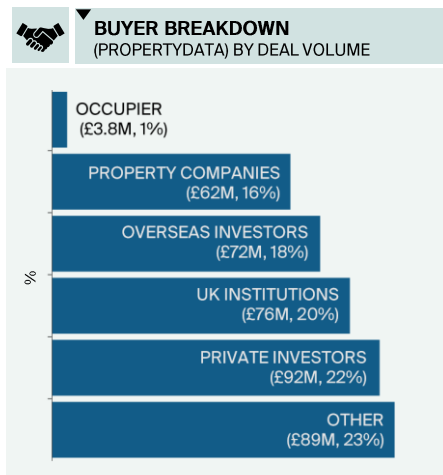
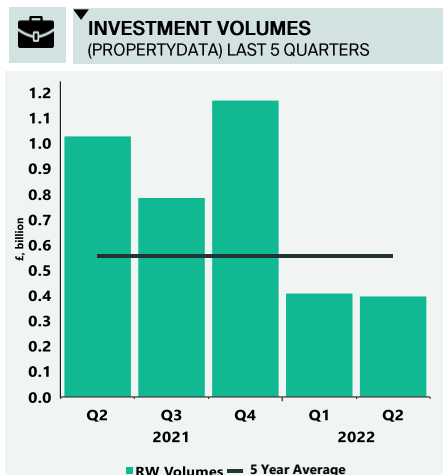


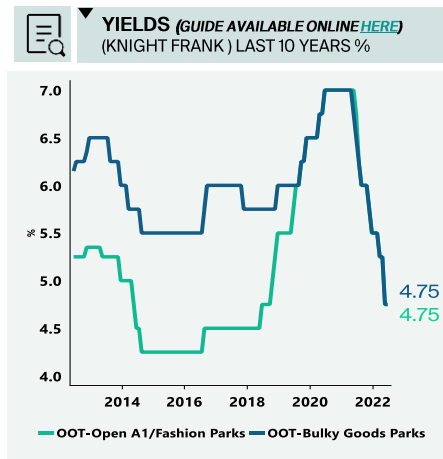
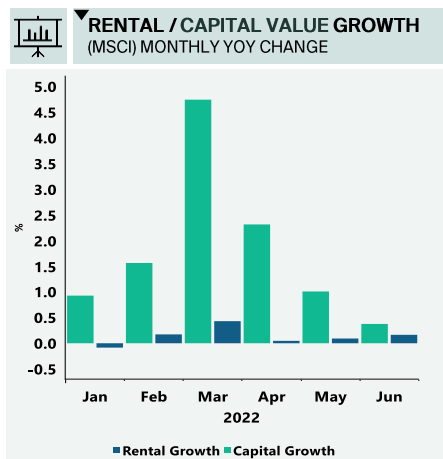
Retail Warehouse Monitor

Q2 2022



KEY TAKEAWAYS

- Investment volumes totaled £394.8m, marking slight deceleration from Q1 (£406.4m). Comparing the equivalent period on an annual basis, investment slowed -62% but surged +209% vs. 2-year comparisons
- UK Institutional and Overseas capital remained active: with DTZ, Realty Income Corporation, and UBS securing some of the biggest deals
- Capital value growth saw sharp correction following a peak in March (+4.7%) (April +2.3%; May +1.0%, June +0.3%). Rental growth remained stable, and in positive territory (April +0.0%; May +0.1%; June +0.1%)
- Yields sharpened 50bps to reach 4.75% for both Open A1/ Fashion Parks & Bulky Goods
- Footfall continued to linger slightly below pre-pandemic levels (June -2.1%) but retained its leading position well ahead of other retail sub-classes (SC -16.5%; High Streets -14.9%)
- Retail sales remained robust (Q2: +1.5%) despite narratives of consumer squeeze, and against formidable post-lockdown YoY comps
- Non-food categories remain the key driver but performance by sub-sector remains mixed, meaning it's too facile to conclude consumer's may be cutting back on 'big ticket' items
- Vacancy rates improved 40bps to 10.2%, tracking lower than All Retail vacancy (14.0%), High Streets (14.0%), and Shopping Centres (18.9%)



