

Blow to UK high street as more retailers move out of town

Author: Julia Kollewe - The Guardian - Tuesday 17 April 2012

Number of empty high street shops increases as retailers that would once have expanded there move out of town.



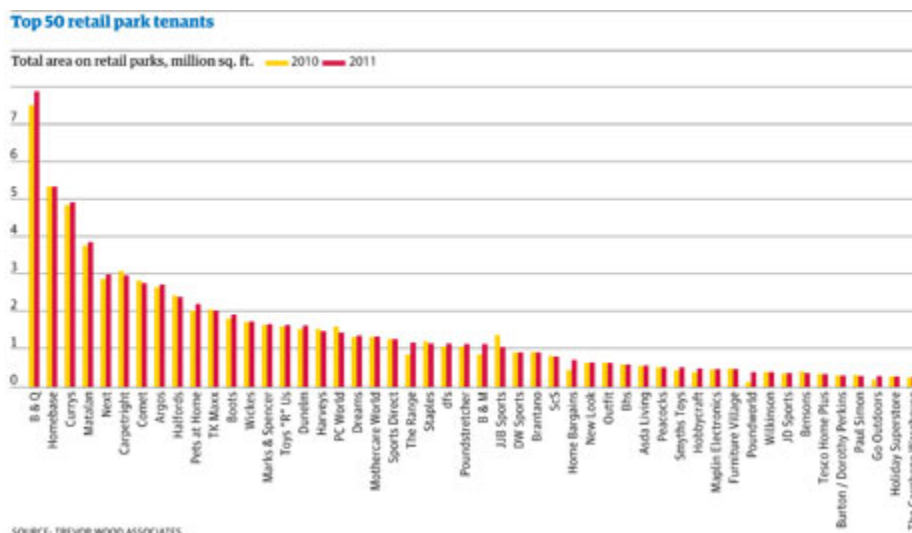
(Photograph: David Levene for the Guardian)

Mary Portas, retail adviser to the government, was lukewarm about its response to her report.

There is more bad news for the high street, with evidence that retailers including Next and Marks & Spencer as well as discount chains are steadily moving out of town.

In a blow to retail guru Mary Portas, who came up with a raft of recommendations to halt the decline of the high street last year, a report by Trevor Wood Associates shows the shift to out-of-town retail parks is gathering pace. The government has accepted most of the Portas recommendations and announced it will pump £10m into rundown high streets, but has come under fire for failing to back some of the hardest-hitting proposals. Portas said she would have liked greater central intervention in critical areas such as parking and the approval of new out-of-town developments.

While the number of empty shops on the high street is increasing, the retailers that would once have expanded there such as Next and Poundworld are moving out of town wherever possible, said Trevor Wood, who set up the retail warehousing database.



B&Q took the most out-of-town space last year, picking up 0.37m square feet, including many former Focus DIY units. Virtually every B&Q is out of town. Home and garden chain The Range came second, with 0.32m sq ft of space, followed by discount retailers B&M, Poundworld and Home Bargains.

A spate of administrations – such as Focus and TJ Hughes - and a slump in confidence among retailers led to an explosion in available shop space for a few years, but much of the out-of-town space has been snapped up by budget chains and some traditional retailers – partly due to there being fewer new developments.

While the vacancy rate in out-of-town retail parks remained at 9.2% at the end of last year, the same as in 2010, it was down from a peak of 11.8% at the height of the recession in mid-2009. It compares with a vacancy rate of 14.6% on the high street in February, the highest since the Local Data Company started the index in 2008.

The number of empty stores in retail parks that have open A1 planning permission (with no restrictions on what can be sold) has fallen, with a vacancy rate at 6.8% compared with 7.9% in 2010. Conversely, the availability of out-of-town shopping space only available to chains selling bulky goods – the traditional out-of-town retailers – has increased as these companies are not expanding.

For example, when Focus went under all its stores that had open planning permission were snapped up quite quickly – whereas those that were restricted to selling bulky goods remain on the market.

In percentage terms, Poundworld was the fastest-growing retailer out of town last year, opening 36 shops in retail parks, up 204%. Other retailers that are expanding away from the high street include Next, Pets at Home, Wickes, M&S, Toys R Us, Sports Direct and New Look. "They are taking opportunities where they can get them," said Wood.

The out-of-town market, which was established to serve retailers that needed big warehouses and parking, is now dominated by traditional high street retailers benefiting from the ease of access and generally free parking not available on the high street.

There are few new developments in the pipeline. The report has identified 82 schemes likely to proceed before the end of 2018, which is up from 72 in 2010 – but nowhere near the the "glory days" of 2006 which saw 178 developments proposed, said Wood. Of those, 79 are now open or under construction, 26 have planning permission, 23 still await consent and 50 were scrapped.

Schemes include Mk1 in Milton Keynes built by the Crown Estate; a retail park at Prestatyn, north Wales, due to open later this year; a John Lewis at home and Waitrose scheme in Ipswich, which opens next year; and the Vanguard shopping park in York which has still to obtain planning permission.

Link:

www.guardian.co.uk/business/2012/apr/17/blow-uk-high-street-retailers-move-out?newsfeed=true