



Is there still a role for the high street in British retailing?

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The high street "in crisis"



Shop vacancy rate “in freefall” – Feb ‘09

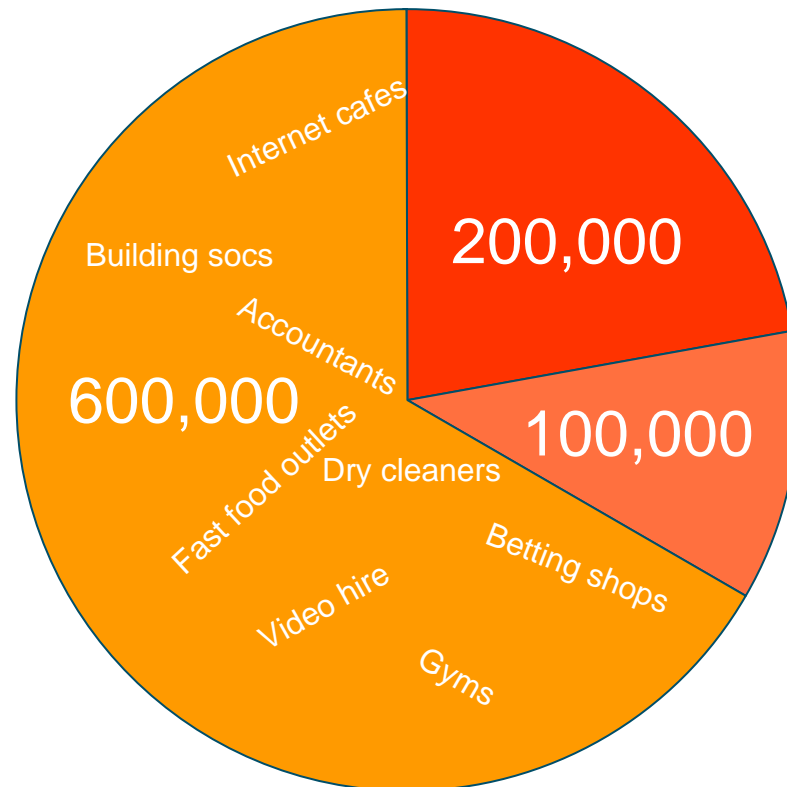


- “All told, nearly 2,000 retailers already are in bankruptcy proceedings in Britain” – Begbies Traynor



- “By year end, 1 in 7 storefronts may be vacant” – Experian

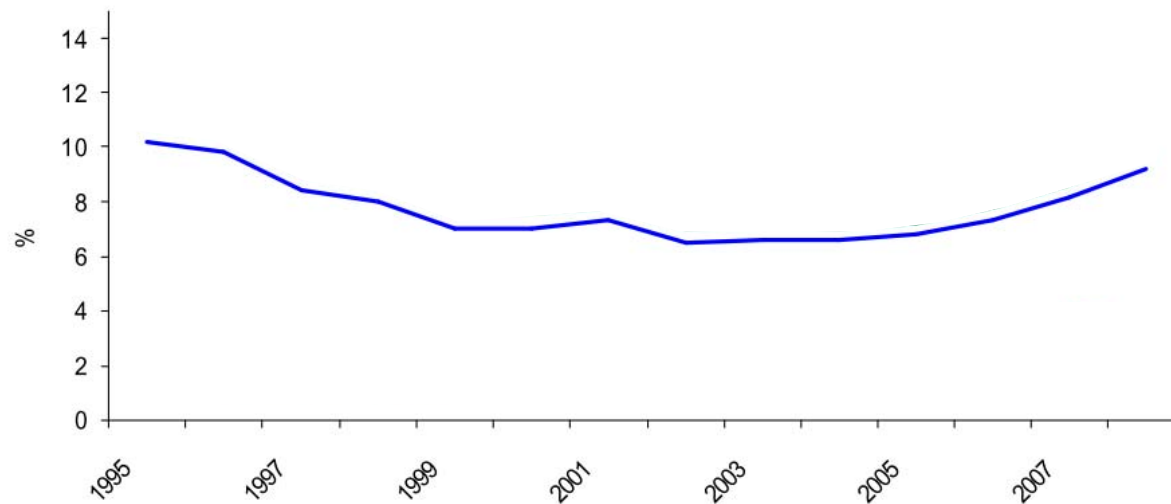
Putting 2000 bankruptcies into context ...



