

Retail Renaissance 2026



Six Papers: a Compendium

2026

Six papers exploring key themes that are defining the Retail landscape and will play out going forward

knightfrank.co.uk/research



Contents

P3 FOREWORD

P4 PAPER #1

Death of online?

P12 PAPER #2

Store wars: A new hope

P18 PAPER #3

RWH: Sleepwalking towards a supply crisis?

P26 PAPER #4

intu: Where have they gone to?

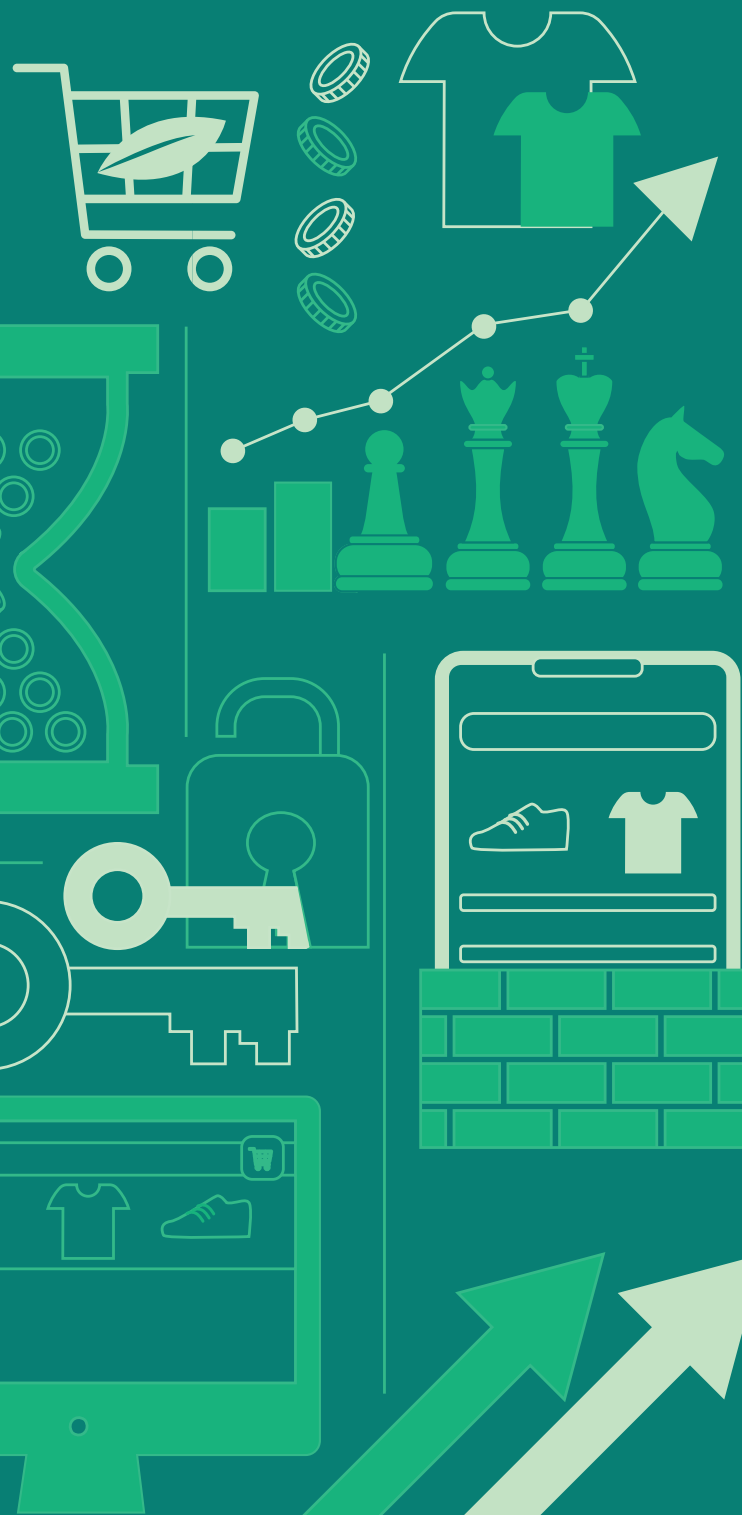
P34 PAPER #5

High St: Never Say Never Again

P42 PAPER #6

Business Rates: Making the inequitable palatable

P52 CONTACTS



Foreword

AUTHOR:



STEPHEN SPRINGHAM – PARTNER,
HEAD OF RETAIL INSIGHT

Retail – Tough at the Top.

An unlikely rise that has been a long time coming. And certainly isn't being taken for granted.

Through an often painful journey of reflection and self-help, Retail re-emerged as the best performing real estate sector in 2024, achieving total returns of 8.1% (vs 5.5% for All Property). And it has continued to defy the odds ever since, repeating the feat in 2025 (8.2% vs 5.6%) and on course to complete an unlikely hat-trick this year (7.4% vs 5.2%).

But, as the sporting cliché goes, the only thing harder than getting to the top is staying there. Having re-scaled the heights, there is no place for complacency – after all, complacency was one of the very forces that conspired to undermine the Retail market in the first place. Once bitten, twice shy.

Rather than a victory parade, Retail Renaissance 2026 acknowledges many of the challenges that the Retail sector still faces. Above all, we explore six key factors that are currently shaping and defining the Retail landscape and will continue to play out for a considerable time to come.

Death of Online? Maybe not literally, but an overdue killing off of the lazy narrative around e-commerce being a supposed indestructible force on an exponential growth trajectory. The actual direction of travel? Online increasingly an ally to physical retail, rather than an adversary.

Store Wars – a new Hope? Retailers going 'back to basics' and re-embracing core retail disciplines. And investing heavily in their physical estates to ensure they are both consumer-centric

and fit-for-purpose, breaking a vicious circle of long-term neglect.

RWH: Sleepwalking towards a Supply Crisis? Under-supply and Retail may seem the oddest of bedfellows, but this is increasingly becoming a reality in retail warehousing. Finite supply, rampant occupier demand and a thin development pipeline are collectively driving down vacancy rates to record lows, but equally raising red flags as to potential future supply shortages.

intu: where have they gone to? Six years on from the demise of intu, many of the assets are finally coming to the market. The schemes are attracting a new breed of willing, proactive and committed owners, underlining the fact that Regional Shopping Centres remain not only relevant but also the bedrock of the UK retail scene.

High St: Never Say Never Again. A significant U-turn from a growing number of institutional investors who vowed never to touch high street retail again. But the investment playbook this time around needs to be very different from the one that was deployed previously. Less property-led and geographically-blinkered, more forensic and occupier-focussed.

Business Rates: Making the Inequitable Palatable. Retail & Hospitality bearing a disproportionately high burden of a business rate system in need to total reform. But merely 'levelling the playfield' between online and the high street is incredibly complex, as past and incumbent governments have discovered.

Retail – Tough at the Top. But pressure is a privilege.

Paper #1: Death of online?



Paper #1: Death of online?

Disruption of the disruptors, the hunter becomes the hunted

AUTHOR: STEPHEN SPRINGHAM – PARTNER, HEAD OF RETAIL INSIGHT

3 KEY TAKEAWAYS:

- The days of exponential online growth are over – the new norm is of online broadly tracking overall retail sales, but with erratic and seasonal monthly swings.
- The online market is subject to evolutionary structural change (with a whole host of moving parts), the key by-product being that multi-channel is growing far faster than online pure-play.
- Multi-channel operators are now at scale with their online infrastructure – freeing up investment / capex for physical stores, with digitally-enhanced capability.

Death of the high street. A phrase that readily trips off the tongue because we have heard it so often. The stock reason for the supposed demise of our beleaguered town centres? The rise of e-commerce, which has mercilessly rendered redundant the institution of a high street shop.

Death of online? A phrase barely contemplated, let alone uttered. Yet increasingly a 'market' hamstrung by pedestrian or erratic sales growth and experiencing shake-out of weaker, less relevant, poorly-capitalised operators. And facing up to its own structural challenges.

Maybe the high street and online have more in common than is widely perceived?

NEBULOUS NUMBERS AND NARRATIVE

And that is exactly the point. For too long, the narrative around online has been simplistic at best, deeply erroneous at worst. The embedded notion is that online is a merciless, omnipotent force against which the high street is powerless to compete. The online 'market' is therefore growing exponentially, high street operators mere prey to their online pure-play counterparts, led by ringmaster-in-chief Amazon.

This notion is unravelling. Fast. The key fact above all else is that online isn't an indestructible force, nor is it even correct to term it a 'market' as such. In retailing terms, online is merely a channel of distribution. There are a number of channels of distribution within retail (e.g. physical stores in their multitude of guises, direct-to-consumer, market stalls, warehouse clubs, wholesale, cash & carry, mail order, TV shopping etc.), online is just a sub-sector within a much bigger market. There is significant cross-over between retail's various channels of distribution and, more often than not, they work in harmony rather than discord. A fact that is becoming clearer all the time.

But binary-based thinking has always driven a thirst for empirical quantification and explosive growth numbers and spiralling penetration rates have traditionally fed the 'false' narrative. Understanding online has

"In retailing terms, online is merely a channel of distribution."

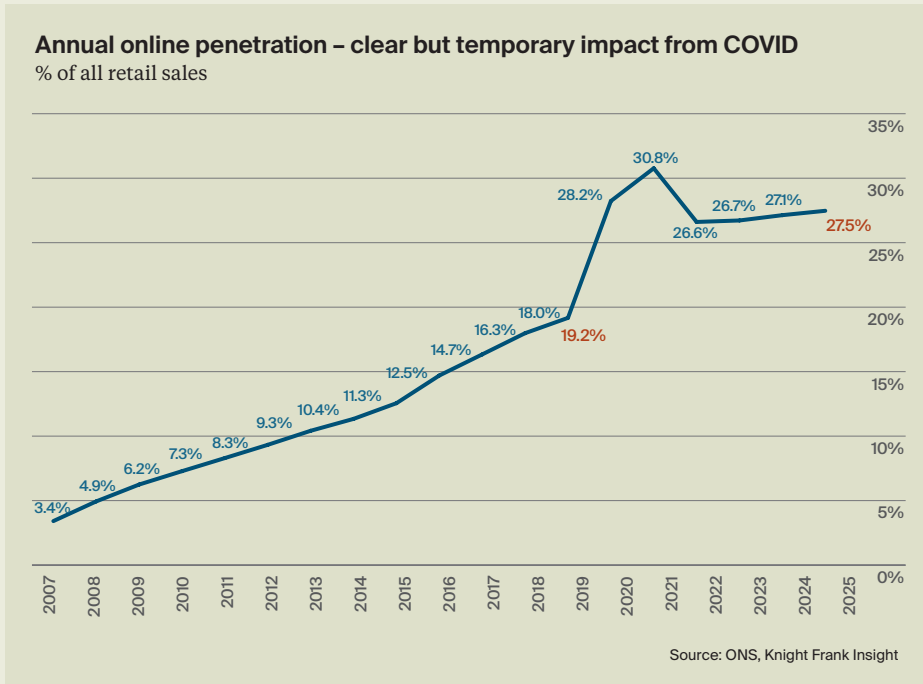
"There is significant cross-over between retail's various channels of distribution and, more often than not, they work in harmony rather than discord. A fact that is becoming clearer all the time."

never been about the numbers in isolation, yet disproportionate weight has always been given to online penetration figures. These may tell a story, but it is not the full one and does scant justice the complexities of a rapidly changing retail market.

Taking the penetration numbers at face value, there are three clear phases of online evolution – pre-COVID, COVID itself and post-COVID. Woefully simplistic, the narrative is fundamentally that online was a huge growth 'market' before COVID, the pandemic turbo-boostered this to the stratosphere. And it has not looked back since.

PRE-COVID

For a long time, the hype superseded the reality. Even Next, an indisputable 'best in class' online operator now, was initially deeply sceptical of the potential of online in the late 1990s, despite having a massive head start through its Directory business. Online penetration did not hit 5% until 2008/9. But exponential growth really took root thereafter, with penetration routinely increasing by +100bps to +150bps per annum before COVID took hold. Online penetration was just shy of 20% (19.2%) in 2019, the last full year before the pandemic.



COVID ITSELF

Weird times, abnormal trends, misguided conjectures. Online penetration did inevitably spike during those crazy days, but more by default than design, more by necessity than choice. The lazy narrative is that consumers went on a voyage of online discovery during COVID, when data from Mintel showed that around 95% of shoppers already shopped online prior to the pandemic.

The spike in online penetration was actually driven as much by basic mathematics as it was a shift in consumer preferences. Online sales increased as consumers were denied the privilege of visiting stores during lockdown, and overall retail spending contracted as not all retail channels were operational. The numerator increased, the denominator decreased – simple maths.

On an annualised basis, online penetration hit 28.2% in 2020. Over

the course of 2020/21, monthly online penetration hit a high water mark of 37.2% in February 2021. Lesser analysts predicted that we were on course to hit 50% sooner rather than later, completely disregarding that these peaks were artificial and purely temporary, as time has now proved.

POST-COVID

After the highs, the great rebase. Monthly online penetration slowly decreased from February 2021, the

“Online penetration did inevitably spike during those crazy days, but more by default than design, more by necessity than choice.”

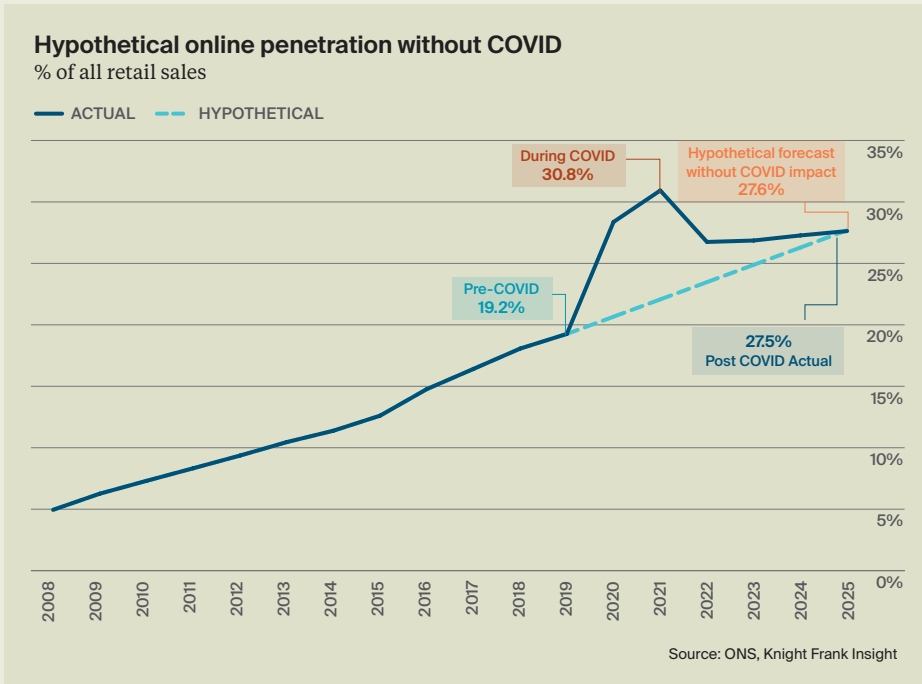
“The great answered question was what the growth profile looked like post-COVID. Many assumed that normal service would just resume and online penetration would just kick on as before.”

rebasings finally bottoming out in July 2022 at 25.7% – tangibly higher than the level at which it entered COVID (19.2%).

The great answered question was what the growth profile looked like post-COVID. Many assumed that normal service would just resume and online penetration would just kick on as before.

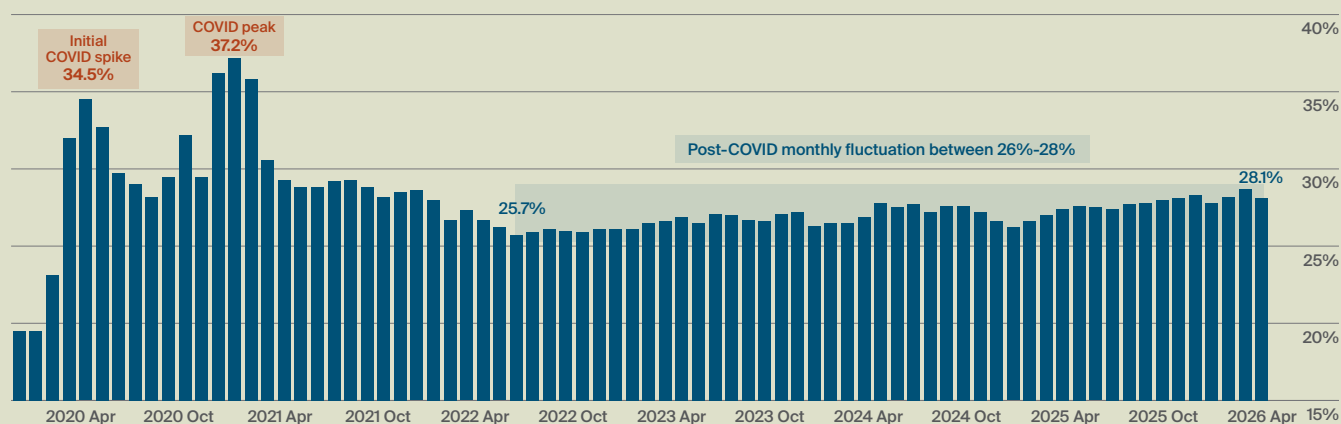
With the benefit of more than three years’ data and experience, we now know that this is not the case. Online growth is definitely slowing. Online penetration in 2025 was 27.5%. Had COVID hypothetically not happened and penetration had grown at historic growth rates, we would have been at very much the same level (27.6%).

COVID’s boost to online was temporary – we are now entering something infinitely more complex.



Monthly online penetration 2020-2026 YTD

% of all retail sales



Source: ONS, Knight Frank Insight

SEASONALITY SWINGS

The new norm is of a fairly stabilised, almost static market on an annualised basis, belying highly erratic monthly patterns. Online demand ebbs and flows on a monthly basis, the upticks and dips broadly cancelling each other out and resulting in a largely neutral position.

Since the rebase bottomed out in July 2022, monthly online penetration has consistently bumped along at somewhere between 26% and 28%, only occasionally falling either side of these thresholds. The direction of travel is by no means consistent nor linear. For example, the latest available figures at time of writing show that online penetration in April 2026 was 28.1%, lower than it was in December 2025 (28.3%). In

essence, online has gone backwards since Christmas.

On the surface erratic, these patterns are in fact predictable to a point in that they show clear signs of seasonality. The peak month for online is unquestionably November, which accounted for 11.3% of annual online spend in 2025, followed by 10.8% for December. This reflects the fact that Black Friday is far more an online phenomenon in the UK than it is in its native US, where it was originally conceived as (and to a degree remains) a store-based event.

This November skew is even starker when juxtaposed with the seasonality of all retail spending. Despite all the noise around Black Friday, November is a relatively sedate month for UK retail sales – it is only the fifth busiest

month of the year for retail sales (8.7%), behind December, September, June and March

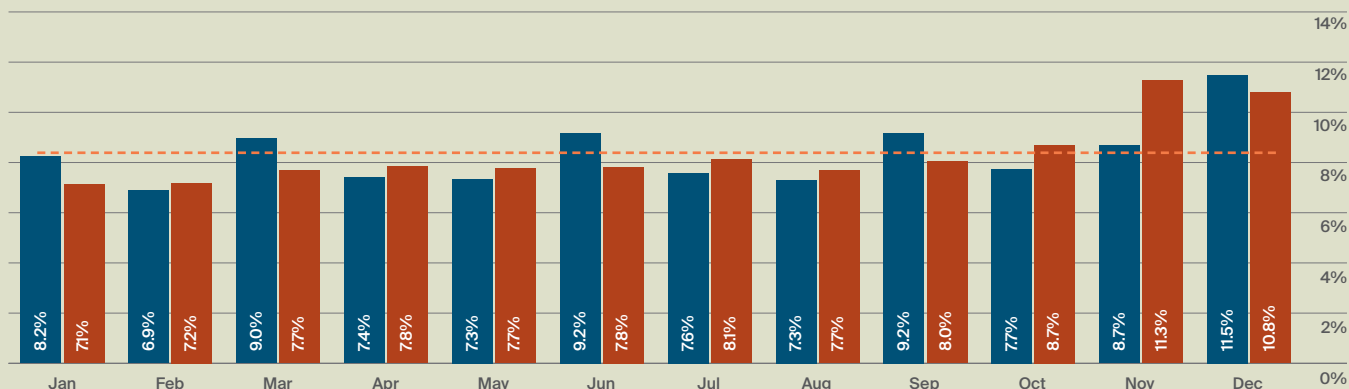
Obviously, the weather will also have a marked impact on demand patterns. As a basic rule of thumb, the worse the weather, the more incentive consumers have to stay at home and order online, rather than brave the elements to venture to the high street. But, of course, weather in the UK is highly unpredictable.

So, online highly susceptible to seasonal trading patterns and also exposed to the vagaries of the UK weather. Much like the rest of UK retailing – again, is there much difference between channels of distribution, or are they all just passengers, or rather rowers, in the same boat?

Seasonality of online retail sales vs all retail sales 2025

% of total annual sales by month

■ ALL RETAIL SALES ■ ONLINE RETAIL SALES



Source: ONS, Knight Frank Insight

“Multi-channel is growing significantly faster than online pure-play – and this trend / structural change is likely to accelerate going forward.”

THE MARCH OF MULTI-CHANNEL

As a channel of distribution, online carries a myriad of permutations and combinations. A whole host of point-of-purchase options (e.g. PC, phone, tablet, TV, in-store) multiplied by a number of fulfilment possibilities (e.g. delivery to home or workplace, click & collect in-store or 3rd party drop-off point), with a few other multipliers in between (e.g. orders serviced from a central warehouse, a last-mile logistics hub, or from a store).

But there are largely only two types of protagonists in the online ‘market’: online pure-players (those that operate exclusively online and have no physical presence) and multi-channel operators (those that operate both a store network and online capability). This is where fundamental, structural change is at its most pronounced in the market and where the numbers do have more relevance.

In very simple terms, multi-channel is growing significantly faster than online pure-play – and this trend / structural change is likely to accelerate going forward.

