Nottingham City Council

Nottingham City Centre Performance 2009

retail summary

Rankings and Achievements

Nottingham is one of the UK's top 10 retail destinations and sits in seventh place in Experian's 2009 retail rankings. It has moved ahead of Leeds which is now in eighth place. Leicester has moved up one place in the Experian table to fifteenth position and Derby does not feature in the ranking, dispelling fears that new developments in these neighbouring centres pose a threat to Nottingham's reputation as the premier shopping destination in the East Midlands. Cardiff's better than expected rise from tenth to sixth place has been attributed to its new £675 million St David's shopping centre.

Experian 2009 Retail Ranking

Retail Centre	2009	2008
London	1	1
Glasgow	2	2
Birmingham	3	3
Manchester	4	4
Liverpool	5	5
Cardiff	6	10
Nottingham	**7**	**6**
Leeds	8	7
Edinburgh	9	8
Bluewater	10	9
Newcastle-upon-Tyne	11	12
Norwich	12	13
Bristol	13	14
Southampton	14	15
Leicester	15	16

Nottingham is also seventh in the 2009 CACI Retail Footprint which monitors comparison spend. Spend in Nottingham fell by 6.8 % from £1,460 million in 2008 to £1,360 million in 2009 but it also fell in all of the following cities except Liverpool. The highest fall was in London's West End (17.8%), followed by Manchester (12.2%). The sharp increase in comparison spend in Liverpool of 15.4% may be explained by the opening of the Liverpool One development.

CACI Retail Footprint 2009

Retail Centre	2009 £m	2008 £m	% Change £m
London	3,660	4,450	-17.8
Birmingham	2,090	2,220	-5.9
Glasgow	2,010	2,120	-5.2
Manchester	1,870	2,130	-12.2
Leeds	1,710	1,730	-1.2
Liverpool	1,500	1,300	15.4
Nottingham	**1,360**	**1,460**	**-6.8**

Nottingham, along with other UK cities, has seen the retail sector contract as a result of the global recession. The uncertain economic climate has affected the progress of several UK schemes and developers Westfield deferred all new developments for 2009. This has consequently delayed the Broadmarsh re-development but Westfield has resubmitted the planning application for the scheme and is in dialogue with the City Council to ensure that any proposals meet the needs of the City and reflect changes in the marketplace.

Market Activity

Despite challenging market conditions Nottingham has continued to attract a raft of quality retailers and units in prime locations have been successfully re-let.

Perfect Furniture, the retail outlet of locally based specialist upholstery manufacturer PF Collections, has taken the final unit in the Axis mixed-use development on Upper Parliament Street as a flagship store.

PC World took a new style, large format unit of 25,000 sq ft at Trinity Square.

Chambers Boutique, Inspired gift shop and Unique Chic furniture and décor specialists have taken units in the FH Mall

New jewellery retailers include Links of London on Bridlesmith Gate and Argento Jewellery in the Victoria Centre. Other moves within the Victoria Centre include the opening of Poundworld's largest UK store in the former Woolworths unit, and the arrival of newcomers Men Kind, Magnolia and Lipsy.

Ladies fashion retailer Kew moved to the former Monsoon unit on High Street and shirtmaker Hawes and Curtis took the unit vacated by Ghost in the Exchange Arcade. The Viyella Shop has also re-opened in the Exchange Arcade.

Hot food café Roast It! opened its first outlet in Nottingham. Other food outlets include Bakerino on Cheapside and Delizioza Ices on King Street. Gregg's took the former Scott's unit on Clumber Street.

Tesco Express continued their expansion with new stores at Shakespeare Street and Station Street.

Several high profile tenants are set to complete City Centre acquisitions early in 2010 including fashion retailer Firetrap on Bridlesmith Gate.

The new Futurestore initiative located in the Broadmarsh shopping centre is a member of the National Skills Academy for Retail. Led by Nottingham City Council and supported by Nottingham's leading training, development and retail organisations, Futurestore provides essential training to develop the essential skills required by the retail sector.

