

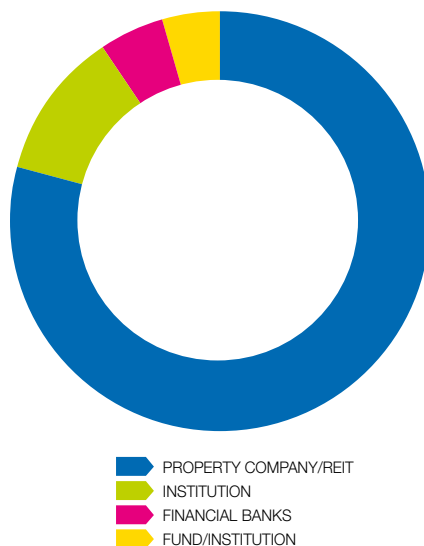
# SHOPPING CENTRES

## INVESTMENT QUARTERLY Q1 2015

### Outlook

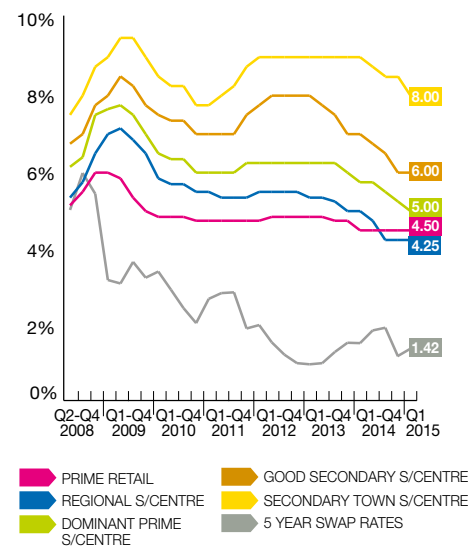
- Analysts have been increasingly optimistic on the prospects for the UK economy. The consensus forecast in March was for 2.7% GDP growth in 2015, up from 2.6% in February.
- According to the ONS, retail sales rose by 4.2% year-on-year in March, the 24th consecutive month of annual growth.
- Consumers will benefit directly from rising employment, lower inflation (including lower fuel prices) and real wage growth. All these factors will boost confidence and spending.
- There are some concerns that the uncertainty of the general election may impact adversely on sentiment, but consumers are now familiar with coalition politics and should adopt a "business as usual" approach.

FIGURE 1  
**Who's selling?**  
Q1 2015



Source: Knight Frank LLP

FIGURE 2  
**Retail & shopping centre equivalent yields** Q2 2008 - Q1 2015



Source: Knight Frank LLP

### Q1 2015 shopping centres transactions

Shopping centre	Status	Purchaser	Vendor	Price (£m)	NIY %
Hammersmith Broadway & Fulham Broadway, London	Sold	CBRE Investors	William Ewart	270.5	5.00
The Telford, Telford	Sold	Orion	Ares	200.0	6.25
Bentall Centre, Kingston (50%)	Sold	Gingko	Meyer Bergman	190.0	4.40
The Ashley Centre, Epsom	Sold	CBRE Investors	Carlyle	78.0	6.00
Willow Place & Corby Town, Corby	Sold	Europa / Sovereign Land	Helical Bar	75.0	7.00
The Mall St George, Preston	Sold	InfraRed	Aviva	74.0	6.45
Clyde, Glasgow	Sold	Cerberus / Edinburgh House	Helical Bar	70.0	7.25
Nicholsons Centre, Maidenhead	Sold	Vixcroft	Irish Life	37.0	6.25

Source: Knight Frank LLP

# MARKET COMMENTARY

- The total sales volume in Q1 was £1.10bn across 15 deals with a wide range of assets in terms of quality and lot size, broadly in line with the Q1 2014 total.
- There were a number of headline deals completed during Q1. Gingko bought 50% of the Bentall Centre in Kingston for £190m, reflecting a net initial yield of 4.40%. In addition, CBRE Investors bought two shopping centres (Hammersmith Broadway and Fulham Broadway in London) from William Ewart for £270.5m, reflecting a net initial yield of 5.00%.
- There is a growing trend for the marketing of portfolios of secondary assets in order to achieve larger lot sizes and attract the private equity houses, an example being La Salle's Project Charlotte, a seven scheme portfolio at just under £250m, reflecting a NIY of 7.25%.
- During Q1 2015, sales were dominated by property companies, accounting for 78%, followed by Institutions (11% of Q1's total value).
- Overall availability has increased considerably and at the end of Q1, 16 shopping centres and 2 portfolios were being openly marketed, with a combined quoted sales value of £1.1bn, compared with a low level of availability during the preceding quarter. Fourteen individual assets were under offer at the end of Q1, with a combined quoted price of £615m.
- Yields for dominant prime and secondary schemes hardened in Q1, while yields for prime regional schemes remained unchanged. There is a 175 basis points difference between prime regional and good secondary schemes, with prime and good secondary yields currently standing at 4.25% and 6.00% respectively.

## Knight Frank advised the purchaser of The Nicholsons Shopping Centre, Maidenhead

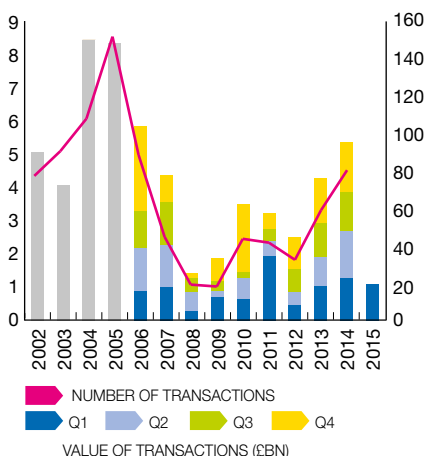


- March 2015
- Freehold & Long Leasehold
- **Price:** £37m
- **Size:** 200,000 sq ft
- **Vendor:** Irish Life
- **Purchaser:** Vixcroft
- **NIY:** 6.25%

FIGURE 3

### Shopping centre transactions

(LHS – Value of transactions, £bn)  
(RHS – Number of transactions)

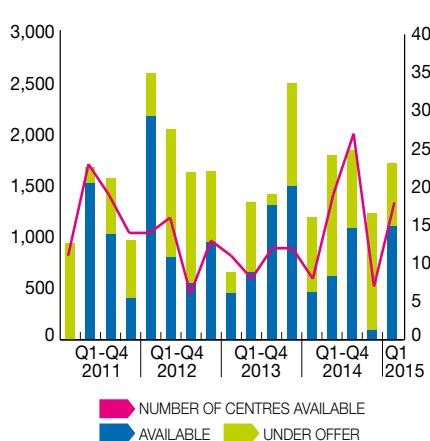


Source: Knight Frank LLP

FIGURE 4

### Shopping centre availability

(LHS – Value of availability, £m)  
(RHS – Number of centres available)



Source: Knight Frank LLP

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