KEY DEALS

*KF DEAL

ASSET	PRICE £M	YIELD (%)	VENDOR	PURCHASER
NEW ROAD (ST COLUMB)	28.0	5.4	CONSOLIDATED PROPERTY GROUP	REALTY INCOME
ST MICHAELS RETAIL PARK (BASINGSTOKE) *	51.0	4.2	PEARS PROPERTY	DTZ INVESTORS
8 HOWARD WAY (HARLOW)	25.0	4.0	NFU MUTUAL INSURANCE	UBS ASSET MANAGEMENT
BICESTER SHOPPING PARK	34.5	5.0	CONSOLIDATED PROPERTY GRP	REALTY INCOME CORPORATION
SPRINGFIELD RETAIL PARK (NOTTINGHAM)	15.0	6.2	CBRE IM	CUSTODIAN REIT PLC
HINDPOOL ROAD (BARROW IN FURNESS)	11.7	6.4	WAYPOINT ASSET MANAGEMENT	CHANCERYGATE GROUP

Retail Warehouse Monitor

Q2 2022

COMMENTARY

The occupational market continues to go from strength to strength. A sleeker, more resilient set of retailers remain following an accelerated 'weeding out' of the weakest operators by Covid-19. Possessing robust covenant strengths, retailers have emerged stronger and with clear battleplans. Many are seeking to grow their portfolio's, several with great zest. As a consequence, vacancy rates continue to fall with units snapped up under more sustainable, rebased rents. Despite warnings of strong headwinds (inflation, potential recession) starting to materialise - those left standing are poised to weather the next storm.

However, the post-pandemic global backdrop has shaken investors who've proven susceptible as fresh political / economic drivers of uncertainty have emerged. A significant weight of capital is earmarked but remains waiting in the wings as investors momentarily pause for thought. This, combined with significant flood of supply coming to market, is leading to softening sentiment in the market. However, silver linings remain – with recession proof convenience and discounter-led retail warehousing remaining very much in vogue throughout this Autumn / Winter.

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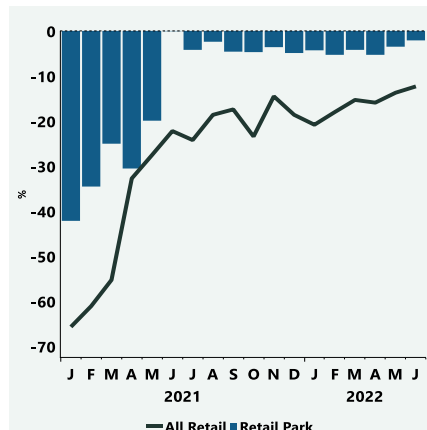
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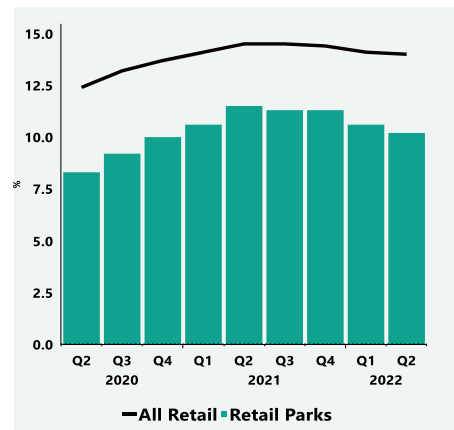
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FOOTFALL (SPRINGBOARD) MONTHLY YOY CHANGE

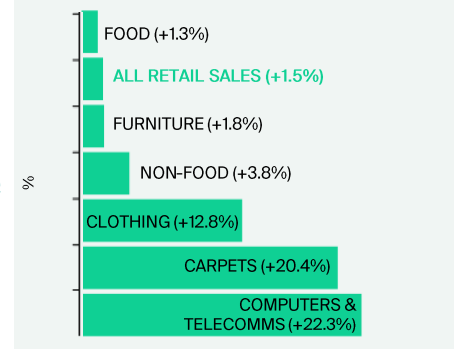


UNIT VACANCY RATE (BRC- LDC) MONTHLY YOY CHANGE



“Arguably the only truly rebased sector of the market – largely free of regular capex requirement, and offering highly attractive, sustainable income with strong growth potential from robust tenant credit”

TOP PERFORMING CATEGORIES (ONS) QUARTERLY SALES YOY CHANGE



- DOMINIC WALTON
PARTNER, CAPITAL MARKETS