy at Colliers. "It can make a statement about the brand and can make or break success."

In the future, the big show-off spaces that are more popular now may fade, with more brands favouring a more compact experience, suggests Vallance. "In terms of the type of space that brands should be looking at, my guess is that the future is smaller, and more niche stores will become the favoured style of the millennial generation," he explains. There may be cost reasons for that, of course.

Location is everything

And that brings us on to the second key area of making a brand store work: location. For these stores to work as 'brand beacons' – rather than maximising profit – they need be in the right place.

"Brands that want to open retail space are not necessarily hunting out a particular type of property. But if it is going to be experiential, you need high-footfall and high-profile locations," says Barr. "That inevitably comes at a cost, and inevitably there is not much availability for that location."

The 'right' location is obviously dependent on the brand in question. M&M's is in the heart of '24/7 London' in the tourist- and family-orientated Leicester Square, and "its location could not be better", says De Mello.

For high-end design brands, Bond Street is a better fit. But choice of location is ↘

complicated further because of relationships with the retailers that sell the brand. A brand opening up a store next door to a retailer also selling the products might not always be welcomed.

For starters, the two have differing – not necessarily complementary – aims, according to Stephen Springham, partner and head of retail research at Knight Frank.

"While their retail counterparts are trying to turn a profit and generate an acceptable return on the space they occupy, brand manufacturers are often far less hamstrung by tight economic concerns – the stores are about promoting the brand, any losses the physical stores may make can easily be written off against marketing budgets," he says. "Hence the fact that most brands are prepared to pay a premium for the stores they occupy – affordability is far less of an issue than it is for retailers."

This difference means brands can outbid retailers in certain areas, but they can also make their store much more attractive to visit and infringe on what is already a difficult process of making a profit for the retailer. And Barr says there are further issues to consider.

"Some of the very high-end department stores can be very selective about who gets to stay and who does not, and opening a branded store nearby can, in some circumstances, lead to a brand losing a concession in one of those stores," he explains. "If you have a bigger, better store nearby or it is perceived that the own-brand store offers a much wider offer, that may endanger the concession.

"Brands have to bear this in mind when approaching some of the London estates, too. They often have very selective tenant mix strategies and they all want the unique offering that will add to the dwell time on their estate. When brands break out to have their own stores, they have to be slightly aware of how the landlords will see it."

Halo effect

As far as the retailers are concerned, though, Barr admits that the impact of a brand store nearby selling the same products can also have a positive effect. De Mello agrees.

"In most cases, a branded shop opening nearby drives the retailer's own sales of that product," De Mello says. "This has been seen with Nespresso. Indeed, we are looking at the moment at the halo effect that can be created by having a free-standing store. We have found it gives an uplift not just to wholesale but to ecommerce too."

And rather than greeting brand stores with suspicion, Simon Tate, head of London commercial development at Savills, reveals that some landlords actively seek out brands to take store space.

"We are seeing certain developers on new, mixed-use schemes looking to dedicate commercial space for the purpose of brand space, in order to attract interest and help to create a destination," says Tate.

Brands looking to take store space is becoming increasingly common.

> "Affordability is far less of an issue than it is for retailers
>
> STEPHEN SPRINGHAM, KNIGHT FRANK

"The transition has long been spearheaded by the upscale/boutique fashion brands," explains Springham. "[But] the sports brands have followed and homewares brands [Le Creuset, Nespresso, Dyson] are now increasingly joining the fold."

The increase is likely down to the model working a little better than it once did, says Tate. He explains that in an age of click-through advertising, manufacturers are finding it evermore difficult to engage with the customer.

"Brand space provides a platform to create an authenticity behind the product, and also an element of transparency that allows the consumer to feel, touch and often try the brand while also learning about its history and building loyalty," he explains.

Thompson adds: "Taking physical space may also expose the brand to a different type of customer; one who is not already familiar with the brand or does not frequently shop online."

So, while Apple may well be an anomaly when it comes to brand stores, in that it is making lots of money from them, clearly there are still plenty of benefits for other brands looking to get in on the action. The question now is whether Dyson can make a success of its new Oxford Street store and hoover up sales?

The time and place for a pop-up

A popular way to test the water with a physical store has been pop-up shops. These whirlwinds of publicity-fuelled retail blow in at key points of the year for a limited time and, as Jonathan De Mello, head of retail consultancy at Harper Dennis Hobbs, says, any brand eyeing its own store would do well to try this option first.

"It is a great way of testing the concept or an area," he says. "Canary Wharf – a lot of retailers like a pop-up there. They may have space in the West End, but want to see if it will work over there. If it does, there is good basis to set up permanently. Pop-ups are an investment and there are costs associated with it – it is not a cheap option – but they can be very useful too, be it for testing the water or simply to target specific times; a card manufacturer on Valentine's Day, for example.

