

Retail Performance

The challenges facing the retail sector in the UK are well reported. Ongoing structural change which has taken its toll on the retail sector over the last decade has been accelerated by the COVID-19 crisis. It is estimated that one in ten UK retail units will be left vacant, equating to a UK-wide vacancy rate of 12% (Centre for Retail Research).

Even at the time of writing, we have seen the loss of many high street names and the scaled back presence of many others. The retail warehouse sector is seeing higher levels of footfall than high streets and shopping centres, although the medium to long term implications of the pandemic remain unclear. Supermarkets have traded well during the crisis with most retailers continuing to seek sites across Kent. Smaller towns may see improved footfall if greater levels of home working perpetuate. The summer saw a series of new lettings, particularly by independent retailers. Nonetheless, the retail and hospitality sectors clearly face a challenging period as disrupted operations combine with declines in spending power.



CREDIT: TIM STUBBINGS/GALLAGHER GROUP

The new M&S store, Maidstone.

£1,722 per m²

Tunbridge Wells records top prime Zone A retail rent in Kent in Q1 2020

Cradick Retail

Investors across the board are facing reduced or lower levels of rent income but as the temporary provisions and individual retailer negotiations come to an end, rental declines are inevitable. At the time of writing the market provides little evidence of the new rental benchmarks at the local level in Kent and therefore, the rental statistics provided reflect little change on 2019. However, as seen nationally, rent free periods have increased sharply for those limited number of lettings that have occurred.

At Bluewater, stores have returned to trading but inevitably there have been some closures, including Jack Wills. However, the centre has also seen openings, including the American chain, Wing-Stop in a 229m² (2,470ft²) restaurant, which will incorporate a gaming suite. This follows the arrival of Greggs in a 51m² (550ft²) unit in February, and a number of new lettings at the end of 2019, including Peloton. The centre plans to use data and technology to measure

High street Zone A retail rents



Source: Cradick Retail

0.5%

Average annualised growth in the Kent average prime Zone A retail rent over the last 5 years

Cradick Retail



CREDIT: CLAGUE ARCHITECTS

Biggleston Yard – proposal for mixed use development of the former Nasons site in Canterbury.

Kent average prime Zone A high street rent



*2020 Figures to Q1

Source: Cradick Retail

Lettings							
Date	Location	Landlord	Tenant	Floorspace ft ²	Rent (pa)	Lease term	Agent
Jul '20	15-16 Royal Star Arcade, High Street, Maidstone	Rapsold Ltd	Real Time Logistic Solutions Limited	2,500	£25,000	5 years	Harrisons
Dec '19	5/7 Park Street, Ashford	Private landlord	Liv2dance (dance school)	2,362	£15,000	6 years	Stafford Perkins
Dec '19	43-45 Camden Road Tunbridge Wells	Assignor – Bridge Trust	Private	1,365	£16,000 pax	5 years	Durlings
July '20	7 Palace Street, Canterbury	Private client	Smile Labo Limited	905ft ² over base-ment and ground floor sales	£24,000	5 years	Caxtons

Sales						
Date	Location	Vendor	Purchaser	Floorspace ft ²	Capital value	Agent
Dec '19	Development site, Houchins Field, Ashford	Private vendor	Aldi Stores Ltd	1.85 acres	£600,000	Stafford Perkins
Mar '20	35 Pound Lane, Canterbury	Canterbury City Council	Emmanuel Church Canterbury	4,690	£112,000	Altus
Dec '19	53, High St, Tenterden	Ely Place Nominees Ltd	Private	2,246	371,000	BTF Partnership

footfall in order to manage the estate during the COVID-19 period.

Elwick Place, Ashford, saw further openings over the last 12 months. Snap Fitness opened in January, on a 10 year lease, in a 398m² (4,284ft²) unit, its largest gym in the UK. Macknade opened its shop and restaurant just prior to lockdown, and reopened again in June. The store is the company's second, having operated in Faversham since 1979. Dansaki, an Afro-Caribbean restaurant, will open below Travelodge in 2020.

Elsewhere on Kent's high streets, Sketchers took 228m² (2,454ft²) on Whitefriars Street, Canterbury at a rent of £657.89 per m² (£61.12 per ft²). The city also saw the arrival of Kokoro which serves Korean and Japanese food. A number of new businesses opened in Tunbridge Wells, including Lumiere, a designer lighting retailer, in July, in a 114m² (1,231ft²) shop at 31 High Street at a rent of £375.98 per m² (£34.93 per ft²), while Trespass took 110.61m² (1,083ft²) in Royal Victoria Plaza at a rent of £795.13 per m² (£73.87ft²).

Understandably, 2020 has seen little town centre development activity for practical reasons and uncertainty surrounding the future landscape. However, Guildhall Quarter in Canterbury, which encompasses three city centre sites following the closure of Debenhams achieved planning consent in January. In the out of town market, August saw the opening of the new 5,760m² (62,000ft²) flagship M&S store at Eclipse Park, Maidstone. Work also completed at Royal London's Horsted Retail Park, Chatham, with the addition of Aldi, Home Bargains and UFC gym, following planning approval in April last year.

The £90m 9,290m² (100,000ft²) expansion of McArthurGlen's Ashford Designer Outlet completed in Q4 2019, with the provision for fifty new stores added to the scheme in addition to a new adventure play area and restaurant offer. The Outlet officially reopened in June, following the lockdown, with inevitable adjustments to the operation to protect customers. All but one of the stores have resumed trading. Inevitably there is the prospect of some retailer losses as a result of the crisis, but the centre remains a draw for consumers and retailers alike.

Even prior the COVID-19 crisis, investor caution towards the retail sector persisted, although private investors continued to purchase opportunistically, focusing on high street assets primarily. The last quarter of 2019 saw the sale of a 3,117m² (33,551ft²) unit on Sandgate Road, Folkstone let to Wilko with a further eight years on the lease, for £2.62m (NIY 9%). In Sevenoaks, three units including the Giggling Squid restaurant were sold by the Milton Group for £1.175m (NIY 7.9%).

In January, a private investor purchased two units in Maidstone, across 3,320m² (35,736ft²) let to Poundland and Deichmann in Week Street for £3.75m (NIY 8%). In February a private investor purchased the 5,038m² (54,229ft²) B&M unit on New Road, Gravesend for £2.85m (NIY 6.6%).

Despite the immediate impact on the retail and leisure sectors, transactions did continue post lockdown. In May, Folkestone and Hythe District Council purchased the former Debenhams store at 46-66 Sandgate Road, Folkstone for £2.05m.