Online: Path to purchase permutations and combinations

POINT OF PURCHASE	ORDER SERVICED BY	FULFILMENT LOCATION
Phone	Central Warehouse	Home Delivery
PC	Last Mile Logistics Hub	Workplace Delivery
Tablet	Direct from Manufacturer	Click & Collect - store
TV	Store	Click & Collect - 3rd party collection point
In-store		Locker

In 2024, the online ‘market’ grew by +2.9%. Multi-channel grew at more than double the rate of online pure-play (+4.1% vs +1.6%). Similar dynamics last year, with almost perfect maths to boot. The overall online ‘market’ grew +4.6% overall, with multi-channel (+5.6%) outpacing online pure-play (+3.6%) by some margin.

As a result, the share of online spend tipped further into multi-channel’s favour (52.9% vs online pure-play’s 47.1%). This was by no means always the case. The two first reached virtual 50:50 equilibrium in 2016, before online pure-plays become the dominant force. However, COVID saw a significant reverse that has accelerated in recent years.

The over-arching takeaway from this is the old retail adage that consumers shop brands, not channels. They are more likely to be loyal to a brand they trust, be that multi-channel or pure-play. They will not shop a channel for channel’s sake. And most are actually channel agnostic.

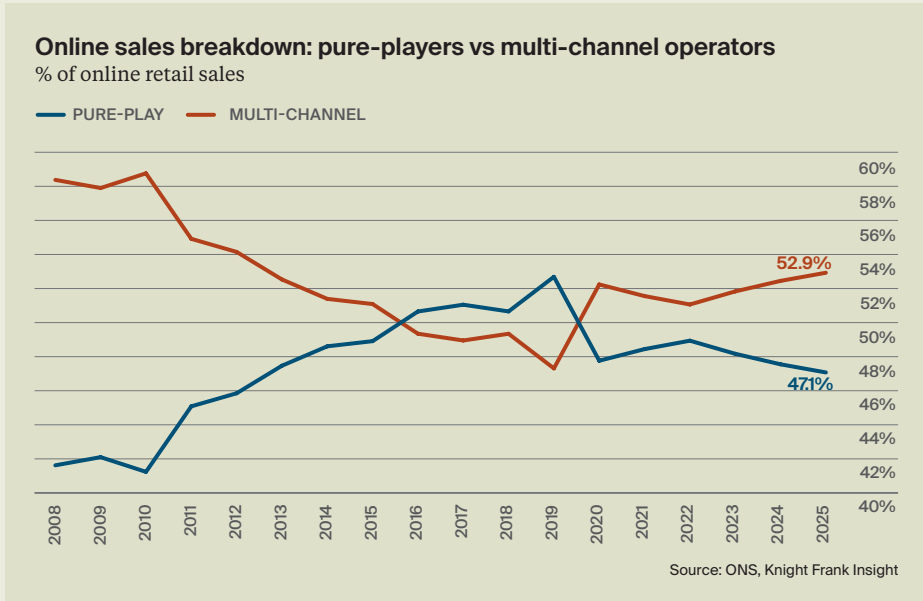
If that is the headline market dynamic, there are a number of moving parts below the surface that are underscoring this evolutionary structural change:

- Fall-out / failure of pure-play operators
- M&A activity
- Operators ‘crossing the divide’
- Stronger organic growth from multi-channel operators.

Fall-out / failure of pure-play operators

Retail is sadly synonymous with operator failure. COVID prompted a further shake-out of the retail industry and a number of key high street names are no longer with us. But failure is no longer the unwanted preserve of high street operators – many online pure-plays have suffered a similar fate.

Missguided, Farfetch and Matches are just three of the highest profile pure-play casualties, but the Centre of Retail Research highlights a large number of other online-only operators that have gone into administration over the last couple of years (e.g. BrandAlley, Silkfred, Gandys, Jules B, eBuyer, In The Style, Dancing Leopard). Furthermore, Knight Frank’s Retailer Watchlist (which rates the Top 300 UK Retailers by turnover)



“These figures should put to rest any notion that being an online pureplay makes an operator immune to wider retail market pressures. It doesn’t, it means you only operate in one channel and this won’t provide defence in itself.”

highlights a number of ongoing risks. The Top 300 retailers includes 61 pure-play operators – of these, 27 (44%) are at risk of administration or CVA.

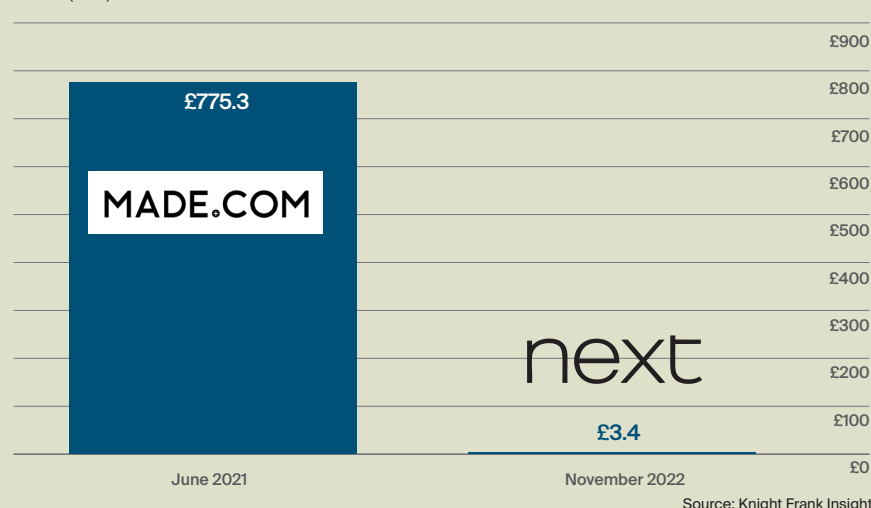
These figures should put to rest any notion that being an online pureplay makes an operator immune to wider retail market pressures. It doesn’t, it means you only operate in one channel and this won’t provide defence in itself (remember – consumers shop brands, not channels). Many online pure-players are relative upstarts and many will still be trading at a loss – investor cash may be finite and once that has burnt through, there is no safety net. The barriers to entry to online retailing are exceedingly low – a product, a website and access to a fulfilment network. But the barriers to exit are equally low – very few physical assets or intellectual capital to fall back on or to provide breathing space. It remains an easy come, easy go market.

M&A activity

The worm has turned. Such was the severity of stock market re-ratings of many traditional high street retailers that they became easy prey for online predators. The highest profile deals of this nature came in the wake of COVID, with ASOS paying a total of £330m for the Arcadia brands in 2021 (which included stock). Meanwhile Boohoo paid just £55m to acquire the Debenhams brand, website and intellectual property the same year.

That was then, this is now. Trading has proved far tougher for many of the online pure-players post COVID and the City honeymoon is definitely over. The takeovers of Missguided by Frasers Group (for £20m), Eve Sleep by Bensons for Beds (for £600k) and Made.com by Next were all examples of multi-channel operators acquiring online disruptors.

The rise and fall of Made.com – IPO value vs purchase price
Value (£m)



Next’s purchase of Made.com for just £3.4m, compared to a market value of £775m at the time of its IPO in June 2021, surely remains one of the greatest examples of stock mispricing on the basis of online hype.

The likes of ASOS and Boohoo have since retrenched and embarked on deep-seated restructuring and cost-cutting programmes. These are starting to bear fruit now, but they have constrained top-line growth for a number of years – another key moving part in the march of multi-channel. Many of the online pure-players are on a far lower growth trajectory than they were before.

Maybe more symbolic than market-defining, Boohoo rebranded itself as Debenhams Group in March 2025. There is certain irony in an online insurgent buying a high street stalwart for a song, then adopting its name in a bid to restore credibility.

‘Crossing the Divide’

Retail channels of distribution are fluid and increasingly complementary. ‘Crossing the divide’ is essentially a two-way street: store-based operators can branch into online by launching a website and building this into their brand proposition. Equally, online pure-players can open physical stores. Either way, both are examples of single channel retailers morphing into multi-channel operators.

But there have been infinitely more examples of the former than the latter. With a few notable exceptions, the

vast majority of store-based operators are now multi-channel. For many, the transition has been anything but smooth and the journey has been a slow, painful and costly one – and is still ongoing. But the transition has been made nonetheless.

The physical to multi-channel race is almost run. There are a number of key outliers, key ones being Primark, Aldi, Lidl, B&M, Home Bargains and Poundland. Two common denominators here. Firstly, they are all value-based players. Secondly, with the exception of Poundland, they are all strong performing operators. Becoming a fully-fledged multi-channel operator would bring complexity and cost that do not suit their respective business models. Question marks persist around Primark’s willingness to embrace online (it only offers click & collect currently), but a full online embrace would represent a huge shift in strategy (but further enhance the multi-channel share metrics).

There has been considerable narrative around online pure-plays traversing the divide and opening physical stores, but to date relatively few examples of any scale. Where online pure-plays have opened stores, they have tended to be in flagship or pop-up locations, the store acting as much as a showcase for the brand as a revenue-earning entity in its own right. Acquisitions tend to be very piecemeal. Gymshark is a good example of this. It opened its first store on Regent Street,

before venturing into the two Westfield schemes, with Trafford Centre next on the hit list. All well and good, but we are still waiting for many examples of online pure-players achieving a national physical presence.

Amazon, the standard-bearer for online pure-play, has tried twice to make the transition to become a multi-channel operator in the UK. And failed twice. Technically, it is a multi-channel operator already through its ownership of Whole Foods, but few would classify it as such. Amazon 4-Star never got beyond a two-store trial (at Bluewater and Westfield London) and despite being launched to huge fanfare in 2021, the Amazon Fresh c-store chain

was discontinued at the end of 2025. Clearly, Amazon was unable to make physical retailing viable.

The multi-channel transition for store-based retailers has not been easy. But for online pure-players, it is apparently harder still, certainly on the evidence to date.

Stronger organic growth from multi-channel operators

Having made the transition, multi-channel operators now have the most versatile infrastructure and are now best placed to capitalise on potential organic growth.

Successfully building online capability has been hugely capital-intensive for the store-based retailers. In very simple terms, whole distribution networks and supply chain operations have been totally overhauled, with massive investment in any number of related disciplines e.g. warehousing, logistics, IT etc etc. Ensuring that the platform for online development was fit-for-purpose has seen disproportionate amounts of capex deployed for a number of years. At the same time, this has often left the ‘bread and butter’ of the business, the stores

themselves, neglected. The physical estate has been the poor relation of online.

But now we are something of positive inflection point. Most multi-channel operators are now at scale in terms of their online infrastructure and online capex requirements are less ‘lumpy’ than before. The heavy-lifting has been done and this is freeing up capital for investment elsewhere in the business. As we discuss in Paper 2 of this series, increasingly this investment is finding its way back into the store base, as much through store upgrades and refurbishments as through new sites.

Store upgrades, refurbishments and new sites that all combine the physical and digital in an integrated, seamless way. A versatile platform from which to drive organic growth. And organic growth is always the best growth – and growth that is more likely to lead to profit.

ONLINE PURE-PLAYERS – THE ‘NEW’ BREED

This structural change is not playing out to a static backdrop. While there has been some fall-out from online pure-players, much larger, more ambitious, better-capitalised operators have

“There has been considerable narrative around online pure-plays traversing the divide and opening physical stores, but to date relatively few examples of any scale.”



emerged to take their place in the UK market – notably Shein, Temu and, most recently, JD.com.

Usually bracketed together, Shein and Temu are in fact fundamentally different online businesses, the former fashion-focussed (already with a share of 3.5% of the UK clothing market, according to GlobalData), the latter a wider marketplace. But the common denominator between the two is ultra-low prices that have completely redefined the parameters of affordability. Market disruption of the highest order.

Sheer scale (not to mention some questionable ESG practices) underpin this pricing strategy, which is helped in no small measure by customs and excise loopholes. Both Shein and Temu take full advantage of 'de minimis' rules, whereby shipments that fall below a certain threshold (£135 in the UK) are exempt from tariffs and duties. The UK government has signalled that it will follow the example of the US (where the threshold is higher at \$800) in removing 'de minimis' exemptions, though bizarrely, not until 2029. This won't scupper Shein's and Temu's growth completely, but it will erode some of their current price advantage.

What of JD.com? The Chinese e-commerce giant initially tried to enter the UK by acquiring Argos from Sainsbury's. That deal did not materialise and current (June 2026) media reports suggest it is now weighing up a bid for The Very Group (the modern-day amalgam of the two mail order business formerly known as GUS and Littlewoods). In the interim, the business launched its own UK business in March 2026 under the banner of Joybuy.

Cue the usual hyperbole and expectation that incumbents retailers will be unable to compete with a global behemoth. In the words of Matthew Nobbs, MD of Joybuy UK: “we’re here to shake up the UK e-commerce market”. Not the UK retail market then? Still an unknown brand in the UK (and what do people shop?), it has a lot to prove.

THE FUTURE - FINAL THOUGHTS

The times they are a-changin'.

The high street isn't dying. In spite of all the negative press and hackneyed narrative, the statistics bear this out. Retail spend totalled some £480bn last year. Retail is still a growth market. In 2025, it grew by

“Having made the transition, multi-channel operators now have the most versatile infrastructure and are now best placed to capitalise on potential organic growth.”

+3.3% in value and by +1.7% in volume terms. It outperformed the wider UK economy (+1.4%). As, indeed, it has for 30+ of the past 40 years. Pretty impressive figures for something that is supposedly in terminal decline.

Online isn't dying either. While the growth statistics are far less explosive than before, it is still a growth market – decelerating growth is not tantamount to negative growth. But the structure of the market is changing, newer operators are emerging to challenge the established players, multi-channel operators are more than able to compete in the space.

Above all, the dividing lines between online and physical have now blurred to the point of being invisible. Think brands, not channels.



Paper #2: Store wars: A new hope



Paper #2: Store wars: a new hope

The high street force awakens

AUTHOR: STEPHEN SPRINGHAM – PARTNER, HEAD OF RETAIL INSIGHT

3 KEY TAKEAWAYS:

- ‘Back to basics’ – the next phase of retail occupiers’ renaissance is seeing a welcome refocus on business fundamentals and overdue re-embrace of basic retail disciplines.
- Physical stores are at last receiving the attention and investment that has been lacking in recent years – M&S and John Lewis are key examples.
- Selective new store acquisitions and refurbishments are proving a catalyst to other positive multiplier effects – vacancy rates are declining and rents are increasing as a result.

Something strange in your neighbourhood. Retailers are going back to basics in a way we’ve not seen for a number of years. Maybe the immediate impact isn’t seismic (or even remotely discernible in some locations) but the tide is slowly turning.

Back to basics – what does that mean? It means refocusing on and

“A retailer focussing on and investing in its stores might not sound the most radical thing in the world, but it has been sorely missing for too long.”

reinvesting in the very fundamentals of the business, the central planks upon which all else depends, the epicentre of the brand. Going right back to the start as a basis for moving forward and driving future growth. Front and centre of this back to basics shift, the stores themselves.

A retailer focussing on and investing in its stores might not sound the most radical thing in the world, but it has been sorely missing for too long. As we identified in our original ‘*Price of Change*’ report, Under-investment and Complacency were two of the structural failings that brought the retail market to its knees, before it underwent its subsequent renaissance. Put simply, store networks were left woefully neglected and starved of investment, creating a vicious circle of decay and deteriorating performance – if a retailer doesn’t care about its stores, why should its customers?

BACK TO THE FUTURE

This vicious circle is slowly being broken. Structural change, compounded by COVID, left many retailers facing an existential crisis that some did not survive. Those that did were forced to embark upon a voyage of self-help, central to which was a root and branch reappraisal of the entire store portfolio.

This process may ostensibly have looked like a straightforward cull of under-performing or loss-making outlets, a one-way street to a smaller, more manageable portfolio. The reality was slightly more multi-dimensional, each store being appraised as part of a wider multi-channel ecosystem, in both the short and longer term. A store not scoring highly in terms of its own

“A store not scoring highly in terms of its own P&L may nevertheless earn its stripes by forming an important cog in the online business.”

P&L may nevertheless earn its stripes by forming an important cog in the online business.

As we discussed in last year’s *Lesson #4: Occupiers Call the Shots*, the balance of power has swung decisively towards retail tenants. Retailers are now more mobile, strategic and increasingly selective in the space they occupy. If space doesn’t serve their purpose, they’ll move on.

This portfolio appraisal process is ongoing and is, in fact, eternal – performance, requirements and needs are subject to constant change. However, much of the more brutal rationalisation has now been completed, store closures are less frequent and, in all likelihood, linked to a lease event.

Most retailers are again acquiring and we are now at an inflection point whereby new openings are starting to outweigh closures. However, we are not seeing a return to the ‘space race’ of the 1990s/2000s – demand is very selective and very few operators are opening 20+ stores per annum (Aldi, Lidl, B&M and Home Bargains being exceptions out-of-town and Söstrene Grene in-town). A large number of retailers and other high street operators each taking a measured amount of space is adding up to a significant pool of demand, the sum of the parts making a large whole.

A few high-profile examples: having re-entered the UK market in 2023,

Select recent new overseas entrants to the UK

RETAILER	COUNTRY OF ORIGIN	SECTOR	LOCATION(S)
Garage Clothing	Canada	Fashion	Oxford Street, Bluewater
Ediktcd	US	Fashion	Carnaby Street
Aroma Zone	France	Health & Beauty	Westfield London
Urban Revivo	China	Fashion	Covent Garden, Westfield Stratford City
Jonak	France	Footwear	King's Road
Mr Marvis	Netherlands	Fashion	King's Road
Skin Cupid	Korea	Health & Beauty	Charing Cross Road
Alohas	Spain	Footwear	Beak Street Soho

Source: Retail Week, Knight Frank Insight

“Most retailers are again acquiring and we are now at an inflection point whereby new openings are starting to outweigh closures.”

Sephora stepped up its expansion last year with five new openings (Sheffield, Manchester, Cardiff, Liverpool and Oxford). This year, new openings have included its first stores in Northern Ireland (Belfast) and Scotland (St James' Square).

Edinburgh and Silverburn), plus a new boutique format in Carnaby Street.

On the fashion side, Uniqlo is increasingly broadening its regional presence (19 of its 21 stores are currently located in London), with recent/forthcoming openings in Birmingham, Bristol and Leeds. Mango opened a total of 25 new stores last year, expanding its UK store network to over 100. A further 15 are scheduled to open this year. Crew Clothing opened 15 new stores last year and plans “at least” 20 more in 2026.

The stated expansion plans of just four operators – multiply these out across thousands of other players to

get a true picture of the breadth and depth of demand.

To the demand equation throw in a number of new overseas entrants. Again, the approach here is far less gung-ho than before, overseas operators tending to go about their new business without the bold claims of opening on every high street and disrupting the UK market into submission that we heard on occasion in the past. Expansion from new overseas operators is measured and selective in equal measure.

One of the key manifestations of this shift is a declining vacancy rate. According to Green Street (formerly Local Data Company) high street vacancy declined to 13.2% in Q1 2026, the lowest level since COVID (Q3 2020 13.3%). At the current trend level, this rate will be lower than pre-COVID levels (Q4 2019 12.1%) by next year. In all honesty, this rate is still far too high, but at least the direction of travel is positive.

Vacancy rates are on course to hit pre-COVID levels

Vacancy unit rates (%) by location 2025 – 2026 YTD

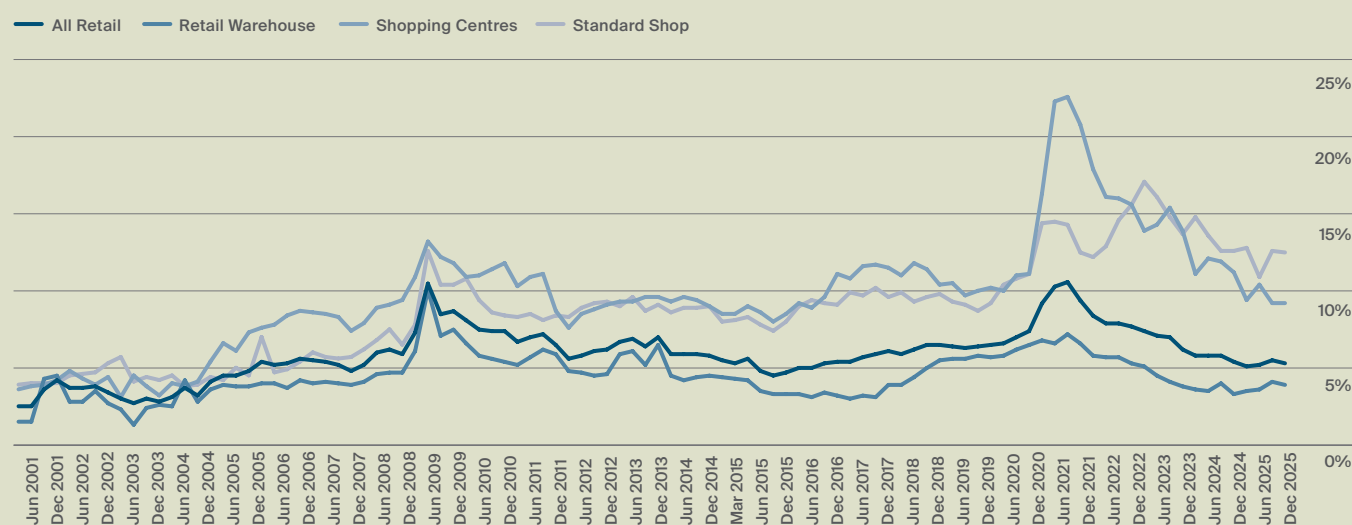


Source: Green Street, Knight Frank Insight

“A large number of retailers and other high street operators each taking a measured amount of space is adding up to a significant pool of demand, the sum of the parts making a large whole.”

Vacancy metrics lower still on a floorspace basis

Retail floorspace vacancy rates (%) 2001 – 2025



Source: MSCI, Knight Frank Insight

STORE REFURBISHMENTS

New store openings are just one facet of this back to basics approach. The other, arguably more significant aspect, is major investment in the existing portfolio. Having determined that a store is fit-for-purpose and definitely has a future role to play, investment is now being deployed accordingly. As discussed in *Paper #1* of this series, achieving scale in online and fulfilment capability is freeing up capex to invest elsewhere in the business. Stores are an overdue beneficiary of this capital reallocation process.