"Landlords like pop-ups because it refreshes their offering. It has to be a commitment, though. A few months, a year. Those that do it for a reasonable amount of time benefit the most."

NORTHERN LIGHTS shine on retail growth

The Mall of Scandinavia is the largest shopping centre in Sweden

Affluent consumers, stable economies and a retail market that is finally beginning to feel cohesive have propelled Europe's northernmost nations up the desirability chart, pulling in investors and retailers through regional gateway Stockholm. **Mark Faithfull** reports

As the band took to the stage in front of a teeming crowd, the latest shopping centre opening displayed all the typical hallmarks of the jamborees that such events have become, as Stockholm's retail market had what felt like a coming-of-age party.

Unibail-Rodamco's launch of Mall of Scandinavia represented the biggest bet yet on the viability of the Swedish market: €640m (£491m) for 224 stores more than 1,087,671 sq ft – the largest shopping centre in Sweden. Unibail-Rodamco Nordic managing director Lars-ÅkeTollemark reflects: "Scandinavia is stable economically and Stockholm is growing rapidly. We expect within three years to attract 12 million visitors annually."

It seems inevitable that Mall of Scandinavia will shake up the Swedish capital's market. Constructed in the emerging city district of Solna and adjacent to the national sports arena, the shopping centre opened with 14 new market entries, including Pull&Bear, Intimissimi, Superdry, Disney, Kiko Milano and Lego. Other major overseas brands include Michael Kors, Victoria's Secret, & Other Stories, Cos, River Island, Tommy Hilfiger and Zara.

Northern appeal has not been lost on overseas retailers, and the UK is the largest exporter of cross-border retailers into the Nordic region, driven by mainstream brands such as The Body Shop, Lush and Oasis, as well as premium brands including Karen Millen and Mulberry. Superdry will open a second of five planned Swedish stores in Gothenburg.

The US is second, in particular with Timberland and Tommy Hilfiger. H&M, Gant, Ecco, Gina Tricot, Bestseller Group brands Jack & Jones and Vero Moda, plus Benetton, Diesel, New Yorker and Mango are also among the international brands in the six major Nordic cities: Stockholm, Malmö, Gothenburg, Copenhagen, Oslo and Helsinki.

Regional gateway

Stockholm is the regional gateway – not only the largest of the Scandinavian cities but also the fastest-growing. Heavyweight investors such as Unibail-Rodamco, Tristan, Grosvenor, Citycon, TH Real Estate, Meyer Bergman and AEW have been enticed, with the aim of creating a platform for expansion around not only Sweden but also Finland, Denmark and Norway.

"The Nordic market is growing in attractiveness. The residents are among the wealthiest in the world, with levels of disposable income and consumer spending higher than average in Europe," says Andrew Phipps, head of research and consulting, EMEA, at CBRE. "Oslo and ↘

Six appeal across the Nordics

Looking at Denmark, Finland, Norway and Sweden combined, up to 25% of the population lives within a 30-minute drive of the six key cities. This is set to increase thanks to a growing population and high urbanisation rates, with Stockholm the fastest-growing city in Europe.

Cross-border retailer attractiveness: Scandinavia, 2015

1 Stockholm
2 Copenhagen
3 Oslo
4 Gothenburg
5 Malmö
6 Helsinki

Cross-border luxury retailer attractiveness: Scandinavia, 2015

1 Copenhagen
2 Stockholm
3 Oslo
4 Helsinki
5 Malmö
6 Gothenburg

SOURCE: JLL

Stockholm are among the fastest-growing cities in Europe, with an appealing lifestyle and good employment prospects."

Consequently, over the past 12 months, there has been a spate of retail investment in the region, including Grosvenor Fund Management's approximate €375m (£288m) acquisition of the Skärholmen Centrum in Stockholm, and Meyer Bergman's acquisition of 11 prime high street properties in Oslo for €554m (£425m). In addition, TH Real Estate acquired Nova Lund Shopping Centre in Lund, Sweden, from Unibail-Rodamco for €176m (£135m), marking the company's first acquisition in the Nordic region.

Grosvenor's Paris-based chief investment officer, Giles Wintle, says of Sweden: "We entered the market in 2011 and we have seen a very significant increase in awareness among both retailers and investors. Sweden tends to be the gateway but the real key has been to see the region as one – including Norway, Finland and Denmark. That takes it from being a collection of small markets to a much more attractive marketplace."

