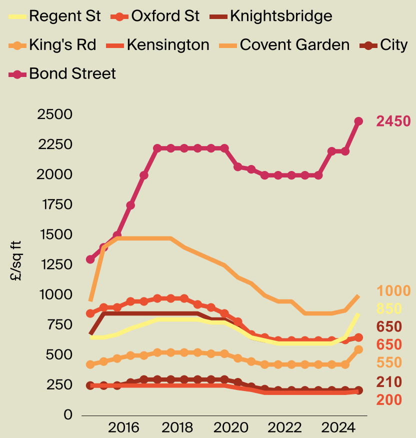
Central London Retail Dashboard

Q2 2024 | A concise quarterly update on key data and current market sentiment.

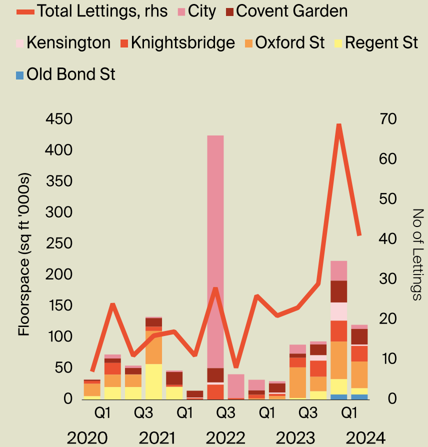
Key Takeaways

- **Footfall showed relative stability** across the West End (April +2.1% YoY; May +1.5%; June +2.8%), with average dwell times up c. 54% on select pitches (including Oxford St).
- **Lettings were robust,** with 92,800 sq ft of deals penned during the quarter**.** Covent Garden accounted for c. 53% of deals alone.
- **Zone A rents increased** across seven out of eight prime pitches, King's Road, Regent St, Covent Gn and Bond St all seeing uplifts of at least +10%.
- **Vacancy rates fell** across major pitches, with Oxford St (9.6%) and Regent St (9.0%) seeing the largest improvements.
- **Investment accelerated +114% QoQ** with the return of cross-border capital. Eight deals transacted totaling £434m, a major uplift on Q1 (£202m).

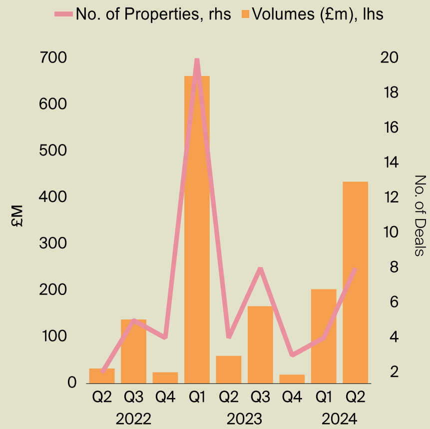
Prime Zone A Rents
(PMA, Knight Frank) Bi-annual



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



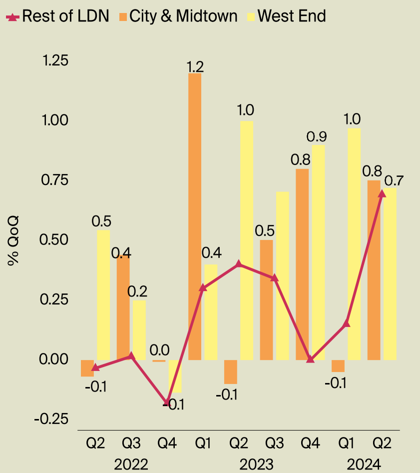
Investment Volumes
(RCA) Quarterly



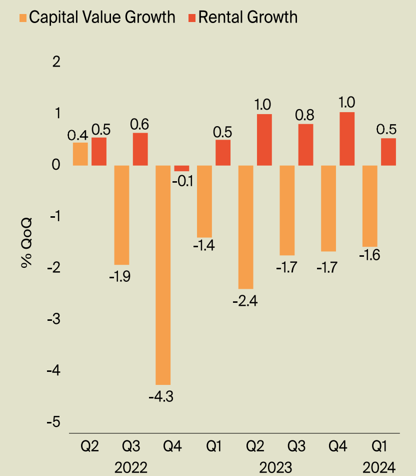
> Simmering nicely, rather than over-heating. Solid, rather than rampant occupier demand is filtering through to receding vacancy and sustainable rental growth. No coincidence that Central London retail is also recapturing the cross-border investment eye, with Blackstone even re-entering the fray.