John Lewis and M&S are the two standout examples of this change of focus, not least because of their standing on the high street and the respective journeys they have been on. John Lewis has earmarked £800m for store upgrades across its 36-strong estate. The store in Bluewater was subject to a £10m revamp which completed in November 2025. Solihull and Glasgow are next in line for major refurbishments.

£800m may seem an eye-watering investment, but more significant is the strategic U-turn that it represents. The Partnership seriously lost its way under its previous Chairperson, opting for a “digital-first” strategy, whereby online would account for 60-70% of sales. This buy-in to the hype around online showed a flagrant disregard to the fundamentals of retailing and the

basis upon which the John Lewis brand was built. Designs to pivot away from retailing and generate 40% of profit from non-retail activities by 2030 (e.g. through BTR partnerships) were both a distraction and marked a further departure from the basics of the business.

Stores were not the priority under the previous Chair and in-store standards demonstrably dropped – and the Partnership toiled. Thankfully, the new management team has reversed many of these strategic decisions and the stores themselves are now receiving the attention that had lapsed. £800m is no small investment for any company, particularly one as complicated as John Lewis, which is a Partnership and is therefore structured and bound to a unique financial and ‘political’ model.

Meanwhile, M&S is devoting more attention to its physical estate now arguably than at any time its 140+ year history. The business has committed £300m+ to an accelerated store rotation and renewal program. This is likely to see the number of full line stores (i.e. those that combine food and general merchandise) reduce to 180 from around 226 presently. The optics on this part of the programme may not look good (a reduction in store numbers) but the residual 180 will be fully-invested in, probably bigger, definitely better.

On the food side, a net increase in store numbers plus hefty investment

in the existing estate. The business is actively considering over 300 new locations for food halls, and Chairman Archie Norman has pledged to take on more food space this year than the ‘Big 4’ (Tesco, Sainsbury’s, Asda, Morrison’s) combined. Some £90m has been earmarked for London alone, across 17 new or upgraded locations.

Even those more on the back foot are recognising the importance of investment in the store portfolio. Matalan may still appear on many landlord’s watchlists due to historic concerns, but the company is currently embarking on a major business transformation programme, a key plank of which is an overhaul of the store network. The revamped stores feature simplified layouts, better signage, brighter interiors and improved visual merchandising. All standard retailing disciplines – but ones that can slip over time, hence the need for a back to basics approach.

“New store openings are just one facet of this back to basics approach. The other, arguably more significant aspect, is major investment in the existing portfolio.”

Nor is this investment for investment’s sake – money is tight and returns have to be measurable. Matalan has reported that refurbished stores are currently outperforming the wider estate by 14%. Little wonder, therefore, that it plans to accelerate the upgrade programme to 40 stores, ten more than initially planned.

MULTIPLIER EFFECTS

M&S and John Lewis – two retailers that do not dominate the UK retail market, but two that are instrumental in defining it. Are they typical of the wider market or are they outliers?

Few retailers are as large as M&S and John Lewis, nor do they have the same level of capex to deploy. But these two are 1. Setting a tone. 2. Sparking multiplier effects. In essence, investment is infectious.

Under-investment may previously have been highlighted as a wider structural failing, but it is difficult to point the finger of blame definitively at any one party. Retailers, landlords, local authorities etc. all collectively shouldered some of the blame. To a certain degree, retailers starting to invest again has broken the Mexican standoff, as it were. But having done so, this increases the impetus for landlords to do likewise. If a key retailer is showing a commitment to investment, a landlord is more likely to as well, both parties putting their money where their mouth is.

Similarly, cascading effects to other retailers. A new or refurbished M&S or upgraded John Lewis store will set new standards in presentation that competing or complementary retailers in close proximity would do well to match. A tired, under-invested store will be shown up even more if it is trading next to a bright, buzzing new or revamped one. The opposite of the Broken Window Theory, if you will.

“Contrast this with invested-in, cared-for stores, renewed shopper interest, higher footfall, positive multiplier effects, rental growth.”

Retail has returned to solid but sustainable rental growth

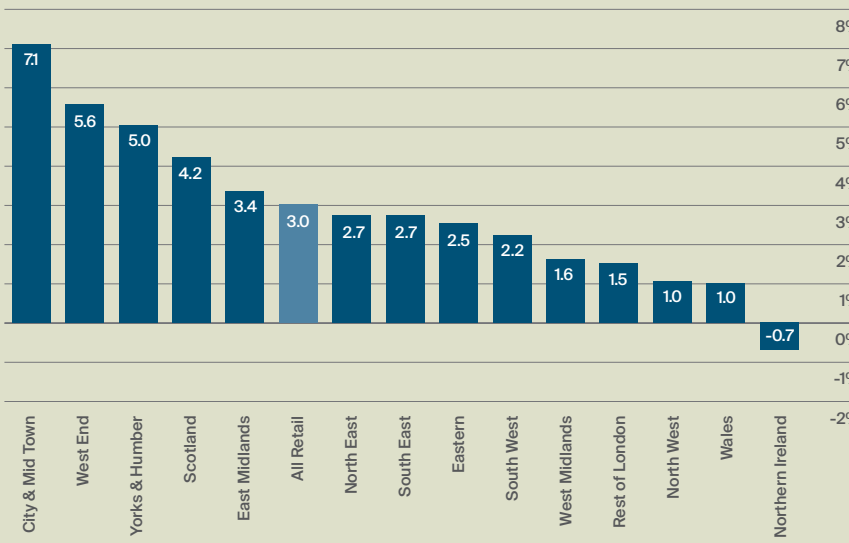
Retail rental growth (%) 2020 – 2025



Source: MSCI, Knight Frank Insight

Rental growth is highest in Central London, but is positive nationally

Retail rental growth (%) by region 2025



Source: MSCI, Knight Frank Insight

VICIOUS TO VIRTUOUS CIRCLE

Under-invested stores going to rack and ruin, diminishing shopper interest, lower footfall, asset decay, declining rents. A situation whereby no one wins, but one that has been all too familiar in recent years.

Contrast this with invested-in, cared-for stores, renewed shopper interest, higher footfall, positive multiplier effects, rental growth. Somewhat simplistic, but what can be

achieved if the downwards spiral of decline is arrested.

From a real estate perspective, lower vacancy rates is one positive by-product of renewed investment in stores, the other is rental growth. Rents were already going backwards at a rate of knots prior to COVID and the pandemic speeded up the whole rebasing process. All retail rents moved back into positive growth territory from 2022 (+0.1%) while the +3.0% reported

“From a real estate perspective, lower vacancy rates is one positive by-product of renewed investment in stores, the other is rental growth.”

in 2025 was the highest level of growth since 2005. Central London is leading the charge to a degree (City & Midtown +7.1%, West End +5.6%) but virtually all regions have now turned the corner to positive growth.

This is not a binary rebound. A renewed investment in stores does not represent a lurch away from online on the part of retailers, nor are consumers completely shunning online in favour of a return to physical real estate. As we explored in *Paper #1*, the dividing line between online and stores has blurred to the point of being irrelevant.

The ‘new breed’ of upgraded stores (be they new sites or refurbishments) are the embodiment of this symbiotic relationship. Click & collect and returns counters are now an integral part of stores, rather than an after-thought or a compromised bolt-on. The customer experience is far more seamless, retailers finally coming good on what they have talked about for years.

Digital integration is fundamental to the new breed of stores, as the retailers themselves are keen to emphasise. As Uniqlo UK chief operating office Alessandro Dudech reiterated: *“Uniqlo remains committed to strengthening its presence within the UK retail sector by expanding both our physical store network and e-commerce capabilities nationwide”*. On a similar note at Crew: *“Crew Clothing is a long-standing champion of the British high street and continues to invest in its retail portfolio [...] it remains committed in driving*

every aspect of the omnichannel model, which continues to yield consistent positive results”. The words of just two retailers, but echoing sentiments across the sector.

One word missing from all of this is ‘experiential’. Very few retailers actually use it, ‘experiential’ is largely a meaningless buzzword dreamt up by the property community and widely embraced by the media. ‘Experiential’ implies all-singing, all-dancing and probably onerous cost. For the same capex as an ‘experiential’ vanity project in one store, a retailer could probably fully revamp a whole host of stores. Effective stores do not need to be ‘experiential’, they just need to be fresh, welcoming and easy places to shop. And, quite frankly, just nice. Retailing is as basic as that.

Back to basics. Return of the Retail Jedi.

THE AGENT VIEW

“The Physical Benefits”

Rob Hargreaves – Retail Agency – Tenant Representation



The strength of physical retail as a means to deliver a tangible, sensory shopping experience underpins the significant occupational demand we have witnessed in the market over the course of the last five years. Yes, there was a significant rebasing of retail rents (and business rates) at the early stage of that period, but as prime rents return to (and in certain cases exceed) pre-COVID levels, the importance of physical stores to brands has maintained that demand.

We are currently advising more than 25 international new entrant brands in respect of their UK location strategy. London is often a key focus for these brands, but excellent opportunities

also exist across the wider UK market. There is a broad mix of established brands with existing store portfolios and DTC (direct-to-customer) brands seeking to capitalise on the benefits of physical space.

The contribution of physical stores to brand building and customer relationships is key. A well designed store environment allows businesses to communicate their brand identity, values, and story through layout, visual merchandising and customer service. In store experiences, product demonstrations, events or personalised consultations create emotional connections that foster loyalty. In-store events and activations land particularly well with the Gen Alpha audience. Human interaction remains a powerful differentiator; knowledgeable staff can offer tailored advice, answer questions, and build trust in ways that automated online systems often cannot match.

Store “aesthetics” have gained importance, particularly with Gen Z shoppers, which contributes towards the number of refits being witnessed in the

market, often linked to a “rightsizing” of a store.

Customers can see, touch, try, and test products before purchasing, which builds confidence and reduces uncertainty. For categories such as fashion, furniture, cosmetics and electronics, this hands on experience is particularly important. Being able to assess quality, fit and functionality in person often leads to higher customer satisfaction and fewer returns compared to online purchases. Delivery / return costs are a major deterrent to online shopping, linked also to the perceived impact on the environment.

Finally, physical retail stores provide valuable data and insights. By observing in store behaviour, retailers can better understand customer preferences, test new products and refine merchandising strategies.

Ultimately, retailing is all about giving customers what they want, meeting and exceeding their aspirations. Stores remain the key interface in that relationship.

Renaissance 2026

Paper #3: RWH: Sleepwalking towards a supply crisis?



Paper #3: RWH – sleepwalking towards a supply crisis?

Sounding the alarm

AUTHOR: STEPHEN SPRINGHAM – PARTNER, HEAD OF RETAIL INSIGHT

3 KEY TAKEAWAYS:

- RWH: low (and declining) vacancy rates, robust (and broad-based) occupier demand and a limited development pipeline – market positives or portents?
- A maximum of 2.4m sq ft of RWH floorspace (GIA) in the development pipeline over an eight year timeframe – far less than the 7.5m sq ft of RWH space absorbed in 2025 alone
- A number of towns and markets demonstrably under-supplied in RWH (esp. in Greater London), yet planning and high development costs remain major constraints.

An undersupplied retail market? An underpaid Premiership footballer? A rubbish Beatles song? How oxymoronic can you get?

Yet undersupply is something that could already be levelled at the retail warehousing market – and is likely to come increasingly to the fore going forward. The three forces of limited supply, strong occupier demand and a relatively thin development pipeline are conspiring to put pressure on the out-of-town retail property market.

Too much retail floorspace in the UK generally, but not enough of the ‘right’ floorspace – the great contradictory conundrum facing the retail market. Seemingly a ‘nice problem to have’, actually a headache with no easy cure.

RWH VACANCY HITS RECORD LOWS

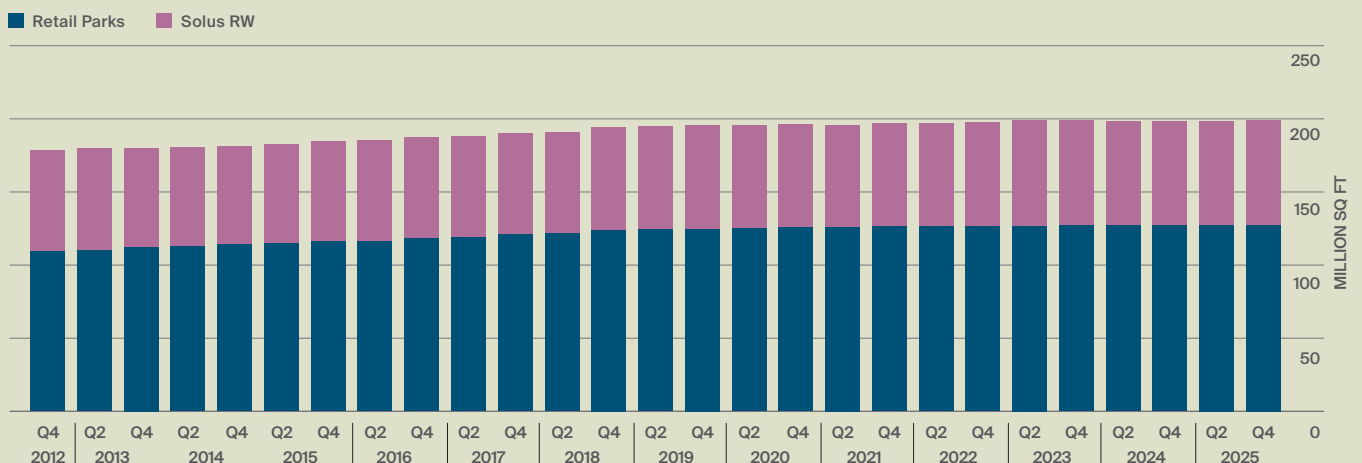
The UK is oversupplied in retail floorspace. Period. This is one of the key structural failings we identified

“Too much retail floorspace in the UK generally, but not enough of the ‘right’ floorspace – the great contradictory conundrum facing the retail market.”

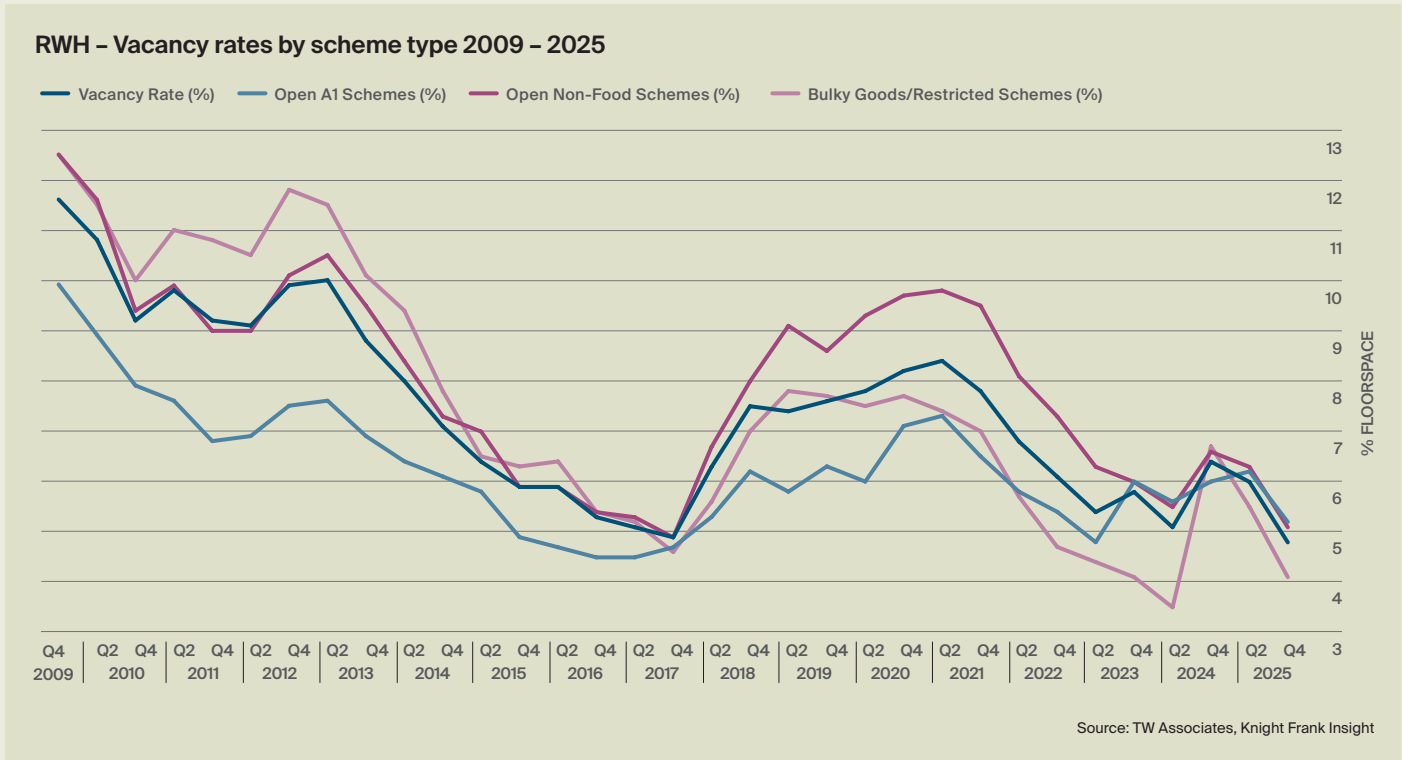
in our original ‘*Price of Change*’ report and one that we keep revisiting. In a nutshell: we built too much retail space in the past and there was no managed process of obsolescence, this over-supply exacerbated by wider structural change, of which online was a key (but not the only) catalyst. The net result: towns that could only support one shopping centre and a couple of retail parks having three/four+ of each.

That is the national picture – but there are significant regional and local differences and substantial nuances

Retail warehousing supply is static
RWH Supply 2012-2025



Source: TW Associates, Knight Frank Insight



“Increasing supply in an over-supplied retail market would ordinarily raise a red flag, but in the case of retail warehousing, it is primarily a reflection of strong occupier demand rather than over-zealous development.”

between retail sub-sectors. According to TW Associates, there is currently 199 million sq ft of retail warehousing in the UK, split between retail parks (127 million sq ft) and solus RWH sites (72 million sq ft). The needle on this has barely moved since 2022 (198 million sq ft) and since COVID (Q4 2019) supply has increased by just +1.6% or 3.2 million sq ft in absolute terms.

Increasing supply in an over-supplied retail market would ordinarily raise a red flag, but in the case of retail warehousing, it is primarily a reflection of strong occupier demand rather than over-zealous development. The market moving in tandem with the occupational base that underpins it.

Vacancy rates are the most telling barometer of these dynamics. According to TW Associates, RWH vacancy rates were just 4.8% at the end of 2025, the lowest level on record. On bulky goods parks, the rate is lower still (4.1%), while many parks across the country are at full capacity.

The headline statistics tell one story, the underlying factors another. RWH has not been immune to retail occupier fall-out and there were two major casualties in 2024 in the shape of Homebase (residual 71 stores, ca. 2.5 million sq ft of floorspace) and Carpetright (174 stores, ca. 1.7 million sq ft of floorspace). The demise of two large, long-standing RWH occupiers saw a spike in vacancy to 6.4% by the end of 2024. However, the pace at which this space has already been reabsorbed has been phenomenal and serves as proof of the depth of occupier demand for RWH space.

WHERE IS THE DEMAND COMING FROM?

The occupier base for RWH is larger and more diverse than is often credited. There are over 1,100 RWH tenants, of which 180 occupy more than ten units. And in 2025, these occupiers took on over 5 million sq ft of retail park space and 2.5 million sq ft of freestanding / solus RWH floorspace.

The ten most acquisitive retail park tenants collectively added more than 1.7 million sq ft in 2025, or 3.3 million sq ft since 2023. The Top 10 predictably includes the usual suspects such as Home Bargains and B&M, the latter consolidating its position as the largest RWH occupier. Traditionally less aggressive in its expansion than its fellow value operators, The Range took on an additional 330,000 sq ft of new space last year, largely through reoccupation of former Homebase units.

Slightly more surprising names on the Top 10 list include Mountain Warehouse and Superdrug, brands perhaps more readily associated with town centres, but who continue to build a significant out-of-town presence (as do many of their peers). Two gym operators (Pure Gym, The Gym)

“The occupier base for RWH is larger and more diverse than is often credited. There are over 1,100 RWH tenants, of which 180 occupy more than ten units.”

Top 10 Fastest growing retail park tenants 2025

2025 RANK	2024 RANK	2023 RANK	OCCUPIER	2025 RP SPACE (M SQ FT)	2024 RP SPACE (M SQ FT)	CHANGE (M SQ FT)	CHANGE (%)	2025 UNITS	2024 UNITS
3	4	4	Home Bargains	4.73	4.40	0.33	8%	265	252
5	5	6	The Range	4.55	4.21	0.33	8%	131	122
25	26	29	Pure Gym	1.67	1.46	0.21	14%	168	147
1	2	2	B&M	7.46	7.29	0.17	2%	312	309
46	52	60	Mountain Warehouse	0.55	0.40	0.15	38%	77	61
14	15	15	Iceland	2.77	2.62	0.15	6%	252	238
18	19	21	Lidl	2.14	2.01	0.13	6%	108	102
37	44	47	Superdrug	0.65	0.56	0.09	16%	97	87
30	31	33	Dreams	1.23	1.15	0.08	7%	167	159
40	45	46	The Gym	0.62	0.54	0.08	15%	63	57

Source: TW Associates, Knight Frank Insight

appear on the list, underlining: 1. how acquisitive many operators still are in this space. 2. Leisure and non-retail operators have an increasingly important role to play in the out-of-town arena.

Of the Top 50 largest retail park tenants, 29 expanded their RWH footprints last year, ten were broadly flat, while 11 contracted. The latter included CVA 'exercisers' Poundland, Hobbycraft and Pizza Hut, plus a number of other marginal downsizers

(e.g. Argos, River Island, Currys and Halfords).

Collectively, the fastest growing Top 10 retail park tenants absorbed 1.72 million sq ft of space last year, by far outweighing the 0.99 million sq ft of space vacated by the Top 10 downsizers. As clear an indicator as any of demand outstripping supply and the inevitability of further declines in vacancy rates – but also warning signs of a potential or impending supply crisis.