Acquisitions and developments in 2015

Scheme	Location	Buyer	Seller	Price
Portfolio	Various, Norway	Citycon	Sektor	€1.5bn
Mall of Scandinavia	Stockholm, Sweden	Unibail-Rodamco	New development	€640m (development)
High street portfolio	Oslo, Norway	Meyer Bergman	Soylen Eiendom/Madison International	€554m
Skärholmen Centrum	Stockholm, Sweden	Grosvenor	RBS	€375m
Oslo City	Oslo, Norway	Steen & Strom	DB	€344m
Nova Lund Shopping Centre	Lund, Sweden	TH Real Estate	Unibail-Rodamco	€176m
Galleria	Vanlose, Denmark	Tristan	Holberg Fenger Invest	€90m

Closer to home

Domestic players have also been active. In Finland, grocery group Kesko has set up a joint real estate investment company with AMF Pensionsforsakring and Ilmarinen, called Ankkurikadun Kiinteistot, to manage and develop store sites. "The arrangement [will] provide a good basis for the development of the company," says Kesko president and boss Mikko Helander.

Even the relatively closed shop of Norway has opened up. Little retail property has been up for sale in Norway, where domestic pension funds dominate. However, continuing weakness in world oil prices has led to a rare period of economic stagnation, with the hardest hit areas the west-coast cities of Bergen and Stavanger. The Norwegian retail sector has in fact been one of the economy's brighter spots. Finland's Citycon, one of the first developers to identify the opportunity to promote the region as a single market, last year acquired Sektor Gruppen, Norway's second-largest shopping centre owner and manager, for €1.5bn (£1.15bn), meaning Citycon now owns 55 shopping centres in the Nordic countries and Estonia. It has also continued to build its platform in Denmark and has agreed the €75m (£57.5m) forward purchase from TK Development of the Straedet urban project in Koge in the greater Copenhagen area.

Likewise, Klepierre subsidiary Steen & Strøm and Entra have bought Oslo City, a retail and office complex in the heart of the Norwegian capital, from DNB for about €344m (£264m). The 355,209 sq ft shopping centre generates among the highest sales per square metre in Scandinavia.

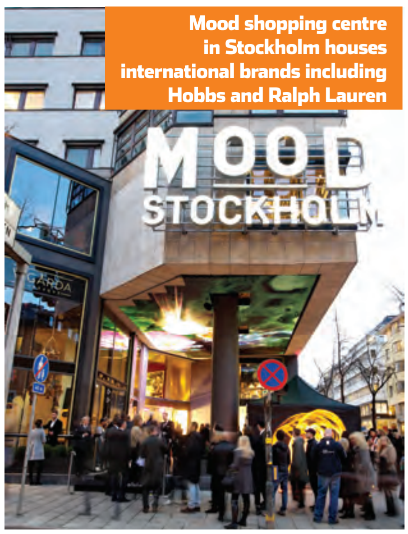
A note of caution

Despite all this, Karolin Forsling, chief development officer of domestic pension fund AMF Fastigheter, warns of extrapolating too much from Stockholm, which she believes remains a unique market. "It has become a very innovation-led city and the people see themselves on a global stage and as very open-minded," she says. "Even just outside Stockholm, the consumer is different. The region offers a variety of distinct markets with a variety of opportunities in each. What works in one city will not necessarily work in another."

However, she does believe there are good opportunities in the Nordics, pointing to the Hollister store at Gallerian, Stockholm, as the second-best-performer after London. "Choosing the first location is vital," she reflects. "Not only are the Nordics not one market, but neither is Stockholm. Retailers really need to understand the neighbourhoods and where they choose to establish their first store."

CBRE's Phipps agrees, warning against seeing the consumer market as homogenous. "While there are of course similarities between the Nordic countries, there are differences in the brands that consumers want to engage with," he says. "The view that the markets are small and that distribution costs will be high have held retailers back from expanding previously. But it appears that we are now at a tipping point in terms of attractiveness versus effort and cost."

Oslo City has among the highest sales per square metre in Scandinavia



Mood shopping centre in Stockholm houses international brands including Hobbs and Ralph Lauren

Argos opened its first click-and-collect pick-up store in London's Cannon Street Station in 2014

Stores adapt to online step-change

Black Friday 2015 demonstrated a definite move towards online shopping. **Lindsay Clark** explores how retailers are rethinking their fulfilment options and what the shift means for the future of stores

It was billed as Black Friday, but for physical retailers at least, it turned into a damp squib. Despite the media hype, unruly scenes from 2014's event did not return and footfall in shopping centres and retail parks for the three-day period in 2015 was down 5% on the previous year, according to research from retail property body BCSC.

Ed Cooke, BCSC director of policy and public affairs, says many factors contributed to a flat Black Friday, including poor experiences the previous year. But the trend for retailers is clear.

