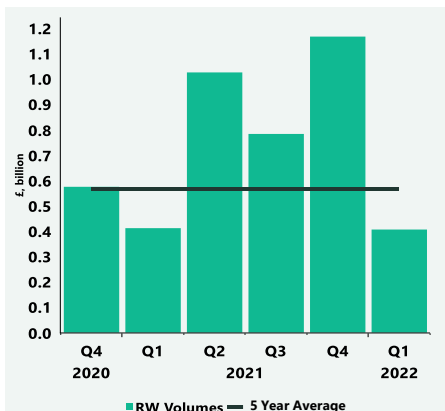


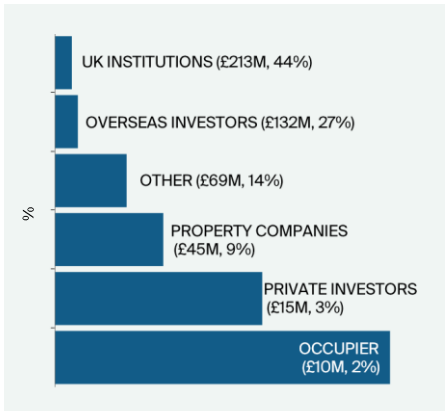
# Retail Warehouse Monitor

Q1 2022

## INVESTMENT VOLUMES (PROPERTYDATA) LAST 6 QUARTERS



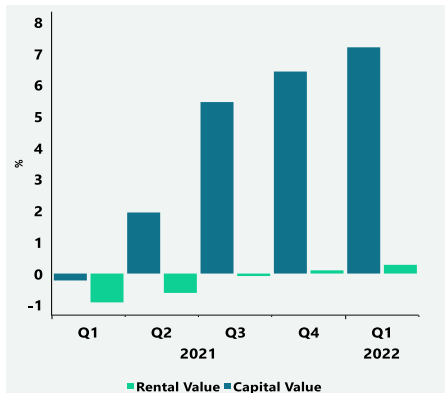
## BUYER BREAKDOWN (PROPERTYDATA) BY DEAL VOLUME



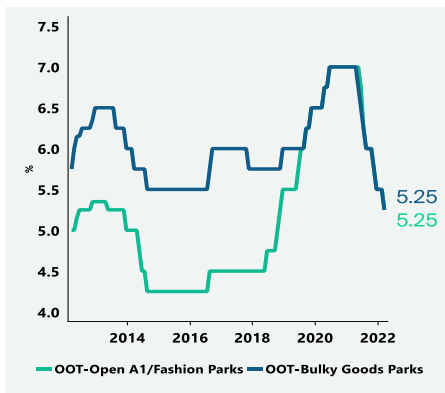
## KEY TAKEAWAYS

- RW footfall remained below pre-pandemic levels (-4.2%), but is significantly better than other retail sub-classes (Shopping Centres - 21.3%; High Streets -17.4%).
- Retail sales generally reverted to more normalised seasonal patterns (Jan: +13.4%; Feb: +11.2%; Mar: +6.7%).
- Key RW sub-sectors such as Carpets (+231%), Clothing (+79%), and Sports & Toys (+39%) enjoyed sales growth rates significantly above the wider market (+6.7%).
- Vacancy rates in retail warehousing (10.6%) remain lower than in-town (14.1%) and receded 70bps across Q1 as occupier markets show increased signs of stabilisation.
- Q1 marked 14 months of uninterrupted RW capital value growth. Growth of +4.7% in March the highest monthly increase on record.
- Q1 saw the first return to rental growth since early 2018, with an accelerating trend (Jan: +0.0%, Feb: +0.2%, Mar: +0.4%)
- Investment volumes registered a healthy £406.3m. Although slightly below the 5-year average, quarter volumes were still +10% and +26% higher than the same quarter in 2020 and 2021 respectively.
- Yields hardened a further 25bps for both Open A1 / Fashion Parks (5.25%) and Bulky Goods Parks (5.25%) amidst strong investor appetite.