RWH SUPPLY BY TOWN

Blanket assumptions on retail over- and under-supply tend to be very simplistic and one-dimensional. Supply metrics in isolation give no indication as to how hard that floorspace is working, how productive it is and what return it is generating. Cue my usual analogy. A \$1 dollar note, a \$100 note. Two bits of virtually indistinguishable paper. The same supply. One with 100x higher value.

Top 10 Highest Supplied RWH markets (on a per capita basis)

CENTRE	TOTAL RWH FLOORSPACE ('000s SQ FT)	TOTAL RWH FLOORSPACE RANK	PRIMARY RETAIL MARKET AREA POPULATION 2025 ('000s)	PRIMARY RETAIL MARKET AREA HOUSEHOLDS 2025 ('000s)	TOTAL RWH FLOORSPACE/ POP. (SQ FT)	TOTAL RWH FLOORSPACE/ POP. RANK	TOTAL RWH FLOORSPACE/ HHS (SQ FT)	TOTAL RWH FLOORSPACE/ HHS RANK
Merthyr Tydfil	603	85	46	20	13.11	1	30.15	1
Llanelli	428	127	37	16	11.57	2	26.75	2
Rotherham	804	48	84	35	9.57	3	22.97	3
Grantham	534	105	61	26	8.75	4	20.54	4
Penrith	164	226	20	9	8.20	5	18.22	6
Stockton-on-Tees	1113	32	146	61	7.62	6	18.25	5
Harlow	718	60	101	41	7.11	7	17.51	7
Llandudno	418	131	59	27	7.08	8	15.48	10
Stevenage	751	54	112	45	6.71	9	16.69	8
Warrington	1341	24	209	89	6.42	10	15.07	12

Source: PMA Promis, Knight Frank Insight

Top 10 Lowest Supplied RWH markets (on a per capita basis)

CENTRE	TOTAL RWH FLOORSPACE ('000s SQ FT)	TOTAL RWH FLOORSPACE RANK	PRIMARY RETAIL MARKET AREA POPULATION 2025 ('000s)	PRIMARY RETAIL MARKET AREA HOUSEHOLDS 2025 ('000s)	TOTAL RWH FLOORSPACE/ POP. (SQ FT)	TOTAL RWH FLOORSPACE/ POP. RANK	TOTAL RWH FLOORSPACE/ HHS (SQ FT)	TOTAL RWH FLOORSPACE/ HHS RANK
Brentwood	32	277	69	29	0.46	275	1.10	276
Clapham Junction	73	257	160	68	0.46	276	1.07	277
Edgware	47	273	118	40	0.40	277	1.18	275
Putney	37	275	128	53	0.29	278	0.70	278
Camden Town	16	279	77	33	0.21	279	0.48	279
Chiswick	15	280	73	32	0.21	280	0.47	280
Barnet	9	283	72	29	0.13	281	0.31	281
Holloway	14	281	115	50	0.12	282	0.28	282
Marlow	5	284	45	19	0.11	283	0.26	283
Brixton	12	282	131	55	0.09	284	0.22	284

Source: PMA Promis, Knight Frank Insight

“The Top 10 ‘well-supplied’ markets cover a wide geographic spread, interestingly including two New Towns in the shape of Harlow and Stevenage.”

With this strong caveat, we can at least calculate RWH floorspace provision relative to size of the market it serves in terms of population and households, the base data being PMA Promis (285 centres covered). Not an absolute science for the reasons outlined, but this process at least identifies a hierarchy of supply versus the relativities of demand.

Unsurprisingly, it is the major UK cities that have the highest quantum of RWH space in absolute terms – Glasgow 4.9m sq ft, Cardiff 3.1m sq ft, Newcastle 3.0m sq ft, Leeds 2.9m sq ft, Liverpool 2.8m sq ft.

But a very different pecking order emerges on a per capita / per household basis with Merthyr Tydfil and Llanelli two unlikely RWH supply hotspots. The Top 10 ‘well-supplied’ markets cover a wide geographic spread, interestingly including two New Towns in the shape of Harlow and Stevenage. Post war town centre blueprints supplanted as RWH-dominated destinations – a certain irony here, surely?

Whether these towns are well- or indeed over-supplied is a moot point. It would be wrong to tar all RWH assets in these locations with the same brush or assume that they are all under-performing. They operate in a well-supplied, competitive market which will probably separate naturally any wheat from the chaff.

The opposite end of the supply spectrum is arguably more revealing and here the case can be made more forcibly for under-supply. Of the ‘Bottom 10’ in terms of RWH supply per capita, eight are located in Greater London. The two under-supplied centres outside London are Marlow in Buckinghamshire (RWH being concentrated far more in nearby Reading and Slough) and Brentwood in Essex (with Chelmsford and Lakeside the more recognised RWH destinations).

Whatever the nuances of the data, the analysis supports a market reality – Greater London as a collective whole is severely under-supplied in RWH floorspace. And what floorspace it does have is under pressure from other uses, particularly residential, the capital being one of the few locations nationally where values stack up sufficiently to warrant repurposing.

This imbalance is unlikely to tip towards RWH going forward. Retail parks are acknowledged in the latest iteration of a ‘Towards a New London

Plan’ report, although largely in a negative context which undervalues the role that they play in London’s wider infrastructure.

To highlight two examples, under Paragraph 2.7, they are singled out thus: *“There is also a range of under-used sites such as low density retail parks and car parks, which offer potential for housing / mixed uses.”* And under Paragraph 3.3: *“There are parts of London, particularly in outer areas, that are poorly served by local shops and services. Some locations are dominated by out-of-town retail parks which provide shopping but not a functional town centre. This increases car dependency and has a particular impact on older and disabled Londoners, expectant mothers and families with children.”*

The inference from these two statements alone is that retail parks are a detrimental factor, almost ‘force of evil’ for communities and town centres across the capital and the land they occupy would be better served by other uses, commercial or residential. There is very little narrative that is supportive of retail warehousing in the Plan, which is as short-sighted as it is disappointing.

To address the first of these references. To classify retail parks as “under-used sites” is based upon a visual rather than financial or factual assessment. By their nature, retail parks have low site coverage, typically 30%

“Most consumers actually like retail parks and they are shopping there by choice.”

- 50% (probably more towards the latter end within London). This is because car parking is fundamental to their business model and is a prerequisite for any retail park site. To dramatically reduce car parking provision by reallocating it to other use classes would totally undermine what is a highly successful business model.

Secondly – and to speak to both references – most consumers actually like retail parks and they are

shopping there by choice rather than by default, as is inferred in some of the Plan’s narrative. It is absolutely no coincidence that retail parks are currently one of the best performing asset class not just in retail but of any property class in the UK. In essence, this is the product of a virtuous circle – consumers like them, retailers make money from them, landlords and investors generate a decent income and return from them. They are more a force of good rather than evil.

Retail warehousing is demonstrably under-supplied in London relative to other parts of the country. Obviously, this owes much to the unique nature of the Capital, coupled with paucity of land, high land values and

strained transport infrastructure. In essence, Londoners have less access to retail warehousing than consumers do elsewhere in the country. Rather than seek to reduce this undersupply further by allocating the land to other uses, maybe the London Plan should be addressing how retail parks should be preserved and integrated more into local infrastructure.

A CONSTRAINED DEVELOPMENT PIPELINE

Nor is the current development pipeline likely to counter the risk of under-supply. TW Associates lists just 21 schemes that are likely to proceed before 2033, with a further 12 proposed at a confidential pre-planning or development phase. These

RWH Development pipeline to 2033

LOCATION	SCHEME	GIA (SQ FT)	SCHEME TYPE	OWNERS / DEVELOPERS / INVESTMENT MANAGERS
Ashford (Kent)	Drovers Retail Park	91,200	Retail Park	TJ Morris
Barnsley	Interchange Retail Park	40,000	Retail Park	Npower
Billingham	Wynyard Retail Park	116,983	Retail Park	The Northumberland Estates
Cheshunt	Brookfield Riverside	565,000	Shopping Park	Broxbourne Borough Council, Cushman & Wakefield, Hertfordshire County Council, Peveril Securities, Sovereign Centros
Chichester	Barnfield Retail Park (Phase 3)	80,000	Retail Warehousing development	Brookhouse Group
Colchester – Stanway	Tollgate Village	250,000	Retail Park	Tollgate Partnership
Coventry	City Centre South	86,000	Shopping and Leisure Centre	Coventry City Council, Shearer Property Group
Dunbar	DunBear Park	68,800	Retail Warehousing development	Hallhill Developments, Lidl Great Britain
Dundee – Kingsway	Kingsway West development	150,000	Leisure scheme	Dark Blue Property Holdings
Ely	Octagon Park	106,000	Retail Park	Frontier Estates, Healy Investments, Mantle Estates
Exeter	Moor Exchange	135,997	Retail Park	Consolidated Property Group
Leeds – Birstall	Centre 27 Retail Park	45,287	Retail Park	Lidl Great Britain
Leicester	Golden Gate Park	83,823	Retail Park	Henry Boot Developments
Liverpool	The Circus	127,217	Leisure scheme	Augur Investments
Louth	Northfields Park	53,800	Retail Warehousing development	
March	Westry Retail Park	75,700	Retail Park	Cambridge Property Group
Norwich	Sweet Briar Retail Park (Phase 2)	71,000	Retail Park	Eskmuir Group
Nottingham	Synter unit	80,045	Retail Warehousing development	Church Charities & Local Authorities Investment Management, Local Authorities' Property Fund
Peterhead	Buchan Gateway (Phase 2)	50,000	Retail Park	Triple Jersey
Porthmadog	Porthmadog Retail Park	42,000	Retail Park	Morbaine
Stowmarket	Gun Cotton Way Retail Park	52,194	Retail Park	

Source: TW Associates

figures are fairly static year-on-year and there are still question marks as to whether all will proceed as planned. For example, City Centre South in Coventry is predominantly a residential-led scheme, with consent for 8,000 sq m of commercial space, which is unlikely to be RWH in the truest sense.

A solitary new RWH scheme opened in 2025 (Heartlands in Bathgate, West Lothian 76,500 sq ft GLA) and only two are at the actual construction stage. Brookfield Riverside in Cheshunt (565k sq ft GIA) is by far the largest scheme in the pipeline, while Tollgate Village in Colchester is the only other scheme larger than 200k sq ft (250k sq ft GIA).

14 of the 21 schemes are sub 100k sq ft GIA. Collectively, all 21 schemes cover 2.7 million sq ft, if they are all delivered to current spec and plan. Which is a big 'if'. And even if they do come to fruition as planned, they will be delivered over an eight year timeframe (2025 – 2033). Less space than was

absorbed last year alone on retail parks (ca. 5 million sq ft) and far less for all RWH (ca. 7.5 million sq ft).

And none in Greater London, where supply is at its most scarce.

PREVENTION BETTER THAN CURE?

Strong occupier demand from a plethora of players, declining vacancy rates, impetus for rental growth and sustained improvement across all RWH real estate metrics – absolutely no complaints and long may it continue.

But there will come a point where lack of RWH supply becomes an issue, both for acquiring tenants looking for sites and for landlords looking to optimise their line-ups and retail mixes.

We are neither predicting nor advocating a return to mass RWH development. Even if the market is at risk of under-supply, there are a number of constraints that stand in the way of this happening. Planning is one, as previously alluded to, but elevated

development costs are an even more tangible barrier. Development may only be financially viable in certain geographies and even where the numbers do stack up, planning must also align.

We are more likely to see extensions and enhancements to existing schemes, rather than a raft of new greenfield development. Landlords seeking to fully optimise existing space and land at their disposal. British Land's recent decision to expand The Fort in Glasgow by 60k sq ft to accommodate an extended M&S store and a broader leisure offer is a good example of the RWH development projects we are likely to see going forward.

Potential under-supply in an otherwise over-supplied retail market. A contradiction, but a RWH market reality. If we are sleepwalking towards a supply crisis, this should be the wake-up call.



THE AGENT VIEW

A Catalyst to Creativity

Sam Waterworth – Partner, Retail Warehousing Capital Markets



The concept of an undersupplied retail market seems perverse (especially to me having recently transferred from our High Street investment team) but is the reality. We are witnessing towns that have historically been viewed as oversupplied close to fully let, and investors regularly cite excellent and even full occupancy across their portfolios – take British Land at 99.1% across ca. 1,200 units / 10.75m sq ft.

But be careful what you wish for. With supply being so tight, high levels of tenant retention, limited new development and leases largely having 1954 Act protection, actually proving rental growth is challenging, as we have witnessed in foodstores for the past decade.

Landlords are having to employ creative asset management to achieve growth, building the threat of alternative occupier interest or plans to redevelop/reconfigure to improve their negotiating position. For example, B&Q regearched on Old Kent Road to protect an existing site from residential development, increasing their rent by 75% in the process (with index-linked reviews, no incentive and outside the 1954 Act).

Parks with space to build additional units offer potential to create rental evidence through development. However, growing build costs

are putting pressure on viability. Construction costs and exit values vary dependent on geography but crudely a developer needs a rent in the late £20s/sq ft to make a development stack, though only special schemes boast existing rental tones beyond £25/sq ft. Pent up occupation demand, however, is willing to pay these rents to unlock sites, with evidence beginning to come through.

The supply/demand imbalance points towards further growth going forward and it is easy to see why the sub-sector remains one of the most sought-after across all property markets. Despite this, volumes for the first half of 2026 sit -30% below the 10-year average. Few doubt the investment case is compelling, but more stock is needed to see volumes return to historic levels.



Paper #4: intu: Where have they gone to?



Paper #4: intu: where have they gone to?

Separating the assets from the corporate failure

AUTHOR: STEPHEN SPRINGHAM – PARTNER, HEAD OF RETAIL INSIGHT

3 KEY TAKEAWAYS:

- Standing the test of time – 50 years on from the UK’s first Regional Shopping Centre, RSCs have cemented their place as one of the bedrocks of UK retail, albeit only through constant evolution, heavy investment and partial reinvention.
- intu’s demise was a corporate failure, rather than a reflection of the assets that it owned. Some of the schemes have already come to the market (e.g. Braehead, Merry Hill), more are waiting in the wings.
- Playing for keeps – interest in the ex-intu schemes is robust and broad. The schemes are attracting a new breed of willing, proactive and committed owners playing a long, hands-on game, rather than trying to make a fast buck.

“There was an equally seismic development in the UK retail market in 1976 – the opening of the country’s very first Regional Shopping Centre (RSC), in the shape of Brent Cross.”

1976. A curiously momentous year for many unheralded reasons. The UK actually won Eurovision and as a nation we enjoyed/endured an unprecedented summer heatwave, the British weather not playing to stereotype and our Continental cousins liking us a lot more than they seemingly do now.

There was an equally seismic development in the UK retail market in 1976 – the opening of the country’s very first Regional Shopping Centre (RSC), in the shape of Brent Cross. A retailing revolution that completely redefined how we shop, but something we probably now take far too much for granted.

1986. The birth of the next two RSCs in the UK, Merry Hill and Metrocentre. Bigger and better and located away from London, it was perhaps surprising that it took a decade for the success of Brent Cross to be replicated elsewhere. Common denominators between these two schemes, other than their year of completion? Ultimately common ownership under the umbrella of the now defunct intu REIT and both likely to be under new ownership this year.

What have we learned over the last half century and, more importantly, what do recent trends and developments say about the current state and future direction of the UK shopping centre market?

EVOLUTION OF THE RSC MARKET

Brent Cross broke new ground on two key fronts. Firstly, it was the UK’s first truly modern covered shopping mall. It may be hard to believe now but, back in 1976, the mainstay of the UK retail scene was still traditional high street shops. Such as they were, shopping centres back then tended to be open-air

“It may be hard to believe now but, back in 1976, the mainstay of the UK retail scene was still traditional high street shops.”

and precinct-based – as exposed to the elements as a traditional high street. What covered malls there were couldn’t hold a candle to the modernity of Brent Cross – probably the best the UK had to offer back then was the horror that was the original Bullring in Birmingham.

Secondly – and perhaps more significantly – was the location. Rather than attached to an existing major city centre, Brent Cross was effectively a free-standing shopping destination that relied on people coming from far and wide. The first of the RSCs was born.

Of course, the concept of the RSC didn’t originate in the UK, it was an import from the US. Ever since the 1950s, retail Stateside had gravitated away from downtown areas and the high availability of land outside the city core, plus a propensity to drive rather than use public transport, cemented the ‘Regional Mall’ (as they are known Stateside) as the channel of choice for many US shoppers. With a very different geography, not to mention a very different shopping psyche, the success of the format in the UK was anything but a foregone conclusion.

The opening of Brent Cross polarised opinion massively in 1976 – indeed, RSCs continue to divide opinion to this day. Detractors decried another US import, another bastion of mass-commercialisation. Others quickly latched onto the fact that such large

The UK's 13 RSCs

SCHEME	LOCATION	YEAR BUILT	TREVOR WOOD ASSOCIATES 'GOING SHOPPING 2025' RANKING	SIZE (GIA SQ FT)	OWNER
Brent Cross	Brent, North London	1976	25	913,955	Hammerson
centre:mk	Milton Keynes, South East	1979	11	1,350,000	BT Pension Fund (Federated Hermes), Royal London Asset Management (RLAM)
Merry Hill	Dudley, West Midlands	1986	15	1,088,066	Redical
Metrocentre	Gateshead, North East	1986	5	1,870,000	Bondholders, Church Commissioners *
Meadowhall	Sheffield, Yorkshire	1990	4	1,545,238	Norges Bank (NBIM)
Lakeside	Thurrock, South East	1990	7	1,600,000	SGS
Cribbs Causeway	Bristol, South West	1998	24	780,000	M&G, Baylis Estates
Trafford Centre	Manchester, North West	1998	6	1,947,000	Canada Pension Plan Investment Board (CPPIB)
Bluewater	Dartford, South East	1999	3	1,610,000	Aberdeen, Landsec, M&G, Royal London Asset Management (RLAM)
Braehead	Glasgow, Scotland	1999	31	800,000	Frasers Group
Silverburn	Glasgow, Scotland	2006	27	1,000,000	Eurofund, Henderson Park
Westfield London	Shepherds Bush, West London	2008	1	2,601,278	Unibail-Rodamco-Westfield, Commerz Real
Westfield Stratford City	Stratford, East London	2011	2	1,900,000	Unibail-Rodamco-Westfield, Canada Pension Plan Investment Board (CPPIB), ABP Pension Fund (APG)

* Currently being marketed.

Source: Knight Frank Insight, Trevor Wood Associates, PMA Promis

“The opening of Brent Cross polarised opinion massively in 1976 – indeed, Regional Shopping Centres continue to divide opinion to this day.”

centres would suck the life out of all the surrounding existing centres and leave retail wastelands – a debate that still rages 50 years on. But the naysayers were largely outweighed by consumers who gave them the greatest endorsement of all by voting with their feet. In retailing terms, Brent Cross was an undoubted success.

After Merry Hill and Metrocentre in 1986, Lakeside and Meadowhall both followed in 1990, before Trafford and Bluewater took the concept to another level in 1998 and 1999 respectively. The two Westfield schemes (Westfield London – 2008 and Stratford City – 2011) raised the bar yet higher.

Fifty years on from the opening of Brent Cross, there are now over a

dozen RSCs trading across the UK. The formula of one-stop destination shopping that the RSCs offer has become entrenched in the fabric of UK retailing and the centres are all prospering, albeit some more than others. But none of them has simply stood still – all the schemes have been subject to regular refurbishment and most have been extended on multiple occasions. Brent Cross itself has already been extended twice since its launch (in 1996 and 2008). A third (and much more far-reaching) extension and refurbishment was originally planned, which would have expanded the scheme by a huge 628,000 sq ft. However, Hammerson is not now extending the site as previously proposed, but is instead focussing on modernising the existing site, including a new façade to celebrate its 50th birthday.

The evolution of the RSC model is not purely about scale i.e. being big and getting bigger. The mix of the various centres has also changed significantly over the years and latterly this has

resulted in far greater leisure provision in most of the schemes (pioneered largely in the Westfield centres). F&B was historically something of an after-thought in RSCs, a service rather an offer in its own right. As the UK consumer has changed, in parallel with the rise of multi-channel shopping, the need for a more credible and authoritative F&B has increased massively. Rather than merely represent a place to shop, RSCs have increasingly sought to create a sense of place, where consumers can fulfil both retail and leisure aspirations.

“The mix of the various centres has also changed significantly over the years and latterly this has resulted in far greater leisure provision in most of the schemes (pioneered largely in the Westfield centres).”

What of the ongoing accusation that they simply destroy all other retail locations in the immediate vicinity, with retailers uprooting to the new, shinier scheme and shoppers deserting in their droves? The reality is that the evidence is not conclusive. The likes of Dudley and Rotherham certainly took a huge hit from Merry Hill and Meadowhall respectively, as did the likes of Grays and Dartford through the double-whammy of Lakeside and Bluewater. In some of these cases (especially Dudley and Rotherham) the towns have never fully recovered. However, it could easily be argued that these were decaying towns in any case and the advent of a RSC merely precipitated their decline, rather than causing it in the first place.

By and large, however, the larger locations have been fairly resilient to the local RSC – Metrocentre has not decimated Newcastle, nor has Cribbs Causeway Bristol. It has taken a while, but even the likes of Dartford are now considerably on the up. For smaller centres, the answer is usually to play to their strengths and offer an alternative to the RSC, rather than compete with them head-on and try and beat them at their own game.

What is the future of the RSC? It is difficult to imagine too many more (if any) being built, as much through lack of consumer capacity as any planning constraint. Even hypothetically given carte blanche on the planning side, where has sufficient capacity to support another large scale, free-standing shopping centre? The existing dozen or so schemes are unlikely to fall out of favour, even as shopping patterns continue to shift. In the US, they are increasingly talking of ‘dead malls’ on the back of severe over-supply. Their UK counterparts are never likely to

“By and large, however, the larger locations have been fairly resilient to the local RSC – Metrocentre has not decimated Newcastle, nor has Cribbs Causeway Bristol.”

suffer this fate, but they do need to constantly evolve. Brent Cross today looks radically different than it did 50 years ago. Fifty years hence, it will look very different still.