"They are getting their heads around the relationship between the physical store and the virtual, online store. Click-and-collect is growing, as is reserve-and-collect and other models. That can drive traditional sales to retail outlets," he says.

This general trend is reflected in recent figures. John Lewis, for example, had strong Christmas sales, up nearly 7% on the previous year, but online sales were up 21% and now make up 40% of total sales. Crucially for property planning, half of online orders were fulfilled through click-and-collect.

"Increasingly we see shops as a place to pick up goods bought through a different channel. The link to the future of property investment is not that clear, but we are seeing record levels of investment in shopping centres," says Cooke.

But he adds some retailers have failed to anticipate how the growth in online sales will change how customers use retail outlets, and the opportunities that can present for retailers.

"Click-and-collect has been a bit of an afterthought. Most companies have been investing in their online operations, not anticipating using the store in this way. The better retailers have got their heads around that opportunity more quickly," Cooke says.

He states that shopping centres are beginning to design spaces and services to encourage shoppers to stay for longer when they pick up online orders. "They want to encourage people to see picking up as an event, offering complimentary services rather than customers picking up and running off as soon as possible."

Rethinking the model again

Figures from the British Retail Consortium provide a wake-up call to retailers looking to the future of their property portfolios, says Matt Prebble, managing director for Accenture's retail practice in the UK. They show online sales of non-food products in the UK grew 15% in December 2015 compared with a year earlier. Total retail sales were up just 1% over the same period.

"A lot of retailers invested significant ↘

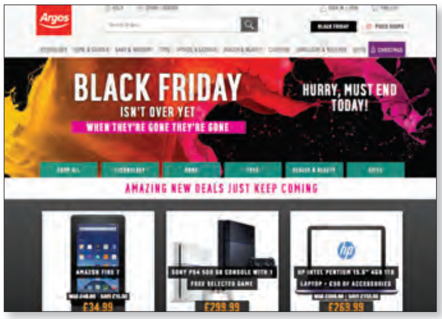
figures in making sure they had overcapacity in terms of labour in this period. But the demand did not materialise. This year [2016] all retailers will look at the shape and number of stores and ask how they are organised to make them more aligned with patterns from online shopping," Prebble says.

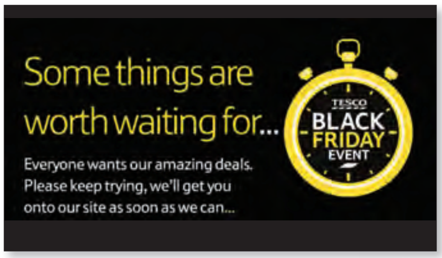
"We've seen retailers adapt incrementally to online commerce. They have taken an ad hoc approach to how they receive stock for click-and-collect and how they deliver to homes from store. That has built up over time. In 2016, people will take a long hard look at stores. They are still important, but we need clarity on the role stores will play."

Prebble says stores do not have to be everything to everyone. Some could be convenient for click-and-collect, with fast checkout, while others create an experience and destination that inspires shoppers and gets them engaged with the brand. Retailers will also need to consider how they accommodate more frequent inbound deliveries and improved stock control accuracy to fulfil deliveries from stores, as well as how much space to dedicate to back-room operations.

In November 2014, Argos opened its first Argos Collect in Cannon Street Station, London. It is designed specifically for a rapid click-and-collect service and fits within 650 sq ft in total, with a sales floor of 170 sq ft, about the size of a large family kitchen. This limits the stock levels, but it is replenished rapidly from local hub stores. Argos says customers can order online by midnight and pick up on the way into the office at 7.30am the next day, or they can order in the morning and pick up from 4pm on their way home from work.

> **They are still important, but we need clarity on the role stores will play**
>
> MATT PREBBLE, ACCENTURE





The major retailers have responded to the shift towards online Black Friday shopping

Peter Courtney, director of retail property agent Lunson Mitchenall, says the addition of Crossrail to the London transport network will open up opportunities to create these types of online fulfilment stores. "In Canary Wharf, for example, you could see another 100,000 people pass through every day when Crossrail opens."

But online-only retailers also offer insight into the future of the store when they enter the physical world, says Doug Barber, managing director of Barber Design, a specialist retail design agency (see box, below). For example, LA Muscle, an online specialist in sports nutrition, opened a store in London to increase its brand presence and engage customers. "They wanted to make it more of a museum-like space where people can interact and talk to staff and get good advice," Barber explains.

Online retailers that have opened physical stores get an uplift from customers who see product in store then buy online, he says. "These retailers see it as a way of having fun and showcasing product, and are not restricted by traditional views of retailing."

