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Retail Warehouse vacancy levels fall

Trevor Wood Associates (TWA) have launched their annual review. The headline grabbing news shows that the vacancy rate for retail warehousing fell by more than 10% during the last year, and is now lower than at any time since records were first compiled by them in 2001.

The market welcomed the hard data which backs up their own experience of re-letting vacant units, sub-letting, managing retail parks and in pre-letting proposed new developments. The data also confirms the regional differences, and TWA always point out the pitfalls over-analysing areas of the country that can be disproportionately affected by a particular event, i.e. tenant failure.

The experienced landlords understand these differences and manage their portfolios accordingly. In my experience tenants nearly always know where the weak trading areas are, and either ignore that location or bid accordingly, preferring not to open than overpay.

TWA will touch on the Brantano vacancies next year, but anecdotal evidence shows that some will be re-let more slowly than anticipated, and in some cases at lower rents than expected.

At the same time TWA report again on the rise of B&M Bargains, The Range and Home Bargains. While the first two appear in the press regularly, Home Bargains owners, T J Morris, fully support the business as it opens more stores in the south and often by freehold purchase.

With the B&Q estate transformation programme largely complete, it has been exciting to have their name linked to new store openings, and to watch Bunnings transform their two Homebase stores in St Albans, with Hemel Hempstead and Milton Keynes to follow.

2017 has already been a busy year. It will be no surprise in May 2018 if TWA will report on further falls in vacancies and an increase in new developments.