INTU – THE RISE AND FALL

Over the last 50 years, intu was a name synonymous with UK shopping centres, albeit much more through ownership than physical development. intu has been fully entwined in this RSC evolution.

Without trawling through the full genesis of the business, the incarnation most will be familiar with is the Capital Shopping Centres (CSC) business that de-merged from Liberty International in 2010. In contrast to fellow REITs Hammerson and Landsec, CSC expanded its shopping centre portfolio largely through acquisition. Key deals included the Trafford Centre in 2011 (in exchange for a 20% stake in the business), Midsummer Place in Milton Keynes in 2013 and Merry Hill and Westfield Derby in 2014. The intu corporate re-branding was also launched in 2013 and subsequently applied across all its shopping centres.

This potted version of intu’s history rides roughshod over various ownership wrangles. Simon Property Group (SPG) of the US ran a slide rule over the business in late 2010, but did not ultimately make a formal offer. In December 2017, intu agreed to a takeover by Hammerson for £3.4bn, but the deal did not secure the requisite shareholder approval (and in 2018 Hammerson itself became subject to a number of unsolicited takeover bids from Klepierre, which ultimately failed).

intu subsequently received an initial bid of £2.8bn from a consortium which included the Peel Group, Brookfield and the Olayan Group in 2018, but this was subsequently withdrawn. Link REIT engaged in advanced recapitalisation discussions in early 2020 but subsequently withdrew in February 2020. An emergency cash call of £1.3bn in 2020 was not supported and with the share price collapsing by 90% in less than a year and the business shouldering a £4.5 billion debt pile, intu finally succumbed to administration in June 2020.

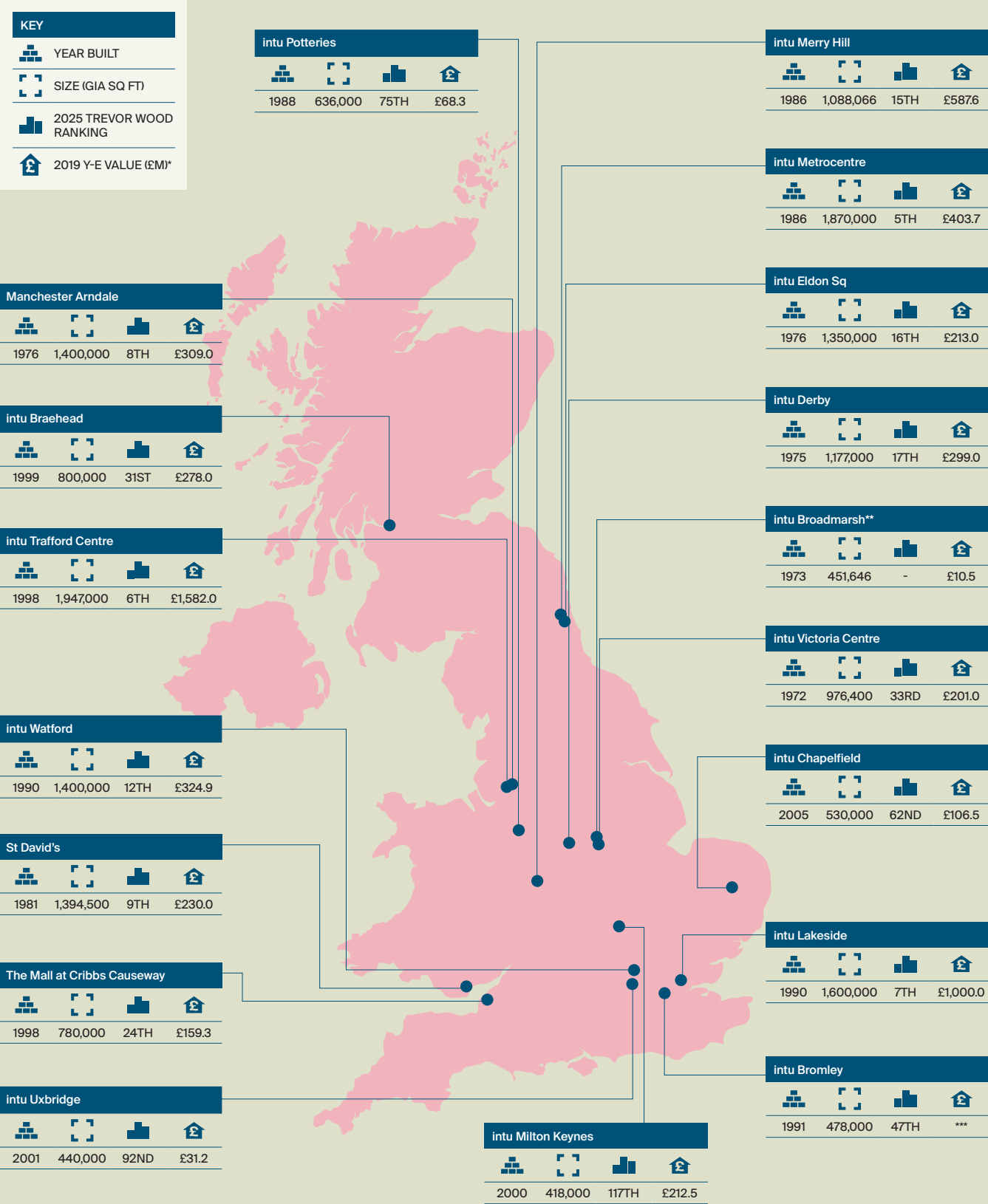
“Over the last 50 years, intu was a name synonymous with UK shopping centres, albeit much more through ownership than physical development. intu has been fully entwined in this RSC evolution.”

The whys and wherefores of intu’s demise are indelibly linked to the minutiae and intricacies of its various corporate ownership structures over the years, as opposed to a damning reflection of the actual real estate it owned. However, the retail schemes were inevitably tarred with the same brush of failure, the tangibles in an otherwise muddled corporate balance sheet.

The fact remains that the shopping centres themselves were not the root cause of intu’s unwinding. Nor was the business necessarily guilty of catastrophic strategic missteps. Above all, there was no single factor that brought the company to its knees, it was a combination of a whole host of shortcomings – in many ways, intu was the unwitting and unwilling embodiment of the structural failings of the retail market as a whole that we identified and explored in depth in our 2018 ‘Price of Change’ report.

As one of the country’s largest retail landlords, it follows that intu was deeply exposed to many of the occupier structural flaws – overexpansion, mismanagement of the ugly tail, wider cost inflation and brand devaluation. Any fall-out off the back of these impacted directly on the business. Meanwhile, rental / property cost inflation (another identified structural failing) in theory played into the hands of landlords – in practice, all it did was push rents to unaffordable levels and values to unsustainable heights. When these ultimately collapsed, intu was very much at the sharp end – a situation exacerbated by an unwillingness or inability to maintain investment at the level required.

Former intu UK schemes: locations and KPI metrics



* 2019 Y-E values reflect intu's economic interest
** Undergoing demolition
*** Sold by intu in 2016

Sources: PMA Promis, Trevor Wood Associates, Knight Frank Insight

intu was also a reluctant poster child for the ongoing disconnect between real estate and stock markets and why most REITs continue to trade at a discount to NAV. In very broad terms, real estate valuations are lumpy and lagging, stock markets are fickle and fluid. The City tends to massively overplay any technical advances (e.g. dot.com, AI etc) and it definitely over-bought into the rise of online and mark down those stocks supposedly most vulnerable to this structural change. That left intu fighting a losing battle and the knock-on effects from this were crippling – less

cash to invest in the business and higher recourse to debt.

intu – the corporate personification of all retail’s key structural failings in a single entity?

INTU – ASSETS MAPPED

Ironically, the shopping centres themselves are almost a forgotten sideshow to intu’s corporate failure. Almost as a final plea, intu’s management warned that its shopping centres might close if financial restructuring talks with lenders failed. The latter did not come to pass – nor

has the former. Since intu’s demise, the assets themselves have continued trading, buried under several layers of contorted ownership structure – an unholy mess of banks, creditors, lenders and bondholders, none of whose raison d’êtres is to own and manage shopping centres.

To unite the two strands of this paper, intu historically owned a lot of prime UK retail real estate. RSCs are rightly recognised as one of the most robust channels in the UK retail market. There are just 13 RSCs countrywide – and intu formerly

Current / Future Status of former intu Schemes

SCHEME	CURRENT NAME	STATUS
intu Braehead	Braehead	Owned by SGS post intu demise. Bought by Frasers Group for £220m in November 2025.
intu Broadmarsh	-	Control passed to Nottingham City Council post intu demise; subsequently being demolished and will be repurposed as residential (having since been acquired by Homes England in 2025).
intu Bromley	The Glades	Owned by Alaska Permanent Fund Corporation (APFC) who acquired in 2016. Likely to remain in long-term ownership.
intu Chapelfield	Chantry Place	Owned by Greater Manchester Pension Fund (GMPF). APAM appointed to deliver asset management strategy.
intu Derby	Derbion	Owned by Cale Street. Likely to come to the market in 2026/2027.
intu Eldon Sq	Eldon Sq	Ex-intu stake owned by XPE Group Plc (former intu Debenture Plc). Possible exit window in 2027.
intu Lakeside	Lakeside	Owned by SGS post intu demise. Possible exit window during 2027.
intu Metrocentre	Metrocentre	Currently being marketed on behalf of ex-intu bondholders, with a guide price of £500m.
intu Merry Hill	Merry Hill	Bought by Redical in March 2026. Price of £290m higher than guide price of £270m, reflecting wide interest (12 bids).
intu Milton Keynes	Midsummer Place	Owned by Axa/HSBC post intu demise. Possible exit window in 2027.
intu Potteries	Potteries	Acquired from XPE Group Plc (former intu Debenture Plc) by Belgate Estates in December 2025 for £10.5m.
intu Trafford Centre	Trafford Centre	Owned by CPPIB. Possible exit window in 2028/2029.
intu Uxbridge	The Chimes	Owned by KWAP. Possible exit window later in 2026/2027.
intu Victoria Centre	Victoria Centre	Owned by SGS post intu demise. Possible exit window during 2027.
intu Watford	The Harlequin	Owned by SGS post intu demise. Possible exit window during 2027.
The Mall at Cribbs Causeway	The Mall at Cribbs Causeway	M&G doubled its exposure by acquiring the ex-intu stake for £110m in September 2024. Likely to remain in long-term ownership.
Manchester Arndale	Manchester Arndale	Ex-intu stake was marketed in 2025 for ca. £235m but was subsequently postponed. As at July 2026, reportedly under offer to Hammerson for ca. £220m.
St David's (Cardiff)	St David's (Cardiff)	Owned by Landsec, who acquired the debt secured against the ex-intu stake for ca. £100m in 2023. Likely to remain in long-term ownership.

Source: Knight Frank Insight

owned (outright, or with a significant share in) nearly half of them (Braehead, Lakeside, Metrocentre, Merry Hill, Trafford Centre, Cribbs Causeway). Five of the Top 10 schemes in Trevor Wood Associates' 2025 Shopping Centre ranking are ex-intu assets (and nine of the Top 20).

Trafford Centre was undoubtedly the jewel in intu's former crown, the only scheme that could challenge Bluewater and the two Westfield schemes in London as the pre-eminent shopping centre in the UK.

The non-RSC former intu schemes comprise a real mix – but are generally fairly decent centres in good towns or cities e.g. Arndale Manchester, Eldon Square Newcastle, Chantry Place Norwich. All rank within Trevor Wood Associates' Top 100 (with the one exception of Milton Keynes at 117th). Decent real estate in need of a good and loving home.

Having carried on regardless during COVID and the post-pandemic years, the former intu schemes are now starting to move, in some shape or form. Only Broadmarsh in Nottingham has ceased to exist as a shopping centre. Ownership of the schemes which intu did not own outright has often passed to the other party. Until recently, Arndale in Manchester was an unresolved exception to this, although intu's former share is now reportedly under offer to Hammerson.

Many centres transferred back to their financing structures, seemingly unwilling owners at first but with most rightly determining that investment markets or the assets themselves were not in good enough health to affect a sale in the period immediately following intu's demise. Some of these groups sought to make major investments to rectify some of intu's legacy issues (often aligned with the appointment of new asset managers and directorships). Merry Hill, Metrocentre, Eldon Square and the SGS portfolio to name a few were all beneficiaries of this major surgery which has ultimately enhanced their liquidity.

Braehead was sold to Frasers for £220m in November 2025, while Merry Hill was sold to Redical for £290m early in 2026. Not only was this above the

initial guide price (£270m), the sale (conducted by Knight Frank) attracted no fewer than 12 bidders, underlining new-found appreciation of and demand for a sector that was sorely lacking in intu's final years.

Metrocentre (at time of writing being marketed by Knight Frank) will provide a further test of investor appetite for prime shopping centres, with an even higher price tag (guiding >£500m). At time of writing, Manchester Arndale is reportedly in the process of transacting, while further unwinding of the SGS schemes (Watford, Lakeside and the Victoria Centre in Nottingham) is likely now that Braehead has completed. Demand is likely to be significant.

LESSONS AND THE WAY FORWARD

intu failed but its schemes live on. A number of key ones have come and are coming to the market. So what?



Embodiment of structural failings

Without being intrinsically or necessarily poor at what it did, intu stands as a text book reminder as to the key facets that collectively conspired to undermine the UK retail market from 2018 onwards. As such, it serves as a shadow totem of the pitfalls that must be avoided if history is not to repeat itself in the future. In the fabled words of Churchill: "Those that fail to learn from history are doomed to repeat it".



Biggest isn't necessarily best

Too big to fail? A phrase that has largely been consigned to history

and a theme we explored in depth in last year's Retail Renaissance series. intu was one of the UK's largest retail landlords, but its large portfolio left it more exposed to structural change than it did provide protection. The schemes themselves may all have had individual strengths and merits, but a large, rambling portfolio left the business difficult to manage. Rebranding the schemes under a single corporate identity may have seemed a positive and proactive move, when actually the capital deployed in this exercise would have served more purpose as rolling capex or in added-value programmes that connected the schemes with the audience that they served.



A more diversified ownership group emerging

No white knight and no phoenix from the flames – unsurprisingly, a business hasn't emerged to take on the intu portfolio wholesale. The shopping centres are being transacted on a piecemeal basis, new owners having done their homework rather than just buy them because they are cheap. This reflects a key direction of travel in shopping centre ownership generally – fragmentation rather than consolidation. And a wider pool of ownership beyond the institutions

“The best shopping centres (a camp into which virtually all the former intu schemes fall) do have a future as retail schemes, albeit in need of necessary updating, managed evolution and rolling capex.”

and the REITs. No more ownership for ownership's sake. The market much the better for it.



Full ownership – no more passive stakes

The concept of multiple owners of single shopping centre assets is slowly receding. Shopping centre landlords generally now want full operational control rather than passive stakes and we are seeing the proactive ones buy out their former partners. Hammerson is a classic case in point (e.g. Brent Cross, The Oracle in Reading, West Quay in Southampton, Bullring in Birmingham). The buy-out process may be complex and the deals anything but straightforward, but the

net result is a positive for the ongoing health and sustainability of the shopping centre owners. Willing rather than reluctant/dispassionate owners, who are proactive rather than reactive, committed rather than passive.



Shopping centres have a future

In the aftermath of COVID, the prevailing narrative was of shopping centres being a dying breed and that most would be repurposed to other uses. The practicalities of this were always going to be challenging and the thought process ultimately limited. The best shopping centres (a camp into which virtually all the former intu schemes fall) do have a future as retail

schemes, albeit in need of necessary updating, managed evolution and rolling capex. Basic disciplines, but ones that may have been neglected in the past. The new owners are unlikely to fall into the same traps.

intu the crystallisation of many of the key structural failings of the UK retail market generally. But a retail market that has dragged its way back to something approaching Renaissance through a process of self-reflection and sometimes painful voyage of self-help. intu's legacy schemes are intertwined in this whole process and are undertaking their own paths to Renaissance.

A lot has changed in 50 years – the UK has fallen from first to last place in Eurovision. But a lot hasn't changed in 50 years – the UK weather remains as unpredictable as ever. RSCs are no longer the novelty they were in 1976, they are embedded in the fabric of the UK retail market. In need of constant upgrade and re-invention. But fit-for-purpose and here for the duration. And increasingly in loving homes.

THE AGENT VIEW

A legacy of longevity

Ross Needham – Partner, Shopping Centre Capital Markets



The collapse of intu was fundamentally a corporate and financial failure rather than a real estate failure. Excessive leverage and complex ownership structures left the business unable to withstand the impact of wider structural pressures, falling valuations and, ultimately, the claws of COVID.

In a market where a 40% LTV ratio is typically considered racy for major REITs, by the end of 2019 intu carried £4.5 billion of net debt and a LTV ratio of 67.8% (significantly above levels maintained by peers such as Hammerson, Landsec and British Land, all within a 31-37% LTV range at that time), leaving no flexibility to

absorb market volatility or covenant pressure; the challenge for intu was simply insurmountable.

Six years on, however, and the underlying assets have largely proven resilient and popular. With a return to localised branding – arguably a welcomed reversal in the eyes their loyal shopper base – most have continued trading successfully, with improved occupancy levels and strengthened operational performance. At the same time, investor sentiment towards prime shopping centres has also improved considerably.

Recent transactions such as Braehead and Merry Hill demonstrate this renewed investor confidence, and Knight Frank's marketing of the Metrocentre will soon provide yet another bellwether for the sector. Indeed, in the past two years, it would be fair to say an abnormally high number of the UK's Top 40 shopping centres have traded, and with more of the former intu assets expected to be marketed over the next 6-24 months, deal

volumes could approach longer term annual averages of ca. £2bn.

Investors are attracted not only by rebased income, attractive yields and improved debt availability, but also by the scarcity factor and a far greater acceptance of the unique role the best regional centres offer in providing a critical mass for shoppers and occupiers alike. That said, investors must remain disciplined. Market recovery does not guarantee success – the winners will continue to be those prime assets where ownership is prepared to commit to rolling capital expenditure, enhanced customer experience and the continued evolution of tenant mix alongside changing consumer behaviour.

Whilst we almost certainly won't see historic peak valuations of sub-4.5% in the sector ever again, many of the former intu assets are likely to continue to demonstrate that well-located, dominant shopping centres remain relevant and investable.

Retail Renaissance 2026

Paper #5: High St: Never Say Never Again



Paper #5: High St: Never Say Never Again

A new playbook

AUTHOR: STEPHEN SPRINGHAM – PARTNER, HEAD OF RETAIL INSIGHT

3 KEY TAKEAWAYS:

- Renewed investor interest in the High Street – even from at least six institutional investors who sold down post COVID and vowed never to return.
- A new investment playbook to replace the old, which was too property-centric, disconnected from retail occupational markets, geographically-restricted and obsessed with demographic affluence.
- The new playbook is a forensic, bottom-up exercise, rather than a top-down tick-box list. Key considerations combine both centre-level KPIs (catchment/competition, supply/demand dynamics, space productivity) and asset-specifics (ownership/management structures, tenant trade/longevity, rental affordability).

“Investment strategies that were not so much put on ice as buried in the deep freeze are starting to thaw. Even some institutional investors are making noises about making a return to High Street Retail.”

Never again. Many disenchanted investors, particularly UK institutions and funds, vowed they would never entertain the idea of investing in in-town Retail again. They had their fingers badly burnt, their assets tumbling in value as part of Retail’s painful, but ultimately necessary, rebase. Many of those assets were sold off at a hefty discount to perceived (read, historic) values. Once bitten, twice shy.

Time is a great healer. Retail’s wider renaissance has not gone entirely unnoticed. Retail warehousing may have led the charge, but High Street Retail is also being re-evaluated. Investment strategies that were not so much put on ice as buried in the deep freeze are starting to thaw. Even some institutional investors are making noises about making a return to High Street Retail.

Once bitten, twice cautious. Investors are wary of repeating previous mistakes and investing badly. Expect a tentative trickle of investment back into the High Street, rather than a fast-flowing flood. And a new playbook than that deployed before.

WHERE DID IT GO WRONG BEFORE?

In essence, investors were playing a property-centric game that did not reflect the intricacies and complexities of the retail occupational market. Strategies adhered to the basic tenets of real estate, most notably market cyclicity, but did not account for the idiosyncrasies, volatilities and frailties peculiar to the Retail market.

What goes around comes around, what goes up comes down. Timing is everything. One of the basic principles of real estate cycles. But what if a

“Investment strategies were also propped up by ‘false friends’ – factors that were perceived to provide resilience and drive outperformance, yet did neither.”

market undergoes fundamental, structural change as Retail has done? What if seemingly fantastic real estate in a supposedly great town falls vacant and there isn’t a queue of alternative occupiers willing or able to pay the rent at established tones?

Not a hypothetical scenario by any means – a reality that many Retail landlords and investors have had to face up to in recent years. And few would wish to repeat.

Investment strategies were also propped up by ‘false friends’ – factors that were perceived to provide resilience and drive outperformance, yet did neither. Chief amongst these were geography and in particular the flawed notion that London and the South East reigned supreme.

THE OLD PLAYBOOK

‘Market/cathedral towns in the South East’. A criteria previously at the top of many investors wish lists, based less on proven track record and much more on perception and familiarity. Nice places in familiar catchments is not a ringing endorsement for an investment strategy.

Nor is the less specific catch-all of London and the South East generally. Any assumption that this is where retailers make all their money is as naïve as it is ridiculous. Real estate generally in London and the South

“Less a playbook, more a top-down box ticking exercise with precious little substance.”

East comes at a premium to the rest of the county and, in Retail, the perceived underlying value is baked into the pricing. If all else fails in Retail, there was a hypothetical safety net of value in alternative use. Investors would pay over the odds for the comfort of an underwrite that they would never exercise – nor could get to stack up, even if the need did indeed arise.

Demographics – another two-faced ‘false friend’. Above all, a blind obsession with affluence as affirmation of an asset’s worth. Demographics are indeed a crucial factor in retailing and provide a rich tapestry in understanding the shopping dynamics in any given location, but analysing them is a highly complex undertaking. Just because the residential population is demonstrably ‘affluent’, it does not necessarily make that audience any ‘better’ and that asset any more valuable. On the contrary, ‘affluent’ socio-economic groups are notoriously difficult to tap into – they are amongst the most discerning of

consumers in where they shop and what they buy. ‘Affluent’ is not the same as free-spending – far from it.

