

CBRE Global Investors turns to shopping centres

■ GCW has advised long-standing client CBRE Global Investors on the purchase of three shopping centres, marking the fund manager's entry into the UK shopping centre investment market.

CBRE GI has bought the three centres in two separate deals totalling £348.5 million. It acquired Hammersmith Broadway and Fulham Broadway centres in West London for £270.5 million on behalf of its Malaysian pension fund client the Employees Provident Fund. It separately purchased the Ashley Centre in Epsom, Surrey for £78 million on behalf of a German pension fund from the Carlyle Group at a net initial yield of 6.1%.

The Ashley Centre dominates Epsom's town centre and is anchored by House of Fraser alongside a raft of high profile retailers. GCW introduced the centre to CBRE GI, assessed the suitability for purchase, and managed the bidding process against other UK institutional investors.

"We worked with CBRE GI to analyse the potential investment and highlight the merits of the deal to the



The Ashley Centre dominates Epsom's town centre retailing

German pension fund. We were able to combine our investment expertise with our UK retail knowledge to show why it was such an attractive deal," says GCW director Fiona Nichols.

"The Ashley Centre has huge long-term potential for growth. It had been held in an investment vehicle that had not been able to spend any money on the centre so we have identified numerous asset management opportunities which we believe will drive the rents forward. There is obvious potential to modernise the centre against a back-drop of a strong retail offer, good demographics

Hammersmith Broadway enjoys a very strong footfall



and a loyal catchment," says Nichols.

The two other centres, Hammersmith Broadway and Fulham Broadway were purchased from the William Ewart Group in a deal reflecting a blended net initial yield of 5%. They are both flagship assets, located in affluent London areas above key transport hubs and with very strong footfalls.

"Both our clients were looking for long-term secure cashflow and all three assets meet the return criteria. We are pleased to have acquired three shopping centres with asset management opportunities, strong occupational demand and with on-going rental growth potential," says Chris Gilchrist-Fisher, senior director at CBRE Global Investors.

"We see the potential of investing in retail, particularly shopping centres at this point in the cycle," he adds.

GCW has been retained as sole agent, providing leasing, asset management and lease advisory services on all three centres.

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IN BRIEF...

FIVE SIGN ON FOR SHOPPING CENTRE EXPERTISE

GCW has added five new shopping centres to its portfolio of clients with Fremlin Walk in Maidstone, and St Anns in Harrow joining CBRE GI's three new centres in Hammersmith, Fulham and Epsom. The five set to benefit from the firm's expertise in shopping centre asset management.

Read more on pages 3/4

ABERDEEN INVESTS IN CHIPPENHAM

GCW has secured a deal for a client of Aberdeen Asset Management to buy Chippenham Retail Park for £11.234 million. The deal offers good rental and growth potential for the investors.

Find out more on page 2



ON THE SCENT FOR STORE EXPANSION

The Fragrance Shop is the latest leading retailer to appoint GCW to help drive its expansion plans. GCW will be working to help the perfume retailer open stores across the UK.

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- 5 DREAMS OFFER
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Simon Morris
Director, GCW

Landlords can help to keep shopping fun

■ The drum for the success of online retailing is being banged so loudly it's easy to get overwhelmed by the noise. But whilst the media relishes stories about the death of the high street the reality is much more complex.

In the fevered debate, it's easy to forget that shopping is the most popular leisure activity in the UK. It's a shared activity for young and old. There is undoubtedly a future in physical retailing and for landlords who are concerned about the future of their assets, there's a clear and obvious message. Customers will come to the shops if it continues to be fun, easy, and useful. Retailers have moved on from a panic about the threat of the web to seeing its potential and are looking at the opportunities to create a thriving multi-channel business in which physical shops play a central role.

At a simple level it's about getting the basics right – a pleasant environment in which to shop; good inexpensive parking or transport, easy access to collect deliveries or return goods, a vibrant leisure or food and beverage element to encourage people

Retailers are adapting well to the opportunities that online offers. *Simon Morris* argues that it's time for landlords to do the same and respond to the demands of tenants by embracing the opportunities that multi-channel retailing offers.