But those traditional views also include specific metrics that allow the retail property industry to function, particularly when it comes to turnover-based rent.

Getting rents right

Cooke says it can be difficult to pinpoint a shop's role in a sale when a customer buys online after being inspired in store. "When it comes to rental negotiations, it is not transparent how the store is being used to drive that sale. Overall there is a negative impact on store sales, which impacts turnover-based rent," he comments.

If this is allowed to continue, it could have a negative impact on retail property investment, despite stores playing an important role in brand value and the overall customer offer, he says. "If there is no rental growth and capital growth, investment will fall. If there is no asset management fit for purpose, retailers miss out.

"We are kicking off a conversation on this topic. The playing field needs to be level in how we understand the value the store has in all sales."

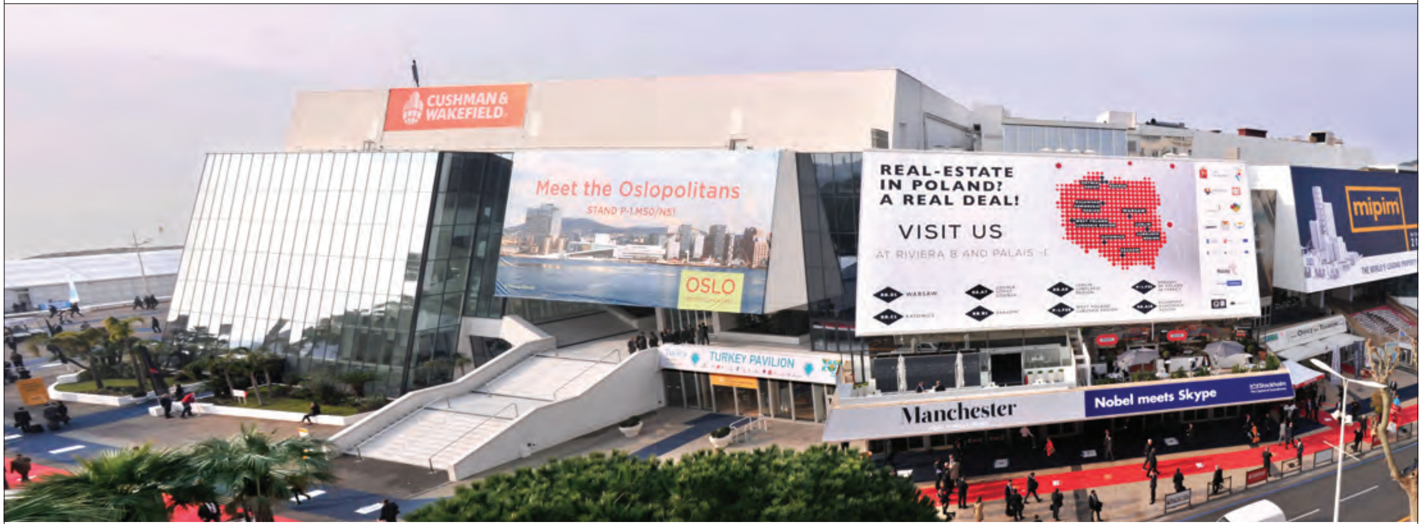
Gone are the days when the internet meant doom for the physical store. But, in response to increasing ecommerce, both online-only brands and retailers with a heritage in bricks and mortar are trying to figure out what physical stores of the future will look like, where they will be and how to engineer back-end operations. Just as importantly, they need to decide how they secure long-term property investment.

Inspiration from online retailers venturing into the physical world

Online retailers developing physical stores are looking at the investment in a different way, says Doug Barber, managing director of Barber Design. "They see it as a space where the consumer gets to touch the brand."

He says stores are beginning to respond to ecommerce by offering:

- Magic mirrors – screens that capture the customer trying on different outfits, which they can share on social media by uploading the images.
- Bigger and more luxurious changing rooms and more space to showcase product rather than having it racked and stacked.
- Venues for events. In fashion, catwalk shows can pull in customers, while other retailers will want to help shoppers learn about product features.
- Coffee bars and places for customers to sit down, often in partnership with a food and beverage specialist.



Housing and healthcare on the agenda at Mipim 2016

The world's leading property market event assembles the most influential players from all international sectors, offering unrivalled access to development projects and sources of capital worldwide. **John Reynolds** discovers this year's highlights

Mipim is an impressive collection of development projects, exhibits and blue-chip speakers

For those retail professionals descending on Cannes for the 27th instalment of Mipim, on offer is a rich blend of the old and the new.

Mipim is now firmly ensconced as a must-attend event for retailers, investors and developers, despite the current rocky status of the property market.