## RENTAL / CAPITAL VALUE GROWTH (MSCI) MONTHLY YOY CHANGE



## YIELDS (GUIDE AVAILABLE ONLINE [HERE](#)) (KNIGHT FRANK) LAST 10 YEARS %



## KEY DEALS

\*KF DEAL

ASSET	PRICE £M	YIELD (%)	VENDOR	PURCHASER
WEST PARK (MILNGAVIE)	11.7	4.86	MAGELL LTD	FIRST WORLD HYBRID RE
ATLAS RETAIL PARK (GLASGOW)	11.3	5.20	KIER PROPERTY	FIERA REAL ESTATE
474-504 BURY NEW ROAD (MANCHESTER)	9.9	5.52	CBRE GLOBAL INVESTORS	PRIVATE
480 HELEN STREET (GLASGOW)	4.7	6.59	CBRE GLOBAL INVESTORS	NORTHERN IRISH INVESTOR
142-162 KILBURN HIGH RD (LONDON)	18.0	6.62	NUVEEN REAL ESTATE	UNDISCLOSED
HOUGH RETAIL PARK (STAFFORD) *	18.05	7.82	RECIEVERS	SAVILLS IM

# Retail Warehouse Monitor

Q1 2022

## COMMENTARY

**Retail continues on a journey towards a 'new norm'**, with retail warehousing very much leading the pack. Occupier markets have stabilised quickly and the lifting of the moratorium of forfeiture passed by almost unnoticed. Despite economic and political headwinds, the consumer is continuing to spend and a strong residential market is likely to drive demand in DIY and household goods, mainstays of the RW market. **Investor demand remains buoyant**, particularly for foodstore-anchored parks. We are actually finding ourselves in a position where there is a lack of supply in investment markets. Many RW assets have already been sold to raise capital or reduce portfolio weightings towards retail. With COVID-induced disposal strategies now largely complete, there is now an under-supply of prime stock in the market. Investors shouldn't make the mistake of holding onto assets too long and should take advantage of current market dynamics. **The 'new norm' in RW is tangibly different from the past.** It is no longer about traditional prime, secondary and tertiary (or Fashion, Open A1, Restricted / Bulky), the market now is defined by parks best suited to their catchment audience. Tenant line-up is key to this. Geography can also be significant in providing comfort to investors wanting the safety net of alternative use.

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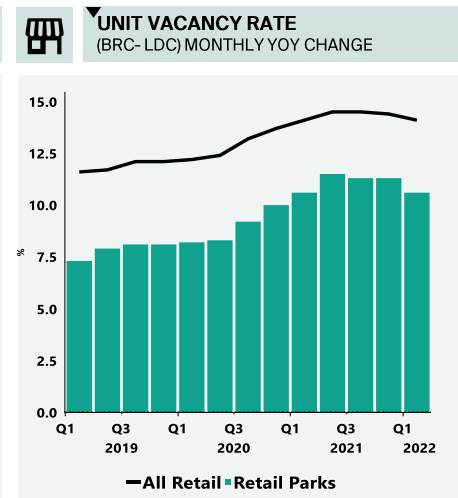
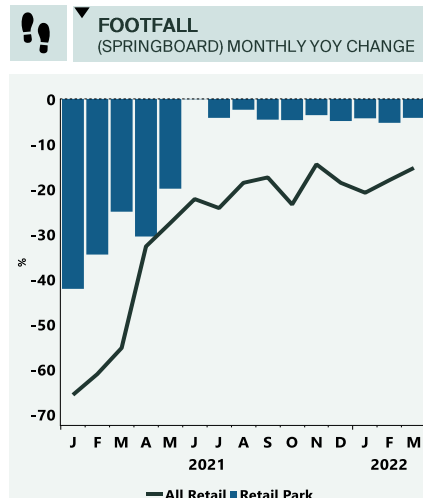
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“More of the same, please! Retail warehousing continues to spearhead the wider retail recovery. The only thing holding the investment market back is a lack of available stock”

— STEPHEN SPRINGHAM  
PARTNER, RETAIL RESEARCH

