

Central London Retail Dashboard

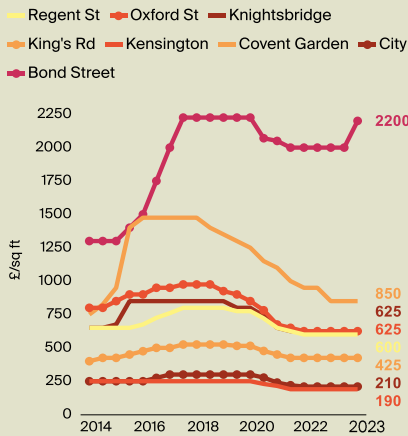


Q1 2024 | A concise quarterly update on key data and current market sentiment.

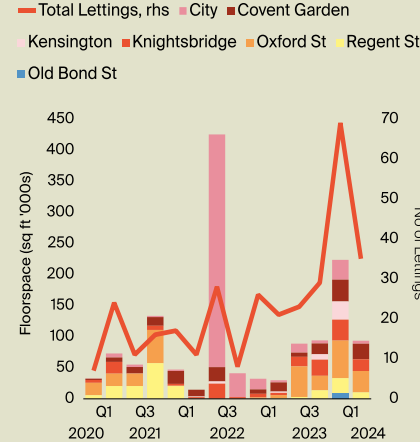
Key Takeaways

- **Leasing activity was robust across prime pitches**, totalling 93,139 sq ft in Q1 according to EGI figures. Covent Garden and Oxford Street saw the most deals signed with the likes of Abercrombie & Fitch, Finisterre and Loake taking new space.
- **Overall capital value declines (-1.6%) continued but at a slower pace than previous quarters.** Rental growth weakened but remained in positive territory at +0.5% overall.
- **Rental performance varied across the sub-markets** - strengthening in the West End (+1.0%) for a 6th consecutive quarter, but dipping in the City by -0.1%. The Rest of London nudged up by just +0.2%.
- **Investment volumes totaled £202m**, buoyed by sizeable estate and mixed-use deals across the Fitzrovia and South Molton Estates.

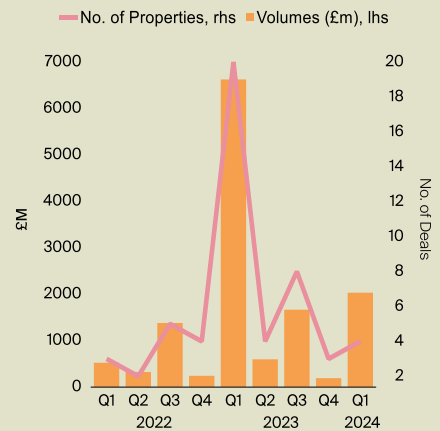
Prime Zone A Rents
(PMA, Knight Frank) Bi-annual



Lettings by Sub-market
(EGI, Knight Frank) Quarterly



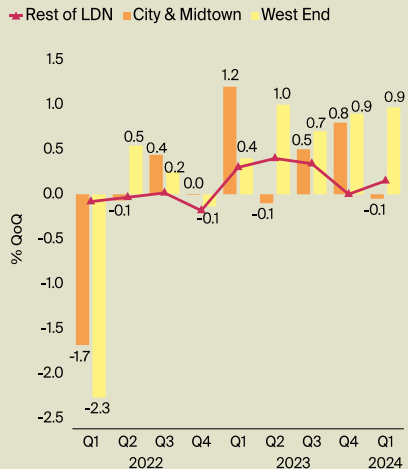
Investment Volumes
(RCA) Quarterly



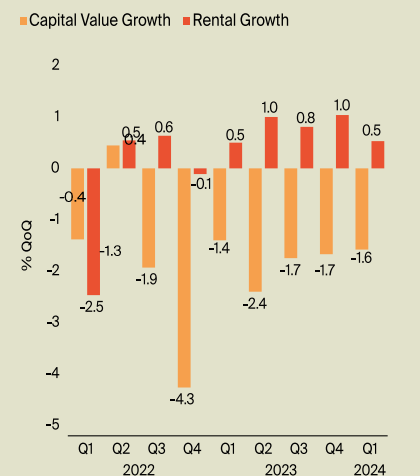
“The announcement that Oxford St. is to receive £90m of new funding represents overdue investment in public realm. Richemont buying 178 Bond St. for £82m, a yield of 2.2%, despite the store being let to Boodles til 2031, underlines the premiums that luxury operators are still willing to pay.”

