



Q1 2017 Retail Market Commentary UK and Reading

A nation of shop keepers? Really?

There's no escaping the raft of doom and gloom that has emanated from the retail world this quarter, so let's just run through it very quickly and then talk about the weather.

- Next suffered a 3.8% drop in full year trading; sales dropped 2.9% and its store estate dropped 15.8% and Lord Wolfson warned of further "external headwinds" and that was prior to the election being called
- Brantano and Jones the Bootmakers both fell into administration although Jones was mostly rescued by a pre pack. Both businesses were bought by Alteri in 2015 for £12m
- 74 former Somerfields will be the subject of a CVA instigated by Hilco, 6 months after taking them on from the Co-Op
- RBS is to close more branches and lose 15,000 jobs; Sainsburys is to cut 400 jobs; John Lewis to cut 400 jobs; Tesco's to lose 1,700 managers; Waitrose to close 6 stores; The Restaurant Group has put 23 units on the market and French Connection posted its 5th consecutive year of losses.
- Last quarter we reported the planned closure of some M&S stores and the store in Wokingham has recently been confirmed as being on that hit list, which is not good timing for the proposed regeneration of part of Peach Street

Retailers are grappling with the rising cost of imported goods as a result of the slump in the value of the pound and facing increases as a result of the rates revaluation which takes effect from 1st April and also having to absorb the rise in the level of national living wage.

Add to the above the continued changing shopper habits and sales 'disruptors' and one has to conclude that it takes a brave person to be in retailing.

But there is some good news for the intrepid retailer in that Tesco's have substantially completed their 'turnaround' which has resulted in a spike in their operating profit – with UK operating profit (before exceptionals) up 60%.

However, despite all the above despondency, both the availability and vacancy statistics for Reading show a healthy downward trend, so fortunately there are still many brave souls out there.....nice weather we're having for the time of year.

	Year	Vacant	Available
Q1	2012	13.01%	10.82%
Q1	2013	11.24%	10.10%
Q1	2014	11.73%	7.82%
Q1	2015	12.21%	9.28%
Q1	2016	12.58%	7.07%
Q1	2017	9.03%	6.59%

The Vacancy % reflecting units that are actually empty, whereas the Availability % reflects units that are actually on the market, whether vacant or occupied.