Well-presented assets, let to brands that are perceived to be good, in nice market towns in the South East, supported by an affluent catchment. A summary of many investors’ playbooks historically – less a playbook, more a top-down box ticking exercise with precious little substance.

And, of course, there was strength in numbers. A situation whereby many investors were chasing the same ball seemingly endorsed the ‘playbook’ and perpetuated many of its limitations and shortcomings.

Comfort through herding? In the words of Nietzsche: *“Do you want to have an easy life? Then always stay with the herd and lose yourself in the herd”*. As we have learnt through the whole rebasing process and subsequent renaissance, there is no longer such a thing as an easy life in Retail.

ALIGNMENT WITH THE RETAIL OCCUPATIONAL MARKET

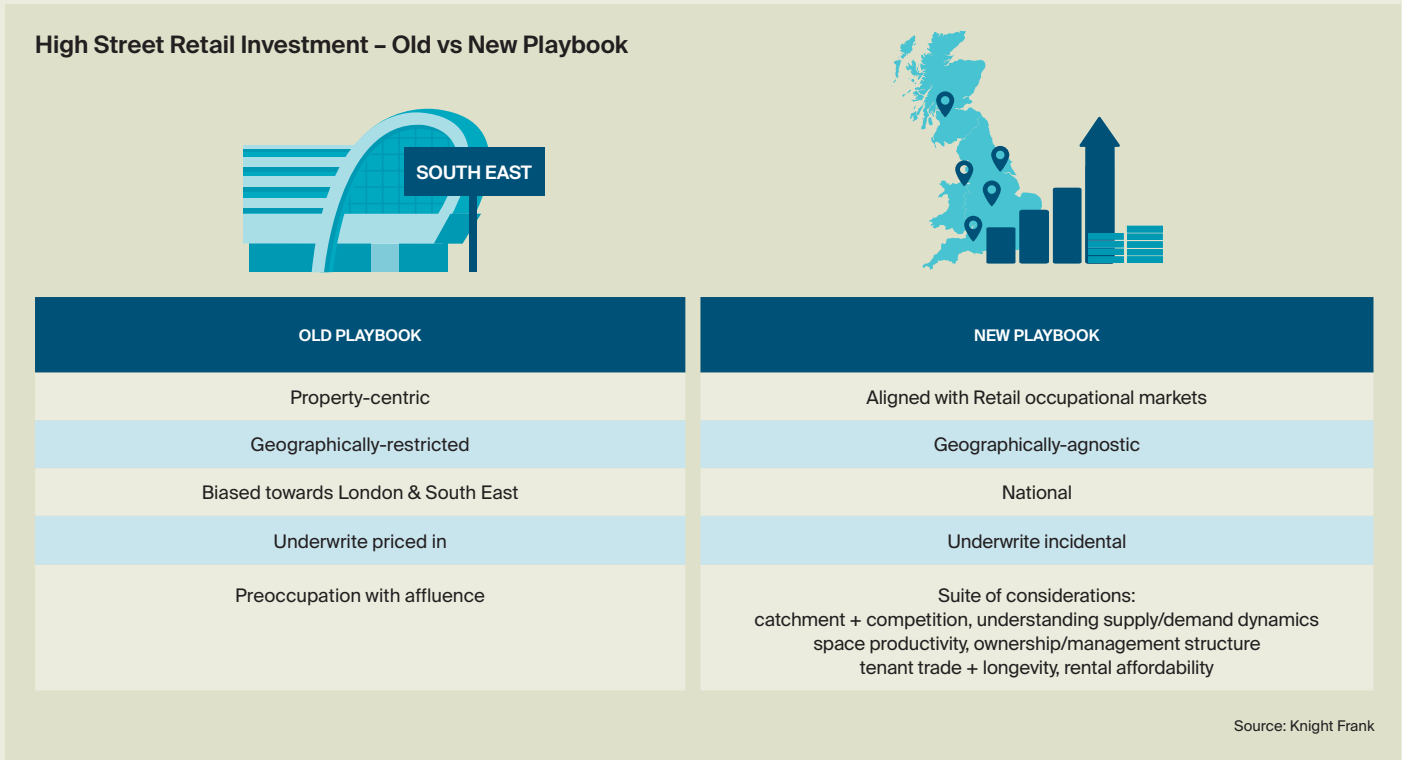
The old investment playbook only paid lip service to the forces that actually define a successful investment strategy – closer alignment with the Retail occupational market. Happy tenants

are sticky tenants. Sticky tenants pay rent and provide reliable income streams. Reliable income streams underwrite and determine a property’s value.

What drives retailers’ location planning and real estate strategies? In base terms, retailers will occupy stores that make money, a focus that has tightened significantly in the face of a COVID-driven existential crisis. Making money, either directly through a P&L or indirectly as part of a cog in a multi-channel model, is the primary, nay sole, endeavour of any store-based occupier.

That is about as far as generalisations can go. Where retailers make money will vary dramatically by operator, sector, market positioning and by any number of other considerations. Very much horses for courses, a total minefield completely at odds with any preconception that retailers unfailingly trade best in the South East. Retailers generally are geographically agnostic.

Do prime stores – those located in the plum locations in the best towns or cities or in Regional Shopping Centres – trade better than less celebrated sites? Sometimes, maybe, possibly, not necessarily, no – take your pick.



“In short, retailers are happy in locations where they are generating good sales, rents are affordable and they are able to produce a decent, profitable return.”

It's impossible to generalise. The only rule of thumb that carries any weight is that sales volumes in prime locations are likely to be higher than in other locations. But retailers will be paying for the privilege through higher rents, business rates and often service charges. Prime stores may achieve higher sales, but that may not necessarily filter through to higher profit. Often, there is a disconnect between the top and bottom lines.

Demographics are a key feed into any retailer's acquisition strategy and understanding customers is – and always will be – central to successful retailing. Unlike investors, retailers are not obsessed with affluence, they will have a much more intelligence-based and

discriminating view of their customer base – who their core customers are, where they live etc. Snobbery has no place – their customers are what they are, not what they want them to be. Again, the end game is having stores in locations where the demographics are sufficiently supportive for that site to make money.

In short, retailers are happy in locations where they are generating good sales, rents are affordable and they are able to produce a decent, profitable return. The parameters of all of these things will vary dramatically, but it is as fundamental as that.

THE NEW PLAYBOOK

The new investment playbook for Retail needs to mirror its occupational counterpart. Rather than a top-down tick box list, a detailed, multi-faceted and forensic bottom-up analysis. Not exhaustive by any means, the new playbook needs to address the following six facets as a bare minimum:

1. Catchment + Competition
2. Understanding the supply-demand dynamics
3. Productivity
4. Ownership / management structure
5. Tenant trade + longevity
6. Rental affordability

7. In broad terms, the first three relate to the town/city, the last three are more asset-specific. In an ideal world, both sets of metrics should complement and be consistent with each other.

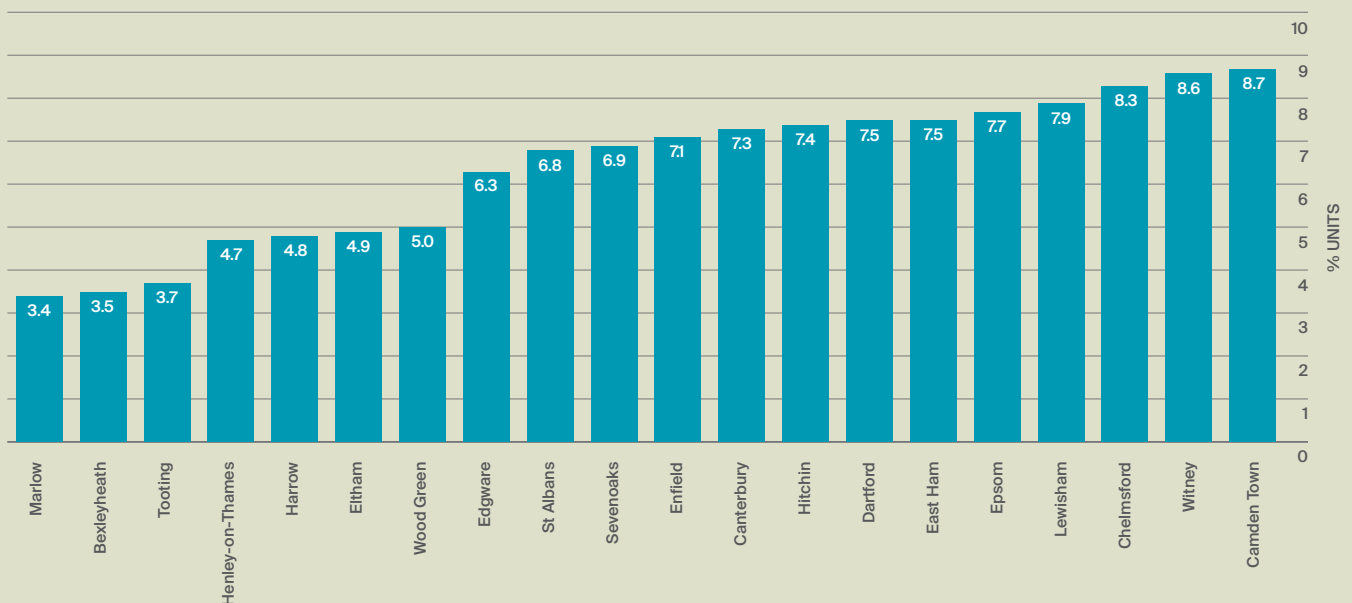


Catchment + Competition

Two moving parts on understanding catchment characteristics – overall catchment size/geographic reach and penetration thereof. Part and parcel of that process is understanding market shares, leakages and local shopping hierarchies.

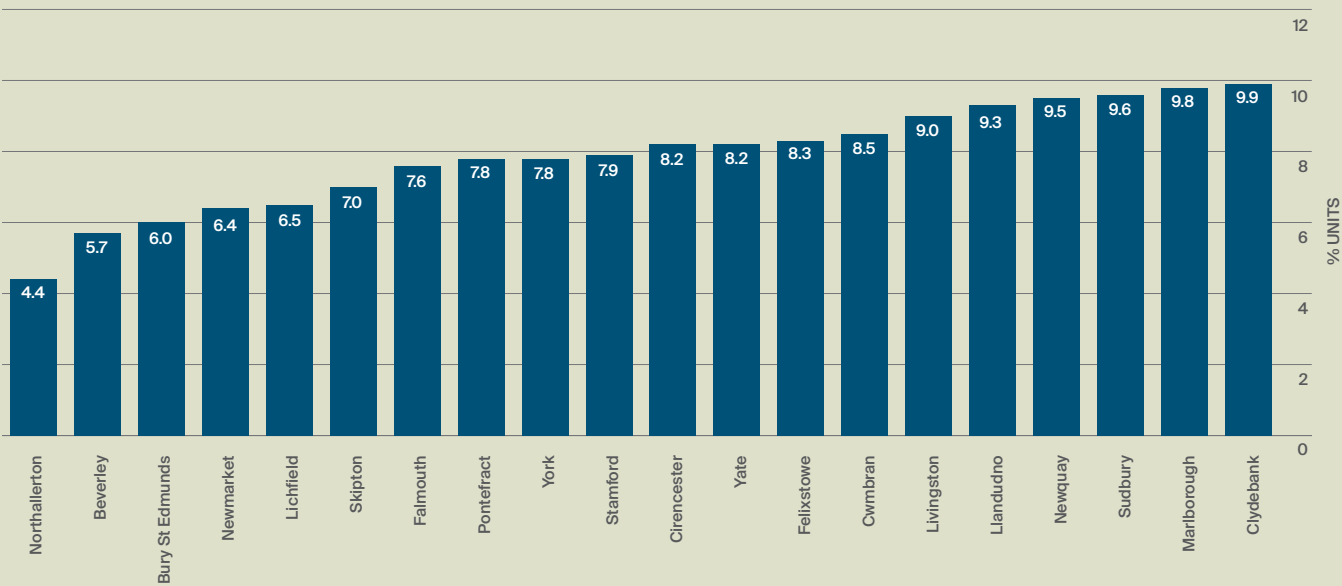
Demographics also fall under this umbrella. Rather than look for affluence as an endorsement, the key is striking an equilibrium between the tenant of any given asset and the audience that it serves e.g. a value-based operator is likely to trade better in a more demographically-challenged town. Also, understanding the nuances between demographic penetration

Top 20 Lowest Vacancy Rates – London and SE Centres



Source: PMA Promis, GOAD, Knight Frank Insight

Top 20 Lowest Vacancy Rates – Centres outside the South East



Source: PMA Promis, GOAD, Knight Frank Insight

rates (i.e. %) and volumes (i.e. counts). For larger centres with extensive catchments, penetration rates of key demographic groups may appear low, but volumes are high.

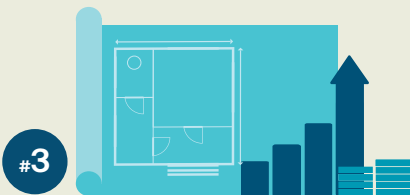


Understanding the supply-demand dynamics

The new playbook needn't represent a total abandonment of basic real estate tenets – the trade-off between occupational demand and physical supply is still a key feed. Vacancy rates are the obvious barometer of these dynamics, but 'headline' i.e. centre-wide data may not necessarily tell the full story. For example, demand may be heavily concentrated in a particular pitch and the vacancy rates may actually reflect very tertiary or peripheral areas of that town.

Retailer requirements provide some indication of potential demand, but tend to over – rather than understate as

they seldom shed light on how active or passive individual requirements are. Occupier gap analysis (highlighting retailers that are currently absent but trade in similar towns or locations) remains a useful tool for assessing contingency and alternative operators, should incumbents vacate.

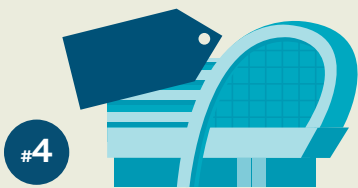


Productivity

Sales/sq ft – a retailing KPI that has been diluted somewhat over time in parallel with the rise of online/multi-channel. But still a telling metric in understanding space productivity and identifying potential over-supply.

Asset-centric metrics that can be replicated at town level by crudely dividing gravitated spend figures by floorspace. Not an exact science, but a good proxy as to how hard that floorspace is working – hard working floorspace more likely to be profitable space. Not a guarantee that every store in that town is flourishing nor

an endorsement for investing in that town in isolation, but a key feed into the wider appraisal process.

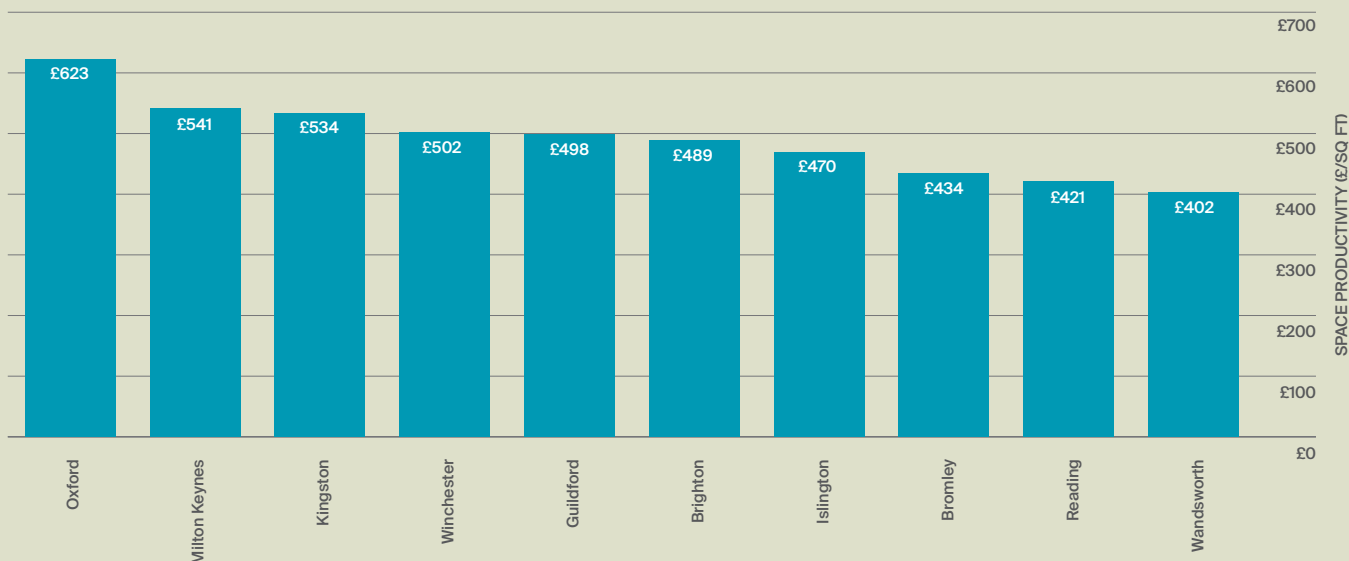


Ownership / Management Structure

Understanding the ownership and management structure of any location is an underrated factor. Key considerations are the extent to which the floorspace is managed and by whom, and whether the approach is active or passive. Councils, private investors, REITs and institutions will all have different motivations. Fragmented ownership is a frequent

“Fragmented ownership is a frequent constraint to necessary change in many town centres, with various parties not pulling together for the common good.”

Top 10 most Productive Centres – London and South East



Source: PMA Promis, CACI, Knight Frank Insight

constraint to necessary change in many town centres, with various parties not pulling together for the common good.

While an investor may only be buying into a specific asset, it is highly beneficial to understand the broader backcloth of other owners. How difficult will it be to execute any proposed asset management initiatives? How does the high street interface with the local shopping centre? Will any proposals at the latter impact the former in a positive or negative way? In simple terms, know your neighbours.



Tenant trade + longevity

The holy grail in any investment strategy, details on trading performance of the occupiers themselves. And not just having the data, actually understanding what it means and being able to put it into context e.g. a £ per week sales figure

is only a rough and ready metric which 1. may not reflect trading on an annualised basis due to seasonality 2. does not necessarily reflect profitability. But in a largely opaque market, any trading data is better than none at all. If reliable and detailed, absolute gold dust.

Longevity – how likely is that tenant to remain in occupation, both in terms of not defaulting and potentially renewing at any lease expiry? Credit ratings such as Dun & Bradstreet (D&B) are still widely used yet do not foresee every CVA and administration. Even ostensibly strong retail brands may have overexpanded and not every store may be trading to the required level. A deep understanding of retail occupiers remains a prerequisite for any retail investment strategy. ‘Sexy’ tenants are not always the best tenants.

“A deep understanding of retail occupiers remains a prerequisite for any retail investment strategy.”

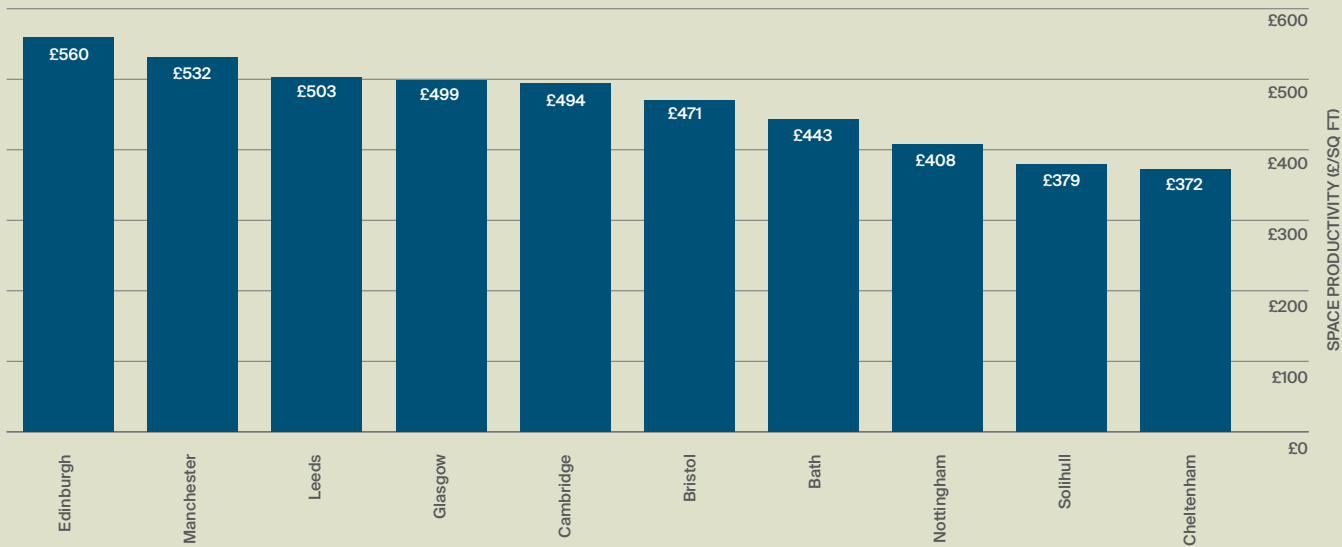


Rental Affordability

Again, there is a tendency for property investors to revert to real estate type here and place rents within an open market rather than retail occupier context. The rent on an asset may be appropriate in the context of established tones elsewhere in the town and this may be provable by any number of market comps.

But it may not be affordable to the retailer that is currently in occupation, nor ones that could potentially backfill. Individual retailers have very different gross margin structures and business models and, by extension, very different affordability parameters. Applying ‘effort ratios’ is not the foolproof exercise it purports to be and remains very much a dark art. The affordability (or otherwise) of rent is only fully transparent in the context of trading performance data. A market rent is only sustainable if there is an occupier willing and able to pay it.

Top 10 most Productive Centres – Outside the South East



Source: PMA Promis, CACI, Knight Frank Insight

“Is this new-found interest in in-town Retail reflected in the numbers? In Shopping Centres, yes. In High Street stock, not as yet.”

READY TO DANCE TO A NEW TUNE?

Is this new-found interest in in-town Retail reflected in the numbers? In Shopping Centres, yes. In High Street stock, not as yet.