- Approx 900,000 shop units in the UK
- 300,000 in 'retail' use
- Two thirds of these are independents
- 100,000 multiple outlets run by 1700 retail companies

■ Retail goods - independents
 ■ Retail goods - multiples
 ■ Retail Services

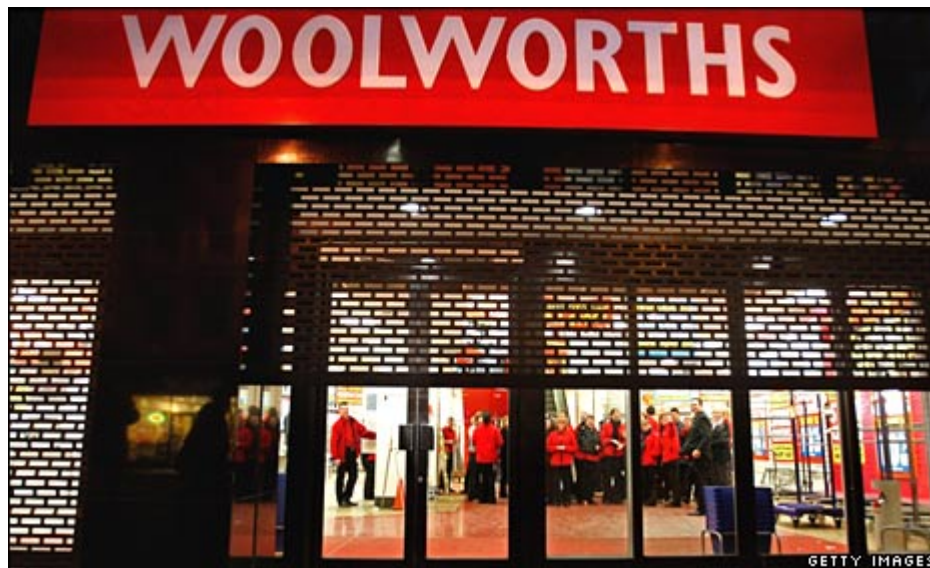
Putting 1 in 7 vacancy rate into context ...



Source: PMA

- 1 in 7 signifies 135,000 units
- “Normal” shop vacancy rate in UK is 1 in 8 -9
- Equates to 3% closure rate

Prime stock in strong demand



- Over 200 Woolworths' sites changed hands in one week, following its collapse



- Less than 4% of all vacant sites are in prime locations

Many high streets remain vibrant and vital



- Good selection (depth and breadth) of shops
- Sense of retail community
- Ready access on foot and car
- Alignment with patrons' needs
- Offering exceptional service

The damage is in tertiary property ...



It is a long term, structural problem ...



... driven in part by consumer changes



- Time short
- Less work/life balanced
- Demand for more choice
- Competitive prices



- More mobile
- Commuter oriented

... towards one-stop, functional shopping



... in part by retail concentration



- Larger units
- Heavier footfall
- Greater economies of scale
- Improved access
- 85 locations now attract half the population for 'comparison goods' shopping

There are some high street casualties ...



- 'Tertiary retail' towns are developing from inter-centre competition
- As the recessionary tide comes in, the stronger retailers flee to higher productivity ground
- The retail role in helping to foster social communities in such towns is being relinquished
- Without action, the local community, the environment and the economy will suffer.

Time for planners and politicians to act ...



- ‘Tertiary’ property is obsolete and won’t ever return to retail use
- Intervention is needed to facilitate change of usage
- Multiple landlords present a significant challenge for redevelopment or re-zoning
- There is an opportunity to reinvent these urban spaces for residential, social or business use

Summary points ...



- Store vacancies – not primarily a function of the recession; more a long-term, structural issue
- Trend mainly impacts on tertiary property, whose role in retail has diminished as consumer lifestyles have changed and retailing has developed
- Such property will not return to retail use
- The situation will not improve on its own
- Intervention is required from Government and local authorities to tackle empty, obsolete property through change of use.



Thank you for listening!