

Retail Performance

A cocktail of Brexit uncertainty and ongoing structural change in the retail sector continues to dispense a challenging retail environment nationwide. Kent's towns have seen losses ranging from Debenhams to Top Shop. To an extent, the strong labour market has provided some support for consumer spending, which showed an upturn in July but is likely to remain volatile until greater economic certainty returns. This volatility is evident in rental trends over the last year, with much of the upturn seen in 2018 reversed. The Cradick Retail average prime rent for Kent is close to the level recorded three years ago.

Vacant units are gradually being absorbed, however. Independent retailers and restaurants are expanding their presence on the county's high streets, facilitated by the nationwide rent rebase of recent years. Leisure uses are also seeing growth across the county, again mirroring a nationwide trend reported by Local Data Company. This is illustrated by Hito Gym, with plans to open its first site in the UK in Sittingbourne, in the former Argos store vacated in 2017.

In Ashford, the first phase of Elwick Place opened in December 2018, comprising a Picturehouse cinema and Travelodge. Kent based Macknade, has taken a 10 year lease on the 476m² (5,123ft²) Unit 1. Dansaki restaurant and Snap Fitness are also taking space. At Spirit of Sittingbourne, the restaurant and cinema space will complete in December 2019, with occupiers including Creams, Nandos and Pizza Express. Meanwhile, in Hythe, The Chameleon Bar and Grill restaurant opened in July.

Looking ahead, new retail and leisure uses are planned in a number of town centre schemes. At Bardell Wharf, Rochester, Quinn Estates received planning consent in July for 1,894m² (20,387ft²) of commercial space, including retail and possibly a supermarket for the town. Meanwhile in Canterbury, 90 North and Clague presented proposals to develop the

£1,722m²

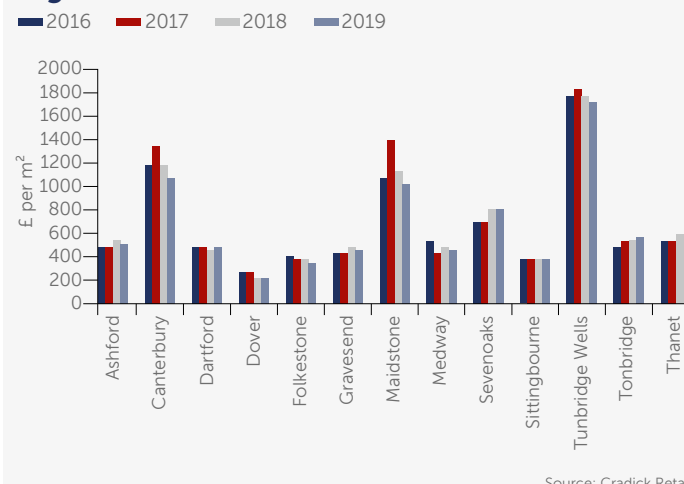
Tunbridge Wells records top prime retail rent in Kent in 2019

Cradick Retail

Guildhall Quarter to encompass three city centre sites when the 8,640m² (93,000ft²) Debenhams closes in January 2020. The plans include eleven retail units with residential use on the upper floors. In September, U+I received consent for a mixed-use scheme at Swanley Shopping Centre adding an additional 4,318m² (46,479ft²) of retail space, with residential and parking. Meanwhile, British Land plan an £11m refurbishment of Royal Victoria Place Shopping Centre in Tunbridge Wells, to be completed summer 2020.

The challenging retail environment has been felt at Bluewater, with some planned closures due to Company Voluntary Arrangements. However, the centre also saw Primark open its 4,273m² (46,000ft²) store in March. Levis, Happy Socks and Penhaligon's have also opened and JD Sports, Beaverbrooks and Chisholm Hunter are increasing their floorspace. In August, Hangloose Adventure Centre received planning consent to develop facilities, including a