As explored in Paper #4 of this series, Shopping Centres are very much back in vogue and this is supported by data from our H2 Retail Investment Report. Shopping Centres recorded volumes of £870m in H1 2026, a +95% uplift from the £450m reported in the same period the previous year. A further £1bn of sales are currently either under offer or on the market and deal volumes should, barring any further unexpected global economic crises, return to long term averages at £2bn+. And, given the location of those assets that have or are likely to trade, investment is geographically-agnostic, refreshingly so.

A slightly more subdued picture in High Street stock – for now. High Street volumes totalled £215m in H1 2026, some -22% lower than the £280m traded in the same period last year and substantially lower than the two quarters contributing to record volumes of ca. £2bn in 2016.

Is the tide turning? With prime yields at 6.25% (some +225 bps higher than their peak in 2016) and with many high-quality opportunities buyable at much higher cap rates, some savvy investors have acknowledged a renewed opportunity to aggregate high income-producing, lower intensity managed estates from disenfranchised owners.

Private investors and property companies remain the core buyer group, although French SCPI have been particularly active in the regional markets with Alderan and Iroko Zen amongst others completing half a dozen transactions so far this year.

What of the formerly disenchanted institutional investors, those that vowed “never again”? Knight Frank intelligence can identify more than half a dozen UK institutions who are openly targeting High Street investments – the most in recent

memory, with a list including a good number of investors who sold the sector so extensively in distressed periods either side of COVID.

Disappointingly, but perhaps unsurprisingly, these investors are largely targeting well-secured parades let to investment grade covenants on prime pitches in Outer London or the South East. Old habits die hard.

But there is a world outside the South East window. And a whole different playbook as to how best to mine it.

“Disappointingly, but perhaps unsurprisingly, these investors are largely targeting well-secured parades let to investment grade covenants on prime pitches in Outer London or the South East. Old habits die hard.”

THE LEASING AGENT VIEW

Follow the occupier

David Legat – Partner, Head of Retail Agency



It's encouraging to see renewed investor interest in the High Street; from an occupational perspective, it is also long overdue.

Our markets adjusted long ago. Occupiers have spent the last decade doing what many investors are only now beginning to do: taking a far more forensic view of location and performance. Occupiers have become increasingly selective, focusing on profitability, productivity and the strategic role each store plays within an ever-more sophisticated multi-channel network.

We see this every day. Retailers are searching for the right property, on the right pitch, in the right town. Traditional notions of “prime” towns and cities have

become far less important than whether a location can consistently deliver the right customers, sales volumes and returns.

Perhaps the most encouraging aspect of the current cycle is that retailers are expanding again. Demand is no longer confined to a handful of trophy locations; for many expanding occupiers, the number of viable target locations exceeds the number of stores they are looking to open. That dynamic helps keep the market honest. Retailers can be disciplined in their acquisition strategies, pushing for terms that ensure long-term sustainability. Equally, they are prepared to walk away when deals do not stack up commercially, confident that alternative opportunities exist elsewhere.

The era of the “must-have” location has passed. Every store must justify its place in the portfolio and make a positive contribution to the wider business. Rent sits at the heart of that equation. While market evidence and comparable transactions remain important, leasing decisions are increasingly informed by

affordability and store economics. The most sustainable outcomes are achieved when rent reflects both market reality and occupational performance. Get that balance right, with the right occupier in the right location, and both landlord and tenant have the platform to succeed.

We are seeing occupiers actively target towns and cities across the UK, often in locations that would previously have been overlooked. Their focus is straightforward: securing space at affordable occupational costs in markets capable of delivering attractive returns over the long term.

Retailers have already identified where the strongest opportunities lie. The best investment outcomes are likely to come not from relying on historic real estate assumptions, but from understanding where tenants want to be, can afford to be, and are actively choosing to grow today.

For investors considering a return to the High Street, the message is simple: follow the occupier.

THE INVESTMENT AGENT VIEW

A tentative return – but welcome back

Will Lund – Partner, Head of In-Town Capital Markets



Retail is once again on fund managers' shopping lists and it is not entirely surprising. An aggressive rebasing of capital and rental values to historic lows should be enough to pique the interest of any discerning investor.

The resilience of Regional Shopping Centres has been well-publicised to the extent that this market is in the midst of a Lazarus-like recovery. Major REITs Landsec and Hammerson have reported their desires to expand their portfolios,

joined by other domestic and European funds actively investing in this sector.

But is the High Street going unnoticed? Well, actually no. Recent sales in Brixton, Greenwich, Oxford and Glasgow all attracted institutional interest and we are now monitoring a handful of fund requirements seeking risk-adjusted outperformance from relatively low asset management-intensive opportunities.

Most of these groups are targeting larger opportunities (£10m+) let to a handful of high quality occupiers on long leases and will (for now) typically defer to familiar markets in the South East as they make early forays (or returns in some cases) to the High Street Retail market. However, these sales are few and far between and will likely see a number of these investors chasing the same stock.

There is value to be found outside of these core markets. Why should a retailer naturally be more profitable in Cambridge than Clydebank? Greater alignment between occupational and investment dynamics means that acquisitions are no longer solely a geographically-led decision with the onus being on really understanding one's occupier. If local dynamics are supportive there is potentially equal opportunity to benefit from long, sustainable, growing income streams in either of these locations.

With investors in today's turbulent markets seeking opportunities for outperformance, the robust fundamentals of the In-Town Retail markets could be enough to tempt institutional investors back to this sector and, potentially, into more regional markets once again.

Paper#6: Business Rates: Making the inequitable palatable

Paper#6: Business Rates: Making the inequitable palatable



Paper #6 – Business rates: making the inequitable palatable

Robbing both Peter and Paul?

AUTHOR: STEPHEN SPRINGHAM – PARTNER, HEAD OF RETAIL INSIGHT

3 KEY TAKEAWAYS:

- The system is broken. Root and branch reform is needed, rather than superficial tinkering with multipliers and relief packages. But there is currently limited impetus for policy change.
- Inequitable on multiple counts – Retail and Hospitality shoulder a disproportionately high business rate burden (>30%) and the 1% of Retail properties that cross the £500k RV threshold contribute 26% of rateable values – Central London and supermarkets bear the biggest brunt.
- “Levelling the playing field” = creating a minefield. Infinitely more complex than simply applying higher multipliers to warehouses as this will impact online players and high street operators in equal measure.

“The more specific argument from retailers is that they shoulder a disproportionate share of the business rates bill. Retail accounts for around 5% of the UK economy, yet retailers pay over 20% (ca. 25%) of all business rates. Including Hospitality extends this burden to >30%.”

“The next Labour government will scrap business rates. We will carry out the biggest overhaul of business taxation in a generation, so our businesses can lead the pack, not watch opportunities go elsewhere.”
Rachel Reeves – 2021 Labour Party Conference

“Business Rates are crippling our High Streets. Only the Conservatives have a funded plan to scrap them for thousands of pubs, shops and cafes, and unlock our towns and cities to grow”.
Kemi Badenoch – October 2025

Political pledges and promises are clearly much easier to make in times of opposition. As Shadow Chancellor, Rachel Reeves boldly vowed that Labour would scrap business rates when in power. Two years on, they haven’t done anything of the sort. Leader of the opposition Kemi Badenoch has since made similar noises, but the Conservatives had plenty of time to act while in power. But didn’t.

Tinkering isn’t the same as scrapping and to date, promises of meaningful reform have not been honoured.

THE BANE OF RETAILERS & HOSPITALITY OPERATORS – WHY?

Retailers aren’t backwards in coming forward in airing their objections to anything. Business rates have supplanted all other common complaints (e.g. upwards-only rent reviews, long 25 year leases etc etc) as their single largest grievance and industry bodies such as the British Retail Consortium (BRC) devote considerable resource to lobbying

“Retailers are effectively being hit by a double-whammy of elevated rent and higher business rate obligations. Profitable sites may become unaffordable at a stroke.”

on their behalf. Why is the issue so contentious and the system apparently so unfair?

On the most basic level, business rates are a tax. And nobody likes taxation in any shape or form. And business rates is a property tax that doesn’t exist in many other countries other than the UK. And in countries where it does, it’s less confusing than it is in the UK.

That generic grievance aside, the more specific argument from retailers is that they shoulder a disproportionate share of the business rates bill. Retail accounts for around 5% of the UK economy, yet retailers pay over 20% (ca. 25%) of all business rates. Including Hospitality extends this burden to >30%.

Thirdly, rates are payable based on a property’s rateable value (RV) at a given point in time, which will in turn be driven by rent. The two key grievances here are that 1. The revaluations are too periodic and this can result in large distortions e.g. significant jumps and time lags. 2. If rents have increased significantly during the two revaluation dates, retailers are effectively being hit by a double-whammy of elevated rent and higher business rate obligations. Profitable sites may become unaffordable at a stroke.

A myriad of other grievances relating to the many moving parts of how

“As a percentage of GDP, UK property tax is the highest across the entire OECD at 3.74%.”

business rates are calculated (e.g. multipliers applied to RV bandings, relief packages) but this is the general case from the Retail & Hospitality counsel.

LIMITED IMPETUS FOR REFORM
For all the rhetoric, there has been limited reform from any serving government to date. Again, there are a whole host of reasons for this.

Business rates is a big and, more importantly, reliable money-spinner. Historically, the government has raised between £25 billion to £28 billion per annum from business rates in England alone, while total UK-wide revenue is projected to rise to £35.8 billion for 2026/27. As a percentage of GDP, UK property tax is the highest across the entire OECD at 3.74%. Back in 1990 when the “modern” system of business rates was introduced, this figure was 2.69% and the UK was only 4th on the list (behind Canada, the US and Luxembourg).

Whatever the cash figures, ‘reliable’ is arguably the operative word. Business rates are fiscally neutral, meaning that whatever the uniform business rate (UBR) is, whatever weightings are applied through bandings and whatever relief is given, the net figure is still the same – but obviously still pegged to inflation. Unlike other taxes, business rates are therefore fairly transparent and predictable and relatively easy to collect. There is very little impetus to change any of these factors.

Beyond that, business rates are a corporate rather than a consumer issue. They are not a votes-winner, at a politically unstable time when votes are at a premium. Much more political energy is being channelled into issues closer to public sensitivities. Put bluntly, no government past, present or future, has even been nor will ever be elected on the basis of business rate policy. Cynical, but ultimately true.

IS THE SYSTEM BROKEN?

A cursory recap of the mechanics of business rates and the key moving parts that underpin them – and makes them so complicated and in retailers’ eyes ‘unfair’:

- 1. The Standard Multiplier
- 2. RV Bandings
- 3. Relief

The Standard (or Base) Multiplier is set at each revaluation period and business rates are calculated by multiplying the property’s rateable value by this figure, before any reliefs or transitional arrangements are applied. So far, so seemingly simple.

There are three different multipliers, based on RV property bandings:

- Properties <£51k RV. Can be up to 20p lower than the Base multiplier
- Properties £51k - £500k RV. Can be up to 10p lower than the Base multiplier.
- Properties >£500k. Can be up to 10p higher than the Base multiplier.

This complexity becomes a minefield when relief is factored in. Sole traders (i.e. those with a single site) may be eligible for small business rate relief depending on that property’s rateable value. Single properties with a RV of £12,000 or less are exempt from business rates. For properties with a RV of £12,001 to £15,000, the rate of relief

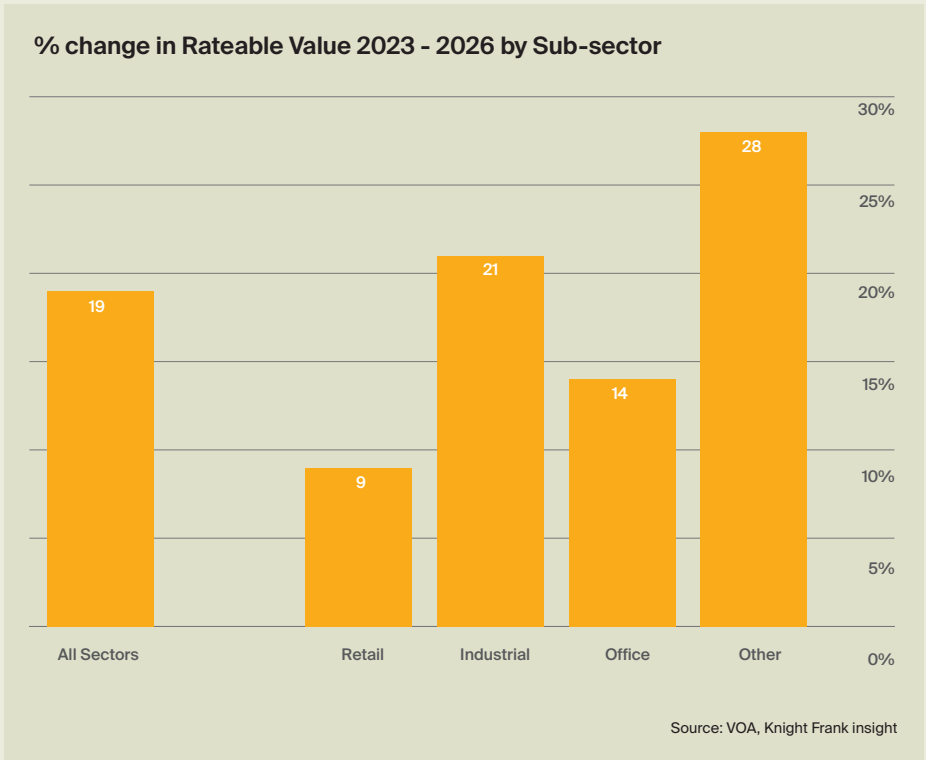
will go down gradually from 100% to 0% e.g. for a RV of £13,500, a 50% reduction, for a RV of £14,000, a 33% reduction etc.

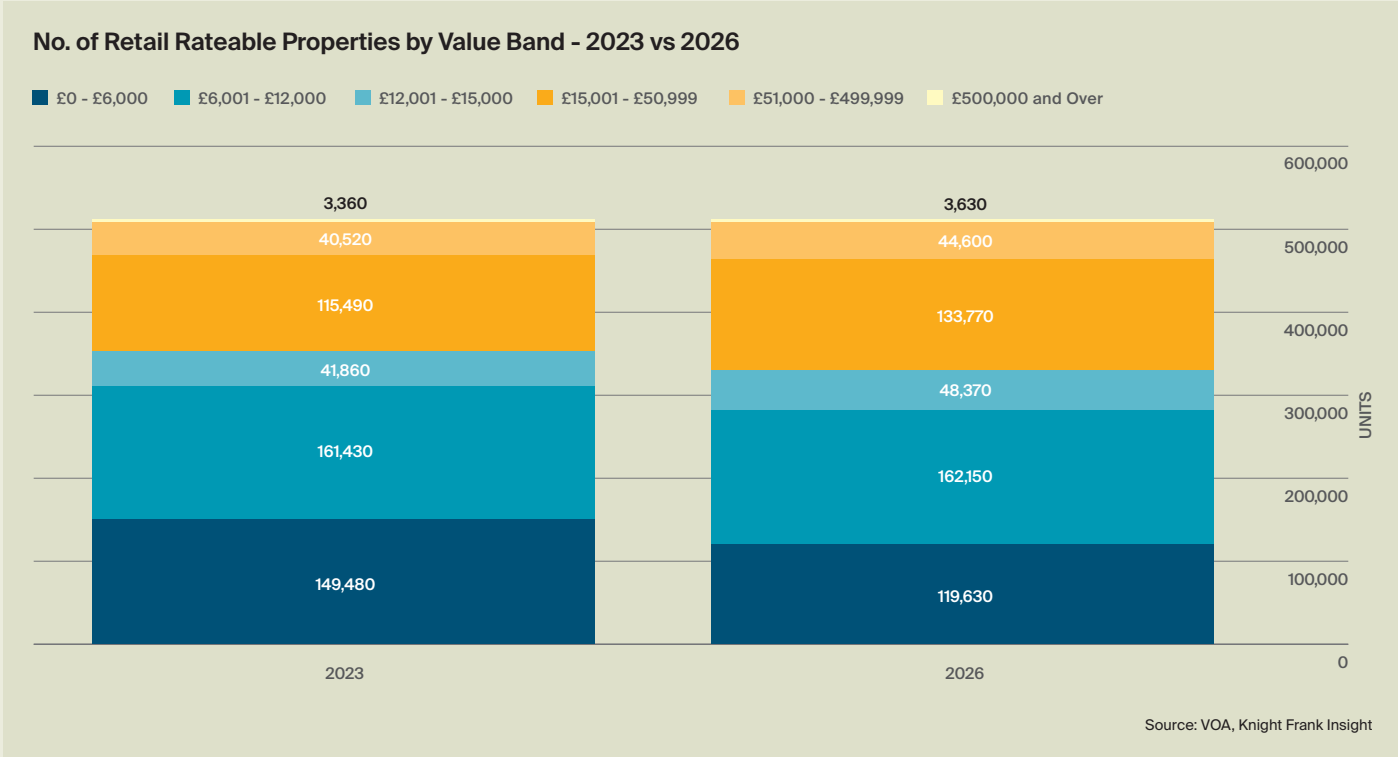
The UK government also provided historic business rates relief during the COVID-19 pandemic, implementing a 100% Retail, Hospitality and Leisure Discount (popularly termed a “rates holiday”) for 2020/21 and offering phased discounts through 2022. These temporary, emergency relief schemes have since concluded, but their after effects are still washing through the system.

The Discount was a temporary measure, but its gradual withdrawal nevertheless remains a source of consternation, particularly in the Hospitality sector.

OUTCOME OF THE 2026 REVALUATION

The 2026 Draft List was released in tandem with the Autumn Budget in November 2025. The new Rateable Values (RVs) reflecting the change in rents between April 2021 and April 2024 and almost every commercial real estate sector saw an increase, as the country recovered from the pandemic. Overall, the total RV has increased by +19.2%. This has allowed Government to reduce the Standard Multiplier (applied to RVs to calculate a ratepayer’s liability) from 55.5p to 48p.





Dressed up as a way of helping the High Street, the Government also announced permanently lower multipliers for occupiers of Retail, Leisure & Hospitality (RHL) premises, as follows:

- RV below £51,000 – multiplier of 38.2p
- RV £51,000 to £500,000 – multiplier of 43p

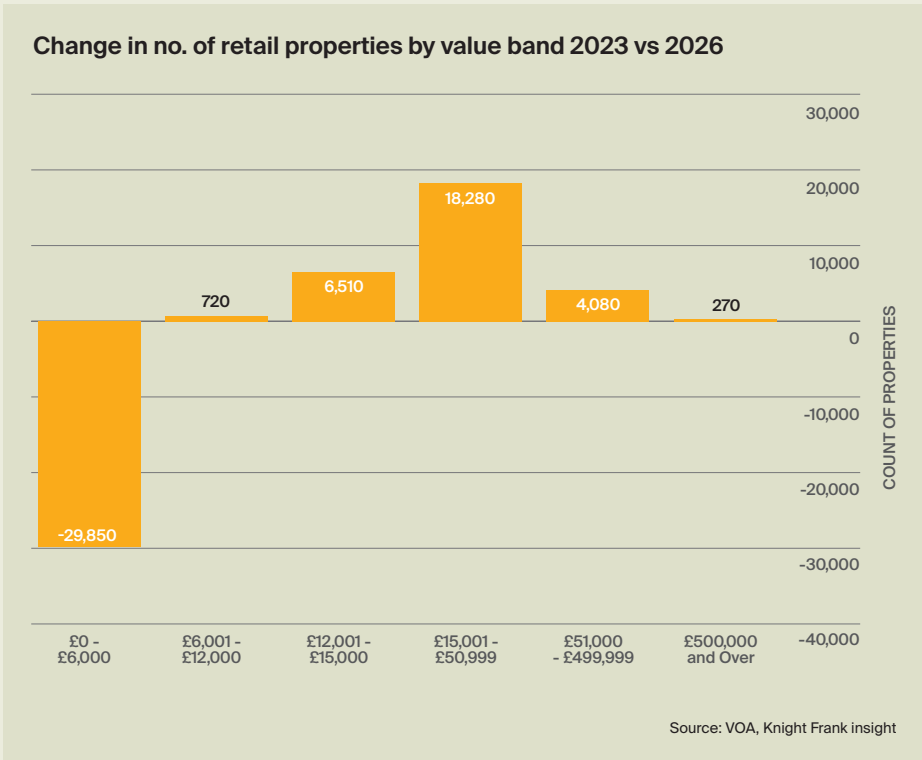
These lower multipliers will be funded by a 2.8p supplement on RVs above £500,000, applicable to all commercial properties (including supermarkets, despite extensive lobbying on the basis that this would lead to high grocery price inflation).

In theory, a mindset of big retail businesses fitting the bill to the benefit of smaller operators. Those that can supposedly afford it helping out

“In theory, a mindset of big retail businesses fitting the bill to the benefit of smaller operators. Those that can supposedly afford it helping out those that may struggle. Robbing Big Peter to pay Little Paul, if you will.”

those that may struggle. Robbing Big Peter to pay Little Paul, if you will. The practice very different, as legacy COVID discount relief was also phased out completely, having been reduced to 40% at the previous revaluation. The new lower multipliers replace any residual RHL relief. So take, by way of example, a shop with a Rateable

Value of £25,000. Last year, its rates bill after the 40% relief would have been £7,485. This year, with the lower multiplier, its rates bill will be £9,550, an increase of +27.5%. In effect, many small-scale operators will be worse off than before. Big Peter and Little Paul robbed in equal measure?



