

# RETAIL IN DETAIL



18<sup>th</sup> October 2013 WEEKLY RETAIL NEWS HIGHLIGHTS FROM AROUND THE MARKET

KNIGHT FRANK RETAIL NEWS

## GENERAL RETAIL NEWS

**Reiss** the fashion retailer, will acquire five further stores in the next year and increase its personal shopping service (currently active in Regent Street and Leeds) in an attempt to drive customers back to stores rather than simply buying online.

**Whistles** the fashion brand, will extend their offering with the launch of their new menswear collection for autumn/winter 2014. The news follows the announcement of year on year sales growth to January 2013 of 24% to £49.3m.

**Sainsbury's** the supermarket chain, will open its first 'dark store' with a 185,000 sq ft distribution centre in Bromley-By-Bow, East London, to meet an increasing online demand for groceries. The company currently deliver to over 190,000 online customers weekly, a figure growing 15% per annum.

**Cos** the H&M-owned fashion retailer, has added to its current offering of 76 stores over 17 countries with its thirteenth UK store in the Bantalls Centre, Kingston. The company plans to open another shop at Canary Wharf before Christmas.

**Scottish Widows Investment Partnership** has completed the £30m purchase of a 93,000 sq ft superstore in Newry leased to Tesco for 25 years from Turkington Holdings. The deal is the largest in Northern Ireland this year, reflecting a NIY of 4.95%.

**Victoria Beckham** will open her first fashion store with a new boutique in Mayfair. The former Posh Spice will sell clothing and handbags from the shop at Dover Street.

**Hammerson** the REIT, has signed Hugo Boss, Fat Face and The White Company to take space in the newly refurbished Monument Mall Scheme in Newcastle. Hugo Boss will take a 4,900 sq ft store, with The White Stuff and Fat Face taking 4,500 sq ft and 5,300 sq ft respectively.

**Trinity Leeds** the £350m shopping centre, has launched its new food hall this week with a 20,000 sq ft street food concept, Trinity Kitchen. Seven permanent food offerings will be complimented by five pop-up stores to be rotated monthly.

**Hotel Chocolat** the chocolatier, will open a cocoa-based fine dining restaurant in Borough Market next month called Rabot 1745.

**Kiehl's** the skin and hair care brand, and **Kipling**, the handbag and accessories retailer, have agreed deals with joint-owners Standard Life and Hammerson to take space at the Brent Cross Shopping Centre. Kiehl's will take a 675 sq ft store, with Kipling taking 685 sq ft and both opening in time for the Christmas period.

**Nando's** (3,500 sq ft), **Las Iguanas** (4,000 sq ft) and **Pizza Express** (3,700 sq ft) will open stores at the Venue leisure scheme in Bristol, which will be fully let when the three restaurants launch next month.

**Bosideng** the Chinese fashion retailer has bought 88-store failing menswear retailer Greenwoods for £4m in an initiative to boost its presence in the UK beyond its flagship Central London store.



### South Quay, Hayle

Acting for Peveril Securities, Knight Frank has exchanged an agreement for lease with ASDA Stores Ltd for a new 50,000 sq ft store in South Quay, Hayle at a commencing rental of £1.11 million per annum.



## TWEET OF THE WEEK



**Knight Frank Retail** @KFRetail

17<sup>th</sup> October 2013

New mixed use development planned #MoxonStreetCarPark just off Marylebone High Street [ow.ly/pUJ8](http://ow.ly/pUJ8)



# RETAILER SENTIMENT

**Fast Retailing** the fashion group, have recorded a 23.1% increase in sales to £7.3bn for the year ending August 31<sup>st</sup>. Asia's largest retailer, and the parent company of Uniqlo, Fast Retailing witnessed a 26.1% yearly increase in net profit to £580m – primarily as a result of Uniqlo's 56.1% year-on-year net sales increase to £1.27bn. In the year to August 31<sup>st</sup>, Uniqlo expanded by 154 stores to a total of 446 worldwide with their 29,100 sq ft first German store due to open in Berlin next year.

**Caffé Nero** the coffee shop chain, has announced a revenue increase of 10.7% to £204.3m after year-on-year sales grew 2.8% in the year to June. Pre-tax profit grew 10.5% to £21.1m. The company's strong financial performance comes on the back of opening 45 new stores and closing 6 over the year, to reach 519 UK stores. A further 45 new stores are planned for this year.



Research by the British Retail Consortium (BRC) has shown that retailers could face an extra £242m in business rates next year, as September's Office for National Statistics RPI inflation rate figure – used to calculate the rates – reached 3.2%. Retailers will pay £3.44 in business rates for every £1 of corporation tax in 2014 and it is estimated that 19,670 full-time jobs will be jeopardised as a direct result.

## RETAIL OUTLOOK FOR THIS WEEK



**Burberry** the luxury fashion retailer, recorded a 14% increase in total revenues to £1.03bn and a 13% increase in sales in the half year to September 30<sup>th</sup>. The company's retail arm showed sales growth of £694m year-on-year with its wholesale arm recording a 7% drop in sales to £244m.

**Russell and Bromley** the upmarket shoe retailer, saw a year-on-year 6.3% sales rise to £107.4m this month. However, pre-tax profits slumped 6.5% to £19.5m in the same period due to rising costs.



**Jaeger** the fashion retailer, has revealed its five year strategy to reform its business in the UK before undertaking international expansion. The company will dispose of unprofitable sub-brands to focus on the core business and is actively searching for new stores for its womenswear range. This comes after the company revealed it had halved pre-tax losses to £13.1m year-on-year to February.

### Did You Know?

Nike's famous 'swoosh' logo was designed by Carolyn Davidson, a graphic design student, in 1971. She was paid only \$35 for her design!

# MARKET SENTIMENT

The BRC has therefore called for a 2% cap on business rate increases. The stance has been criticised by the industry, where sentiment remains strong that a freeze or wider reform is required and BRC discussions with the Government are overdue.

However, there was positive news for retailers with the Christmas period forecast to be the best since the recession. Overall sales are forecast to increase year on year by £2bn to reach £88bn.

Retail revenues are anticipated to be 2.2% higher than in 2012, with food sales expected to make up £34.6bn and online sales expected to rise 12% to account for £11.6bn of UK Christmas spending. This forecast comes on the back of research by Capgemini showing that monthly online sales increased 13% in September, the highest monthly growth ever recorded. Year-on-year increases in fashion (18%), lingerie (30%) and footwear (20%) sales were major contributing factors.

## KEY CONTACTS

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