JD Sport reports a clear link between store openings and online sales

to stay longer. It's all about getting the mix of retail and leisure right for the modern consumer. Retail landlords need to put their efforts into creating environments that provide a more positive overall experience than cannot be found online. Retailers are adapting and landlords need to follow suit.

Many retailers already have a well-established multi-channel business and are focussing on making the experience in store as good as possible. For them, it's not about competing with online sales, it's about building on the possibilities opened up by an online channel. Successful retailers know that their environment needs to be dynamic and engaging and staff energised and focused. Consumers can become

instant experts in any product so retailers can't afford for their staff to know less. The physical environment is the opportunity for retailers to add value whether it is through service or upscaling a purchase.

Whilst high profile retailers such as John Lewis and Next make regular headlines for successfully linking online and store sales, many retailers are following suit. One of our newest clients, The Fragrance Shop is clear that its approach to multichannel retailing fuels sales, with strong growth from customers using its click and collect service to place orders online and collect in-store. It sees innovations for online shoppers as parallel to an expansion of its store portfolio. JD Sport can also clearly track a rise in online sales when a new store opens and the uplift is significantly higher in locations where the

Aberdeen invests in Chippenham Retail Park

■ GCW bought Chippenham Retail Park for a client of Aberdeen Asset Management from private development company Foinavon for £11.234 million.

The 43,315 sq ft scheme comprises three retail warehouses let to Wickes, Pets At Home and B&M Bargains in a well-let, prominent and well-configured retail park. The park

benefits from its location in Chippenham, a strong market town. The investment has an average weighted unexpired lease term of 8.5 years. The rent roll is £691,463 pa and the purchase reflects a net initial yield of 5.82%.

"We are very pleased to be able to secure the purchase of Chippenham for our client in what was a very competitive bidding situation," says GCW

surveyor Oli Horton.

"Chippenham Retail Park offers superb rental and capital growth potential and is located prominently in an area earmarked for future housing development," says Matthew Cunliffe, fund manager of Aberdeen Asset Management.

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coverage of JD stores is not as widespread.

Landlords should also start to think about affordability of occupational costs, understanding what retailers can afford and recognising that this differs by category and by factors such as whether they trade own brand or third party products. We know that increasingly retailers will not focus on simply where a purchase is ultimately made and that creates a complicated assessment of a shop's turnover in a multi-channel world.

Our message to landlords is to understand and respond to the new world in which their retail tenants operate. It is not about defending physical retailing from the threat of the Internet but more about working with it. Retailers will start to expect landlords to offer more and this might vary from IT services to ease online ordering in store through to more flexible opening hours for returns and collections of goods. The most-forward thinking landlords are already talking to tenants and technology suppliers to innovate for the future. The internet can be the driver for physical retailing success not the death knell that some continue to predict.

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GCW scores shopping centre hatrick with investment deals

■ GCW takes on the letting agent responsibilities at three shopping centres recently acquired by CBRE Global Investors, following its work advising the investor on the purchase of all three centres.

The appointments see GCW take on two centres based around London transport hubs, Fulham Broadway and Hammersmith Broadway and a third, The Ashley Centre in the affluent Surrey commuter town of Epsom.

The 376,449 sq ft Ashley Centre is anchored by House of Fraser alongside Marks & Spencer, H&M, Top Shop, Waitrose and New Look together with a further 56 shops, four kiosks and an office building. The latest deal at the centre will see Metro Bank move to Epsom.

"The Ashley Centre offers an exciting opportunity and we think there is lots of potential for the centre with pent up demand. The centre is fully occupied but there are obvious brands not present and so the opportunity to attract new tenants in the future offers lots of potential for rental growth," says GCW



Fulham Broadway boasts a cinema and leisure centre alongside its retail offer

director Duncan Kite.