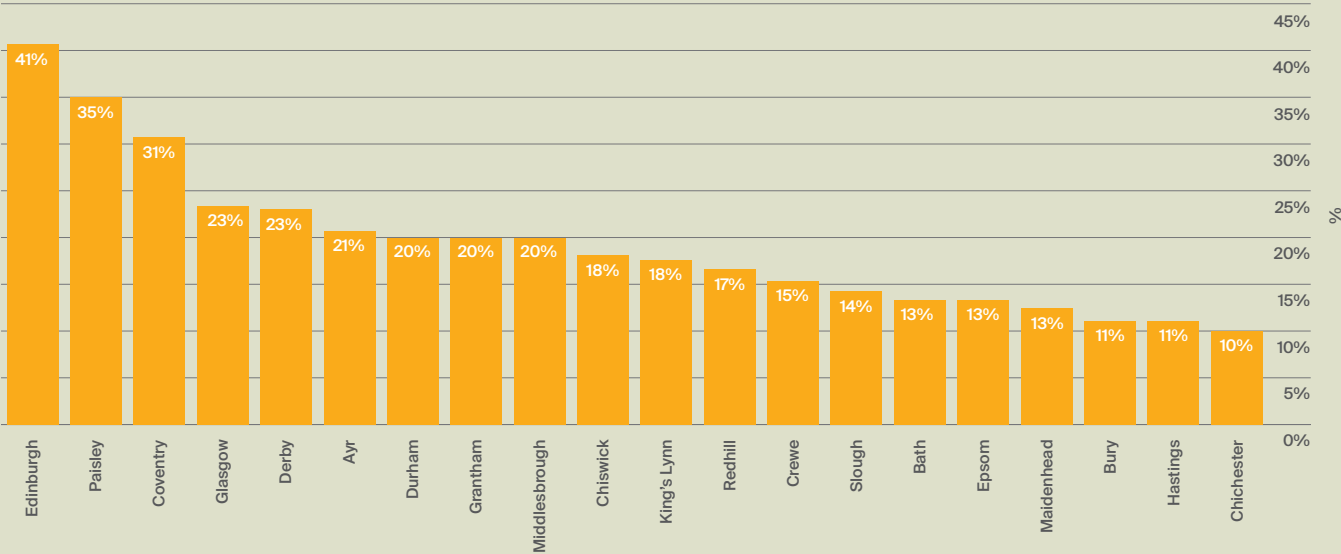
THE LIMITATIONS OF “LEVELLING THE PLAYING FIELD”

The narrative around making business rates fairer has often made reference to “levelling the playing field” between high street and online retailers. The previous Conservative Government even went as far as launching a formal inquiry through

the “Fundamental Review of Business Rates” report which concluded in 2021. This later evolved into the Treasury’s broader “Transforming Business Rates” and business rate retention inquiries. No fundamental reform and an implicit general conclusion that “this is a lot more complicated than we thought”.

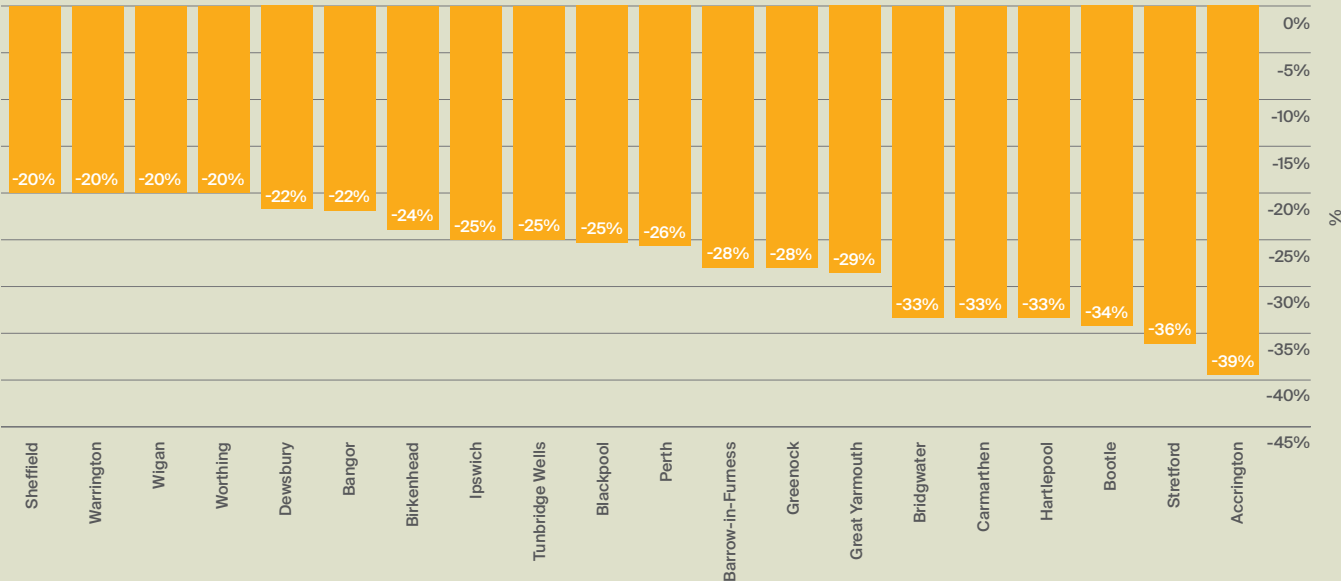
“Many of the large retail operators will have the double whammy of higher rates bills on both their stores and their logistics sites.”

Top 20 Increases in Zone A Rents 2021 - 2024
Change Mid 2021-24 (%)



Source: PMA, Knight Frank Insight

Top 20 Declines in Zone A Rents 2021 - 2024
Change Mid 2021-24 (%)



Source: PMA, Knight Frank Insight

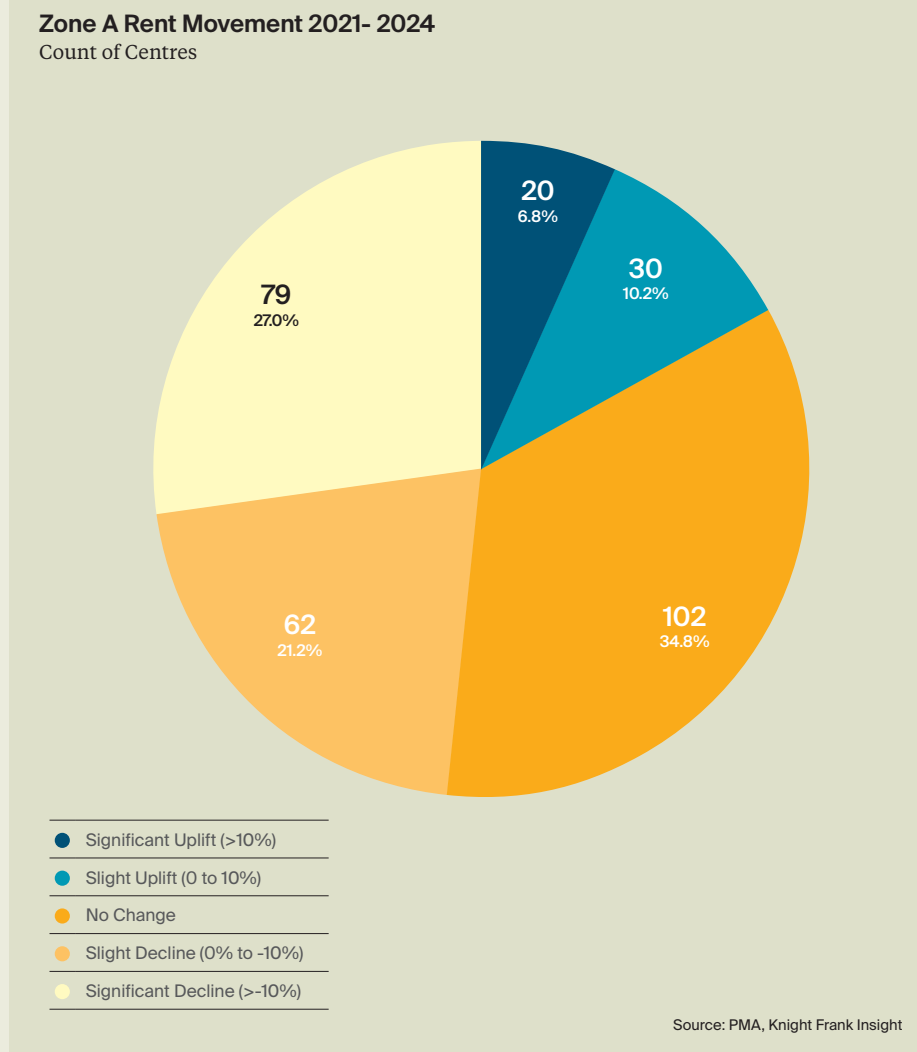
“The playing field between online and high street operators could only be truly levelled if the business rates system differentiated between multi-channel operators and online pure-players and applied higher multiples to the latter’s distribution sites.”

Fast forward to the incumbent government. In the words of the Chancellor at the Autumn 2025 Budget: “The high street will benefit from permanently lower business rates for retail, hospitality and leisure, funded by higher rates for the most expensive properties such as warehouses used by large online retailers”.

The sentiment may be touching, but the thinking is flawed on two counts. Firstly, many retail properties have a RV of more than £500k, particularly (but not exclusively) supermarkets, retail warehouses and stores in Central London. They are as much a part of the “high street” as any other retailer and are clearly not going to see any benefit – quite the opposite.

Secondly, as we explored in Paper #1 of this series, retail is not binary, it is multi-channel. “Warehouses used by large online retailers” are also used by many high street operators. So, it’s just as likely to impact the likes of John Lewis, M&S and Next as it is Amazon. Many of the large retail operators will have the double whammy of higher rates bills on both their stores and their logistics sites. And the fact that they are “large” and can stomach this just doesn’t wash.

The playing field between online and high street operators could only be truly levelled if the business rates system differentiated between multi-channel operators and online pure-players and applied higher multiples to the latter’s distribution sites. But again, very hard to impose decisive dividing lines. Is Amazon an online pure-play or not (it also owns Whole



Foods), likewise Schein with its pop-up stores? A whole new rulebook would be required, which would probably be deemed too difficult to deal with.

Levelling the playing field – or just perpetuating the minefield? Robbing Peter, Paul and Mary too??

ALL BAD?

Are Retailers and Hospitality operators fully deserving of sympathy? None should be totally taken by surprise at movements in their business rates obligations, they are able to look up their current Rateable Value at the VOA and will be aware of rental movements between the two revaluation dates. Scenario modelling awaiting confirmation of the Base Multiplier should provide a range of what to expect.

Likewise, COVID discount relief was never going to last forever and RHL businesses should have built in

contingency to this. Many apparently didn’t, assuming that temporary measures were in fact the norm. This is perhaps truest of businesses that started up over the last five years and have never known the full-force of business rates without relief. This is perhaps only fully appreciated when it becomes a reality, as it is now.

“COVID discount relief was never going to last forever and RHL businesses should have built in contingency to this. Many apparently didn’t, assuming that temporary measures were in fact the norm.”

Transitional relief

RV BAND	YEAR 1 CAP	YEAR 2 CAP	YEAR 3 CAP
Small (up to £28,000)	5%	10% + inflation	25% + inflation
Medium (£28,001 - £100,000)	15%	25% + inflation	40% + inflation
Large (over £100,000)	30%	25% + inflation	25% + inflation

Source: Knight Frank

But the 2026 rating list did potentially provide some respite for some. While the previous 40% RHL relief was more generous on a single property than the new lower multipliers, retailers could only claim a total of £110,000 worth of relief across their business. This benefitted smaller retailers with one or two stores who could claim the full 40% discount without hitting the cap. However, this was to the detriment of national retailers who would hit the £110,000 cap quite quickly and had to pay full business rates without a discount on most of their portfolio.

The new lower multipliers are uncapped. Whilst they are less generous on a single property, across a large portfolio the total level of

discount is now likely to exceed the £110,000 they could previously claim. The previous RHL relief gave greatest support to SMEs at the expense of larger retailers. The changes made from 1 April 2026 now reverse this, with greatest support now going to larger retail chains at the expense of SMEs.

Although most retailers are seeing an increase in their rates bills, transitional relief will provide some support, capping the amount by which rates bills can increase over the next three years on the scales illustrated in the table above.

LEISURE – AT THE SHARPEST END?

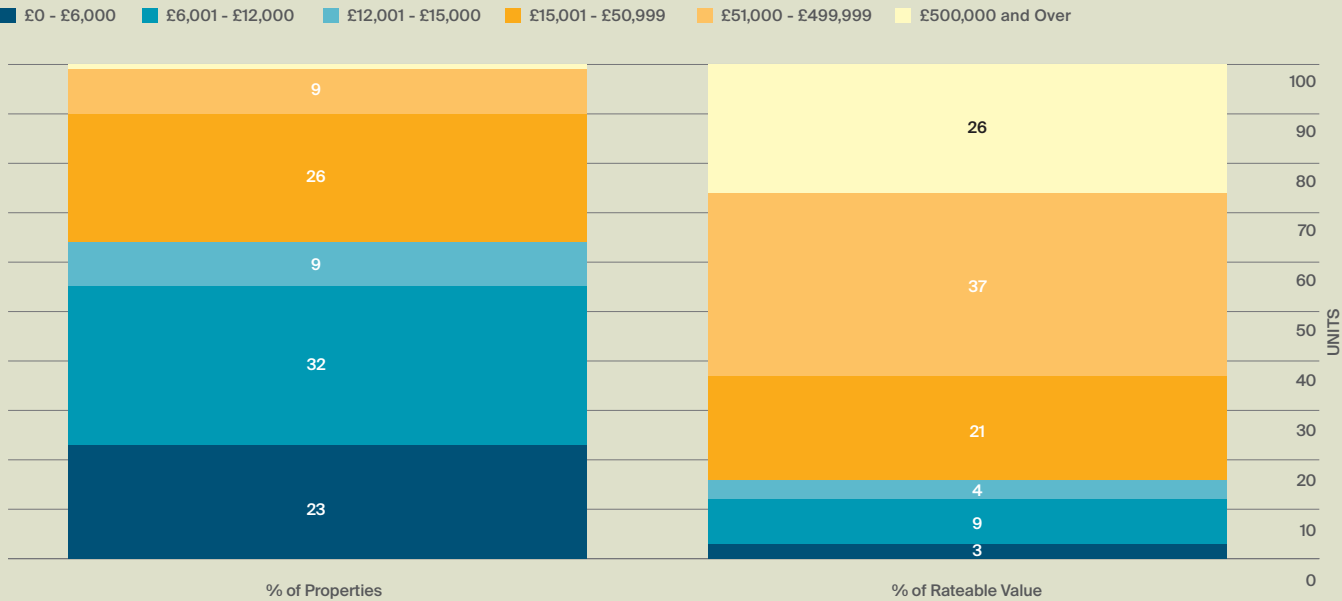
If the British Retail Consortium is merely vocal in its criticism of the current business rate regime,

UKHospitality is decidedly vociferous. Unsurprisingly, the hospitality industry body is supportive of any move to “level the playing field” and claims that hotels and restaurants faced the most significant increases to business rates following the most recent revaluation, with three-year increases of 115% and 54% respectively.

There is a significant dividing line between Leisure sub-sectors

“Why should restaurants be afforded relief over retailers, when both are subject to the same market forces and competitive pressures?”

2026 List: retail properties and rateable value by band



Source: VOA, Knight Frank Insight

“Those properties at the sharpest end are likely to be those in the RV > £500k bracket?”

and how their business rates are calculated. Restaurants/cafes are largely consistent with retail and are effectively bracketed together. In contrast, business rates for hotels, pubs and nightclubs are based on Receipts and Expenditure (R&E), rather than point in time rateable values, largely due to a lack of open market evidence. In simple terms, the premise of the R&E method is to be profit-based and analyse the trading accounts (usually a 3-year average) to determine gross income, before deducting operating expenses to derive an appropriate rateable value.

The “fairness” of this is subject to perennial debate. Pubs and nightclubs would have been disproportionately affected at the latest revaluation on the basis of timings. April 2021 marked the tail-end of the third COVID lockdown, receipts would have been significantly down on averages. By April 2024, trade would have fully normalised. Big differences in receipts, significant hikes in business rates.

Extensive lobbying resulted in some concessions. In January, it was announced that all pubs and live music venues would benefit from a 15% business rates relief in 2026/27 and their bills would then be frozen in real terms for a further two years. The new Andy Burnham administration has already increased this figure to 20% for next year (and beyond?). The general response: from pubs “not enough” from restaurants “what about us?”. To the latter point, where do you draw the line? Why should restaurants be afforded relief over retailers, when both are subject to the same market forces and competitive pressures? Rather than pointing fingers at fellow occupiers from other sub-sectors, surely a united front would be the most effective response?

Whether Retail or Hospitality has the strongest case for grievance is a moot point. Those properties at the

sharpest end are likely to be those in the RV >£500k bracket. According to the VOA, there were 3,630 retail properties that crossed this threshold in 2026, up from 3,360 in 2023. In both cases, this represented only 1% of overall retail properties. 1% of properties contributing 26% to retail rateable values. Central London retail and foodstores nationally are likely to account for a large proportion of the >£500k RV properties – maybe they have the most to object to in the whole business rate debate?

THE FUTURE – FINAL THOUGHTS

Without significant reform, business rate pressures are likely to intensify going forward rather than ease. The next revaluation in England, Wales, and Scotland will take effect on 1 April 2029, based on rental values from 1 April 2027. While rental growth between April 2021 and April 2024 was uncertain and by no means universal, between April 2024 and April 2027 it is likely to be much more consistent. The “reward” for a more stabilised occupational market, higher business rates for many operators.

The current system is broken and in need of total reform. But as successive governments have discovered, business rates are highly complex and the most convenient place for them is in the long grass.

Rather than tinkering with multipliers and papering over the cracks with temporary or selective relief packages, deep reform is needed. There can be no panacea to a system this complex, but plenty of avenues to explore.

Relatively “quick fixes” that are simple and would relieve some of the pressure are more regular revaluations – a lot can happen within three years, as many occupiers have found to their cost. Reducing the revaluation period would help to smooth out some of the hefty rises and nasty shocks many properties are currently subject to.

Levelling the playing field? A sound notion on paper, but highly convoluted in practice. As already alluded to (and explored fully in Paper #1), the dividing line between online and multi-channel retailing has become blurred to the point of

no longer existing. Simply applying higher multipliers to warehouses is not the solution, as this would affect high street retailers as much as their online-only counterparts. The playing field could only be levelled if online-only operators (or, say, retailers that generate x% of their revenue from non-store operators) were subject to higher multipliers on their warehousing and logistics facilities than multi-channel operators. Radical, complex and no doubt controversial.

More radical still: a complete overhaul of fiscal policy that significantly reduces the contribution of business rates to the UK economy. Rather than offset this through personal taxes (income tax, NI, VAT) recoup any deficit through reform of corporation tax, ensuring that large multi-nationals (particularly, though not exclusively, tech giants) pay their fair share of corporation tax e.g. clampdown on tax avoidance and financial offshoring, taxation based on turnover, not profit. Very radical, very complex and very controversial.

In the meantime: *“I believe there is a case for higher business rates on warehouses and the major developments we see on the outskirts of our cities, so that we can cut business rates for pubs – I proposed a 20% cut – and lift some high street businesses out of business rates altogether.”*

Andy Burnham – July 2026

Extending rates relief from 15% to 20% for pubs in his first week in office generated huge media coverage, but is hardly game changing. But this has been telegraphed as *“just the start”*.

Hope springs eternal for deep reform - or will the new boss be the same as the old boss?

“The current system is broken and in need of total reform. But as successive governments have discovered, business rates are highly complex and the most convenient place for them is in the long grass”

THE BUSINESS RATE ADVISORY VIEW

Advice is at hand

Simon Berkley – Partner, Business Rates Advisory



Business rates have always been a key concern for retailers. The impact has been masked in recent years with substantial COVID-era packages of relief being granted and remaining in place at a 75% discount until April 2025. In recent years, the Government has gradually been turning off the tap of support with relief reduced to 40% last year and now removed altogether.

Whilst the relief has been replaced by lower multipliers, these are not as generous as the previous support provided and not as visible to ratepayers on their bills as a

percentage discount. With the drop in support coinciding with a revaluation that has seen most retail rateable values increasing, the result has been a double whammy for retailers, with most seeing substantial increases in their rates liability.

From a rating advisor's perspective, the revaluation and removal of relief have once again moved business rates up the priority list for retailers, with enquiries for advice increasing substantially.

The revaluation provides a fresh opportunity to review and challenge rateable values. The latest statistics from the VOA suggest this is worthwhile. Where ratepayers were represented by professional advisors, 60% of their challenges against rateable value resulted in a reduction, compared to a 47% success rate for unrepresented ratepayers, highlighting the value of professional advice.

There is also now increased complexity in understanding rates bills. In the past, rates liability was simply your rateable value multiplied by the business rates multiplier. However, with the removal of retail relief there are now five different multipliers, a transitional supplement, a Crossrail supplement in Greater London, a further supplement in the City of London, transitional relief, supporting small business relief and potentially a 20% discount for pubs and live music venues. Navigating all these permutations has made it more challenging for retailers to have the confidence their rates bill has been calculated correctly. We have already picked up on billing errors by local authorities since the changes have been introduced.

A deterrent for overseas retailers



In all instances but business rates, what the occupier receives for their outlay is clear. But international retailers continue to question what value they receive

The phenomenon is not limited to international retailers - domestic retailers with a significant trading history in the UK will question where the money goes and what services they receive. Many restaurateur in London will arrange private waste collection contracts because local authority services fail to meet demand but nevertheless pay towards these services through business rates collection on their premises.

Business rates are, without question, a barrier to entry for many international retailers and in my career I have been faced countless times with retailers deciding against London in favour of other international destinations.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



Stephen Springham
Partner, Head of UK Markets Insight
stephen.springham@knightfrank.com



Charlie Barke
Partner, Head of Capital Markets
charlie.barke@knightfrank.com



Will Lund
Partner, Head of In Town
Retail Capital Markets
will.lund@knightfrank.com



Dom Walton
Partner, Head of Out of Town
Retail & Leisure Capital Markets
dom.walton@knightfrank.com



Sam Waterworth
Partner, Out of Town Retail &
Leisure Capital Markets
sam.waterworth@knightfrank.com



David Willis
Partner, Shopping Centre
Capital Markets
david.willis@knightfrank.com



Ross Needham
Partner, Shopping Centre
Capital Markets
ross.needham@knightfrank.com



Alastair Bird
Partner, High Street
Capital Markets
alastair.bird@knightfrank.com



David Legat
Partner, National Retail Agency
david.legat@knightfrank.com



Rob Hargreaves
Partner, Retail Agency –
Tenant Representation
rob.hargreaves@knightfrank.com



Ollie Green
Partner, London Retail Agency
oliver.green@knightfrank.com



Simon Berkley
Partner, Business Rates Advisory
simon.berkley@knightfrank.com