Movers and shakers across all international property sectors – be it residential, office, retail, healthcare, sports, logistics or industrial – are likely to find it hard to choose where to spend their time at the conference, which runs from March 15 to 18 at the Palais des Festivals.

On offer is a melting pot of development projects, exhibits and blue-chip speakers angling for attention amid an expected flurry of deal-making, all of which takes place in the beautiful surrounds of the French Riviera.

James Cons, managing director of Leslie Jones Architecture, says: "For any business in the property industry working towards international expansion, Mipim presents a fantastic opportunity to make connections and showcase your brand. Mipim for us always results in having the most invaluable conversations with both new and existing clients."

Mipim will explore topics fundamental to the continent, such as migration and its impact on housing, which will be debated during the event.

Mipim's 'House the World' platform will be a central theme of the conference, scrutinising the increased social, political and financial importance of housing – whether it be pressure on city housing stock, development of residential housing as an investment asset class, or the need to review constructions practices.

Another major cross-border theme tackled at Mipim this year will be healthcare, courtesy of two dedicated conference sessions and the first healthcare pavilion, which will build on the success of past pavilions at Mipim such as those for tourism and logistics.

A further new string to the Mipim bow – and one that is likely to attract the attention of the 3,600 chief executives and chairmen in attendance – will be the start-up competition, which will look to unearth the next disrupter and rival to companies such as Airbnb. ↘

Mipim descends on Cannes every year for deal-making, knowledge-sharing and celebration

Start-up competition

The first-ever global real estate and urban management start-up competition will shine a spotlight on this sector's most dynamic and promising international newcomers. Those attending will be able to see the technology companies of tomorrow and discover the opportunities, disruptive changes and challenges they will bring.

The competition is taking place on Tuesday, March 15 and Wednesday, March 16 during the conference.

Technology, tourism, architecture, healthcare, retail and climate change will be the subject areas for some of the 350 speakers, who will also address UK-specific topics. These include The London Keynote speech and The Mipim City Investment Forum, co-organised by the city of Manchester.

The speaker line-up is wide-ranging, including Bruce Katz, founding director of the Metropolitan Policy Program at US think-tank The Brookings Institution; Sophie Boissard, chief executive of French rail operator SNCF's property business unit; Tim Rowe, founder and chief executive of US real-estate company CIC; and Rip Rapson, president and chief executive of philanthropic investment firm the Kresge Foundation.

In total, Mipim has enticed 21,400 delegates, still growing year on year, to the conference, who can cast their eyes over 2,450 exhibiting companies, including hundreds from the UK.

These feature household names such as Harrods, local councils such as Westminster, architects including JMP Consultants, and representatives from new ventures such as Dundee Waterfront – all making up nearly 18,000 square metres of exhibitor space.

Just about all the major European capital cities will be exhibiting at Mipim with their private partners, including a plethora of 'new cities' such as Casablanca, Bologna and Budapest.

With consumer habits changing and retail investment no longer focused on European capitals and major cities, there is much to discuss this year.

Paul Sargent, chief executive and co-founder of Queensberry Real Estate, says: "In the UK, we are learning lessons from our counterparts on the continent, with investors beginning to look further afield than traditional hotspots like London and Birmingham.

"Cities like Liverpool, Sheffield and Leeds can offer bigger returns and benefit from wider regenerations and infrastructure works already under way."

> **Delegates will be focused on understanding the changing patterns of consumer behaviour**
>
> GUY HARRISON, LUNSON MITCHENALL

For Guy Harrison, director at Lunson Mitchenall, Mipim ticks the boxes of being "cost-effective" and "relaxing".

Harrison says: "This year delegates will undoubtedly be focused on understanding the rapidly changing patterns of consumer behaviour and what this means for the property industry.

"From a development perspective, we anticipate more debate around the role of local authorities in funding regeneration projects."

International expansion is always a tricky path for retailers, particularly in light of today's global uncertainties, but Mipim should help illuminate the best paths to follow – both for international and national development.

DEALS DIGEST

Some of the key retail property deals to be completed in the UK in recent months

1
Type Shopping centre
Date October 2015
Location 81 Broadmead, Bristol
Tenant Shoe Zone
Landlord M&G Real Estate
Size 2,809 sq ft
Lease length Five years
Description The premises provides ground-floor sales space of 1,882 sq ft, first-floor storage of 539 sq ft and second-floor storage of 388 sq ft and has been let on a new five-year lease at a rental of £75,000 per annum exclusive.
Landlord agents Macarthur Wilson and Green & Partners
Tenant agent Ramsdens