Both Fulham Broadway and Hammersmith Broadway are very busy, well-let shopping centres with high occupancy. The 67,846 sq ft Hammersmith Broadway is fully let with over 70 tenants including Tesco, Boots and McDonald's and generates an annual rental income of £5.4 million. The 195,703 sq ft, Fulham Broadway has 43 tenants who are predominately national multiple retailers and food operators including Sainsbury's, Wilkinson, Boots and Starbucks. It boasts a multi-screen Vue cinema and a David Lloyd leisure centre.

Both centres have a

strong food offer but serve slightly different markets. Hammersmith Broadway is based around a 'grab and go' food offer serving customers using the transport hub and local offices. Fulham Broadway has a more mature offer with family dining linked into the cinema.

"In Fulham we hope to introduce a new fashion anchor and to create one or two new restaurants. In Hammersmith the initial focus will be on reinvigorating the look and feel and brightening up the environment," adds Kite.

GCW will also provide the professional services advice on the three centres.

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GCW extends Orchard Street link

■ GCW takes on the role of letting agent on the St Anns Shopping Centre in Harrow as it expands its partnership with Orchard Street Investment Management.

St Anns is a 280,000 sq ft shopping centre adjacent to the town's main transport hub offering a mix of fashion plus convenience retailing. It is anchored by Marks & Spencer, Primark and BHS with other key tenants including H&M, Clarks and

Ernest Jones. Metro Bank has just signed a deal to open in the centre. Improvements to the look and feel of the centre are also under consideration.

"This latest appointment is an endorsement of our work for Orchard Street in Salisbury and Portsmouth. We have a strong understanding of the London suburbs and look forward to helping to extend the tenant mix in the centre whilst enhancing the fashion offer," says GCW director

Duncan Kite.

This is the third scheme where GCW has been appointed as letting agent for Orchard Street. It was appointed on Old George Mall in Salisbury in 2013 following its successful on-going partnership with Orchard Street on the Cascades shopping centre in Portsmouth.

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Maidstone signs up to GCW

■ Fremlin Walk in Maidstone is the fifth recent addition to GCW's portfolio of shopping centre clients following the centre's purchase by M&G Real Estate from Legal & General Property.

The 350,000 sq ft open-air scheme is anchored by a 100,000 sq ft House of Fraser alongside H&M, Zara and Top Shop. It is the leading fashion destination in the town and recent tenants moving to the centre include Fat Face and restaurant chains Bill's and Pret a Manger.

GCW's immediate task is to secure a fashion tenant for the scheme in a newly vacant 12,000 sq ft unit. In the longer term work will focus on further improving the tenant mix, expanding the catering offer and improving the look and feel of the centre.



GCW is working to secure a new fashion tenant for Maidstone

"This is a very well established 10 year old centre with no physical room for expansion. Our job is to make sure we get all the ingredients just right to make it as successful as possible," says GCW director Duncan Kite.

"We look forward to working with GCW on a second scheme and to replicating the successful

working partnership we have established in Cambridge's Grafton Centre," says Scott Linard M&G Real Estate leasing director.

GCW will act as joint letting agent with Cushman & Wakefield who acted for M&G on the purchase of the centre.

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Canada Life goes off-market

■ GCW has completed an off-market deal for Canada Life, buying a prime high street retail property on Southgate Street, Bath.

The deal saw Canada Life buy the 2,915 sq ft unit for £2.885 million at a net initial yield of 5%. The property, in Bath's prime trading pitch and opposite the new Southgate Shopping Centre, is let to O2 in a straight assignment of a lease from Phones 4u and there are eight years left on the lease.

"The prominent location offers strong rental growth potential. We were pleased to be able to use our market knowledge to complete a successful off-market transaction," says GCW surveyor Oli Horton.

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Prestigic invests in central Wakefield location

■ GCW client Prestigic Holdings has purchased two adjoining shops at 2/4 Kirkgate, Wakefield for £1.77 million at a net initial yield of 8.4%.

