

Shopping Centres

Investment Market Review 2020



- **A market suffering paralysis:** total annual deal volume just £340m, approx. 10% of the long term average.
- **A dearth of “normal” deals:** only 5 deals closed in excess of £20m.
- **Knight Frank market share 50%:** Knight Frank were sales agent on 4 of the 5 deals >£20m and had a total market share of c.50%.
- **The failure of intu:** a year marked by intu falling into administration, though asset sales are yet to emerge.
- **Repurposing agenda:** increasing focus on the need for change to revitalise our town centres and reduce retail oversupply.
- **Local authority intervention:** councils continue to need to take responsibility for the future of their town centres – 8 council acquisitions closed in 2020.

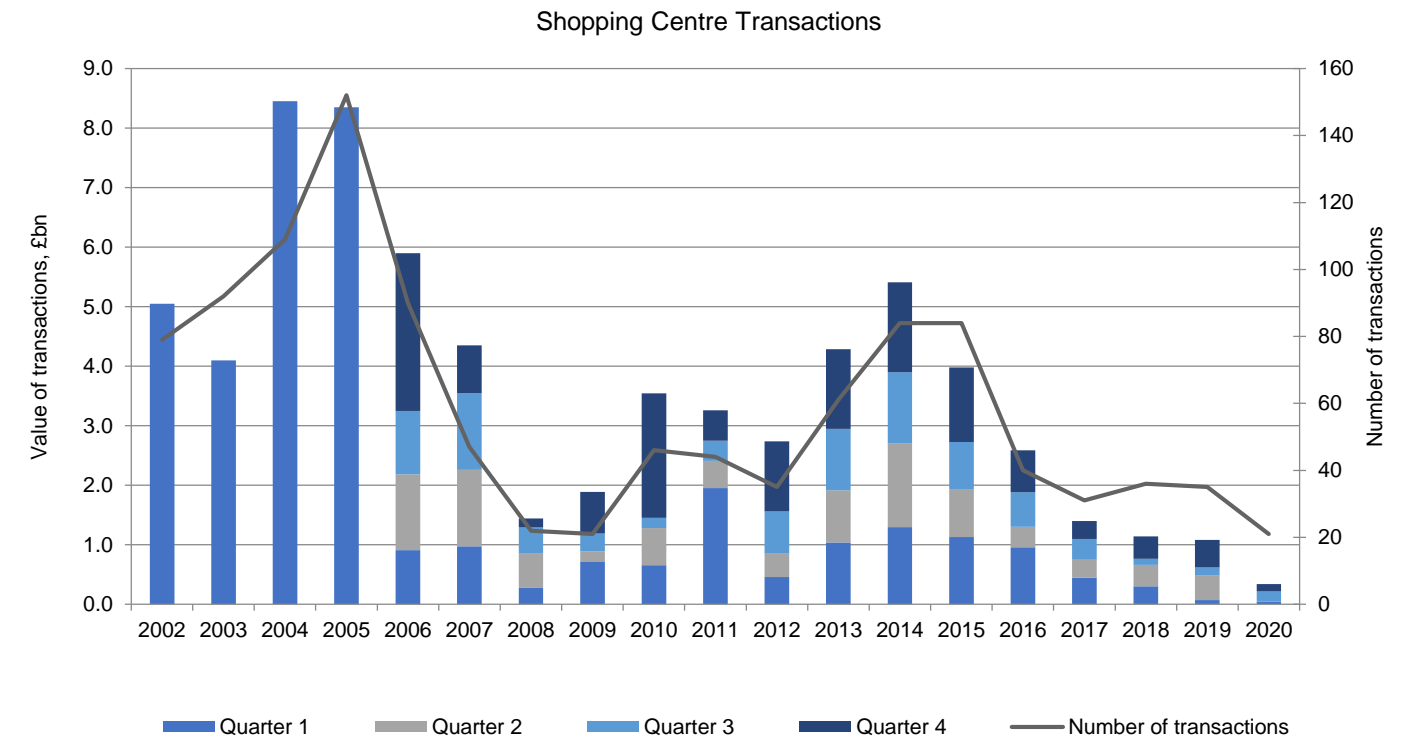
Top 5 Shopping Centre Transactions

*advised by Knight Frank

Centre	Buyer	Seller	Price
Elmsleigh Centre, Staines	Spelthorne Council	Aberdeen Standard Investments*	£39.34m / 8.65% NIY
Broadwalk Centre, Edgware	Ballymore	Aberdeen Standard Investments*	£70.63m / 4.90% NIY
Project Rock	MDSR	Aviva Finance	£80.00m / 10.50% NIY
Clifton Down, Bristol	Sovereign Housing Association	Blackrock*	£27.20m / 7.40% NIY
Thistles, Stirling	Axa/Scoop	Aberdeen Standard Investments*	£22.50m / 14.50% NIY

Local Authority Transactions

Centre	Buyer	Seller	Price
Pavilions, Waltham Cross	Broxborne Council	Killultagh Estates	£12.75m / 10.00% NIY
Victoria Centre, Southend	Southend Borough Council	Receivers	£10.50m / 12.50% NIY
Captain Cook, Middlesbrough	Middlesbrough Council*	AEW/Mars	£8.00m / 12.00% NIY



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Knight Frank were pleased to be involved in four out of five deals over £20m that completed during the course of 2020. Along with other deals our market activity totalled £168m reflecting c.50% of total transaction volumes. These deals signal the key trends washing through the retail market at present:

- **Retail repurposing** – the sale of Broadwalk, Edgware typified the demand for retail properties occupying large sites that are ripe for redevelopment to higher value alternative uses.
