Central London Retail Dashboard Knight



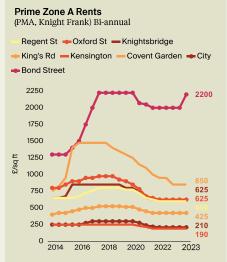
Q4 2023 A concise quarterly update on key data and current market sentiment.

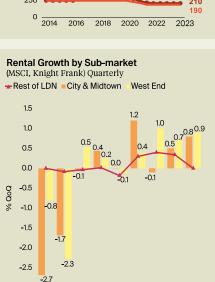
Key Takeaways

- Unit vacancy rates improved or were stable across virtually all pitches, with the City being the only exception (+146bps to 24.9%).
- Lettings saw an uptick with 228,233 sq ft let across 69 deals according to EGI figures. Oxford Street saw the most activity (60,400+ sq ft), followed by Covent Garden (35,000+ sq ft) and Knightsbridge (33,600+ sq ft).
- Rental growth accelerated across the central sub-markets: City & Midtown (+0.8%) and West End (+0.9%), in contrast to the Rest of London which was flat (0.0%).
- Investment deals were down at just £18.7m according to RCA. Key deals included 3-5 Wardour St (£9.8m), The Barts Square Collection (£7.0m) and 18 Great Suffolk St (£1.8m), 2023 annual volumes amounted to £979.7m, however. comfortably above the 5-year average.

Encouraging signs in letting activity, although occupational maket is still a little too stop-start. A major inflection point in the coming months as spend in the West End surpasses 2019 pre-COVID levels - if tax-free shopping is re-instated, we'd get there sooner still.

> **RESEARCH VIEW** Stephen Springham Partner, Head of Retail Research





Q2 Q3 Q4

2023

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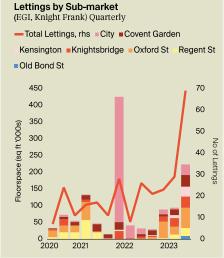
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Q4

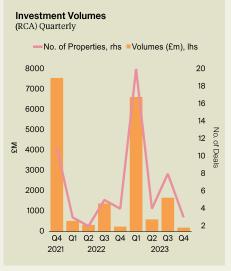
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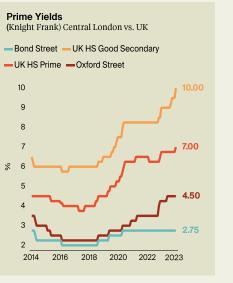
Q2 Q3

2022









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Research Commentary

Despite ongoing macro-economic challenges, the retail and leisure sector maintained its robust performance in O4. Consumer spending remained resilient despite six storms deterring visitors. International visits showed strength, supported by good growth in hotel occupancy rates (Nov +10.3% / Dec +9.8%). Overall, annual footfall in the West End for 2023 increased by a solid +5% YoY, while annual spend surged by an impressive +12% YoY to reach £9 billion, just -1% below 2019 levels. Forecasts indicate potential sales of £9.4 billion in 2024, with continued industry advocacy for the reinstatement of tax-free shopping to bolster London's competitiveness. NWEC estimates suggest sales could have been boosted by an additional +£400 million in 2023 with tax-free shopping in place.

Leasing activity remained vibrant, with a flurry of new openings and deal signings across the capital. Oxford St welcomed renowned brands like The Fragrance Store, Dr. Martens, and Krispy Kreme, alongside the return of HMV and the expansion of Miniso. Regent St also saw flagship debuts from Bimba Y Lola, Paul & Shark and Hoff, with Ugg upgrading from Glasshouse Street. This positive leasing momentum contributed to improvements in vacancy rates, falling to 10.6%, the lowest since O4 2020.

Private capital continued to dominate despite subdued investment activity in O4 (£18.7 million). Key transactions included 3-5 Wardour St (£9.8 million), The Barts Square Collection (£7.0 million), and 18 Great Suffolk St (£1.8 million). Overall, annual investment volumes totalled £879.7 million, surpassing both the five-year average and 2022 levels. 2023 highlighted the prominence of private capital, accounting for a staggering 74% of purchases, a significant increase from just 4.4% in 2022.

Key Investment Deals

(RCA, Knight Frank)* KF deal

Location	Price (£m)	Yield (%)	Purchaser
The Barts Square Collection, 43 Little Britain	£7.00	7.50%	Private
3 – 5 Wardour St *	£9.85	5.40%	Investor / Fund Manager

Key lettings (EGI, Knight Frank)

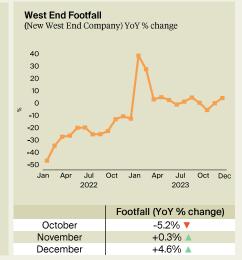
Location	Unit Size (sq ft)	Tenant
27 Oxford St *	2,783	Krispy Kreme
267 – 277 King's Road	10,097	Fabrique
150 Regent St	10,000	Alo Yoga
27 Regent St	2,000	Ugg
62 Neal St	1,008	Loake

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Vacancy (PMA, Knight Frank) Unit % Oxford St Regent St Knightsbridge King's Rd Kensington Covent Garden City Bond St 30 25 15.9 15.4 13.4 13.0 2018 2020 2022 2023



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