RESEARCH VIEW
Stephen Springham
Partner, Head of Retail Research

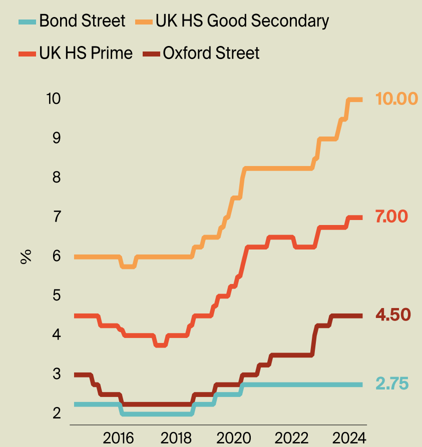
Rental Growth by Sub-market
(MSCI, Knight Frank) Quarterly



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



Prime Yields
(Knight Frank) Central London vs. UK



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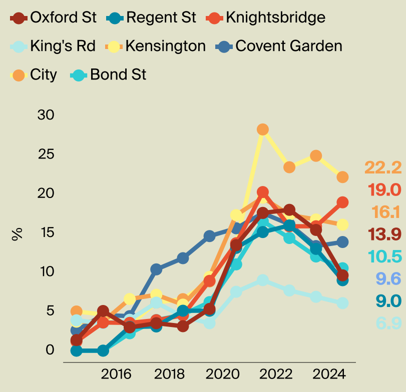
Research Commentary

Although domestic trade still dominates, spending by international visitors is improving, but the loss of tax-free shopping is still being acutely felt. NWEC spend figures showed month-to-month volatility (April -3.6% YoY; May +2.6%; June -0.6%), resulting in a modest year-to-date spent uplift of +0.3%. Domestic visitors continue to lead the way, accounting for 60% of total spend. Footfall has shown more stability (April +2.1%; May +1.5%; June +2.8%), with average dwell times surging by as much as 54% on Oxford St, driven by the attraction of new retail and leisure lettings.

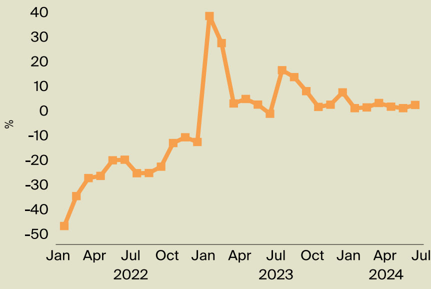
Lettings activity was strong, with the West End performing particularly well. In Q2, 92,800 sq ft of deals were signed, with Covent Garden securing the lion's share (c. 53%). Notable transactions included a 14,100 sq ft pop-up extension of The Art of Banksy (98-201 Charing Cross Road); a 5,000 sq ft flagship store for Alo Yoga (25a Neal Street); and Lululemon upsizing to 8,364 sq ft (130-131 Long Acre). Major international and online-only brands also announced flagship debuts across the capital. Scandinavian outdoor brand Peak Performance chose 49 Long Acre, following sister brand Arc'teryx (King Street). Carhartt unveiled an upsized 4,000 sq ft flagship at 33-35 Brewer Street, and online mattress company Emma Sleep selected Westfield London for its first physical store. As a result, major landlords reported improved rent rolls. with The Crown Estate revealing its store rents were 'already showing growth' with an average increase of +4% above estimated values.

Investment activity heated up, with the welcome return of cross-border capital acquiring trophy assets. Some £434m worth of deals transacted, driven by demand from luxury brands for space on the world's most famous streets, e.g. Richemont's acquisition of Boodles' flagship at 178 New Bond Street (£82m). US investors were particularly active, with cross-border flows turning positive after two years of negative net acquisition. Blackstone acquired 130-134 New Bond Street for £230m, leasing the property to luxury watchmakers Breitling and Audemars Piguet and shoemaker Church's. This marks a significant strategic shift for Blackstone, which is now re-exploring retail as values stabilise.

Vacancy
(PMA, Knight Frank) Unit %



West End Footfall
(New West End Company) YoY % change



	Footfall (YoY % change)
April	+2.1% ▼
May	+1.5% ▼
June	+2.8% ▲

▲Indicates increase / decrease versus previous month

Key Investment Deals
(RCA, Knight Frank)

Location	Price (£m)	Yield (%)	Purchaser
178 New Bond St	£82m	2.2%	Richemont
130 – 134 New Bond St	£230m	3.5%	Blackstone

Key lettings
(EGI, Knight Frank)

Location	Unit Size (sq ft)	Tenant
130 – 131 Long Acre	8,364	Lululemon
83 – 85 Regent St	5,004	Vuori
25a Neal St	4,170	Alo Yoga
173 Regent St	1,500	Glossier
135 / 141 Wardour St	5,000	Represent

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