- **Sustainable convenience** – assets let to essential retailers, such as foodstores, have seen a surge in demand. We expect demand to improve for convenience-led retail assets first, as evidenced by our sale of Clifton Down in Bristol, which attracted multiple offers.
- **Discounted prime** – as values continue to fall, some assets with brighter futures have been caught in the wider market malaise and these mispriced opportunities are attracting countercyclical investors. Our sale of Thistles, Stirling is evidence of such demand.
- **Local authority intervention** – Councils remain the most active buyer group in the market and many are prepared to bring forward regeneration or rescue assets from cash-starved owners to the wider benefit of their town centres. Where they are already owners of the Freehold title, as Spelthorne Council are at Elmsleigh Centre, Staines, there is the potential to unlock synergistic benefits.

Broadwalk Shopping Centre, Edgware



Client: Aberdeen Standard Investments
Price: £70,625,000
NIY: 4.90%
Comment: Freehold 13 acre site with potential for high density residential development adjacent to Edgware underground station.

The sale attracted over 100 interested parties with highly competitive bidding during a sales process that was conducted throughout the initial Lockdown period.

SOLD

Clifton Down, Bristol



Client: Blackrock
Price: £27,200,000
NIY: 7.40%
Comment: Successful Sainsbury's anchored convenience-led shopping centre in an affluent Bristol suburb.

SOLD

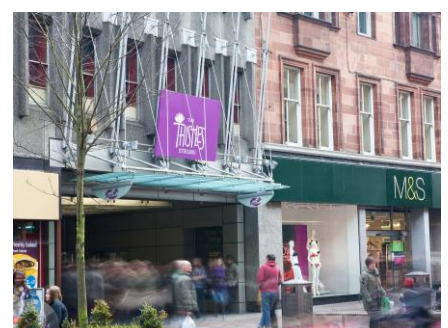
Elmsleigh Centre, Staines



Client: Aberdeen Standard Investments
Price: £39,335,000
NIY: 8.65%
Comment: Suburban scheme with long term regeneration potential sold to the Freeholder, Spelthorne Council.

SOLD

Thistles, Stirling



Client: Aberdeen Standard Investments
Price: £22,500,000
NIY: 14.50%
Comment: Well-let, established regional shopping centre sold to new entrant to the shopping centre investment market.

SOLD

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