Centre Comparisons/Vacancy

	Birmingham		Derby		Leeds	
	No.	%	No.	%	No.	%
Comparison	424	31.9	334	40.9	379	32.5
Convenience	90	6.8	46	5.6	79	6.8
Retail Service	116	8.7	72	8.8	98	8.4
Leisure Services	378	28.5	176	21.6	302	25.9
Financial & Business Services	114	8.6	80	9.8	68	5.8
Other	4	0.3	1	0.1	0	0.0
Vacant Retail & Service Outlets	202	15.2	107	13.1	239	20.5
Total Number of Outlets	1,328		816		1,165	
Total Floorspace (sq ft)	4,961,600		2,265,200		3,038,000	
Vacant Floorspace (sq ft)	623,500	12.6	246,300	10.9	469,100	15.4
Major Retailers	67		41		56	

	Leicester		Manchester		Nottingham	
	No.	%	No.	%	No.	%
Comparison	369	34.4	477	30.3	460	32.2
Convenience	79	7.4	102	6.5	89	6.2
Retail Service	99	9.2	123	7.8	109	7.6
Leisure Services	231	21.5	476	30.3	369	25.8
Financial & Business Services	98	9.1	132	8.4	152	10.6
Other	3	0.3	0	0.0	1	0.1
Vacant Retail & Service Outlets	194	18.1	262	16.7	249	17.4
Total Number of Outlets	1,073		1,572		1,429	
Total Floorspace (sq ft)	2,939,200		4,953,800		4,385,800	
Vacant Floorspace (sq ft)	437,000	14.9	572,600	11.6	601,900	13.7
Major Retailers	44		57		57	

Source: Experian GOAD Category Reports 08-09, numbers are rounded

Nottingham has 57 major retailers, which is comparable to Manchester (57) and Leeds (56). Birmingham has the highest number (67) but Nottingham has almost as much floorspace (4,385,800 sq ft) as Birmingham (4,961,600 sq ft) and Manchester (4,953,800 sq ft).

Vacancy

Nottingham City Council has been monitoring retail vacancies over the course of 2009 and, as expected in the current economic climate saw an increase, which peaked in May and August but then reduced towards the end of the year. This may be attributed to increased pre-Christmas demand for units but further monitoring over 2010 will establish whether this reduction is an ongoing trend or a seasonal fluctuation.

The Experian GOAD vacancy rates for Nottingham relate to an earlier survey undertaken at the end of 2008.

Nottingham City Centre Vacancy

	Total number of vacancies	Percentage Vacant
February 2009	170	14.2
May 2009	190	15.8
August 2009	196	16.3
November 2009	170	14.2

Source: Nottingham City Council. Based upon estimated total units of 1,200

Rents and Yields

Rents have fallen in most UK cities. The decrease of 1.2% for Nottingham is the lowest of the following centres, with Leeds and Manchester showing the biggest drop at 9.8% and 8.2% respectively. Birmingham rents have remained static and in Leicester the slight increase of 2.4% is likely to be as a result of the Highcross development.

Prime Retail Rents

Location		Year End		Change 2007 - 2008 %
	2007	2008	2009	
	£psf Zone A	£psf Zone A	£psf Zone A	
Birmingham	325	325	325	-
Derby	155	155	150	-3.2
Leeds	305	305	275	-9.8
Leicester	205	205	210	2.4
Manchester	305	305	280	-8.2
Nottingham	**253**	**253**	**250**	**-1.2**

Source: DTZ Research – December 2009

Prime Retail Yields

Location		Year End		Change 2008 - 2009 %
	2007	2008	2009	
	£psf Zone A	£psf Zone A	£psf Zone A	
Birmingham	4.25	5.25	6.25	19.0
Derby	4.50	5.50	7.00	27.3
Leeds	4.25	5.50	6.25	13.6
Leicester	4.50	5.50	6.75	22.7
Manchester	4.25	5.50	6.00	9.1
Nottingham	**4.25**	**5.25**	**6.25**	**19.0**

Source: DTZ Research – December 2009

A number of UK centres, including Nottingham, have witnessed an outward movement in yields, symptomatic of a weakening investment market. However, the unprecedented yield shifts seen in 2007 and 2008 appear to have run their course and rental decline is now seen to be the main contributory factor to both investor and occupier confidence.

Demand

Local property consultants, FHP, are aware of 60 active retail requirements but stress that operators are unwilling to compromise on pitch, trading configuration and occupational costs with some looking for highly incentivised terms.

Sources: Experian, DTZ Research, FHP Nottingham Retail Study 2009, CBRE UK Retail Briefing Autumn 2009