2
Type Shopping centre
Date November 2015
Location 10 Teviot Walk, Cumbernauld Shopping Centre, Cumbernauld, Glasgow
Tenant Card Factory
Landlord LaSalle Investment Management
Size 1,280 sq ft
Lease length Three years
Description The unit comprises 1,280 sq ft of ground-floor sales space and has been let for three years at a rental of £26,500 per annum.
Landlord agents Eric Young & Co and BNP Paribas Real Estate

3
Type Shopping centre
Date November 2015
Location 35 Teviot Walk, Cumbernauld Shopping Centre, Cumbernauld, Glasgow
Tenant British Heart Foundation
Landlord LaSalle Investment Management
Size 1,281 sq ft
Lease length 10 years
Description The unit in Cumbernauld Shopping Centre comprises 1,281 sq ft of ground-floor sales space and has been let for 10 years at a rental of £18,000 per annum.
Landlord agents Eric Young & Co and BNP Paribas Real Estate

4
Type High street
Date November 2015
Location 34 Frederick Street, Edinburgh
Tenant Le Creuset
Landlord Thistle Property Holding Co
Size 1,034 sq ft
Lease length 10 years
Description The unit comprises 532 sq ft of ground-floor sales space and 502 sq ft in the basement and has been let for 10 years at a rental of £55,000 per annum.
Landlord agent Eric Young & Co
Tenant agent Reid Rose Gregory

5
Type Shopping centre
Date November 2015
Location Unit 1A, The Mercat Centre, Kirkcaldy, Fife
Tenant EE
Landlord LaSalle Investment Management
Size 1,400 sq ft
Lease length 10 years
Description The unit comprises 1,400 sq ft of ground-floor sales space and has been let for 10 years at a rental of £25,000 per annum.
Landlord agents Eric Young & Co and Cushman & Wakefield

6
Type High street
Date January 2016
Location 29 Lyon Way, Glenrothes, Fife
Tenant Vodafone
Landlord LaSalle Investment Management
Size 1,247 sq ft
Lease length The existing lease has been extended for a further five years.
Description The unit comprises 1,247 sq ft of ground-floor sales space and the lease has been extended for five years at a rental of £35,000 per annum.
Landlord agents Eric Young & Co and Cushman & Wakefield
Tenant agent Cushman & Wakefield

7
Type Shopping centre
Date January 2016
Location 35, The Mercat Centre, Kirkcaldy, Fife
Tenant Fone Care

Landlord LaSalle Investment Management
Size 1,051 sq ft
Lease length Five years
Description The unit comprises 728 sq ft of ground-floor sales space and 323 sq ft in the basement and has been let for five years at a rental of £25,000 per annum.
Landlord agents Eric Young & Co and Cushman & Wakefield

8 **Type** Shopping centre
Date January 2016
Location Cwmbran Shopping Centre, Cwmbran, Torfaen, Wales
Tenant The Fragrance Shop
Landlord M&G Real Estate
Size 1,130 sq ft
Lease length Five years
Description The UK's largest independent fragrance retailer, The Fragrance Shop, joins the second-largest shopping centre in Wales. The 1 million sq ft centre serves 18 million customers annually.
Landlord agents KLM and EJ Hales

9 **Type** Shopping centre
Date November 2015
Location Manchester Arndale
Tenant O2
Landlords M&G Real Estate and Intu
Size 5,000 sq ft
Lease length 10 years
Description This will be O2's first digital store in the UK, although its second shop in Manchester Arndale, strengthening the centre's position as one of the UK's core retail locations.
Landlord agents JLL and Metis Real Estate Advisors

10 **Type** Shopping centre
Date November 2015
Location Manchester Arndale
Tenant Smiggle
Landlord M&G Real Estate and Intu
Size 1,000 sq ft
Lease length 10 years
Description Stationery retailer Smiggle has secured a store at Manchester Arndale as part of its UK roll-out, demonstrating Manchester Arndale's reputation as a 'must-trade' location.
Landlord agents JLL and Metis Real Estate Advisors
Tenant agent MMX Retail

11 **Type** Shopping centre
Date November 2015
Location Manchester Arndale
Tenant Ecco
Landlord M&G Real Estate and Intu
Size 2,500 sq ft
Lease length 10 years
Description Ecco joins Manchester Arndale's leading retailer line-up, as the shopping centre continues to draw many UK and international brands to the heart of the city's shopping scene.
Landlord agents JLL and Metis Real Estate Advisors
Tenant agent CWM

12 **Type** Shopping centre
Date November 2015
Location The Mall at Cribbs Causeway, South Gloucestershire
Tenant Kiko Milano
Landlord M&G Real Estate and Intu
Size 900 sq ft
Lease length 10 years
Description Kiko became one of six brands to sign up to The Mall following a busy end of year for the Southwest retail destination.
Landlord agents Cushman & Wakefield and Time Retail Partners

