

RETAIL IN DETAIL

20th June 2014

WEEKLY RETAIL NEWS HIGHLIGHTS FROM AROUND THE MARKET

KNIGHT FRANK RETAIL NEWS

GENERAL RETAIL NEWS

Harrods the department store, has opened a 1,830 sq ft Fine Watch Room at Heathrow Airport Terminal 2.

Mango the Spanish fashion brand, has secured a store in the Zig Zag Building in Victoria London. The 10,000 sq ft store in Land Securities' Victoria Street development will open in May 2015.

Galleries Lafayette the French department store, have agreed to open a 193,750 sq ft flagship in Westfield Milan. The store will anchor the new 1,883,682 sq ft shopping centre development, that is due to complete in 2017/2018.

Séraphine the premium maternitywear brand, is to open its fourth store in London this week at 102 Northcote Road, Clapham. The 800 sq ft store is expected to open in mid-July, when the retailer will focus on expanding across the UK.

Aldi the discount supermarket chain, plans to double its UK store estate over the next seven years. The German retailer plans to open 50-65 stores a year.

intu the shopping centre operator, is investing £17 million to expand the catering offer at the Metrocentre, Gateshead. The Qube extension will be home to seven new restaurants and four smaller catering units totalling 45,000 sq ft.

Asos, New Look and **TM Lewin** the fashion retailers, have signed up to a new click and collect service enabling shoppers to pick up parcels at railway stations across the UK. The service, named Duddle, will be offered at 300 locations within the next three years.

La Portegna the luxury Spanish leather brand, has opened a 1,400 sq ft flagship store at 26 Marylebone High Street. The brand has moved in to the former Jack Wills unit.

Roksanda Ilincic the Serbian fashion brand, has opened its 2,500 sq ft flagship store at 9 Mount Street in Mayfair.

Melissa the Brazilian footwear brand, is to open its first permanent store in Covent Garden this autumn. The 6,000 sq ft unit will be situated at 43 King Street, the former Ralph Lauren store.

Waitrose the supermarket chain, is to open its first railway station store at King's Cross early next year, at the same time as launching its click-and-collect food lockers at several tube stations. The retailer plans to challenge Marks & Spencer's dominance in railway stations.

QD the East Anglian value retailer, has opened its first new high street outlet under the Thingmebobs brand. Thingmemobs has 11 stores across East Anglia.

Wahaca the Mexican Restaurant chain, has opened its first venue outside of the south east of England, with a letting in Cardiff. Due to open this Autumn, the retailer has signed a 20-year lease for 5,600 sq ft at the St David's Centre.

Ham Holy Burger and **Rossopomodoro** the Italian restaurant brands, are due to open two new restaurants in John Lewis' flagship store on Oxford Street as part of its new social space offering.

Pollyanna the independent designer based in Barnsley, has closed its doors this week having opened in 1967.



Sainsbury's Local, 147-148 Western Road, Brighton.

Acting on behalf of our client Sainsbury's, the Knight Frank Lease Advisory team has successfully concluded a rent review of a convenience store on Western Road, Brighton securing a nil increase.

TWEET OF THE WEEK



Knight Frank Retail
@KFRetail



17th June 2014

The challenges facing **#UK #retail** parks - new blog post by Dom Walton **@knightfrank @KFRetail @KF_CommBrief**

<http://ow.ly/y7IZq>

RETAILER OPTIMISM

John Lewis sales rose 4.6% year-on-year last week as The retailer saw strong sales during the early part of the week but trade slowed. Online sales were 21% up on last year driven by a 46% increase in sales via click & collect. High Wycombe recorded the biggest sales increase with growth of 21.1% on last year, while the warmer weather drove a staggering 600% increase in sales of cooling products.

Iceland the frozen food retailer, has reported increased sales of 2.7% to £2.711 billion in the year to 29th March 2014. Adjusted EBITDA excluding exceptional items was £202.2 million compared £226.3 million in 2013 as the retailer invested in opening new stores, launching an online shopping service and expanding in overseas markets. On a like-for-like basis sales were flat in the period. Iceland opened 46 new stores in the UK to take the total number of shops to 833 at the year end.



A report published this week has announced that the Government will not implement any changes to the way the 2017 revaluations of business rates will be carried out. Since 2012, when the 2015 revaluation was postponed until 1 April 2017, the Government has been looking at options for reform that will not come in to force until the next revaluation, including possible changes to valuation approaches and the frequency of revaluations. This is particularly concerning to struggling

RETAIL OUTLOOK FOR THIS WEEK



Costa the Whitbread owned coffee shop chain, grew its UK like-for-like sales by 4.5% in its first quarter. In the 13 weeks to 29 May 2014, Costa increased its UK retail sales by 15.2% to £174.4 million as the chain opened 36 new UK stores in the period. Worldwide sales rose by 14.6% to £323 million and within this franchise system sales grew by 13.1% to £126.5 million. International sales grew by 9.1% to £69.1 million, with growth of 4.2% in EMEI and 24% in Costa Asia. Costa Enterprises, which includes Costa Express, delivered system sales of £79.5 million, up 18.5%. There are now 3,729 Costa Express units. The coffee chain is planning to open around 300 net new stores and 600 Costa Express units in the full year.



John Lewis

H&M the fashion retailer has announced pre-tax profits increased by 25% to SEK 7.6 billion (£675 million) from March 1 to May 31, as the retailer revealed it would launch a dedicated Chinese site in autumn. Sales for the quarter increased 20% to SEK 37.8 billion (£3.35 billion).

Pets at Home the vet store, has announced its underlying EBITDA jumped 12.4% to £110.7 million over the year to the 27th March. Total sales advanced 11.2% to £665.4 million during the period. Pets at Home has collared the veterinary market as new openings over the year turned it into the UK's largest vet practice and like-for-likes in its vet practices soared 14%.

Did You Know?

René Lacoste the founder of Lacoste fashion was nicknamed "the crocodile" by fans because of his tenacity on the tennis court- hence the crocodile Lacoste logo.

MARKET SENTIMENT

retailers who will remain paying higher business rates for three more years during a period when retail insolvencies have reached the highest level in five years. In the year to the end of March, 1,287 businesses across England, Scotland and Wales have gone in to liquidation – 12% up on the previous year. However encouragingly lending throughout the retail sector has increased as well, reaching £17 billion in March 2014, up from a low of £15.5 billion in August 2013. This is the highest figure since November 2011, as increased lending is supposed to stem the loss of high-profile retailers

such as fashion chain Internationale and footwear retailer Barratts. The industry is hoping that the increased lending will give the sector a much-needed boost, however the banks are more inclined to helping big ticket retailers than your typical small scale food and drink retailer. Further to this data from the British Retail Consortium has reported a 0.2% decline in footfall for May, but out-of-town footfall has increased due to big ticket purchases such as televisions leading up to the World Cup. Retail sales for May did increase 0.5% year-on-year.

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