



Q4 2016 Retail Market Commentary UK and Reading

This was the end of a rather monumental year in the history of the UK and the world!Brexit; Trump; Sir Philip's knighthood and reputation barely intact and the loss of many British icons including David Bowie, Victoria Wood and George Michael. A year that will be remembered, but not for many positive reasons. The significant relevance to retail are monetary effects, such the exchange rate; some are to do with confidence and some are just about how we all 'feel' which all affects how we spend our money, on what and with whom.

Also the unthinkable happened in that M&S announced the closure of 30 stores, and revealed an 88% drop in H1 pre-tax profits. Fatal retail casualties in the last quarter were Betta Living (70 stores) and American Apparel (13 stores) however in contrast the Co-Op announced plans to open a further 100 stores.

The darling of the market for the last few years has been the restaurant sector with the number of outlets growing by 30% over the past 5 years and last year alone saw 15,830 (ONS) new eating establishments open their doors but this is in stark contrast over the same period to the growth in consumer spending in this sector which only grew by 2.5% - in the words of a famous Les Mis' song, there may be a lot of 'empty chairs at empty tables' as 12,605 closed their doors last year. A reliable source estimates that 5,500 restaurants have a 30% chance of becoming insolvent over the next 3 years. We have already seen the demise of Ed's Diner chain and even Jamie's has put 6 restaurant up for sale.

Locally, we are set to have 7 new restaurants plan to open this year - a new unit is currently being built in the Oracle for Comptoir Libanais; planning consent was granted in December for 3 restaurants in the ground floor of the former Jacksons department store and The Botanist are currently fitting out in part of the ground floor of the former Barclays Bank in Kings Street with another restaurant set to join it in the remaining part. The former Lloyds Bank in Market Place also expects to house a new restaurant before long. Only time will tell whether Reading has the appetite for so many new eateries.

The stats below for Reading town centre show a small improvement with the Vacancy % reflecting units that are actually empty, whereas the Availability % reflects units that are actually on the market, whether vacant or occupied.

	Year	Vacant	Available
Q4	2012	11.13%	10.03%
Q4	2013	11.24%	9.45%
Q4	2014	13.03%	8.79%
Q4	2015	10.24%	6.11%
Q3	2016	10.32%	9.32%
Q4	2016	9.68%	8.84%

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