

# RETAIL IN DETAIL

26<sup>th</sup> September 2014

WEEKLY RETAIL NEWS HIGHLIGHTS FROM AROUND THE MARKET

KNIGHT FRANK RETAIL NEWS

## GENERAL RETAIL NEWS

**Victoria Beckham** the fashion designer, has opened her first-ever store at 36 Dover Street in London's Mayfair.

**Ted Baker** the fashion brand, is to open a new concept store in London's Spitalfields. The retailer has agreed to let 3,200 sq ft at 132 Commercial Street, E1, adjacent to Urban Outfitters.

**Links of London** and **Folli Follie** the jewellery brands, have signed for new space in Park House on Oxford Street. They will occupy 4,028 sq ft of the 500,000 sq ft building.

**Emilia Wickstead** the London-based fashion designer, has signed for a new store at 162 Sloane Street. The 2,000 sq ft store is situated near to Chloe, Cartier and Rag & Bone.

**EE** and **Vodafone** the network providers, have bought 58 and 140 Phones 4U stores from administrators PwC. The group of stores were bought for £2.5m and £12.5m respectively.

**Burger and Lobster** the restaurant chain, is set to open a venue in Cardiff this December. They will occupy 11,490 sq ft on a 25-year lease.

**Rigby & Peller** the up-market lingerie retailer, hope to triple the size of their UK and Ireland operation, expanding from 9 stores to between 30 and 40 stores over the next five years.

**Cycle Republic** part of the retailer Halfords, is planning to open its first store in Euston targeted at the London commuter market. It will be their first store in the capital.

**Card Factory** the greetings card chain, is planning to open a small number of stores in the Republic Of Ireland following its Initial Public Offering in May.

**Club Monaco** the fashion brand owned by Ralph Lauren, opened a new womenswear store over two floors on Sloane Square in August.

**Pierre Hermé** the macaroon maestro, is to open a new London boutique on Shaftesbury's Seven Dials. The patisserie has taken a 596 sq ft standalone store at 38 Monmouth Street, WC2, due to open this November.

**Calzedonia** the Italian swimwear and hosiery brand, has signed its first store outside of London. The 1,900 sq ft store will open on Churchill Square in Brighton later this year and will be the fifth store the brand opens within the UK.

**Ben Sherman** the men's fashion brand, will relocate from their current store at 49 Long Acre to 119 Long Acre, Covent Garden on 15<sup>th</sup> November.

**Dirty Martini** the bar chain, has secured a new venue in St. Paul's, London. The new bar will be the brand's fifth site in London and their third endeavour in the City.

**The Content Store** the independent retailer and brainchild of Mark Batista the fashion designer, has launched its new store in Farringdon, London this week.

**The Clink** a prison initiative that provides restaurant dining within HM Prisons, will open a fourth venue in HMP Styal, Cheshire next year. This will be the first of its kind in the North and the first to be within a women's prison.

**Claire's** the accessories retailer, will open Claire's branded shops in **Toys'R'Us** stores around the world having entered a strategic partnership with the toy retailer.



**Sainsbury's, PFS & KFC, Middlehaven, Middlesbrough.**

The Knight Frank Retail Team acted on behalf of their client Terrace Hill in agreeing the forward funding of a supermarket-led development in the North East. The deal was agreed at £50.6 million with Osprey Equity Partners and will fund the 125,000 sq ft Sainsbury's store, petrol filling station and 3,650 sq ft KFC restaurant in Middlesbrough.

## TWEET OF THE WEEK



**Knight Frank Retail**  
@KFRetail



24<sup>th</sup> September 2014

@Crossrail to deliver an additional 166m #transumers to Central London per year #GlobalCities #research

<http://www.knightfrank.com/global-cities-index-2015>

# RETAILER OPTIMISM

**H&M** the fashion retailer, has reported an increase in operating profit of 20% in its third quarter. In the three months to August, group sales including VAT increased by 16% in local currencies. Sales excluding VAT amounted to SEK 38,805 million (£3,294 million), an increase of 21% from SEK 32,040 million (£2,720 million) last year. However, sales in the period 1<sup>st</sup> September to 23<sup>rd</sup> September slowed, increasing by just 7% compared to the same period last year. H&M will make its debut in The Philippines next month although its opening in India has been postponed from this autumn until 2015. Next year H&M will enter South Africa, Peru, Taiwan and Macau. The retailer looks on course to hit its expansion plan for 2014 with a planned net addition of 375 new stores including the opening of another flagship store on Fifth Avenue in New York.



New data released this week has shown that high street vacancy rates are falling at the fastest rate for at least eight years. According to the recent survey, vacancy rates on the UK high street have fallen from 15.1% six months ago to 13% as the UK is finally recovering from the blow of the financial crisis. The drop in the number of empty shops is the biggest since the survey began in October 2006.

## RETAIL OUTLOOK FOR THIS WEEK



**House of Fraser** the department store, has released new financial reports that saw its first half EBITDA rise to £8.6 million from £7.5 million in the same period in the previous year as like-for-like sales rose by 4.2%. The department store's gross transaction value in the period reached £542 million while store sales edged up by 1.2% year-on-year. Having been acquired by Chinese retail group Nanjing Cenbest, House of Fraser attributed much of the growth to its multi-channel strategy and improved e-commerce site. Online sales surged by 29% and accounted for 14.2% of total sales. House of Fraser is committing £150 million of investment in the UK over the next four years to further improve customer experience. This will include improving store environments and enhancing its online platform.



**Moss Bro's** the formalwear retailer, has reported a 4.6% increase in first half total revenue with like-for-like sales growing by 6.4%. In the 26 weeks to 26 July revenues climbed to £55.8 million compared to £53.3 million in the same period last year. However, pre-tax profit dropped to £2 million from £2.2 million which the company attributed to a higher number of stores being closed for refit. Online sales increased by 100% to account for 6.8% of total group revenue.

### Did You Know?

The founders of Whole Foods Market were once evicted from their apartment and moved into the store. They were forced to connect a water hose to their dishwasher to perform their morning ablutions.

## MARKET SENTIMENT

It has been driven by the improving UK economy and the increasing confidence of retailers as they adapt to the rise of online shopping. There have been some exceptions as exemplified with the collapse of Phones 4U that has put another 550 high street stores at risk, although Vodafone and EE have taken on 198 stores between them, as well as Dixons Carphone who took on 160 Phones 4U concessions in its Currys and PC World stores. This news combined with Tesco overstating its expected half-year

profit by £250 million (due to the accelerated recognition of commercial income and delayed accrual of costs) has caused its share price to fall by 21% in the past 5 days as a result. Auditors have warned retailers including Sainsbury's, Morrisons and Travis Perkins that they could be at risk of a similar accounting crisis. On a lighter note the UK Weekly Footfall Index has reported an increase of 2.4% week-on-week and a fall of 3.6% year-on-year.

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