The three-storey premises provide 8,640 sq ft of retail accommodation, currently let to Santander and Waterstones with a weighted average unexpired lease term of 7.5 years. The current rent roll is £157,700 pa. The units are well-located and adjacent to the principal entrance into The Ridings

Centre in a prominent corner position, with high volumes of pedestrian footfall.

"This investment is in line with our current policy of buying well-located high street retail units offering yields in excess of 8% and compliments recent acquisitions we have undertaken in Aberdeen, Torquay, Bristol and Hereford," says Phil Dawes director of Prestigic Holdings.

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DEALS

* GCW has agreed three new deals for long-standing client **JD Sport**. The retailer moves to a new 2,000 sq ft store on **London's Walworth Road** at £85,000 pa and a 4,100 sq ft store in Palace Exchange, **Enfield** at £155,000 pa, both on 10 year leases. In St Ann's Road, **Harrow**, JD Sport expands into the shop next door adding 1,400 sq ft to its existing unit at £90,000 pa on a 10 year lease.

Retailer, **Trespass** moves to a 1,800 sq ft unit in St Marks Place shopping centre in **Newark-on-Trent** on a five year lease at £41,250 pa. This is GCW's first deal since being appointed letting agent on the scheme by owner, the Topland Group earlier last year.



French bakery, **Paul** has opened its first store outside London. In a deal agreed by GCW, it takes the assignment of a lease at 138 High Street **Oxford**. The unit comprises 2,290 sq ft unit at £95,000 pa. GCW is working with Paul to help it expand in a variety of other locations outside London.

Jeweller **Swarovski** takes a 515 sq ft unit at 35a King Edward Court **Windsor** on a 10 year lease with a tenant break at five years at £45,000 pa. GCW acted for owner SWIPPT who purchased the scheme last year.

Card retailer **Clintons** takes a 1,237 sq ft unit in The Spires, **Barnet** at a headline rent of £46,888 pa. Clintons returns to The Spires following administration.

Ipswich invests in major upgrade and rebranding

■ Tower Ramparts Shopping Centre in Ipswich is embarking on a £4 million makeover as owner La Salle Investment Management invests in a rebranding and refurbishment programme.

The centre will be rebranded as Sailmakers to reflect the town's maritime heritage and the shopping centre's location in the town leading to the waterfront. The redevelopment will include remodelling the centre's two entrances, facing Tavern Street and the bus station.

Tower Ramparts has made huge steps forwards and footfall has increased to historic levels since La Salle purchased the centre in 2011. Top Man/Top Shop is the latest leading retailer to show confidence in the scheme, agreeing a regearred lease for 10 years and committing to a refit of its 7,000 sq ft store.

"We are looking to attract



more mainstream fashion retailers. The redevelopment and general refurbishment will be the catalyst for further lettings and the recent deal with Top Shop will help to attract other leading fashion operators," says GCW director Nick Warr.

GCW secured a deal with fashion retailer River Island in 2013 to take a new flagship store on the entrance to the shopping centre. Other

developments saw the reconfiguration of the former Littlewoods store to create two large retail units paving the way for lettings to Iceland and Poundland last year.

Work is scheduled to commence on the redevelopment in February and is due to be completed in July.

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GCW expands JoJo offering

■ Long-standing client JoJo Maman Bebe has appointed GCW to carry out the professional work on a number of its stores.

In the first tranche, GCW has just been instructed to handle the lease renewals on three stores in Kingston upon Thames, London's Westbourne Grove and Marlow.

"We are pleased to be expanding the services we offer to JoJo Maman Bebe. As rental growth comes back into the market, negotiations with landlords will be more complex and we are confident we can use our expertise to create positive results," says GCW director Lisa Manley.

GCW has worked with JoJo Maman Bebe since 2005. It actively manages the retailer's portfolio of stores across the UK which has grown from 2 to 61 boutiques including stores in Ireland during the 10 year association.

