

UK HIGH STREET

Q3 2016



£377 million

TRANSACTION VALUE IN Q3 2016. 51% UP ON Q3 2015 (EXCLUDES PRIME CENTRAL LONDON AND MIXED-USE PORTFOLIO TRANSACTIONS).



£1.14 billion

TRANSACTION VALUE Q1-Q3 2016. 32% UP ON THE SAME PERIOD LAST YEAR



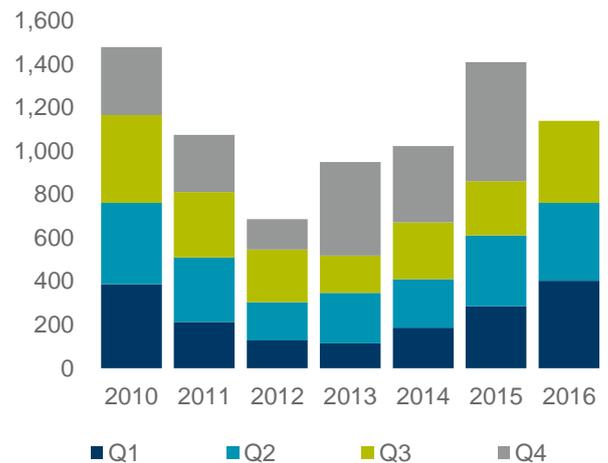
4.0% growth

VOLUME OF RETAIL SALES GROWTH IN AUGUST 2016 ON AUGUST 2015. 42 MONTHS OF CONSECUTIVE MONTHLY Y-Y GROWTH



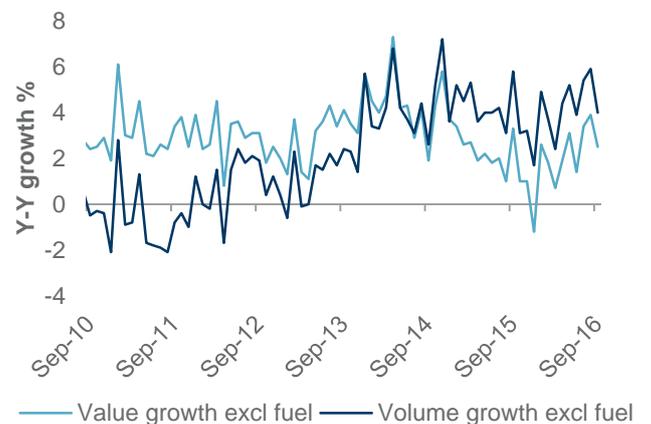
- The high street was the only retail sector that saw investment volumes grow year-on-year in Q3 and during 2016 to date. Despite yields softening across the shopping centre and retail warehouse sectors across the quarter, high street yields have remained stable across all sub-sectors.
- UK Institutions represented 29% of the purchaser profile, but by representing 68% of the vendor profile were net vendors by £149m. Overseas Investors and Property Co.'s were the greatest net purchasers at £54m and £47m respectively.
- Consumer confidence returned to pre-Brexit levels in September and well above the long-term average but marginally fell back in October following fears of rising inflation and limited real disposable income growth in 2017.

Quarterly High Street Transactions, £mn



Source: Cushman & Wakefield

ONS Retail Sales, Value and Volume



Source: ONS



GfK Consumer Confidence (Index)

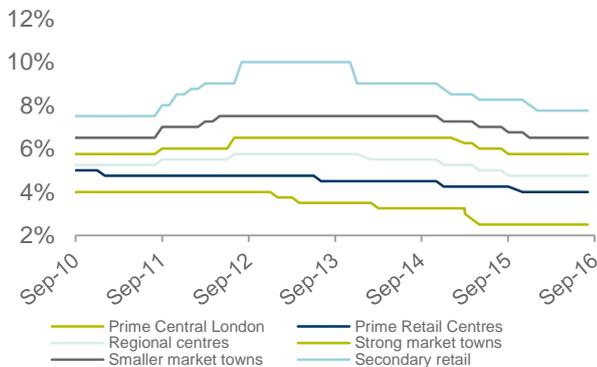
Source: GfK



Consumer confidence bounced back after an initial fall following the EU referendum but marginally fell in October.

High Street Yields (%)

Source: Cushman & Wakefield



High street sub-sector yields remained stable over Q3 2016.

High Street Rental Growth, Monthly Y-Y

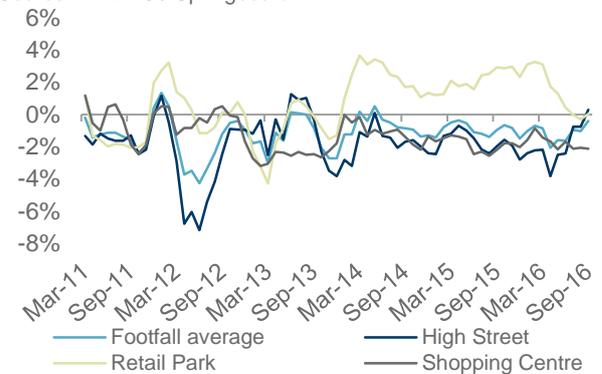
Source: IPD September 2016 Monthly Digest



-0.2% monthly decline in market rental growth in July but 0.2% growth in both August and September.

Footfall (rolling 3 month average)

Source: BRC / Springboard



Total footfall fell 0.9% in September 2016 (y-y), with high street footfall down 0.5% after two consecutive months of growth

UK High Street Investment Market – Top 3 Investment Transactions Q3 2016

	Town	Vendor	Purchaser	Price £M	Yield (%)
New George Street	Plymouth	M&G	British Land	63.28	6.35
9-19 St Mary Street	Cardiff	M&G	Rosette Merchant Bank	37.00	6.25
Haymarket Towers	Leicester	Aberdeen	Fairacre	29.00	7.25

Source: Cushman & Wakefield



Chris Lewis, Head of UK High Street Investment

“Sustained investor demand has been driven primarily by a handful of domestic high net worth individuals in the midst of prevailing low interest rates and also overseas investors drawn in by weakening sterling. The traditional mainstay investors are slowly returning post-Brexit as the retail funds lower their drawbridges and open for business once more. We do not envisage any meaningful activity from the UK institutions prior to Christmas, primarily due to a lack of suitable stock but also due to a degree of cautiousness on their behalf.”



Jonathan Rumsey, Head of UK Retail Market Analysis

“ONS monthly year-on-year retail sales volumes grew for the 42nd consecutive month in September. This, combined with a bounce back in consumer confidence levels and rolling average footfall turning positive in the high street sector for the first time since May 2014, reveals a positive story for the UK retail market. Despite the shopping centre and retail warehouse markets reporting declining investment volumes, the high street has bucked this trend and is attracting increased investment.”

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