



Retail Market Commentary

Retail Disruptors – these have come in all shapes and sizes over the years, some have been unwelcome and some have been saviours. Adult colouring books are a fairly unlikely contender, but they fit into the latter category for WHSmith, as this product alone has contributed to WHSmith having their best sales for 15 years!!

Has the restaurant bubble finally burst? Hit by a huge surge in supply over the last few years, the industry is now experiencing static consumer demand; steeply rising product costs; an increased wage bill and a lack of suitably experienced staff. Add to this the ‘disruptors’ of Deliveroo and UberEATS and the market is going through a period of ‘readjustment’ whilst operators take stock of which of their new openings are trading well and which ones were a mistake. Inevitably there will be some winners – Gourmet Burger Kitchen increased their turnover to £77.9 m from £67.4m, and some losers – Handmade Burger Co went into administration. An indication of how the market has changed is evidenced by the recent rumoured sale of the Byron Burger chain for c.£20m – the chain was bought by a private equity company in 2013 for £100m at a time when it had 34 stores, so the value per store has dropped in 4 years from £3m to £300k

Q3 saw the opening of Lexicon in Bracknell and Westgate in Oxford within weeks of each other. Both schemes have been in the planning and development stages for over a decade and Reading will be feeling the impact of both these ‘disruptors’ – anchored by Fenwick and John Lewis respectively, they will inevitably steal some of Readings trade.

In case anyone hadn’t noticed that the sand underneath the retail industry has been shifting substantially over the last few years. News that the stalwart of the UK High street, M&S, has announced that it is closing 10% of stores, will surely cement that concept.

The preceding two paragraphs may seem to be in conflict, but the strategy for the retail landscape is about right sizing your store portfolio and making locations relevant, in order to be sustainable in the face of the online disruptor.



Figures from the Local Data Company showed that the number of new shop openings tumbled 84% in the second quarter of 2017 compared to the same period a year ago, as retailers make more considered approaches towards taking bricks-and-mortar space.

Reading however has fared well so far this year, as it continues to be a stable retail habitat, but it must keep itself relevant in the face of the competition posed by Oxford and Bracknell.

	Vacant	Available
Q3 2012	11.29%	10.03%
Q3 2013	11.24%	9.45%
Q3 2014	13.03%	8.79%
Q3 2015	12.21%	7.65%
Q3 2016	10.32%	9.32%
Q3 2017	8.71%	6.91%

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