13 **Type** Shopping centre
Date November 2015
Location The Mall at Cribbs Causeway, South Gloucestershire
Tenant Virgin Holidays
Landlord M&G Real Estate and Intu
Size 600 sq ft
Lease length 10 years
Description Transatlantic tour operator Virgin Holidays joins The Mall's diverse line-up of local, national and international brands.
Landlord agents Cushman & Wakefield and Time Retail Partners
Tenant agent JLL

14 **Type** Shopping centre
Date November 2015
Location The Mall at Cribbs Causeway, South Gloucestershire
Tenant Smiggle
Landlord M&G Real Estate and Intu
Size 950 sq ft
Lease length 10 years ↘

Description Stationery retailer Smiggle joins The Mall, testament to the centre's reputation as a key requirement for international brands seeking to trade in the right strategic locations across the UK.
Landlord agents Cushman & Wakefield and Time Retail Partners
Tenant agent MMX Retail

15 **Type** Retail warehouse
Date December 2015
Location Retail Unit 1 (Phase 3), Middleway Retail & Leisure Park, Burton upon Trent
Tenant NCF Furnishings
Landlord BMO Real Estate
Size 10,024 sq ft with a 4,180 sq ft trading mezzanine
Lease length One year
Description On behalf of NCF Furnishings, Thompson Heaney has acquired the former Dreams unit in the retail warehouse for a relocation within the town.
Landlord agent CSP
Tenant agent Thompson Heaney

16 **Type** Retail warehouse
Date December 2015
Location Unit D, Eastpoint Gateway, Nottingham
Tenant Smyths Toys
Landlord Cedar House Investments
Size 16,000 sq ft
Lease length 15 years
Description Smyths Toys opened its 10th and final store for 2015 at new development Eastpoint Gateway in Northampton.
Landlord agent JLL
Tenant agent Thompson Heaney

17 **Type** Retail warehouse
Date December 2015
Location Unit 1, Linkway Retail Park, Cannock
Tenant Poundstretcher
Landlord Strathclyde Regional Council Pension Fund, c/o DTZ Investment Management
Size 23,500 sq ft
Lease length 10 years
Description The final letting in the scheme goes to Poundstretcher, which means the retail park is now fully occupied for the first time since the demise of Focus.
Landlord agent Thompson Heaney
Tenant agent Mason & Partners

18 **Type** Retail warehouse
Date December 2015
Location The Brook, Chatham, North Kent
Tenant Go Outdoors
Landlord Tesco Stores
Description This former Tesco food store is currently being fitted out. This latest Go Outdoors store will open in time for Easter 2016.
Landlord agent Morgan Williams
Tenant agent Thompson Heaney

19 **Type** Retail warehouse
Date November 2015
Location Unit 7, Queens Drive Retail Park, Kilmarnock, East Ayrshire
Tenant Smyths Toys
Landlord GP Nominees
Size 15,000 sq ft
Lease length 15 years
Description Retail Warehouse
Landlord agent Kennedy & Co
Tenant agent Thompson Heaney

20 **Type** Retail warehouse
Date November 2015
Location Unit 2, Riverside Retail Park, Chelmsford
Tenant Smyths Toys
Landlord British Airways Pensions Trustees c/o British Airways Pension Investment Management
Size 17,000 sq ft
Lease length 15 years
Landlord agent Morgan Williams
Tenant agent Thompson Heaney

21 **Type** Retail warehouse
Date September 2015
Location Former Great Clothes Unit, Leeds Retail Park, York Road, Leeds
Tenant Go Outdoors
Landlord Makesense Properties
Size 40,000 sq ft
Lease length 20 years
Description A deal has been agreed to take on a new lease for a store opening in Easter 2016.
Landlord agent JLL
Tenant agent Thompson Heaney

22 **Type** Retail warehouse
Date September 2015
Location 90 Newbold Road, Rugby
Tenant Xercise4Less
Landlord Pall Mall Investments
Size 29,300 sq ft
Lease length 15 years
Description Advised by Thompson Heaney, Xercise4Less has acquired this gym unit, which was due to open in the new year.
Landlord agent Pall Mall
Tenant agent Thompson Heaney

23 **Type** Retail warehouse
Date November 15
Location Airport Retail Park, Coventry
Tenant Aldi Stores
Landlord Metric Property Coventry
Size Approx 18,000 sq ft
Lease length 20 years
Description Aldi has exchanged contracts for a new purpose-built 18,000 sq ft food store, which will be ready for the end of 2016.
Landlord agent Thompson Heaney
Tenant agent Rae & Company