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Taunton sale achieves sharp yield

■ The sale of a neighbourhood parade in Taunton suburb, Norton Fitzwarren has broken the 7% yield barrier.

GCW agreed the deal to sell the well-let parade to investor Evolve Estates on behalf of vendors, Corum Advisors for

£3.12 million. The parade is anchored around a Co-op supermarket and a medical centre both let for 14 years alongside some smaller retail and residential units.

"There is clear demand for this type of asset which is perceived to be very secure

but provides an attractive yield. The good demand helped us to achieve one of the strongest yields yet in this sector," says GCW director James Pearson.

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Dreams prepares to share space

■ Bed retailer Dreams is hoping to attract complimentary retailers to take space within its stores on short-term concessions.

The principle of sharing space has worked successfully with bedroom furniture retailer Sharps operating from 10

concessions. GCW is now working with Dreams to extend the idea and source suitable retailers to commit to 12 month to 3 year terms on an all-inclusive basis in space from 500 to 5,000 sq ft.

Dreams has emerged from administration with venture capital backers and trades

from 170 locations on retail parks and busy arterial routes throughout the UK. Each of these 170 sites is in the right location for Dreams but many of the stores have larger shop floor areas than it needs.

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GCW signs The Fragrance Shop

■ GCW has been appointed by leading UK perfume retailer The Fragrance Shop to help it expand further with a raft of new stores opening this year.

The fast-expanding retailer has 171 stores across the UK. It opened 18 stores last year and this year will look for up to 25 new properties across the UK, ideally 500-1,000 sq ft units in covered shopping centres.

"We're really pleased to have been appointed to work with The Fragrance Shop. It is a growing, acquisitive retailer with a well-known brand and a great concept. We are well placed to help it find a range of new stores in key locations," says GCW director Simon Morris.

The retailer enjoyed a positive Christmas sales period with sales up 11.8%

and annual sales climbed by 11.2% to £90.1 million in the year to end March 2014.

"We are continually looking at sites across the UK to expand our store portfolio and have seen this provide a growth in sales," says The Fragrance Shop managing director, Pete King.

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Regeneration skills in Greenwich

■ GCW has been appointed by developer Hadley Mace to help deliver the commercial element of a major mixed-use development underway in Greenwich.

Greenwich Square is an exciting new residential area created around a vibrant public square, including leisure facilities and a range of retail amenities.

The development includes a leisure centre, library and language school on site and commercial tenants include a pharmacist, dentist, hairdresser and a Sainsbury's Local.

GCW will use its established skills in mixed-use urban regeneration to help attract a range of new tenants. This will include more service tenants to compliment the existing line-up plus a food offer including restaurants and a coffee shop with outside seating around the public space.

"We know how to find the right commercial tenants to fit in with residential schemes. This project is about creating a whole new neighbourhood and there is a real opportunity here for retailers to access a huge local catchment," says GCW director Simon Horner.

GCW builds on its previous work with the regeneration and residential developer the Hadley Group, who is working with builder Mace on this project.

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FUN ON THE BUS

■ Celebrating 25 years in business proved too much for some of GCW's surveyors on their trip to Chamonix before Christmas. GCW's 28 surveyors and support staff enjoyed two days in the snow to mark the birthday in style.



KFC trials new urban dining concept

■ GCW has teamed up with fast-food retailer KFC to help find suitable sites to trial a new up-market urban dining concept.

KFC hopes to use a new interior design and refined menu to step into the casual dining market alongside its successful operations as a fast-food retailer. It is already

testing the concept with a store in Bracknell and has appointed GCW as preferred agents to help it find more suitable sites within central London.

GCW will search for properties of 850 to 1,500 sq ft and has completed a canvassing exercise of suitable locations just off

main thoroughfares.

KFC hopes to have four or five new-style outlets up and running this year to be able to effectively trial a new menu and assess customer response to the new concept.

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