

RETAIL IN DETAIL

14th February 2014

WEEKLY RETAIL NEWS HIGHLIGHTS FROM AROUND THE MARKET

KNIGHT FRANK RETAIL NEWS

GENERAL RETAIL NEWS

Karen Millen the fashion retailer, will open a new 8,000 sq ft flagship store in Knightsbridge in Easter 2014, doubling the size of its largest existing store. The shop will sit between Harrods and Harvey Nichols and feature a new design studio offering bespoke fashion items. The launch forms part of the company's expansion strategy, with 44 store openings planned worldwide in 2014.

DSquared2 the Italian fashion retailer, will open its first standalone store at 49 Conduit Street. The company has taken a 15-year lease on the unit paying a total annual rent of £1.3m pax on the 8,000 sq ft store, representing a Zone A rent of £350 psf.

Pizza Express the restaurant chain, has agreed a new 25-year lease at an annual rent of £50,000 on a 3,000 sq ft site at Marine Point Retail and Leisure Park in New Brighton, the Wirral, taking the scheme to 97% let.

Asda the supermarket, has agreed to anchor St Modwen's Leegate Shopping Centre redevelopment scheme in Lewisham. The retailer will take a 68,000 sq ft unit in the proposed mixed-use development.

Designer Jumble the pop-up fashion concept, has opened a temporary store until 1 June at Westfield, Stratford. The shop will sell vintage and second hand designer clothes and accessories as well as housing upcoming fashion labels, with prices ranging from £5 to £350.

Quintain the London Designer Outlet owner, announced that the Wembley scheme has attracted over 1 million visitors in its first 11 weeks of trading to 7 January. The 350,000 sq ft scheme is 87% let after Bench, New Balance and Replay all agreed to take space.

H&M the fashion retailer, will open its first store in India in 2014. The move forms part of its international expansion strategy, which will also include first stores opening in the Philippines and Australia to add to its 3,100 stores across 53 global markets.

Armani the luxury fashion brand, is in talks to open a flagship store and boutique hotel on Charing Cross Road, WC2. The high end retailer is one of a number of parties discussing the long leasehold interest in Soho Estates' 80,000 sq ft retail and hotel redevelopment scheme.

Sainsbury's the supermarket, has set a record low yield for a supermarket investment deal. Its 32,500 sq ft store in Werter Road, Putney went under offer for around £23m, reflecting a net initial yield of 3.7%. The supermarket has a 25 year lease until 2035 at a passing rent of £888,653.

Benito's Hat the Mexican restaurant chain, will open its sixth UK site on Leadenhall Street, EC3 in mid-March 2014. The 1,800 sq ft unit is across three floors and will include a hidden cocktail bar on the third floor. The company are targeting ten branches in 2014.

Côte the brasserie chain, has announced plans to add ten sites to its 47-store portfolio in 2014. The company will launch new units in Kingston and Manchester in March 2014 and two more in Wokingham and Cobham in summer 2014.

Jamaica Patty Company the meat restaurant concept, has taken an assignment of the lease on a 510 sq ft unit in Covent Garden. The company will launch at the former Spud unit on New Row in spring 2014.



24 Earlham Street, Covent Garden

Knight Frank Retail are pleased to announce the letting of the first CoCo Bubble Tea store in the UK at 24 Earlham Street.

CoCo is the largest bubble tea franchise with over 1,400 outlets worldwide. The tenant has signed a 10-year lease on the 1,116 sq ft unit, setting a new rental tone for this location.



London Fashion Week 2014 starts today, running from 14-18 February.

TWEET OF THE WEEK



Knight Frank Retail
@KFRetail



6th February 2014

LondonMetric activity tops £1bn!
@knightfrank advised on over
£170m of these transactions

RETAILER SENTIMENT

Dunelm the homeware retailer, posted a 2.9% increase in pre-tax profit to £61.6m in the 26 weeks to 28 December 2013. In the same period, total sales increase 4.8% to £356.3m. However, like-for-like sales decreased 0.9% overall, having been hit with a 5.3% drop in the first quarter before increasing 2.9% in the second. Online sales also increased over the half-year by 50%, with multichannel sales representing 6% of total revenue. This followed the launch of five net superstores in the period, bringing the total to 131. The positive results come as the company has announced its plans to expand into furniture, with its first garden furniture range due to launch at the end of its financial year.

RETAIL OUTLOOK FOR THIS WEEK



Monsoon Accessorize the fashion and accessories group, has announced a pre-tax profit of £18.1m in the financial year to 31 August 2013. The results are positive set against a pre-tax loss of £2.4m in the same period in 2012. Group turnover increased 4.3% in the period to £551.9m, boosted by a particularly large increase in like-for-like international sales, which rose from £62.6m to £83.5m in the period. The company's EBITDA also increased 32.6% to £62.2m in the year after the group recovered from its worst ever trading year in 2012. The results came after a streamlining of its UK portfolio, with 44 stores closed to bring the number to 355.



John Lewis the department store, defied the bad weather to record a 3.3% year-on-year sales rise last week to £65.8m. Footfall decreased in 26 of its 40 stores, but online sales increased 17.7% as consumers stayed away from shops. Waitrose also recorded a year-on-year sales increase of 5.8% to £118.3m in the week, with champagne and chocolate sales soaring in the approach to Valentine's Day.

Did You Know?

Adidas and Puma were founded by brothers Adi and Rudi Dassler after a rift between the two. The rival companies were based either side of the Aurach River in Herzogenaurach, Germany.

MARKET SENTIMENT

The Government have announced plans to waive business rates for the next three months following the impact of adverse weather conditions on the nation's retailers. Businesses will also be able to defer VAT, PAYE and corporation tax for the same period. David Cameron's announcement has come as a direct result of the effect flooding has had on footfall across the UK. Research by Springboard has show that in the southwest, high street footfall declined 30% year-on-year on Monday and 12.6% on Tuesday.

Similarly, footfall across Wales declined 18.6% on Monday and 17.7% on Tuesday. The flooding and winds were felt by Debenhams, who closed two stores early in Bangor and Llandudno as well as closing the basement of its Staines store after water damage. In Reading, B&Q and the Oracle shopping centre were both forced to shut their submerged car parks, as was Sainsbury's in Canterbury. Online delivery has also been affected, with major backlogs reported by some retailers.

Adversely, sales volumes of products related to floods have increased across the UK. B&Q de-humidifier sales have increased 44% year-on-year since the adverse weather began, while sales of mops and buckets have also soared. Retailers have also been active in combatting the conditions – Asda has donated £400,000 to local communities in areas that have been particularly affected while staff at a Tesco Metro in Somerset have worked with lifeboat teams to help get food supplies to villages, allowing future payment.

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