RESEARCH VIEW
Stephen Springham
Partner, Head of Retail Research

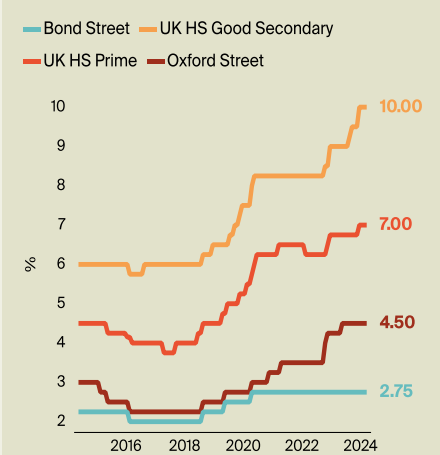
Rental Growth by Sub-market
(MSCI, Knight Frank) Quarterly



Rental & Capital Value Growth
(MSCI, Knight Frank) Central London



Prime Yields
(Knight Frank) Central London vs. UK



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Research Commentary

Despite ongoing concerns over the loss of tax-free shopping, the Central London market saw some notable leasing and investment activity in Q1. Fears of a 'spending gap' between London and its European competitors have intensified, with NWEK data revealing that despite improving international visitor numbers in 2023 (just -4% below 2019 levels) spending was down by a disappointing -19%, with the most significant shortfall among affluent visitors from the Gulf, Saudi Arabia, the UAE, Qatar and Kuwait. January 2024 figures show this trend persisting, with spend falling -7% year-on-year despite a +2% increase in footfall and a +13% increase in hotel occupancy.

But retailers remain committed to brand-building in London. Wolf & Badger opened its first flagship on Soho's Berwick Street, Gymshark announced its second store in Westfield Stratford and Lululemon plans to relocate and expand its Covent Garden flagship to a store 130% larger. Overall vacancy rates inched up by +20bps to 10.8% according to LDC, driven by a +60bps rise in shopping centre vacancies to 15.1%. However, vacancy rates are still -30bps lower than a year ago.

Investment volumes saw a significant boost in Q1, totalling £202 million, surpassing the five-year quarterly average of £199 million and marking a substantial increase from Q4's £18.7 million. This uptick was driven by several large estate and mixed-use deals. Ares Management acquired a substantial portion of Shaftesbury Capital's Fitzrovia Estate for a reported £65 million. Easternmed Asset Management purchased the South Molton Estate from the City of London Corporation, marking the first ownership change in hundreds of years. Additionally, Shaftesbury Capital acquired 25-31 James Street, Covent Garden, for £75.1 million, enhancing its existing portfolio.

Key Investment Deals

(RCA, Knight Frank)* KF deal

Location	Price (£m)	Yield (%)	Purchaser
21 - 31 James St	£75.1	-	Shaftesbury Capital
Charlotte Estate	£60.5	-	Ares Management

Key lettings

(EGI, Knight Frank)

Location	Unit Size (sq ft)	Tenant
325 - 327 Oxford St	9,400	Abercrombie & Fitch
218 Regent St	9,000	Charles Tyrwhitt
40 Hans Crescent	3,000	Space NK
21-23 Earlham St	2,600	Axel Arigato
23 Monmouth St	1,300	Elemis

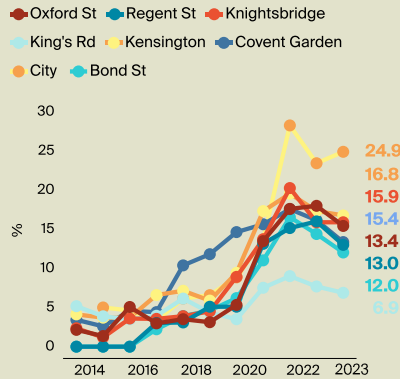
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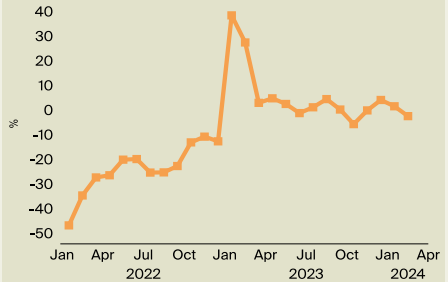
Vacancy

(PMA, Knight Frank) Unit %



West End Footfall

(New West End Company) YoY % change



	Footfall (YoY % change)
December	+4.6% ▲
January	+2.0% ▼
February	-2.0% ▼

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