High street retail rents



Source: Cradick Retail

-0.56%

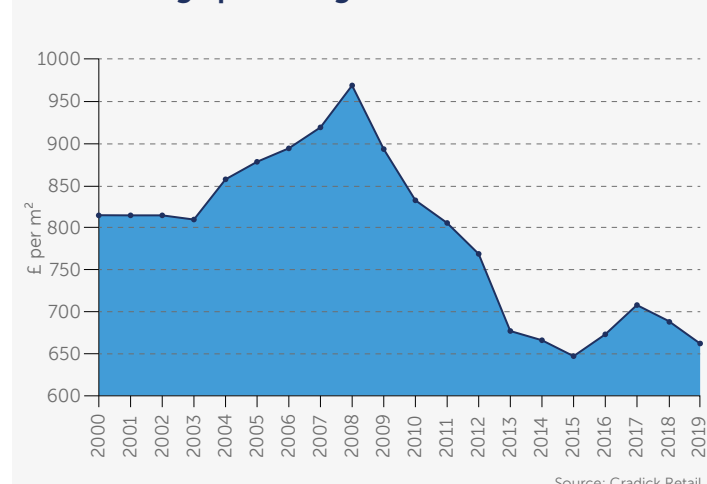
Fall in average prime Kent retail rent over last 5 years

Cradick Retail

zip wire, giant swing and sky diving machine, with plans to open in 2020.

In the out of town market, George Wilson completed two newly constructed retail units at Estuary View Business Park, Whitstable, in autumn 2018. The units are let to Halfords and Pets at Home and adjoin existing stores ALDI, Home Bargains and M&S Food Hall. The units are both 697m² (7,500ft²), each with a service yard, with 50 new parking spaces between them and on 10 year leases at £193 per m² (£18 per ft²). Work commenced in August at Royal London's Horsted Retail Park, Chatham, with space for a new Aldi, Home Bargains, KFC and UFC Gyms, following planning approval in April. The units will open in spring 2020. Meanwhile, Location 3 Properties submitted plans for four units on Anthony's Way, Medway City Estate, to accommodate a discount food retailer, a drive-thru coffee shop, and trade counters. The application will be determined at appeal later in the year.

Kent average prime high street rent



Source: Cradick Retail

Lettings						
Location	Landlord/Vendor	Tenant	Floorspace ft ²	Rent (pa)	Lease term	Agent
3 Chapel Place, Tunbridge Wells	Private Landlord	Hair International Ltd	1000	£23,000 pax	FRI 5 years	Broadlands Commercial Property Agents Ltd
7 Brookfield Court, Ashford	Local Authority	Private	720	£9,250	10 year FRI lease	Stafford-Perkins
19 Preston Street, Faversham	N/A	Crankey Monkey Ltd trading as Gridlock	801	£10,000 exc	7 yr FRI Tod at yr 2 RR at 3.5 3 months RF	BTF
22 High Street, Tenterden	Private	Space NK	750	£39,000	10 years	Martine Waghorn

Sales					
Location	Landlord/Vendor	Purchaser	Floorspace ft ²	Capital value	Agent
Retail Unit, Ebbsfleet Green, Talbot Lane, Ebbsfleet Valley	Redrow Homes Limited	Cooperative Group	3,656	£685,000	Harrisons
6 Palace Street, Canterbury	The Children's Society	Keith & Sophie Curtis	1,600	£340,000	Caxtons

UK Commercial Property REIT agreed a 2,508m² (27,000ft²) part-surrender of B&Q's lease, at Great Lodge Retail Park, Tunbridge Wells, with a re-let to ALDI. The space was formerly sub-let to Toys R Us. The £90m 9,290m² (100,000ft²) expansion of McArthurGlen's Ashford Designer Outlet completed in October, with fifty new stores added to the scheme. These include Armani and the UK's first Haribo store. The additional floorspace also provides a new food piazza, events space and a redesigned interactive children's play area.

The investment community remain cautious towards the retail market. That said, private investors continue to purchase opportunistically, seeking out primarily high street assets. The WH Smith and Co-op units in Maidstone sold in June for £2.265m (NIY 8.875%) and £1.97m (NIY 5.5%) respectively, both to private investors.

Local authority investment activity continues. Medway Council purchased the Pentagon Shopping Centre, Chatham, for £34.8m (NIY 9%) from Ellandi and Bridges Fund Management. This purchase was one of two key shopping centre sales in the county this year. The 8,389m² (90,298ft²) Forum Shopping Centre, Sittingbourne was sold in January by Tesco for £7.35m (NIY 9.66%) to Praxis Asset Management, while the 2,461m² (26,500ft²) Bouverie Place shopping centre, Folkestone, also went on the market over the summer.



McArthurGlen Designer Outlet, Ashford.

PHOTO: MCARTHURGLEN DESIGNER OUTLET