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Retail Warehouse vacancy levels rose to 7.5% at the end of 2018

Trevor Wood Associates (TWA) launched their annual review in April 2019. The headline grabbing news showed that the vacancy rate for retail warehousing was recorded at 7.5 % at the end of 2018 had risen from 4.9% at the end of 2017 (6.3% at the end of July 2018), which was the largest rise in vacancy since their analysis in 2001, but the total is lower than mid-2009 when the figure was 11.8%.

The changes in 2018 have hit the market hard and fast. Notable names that are lost to the sector include Toys R Us, Maplin, Poundworld and Fabb sofas, while both Carpetright and Homebase reduced their store numbers following a CVA. Administrations and CVAs are a monthly talking point in the high street, and Landlords are keeping a careful eye on a number of fascias eg. Arcadia, where they affect some retail parks.

I am reminded that I used to say that CVAs could not be promoted unless the alternative was administration, i.e. the

company would fail without the CVA. That is not strictly the case legally, and retailers have been using the CVA insolvency process in a way that was not considered when it was drafted. There is plenty of commentary on the unfairness of some of the CVA propositions when calculating the Landlords' percentage ranking in the decision making process, and is clearly loaded against the Landlord. So far no one has taken a CVA to an English court, but some Landlords have managed to negotiate better positions post the CVA vote on an individual basis.

And in the meantime, new deals are being done, but there is a sense that some retailers are trying it on because they think they can, eg. a developer is not going to build a new retail/restaurant unit if the tenant can walk away after five years.

TWA will be busy counting vacancies by the summer when the full report is published.