

Game change.

January 2021

GCW.



Thinking outside the box

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The new prime

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It's life Jim, but not as we know it

The overwhelming theme of 2020 was one of change. As we enter 2021, we have reflected on events and what this means for our marketplace, identifying trends that are here to stay.

People first

Owners and occupiers have been able to rely upon a corporate approach for a long time. Occupiers in many cases dictated how they wanted the consumer's shopping journey to take place, whilst owners used balance sheets as a primary factor in tenant selection.

The customer really is king and understanding their needs is now everyone's shared priority. Those businesses that do not will join the list of failures. Owners must consider how and why a place is relevant to its catchment and make occupier choices based on aligning these. This approach creates sustainable reliable income for both parties.

Work near, not at home

A forced change of circumstances has caused employers and employees to reflect on their relationship with the physical office.

There is general agreement that a return to a 5-day working week in a central office is not going to happen. Home working has been embraced and many myths surrounding have been dispelled. Yet many people find their working environment compromised. Be it working from kitchen tables, wrestling with communal space in shared houses, or dealing with a lack of social contact, working arrangements are not always ideal. They haven't promoted mental wellbeing and the responsibility for that is shared by the employer.

People are seeking a longer term solution and this supports the narrative of smaller independent co-working spaces becoming a regular additional town centre use. Equally, many larger businesses are considering a central hub approach,

supplemented by an increasing number of suburban/ regional spokes.

Spoke or co-working offices are in town centres for their accessibility, diversity of use and broader cultural appeal to the end user. People using these spaces interact with other town centre occupiers ensuring their vitality.

Urban suburban

As people visit city centre offices less frequently, many will be prepared to tolerate a longer commute. The move to suburbs and beyond is well documented and demonstrated by rising house prices. This decentralisation is driven by a desire for more space, gardens, schools and access to countryside and family.

However, people still desire an urban experience, especially in respect to retail and F&B. Homogeneous 'clone' operators won't satisfy demand and urban occupiers will recognise the need to follow their customers. Stakeholders and owners must recognise this trend and respond by providing the environment, the locations and occupational model to accommodate it.

City centre evolution - cultural hubs

The city centre's purpose as an employment hub is not going to wain but the frequency of visits will reduce. To an extent the office population was a captive audience and whilst only one component of the visitor spectrum, it was an important and reliable one.

To address this loss, cities need to re-examine their purpose and enhance their cultural appeal. In doing so, this amplifies the need for other commercial



A forced change of circumstances has caused employers and employees to reflect on their relationship with the physical office.



uses to sit alongside. Most importantly, cultural expansion underpins the rationale for city centre living. This is especially true for younger generations moving away from home. It is the vibrancy of this demographic, and their propensity to spend, which will support the progression of our city centres.

The car? A green one to share please

Dependency on the car, certainly your own car, is diminishing. 75% of all adults in the UK hold a full driving license but for those in the 17-20 age bracket, this reduces to just 35%. Cost is the most cited reason for choosing not to learn to drive, however this must be balanced by available alternatives. Ride hailing apps such as Uber demonstrate how people are becoming increasingly comfortable relying on an on-demand solution for their transport needs.

The government ban on new diesel and petrol vehicles from 2030 accelerates a move to electric. Charging becomes an obvious excuse or requirement to visit a place. Projecting ahead, electric is the gateway to Automated Vehicles (AV's) which leads to an acceleration of Transport as a Service (TaaS). Whether with or without a driver, if the need to park decreases this raises a series of questions:

Do locations that were built around convenient access and free parking continue to have the same appeal?

If everywhere is now convenient, does the environment where people spend time become a more important vector in decision making?

The traditional entry point to a location was a car park. What does this become in a drop off/ pick up culture and what does the new gateway look like?

The local hero

Bifurcation of place is accelerating. People engage with a place for two reasons - it is convenient to where they live/work. or because it provides something exceptional. The latter could be service, environment, culture, or an additional experience.

The accelerated change caused by the pandemic is driving the relevance of high-quality local centres. These reasons above give rise to more people spending time where they live. The captive audience has moved. The reasons for using their local centre are varied and shopping is ancillary rather than primary. Work, education, health, and leisure are all providing the magnetism. This diversity provides a healthy mix and gives a place purpose and long-term vitality.

But this does not mean people want



everything locally. Diluted versions of a 'big place' are just that, weaker. These towns and places occupying the middle ground (and there are plenty across the UK) are vulnerable. Their purpose has been grounded in a comparison-shopping offer comprising many of the squeezed middle occupiers who have or will fail. These homogenous locations offer little to identify with or take pride in, resulting in less frequent engagement.

These are the places in need of reinvention to rediscover their purpose. Yet to do so there has to be an acknowledgement of the situation, together with a coherent plan for rehabilitation. This success often hinges on having a custodian of place who creates and then curates the vision, engaging with all stakeholders, owners, occupiers, local authority, residents and BIDs. Fragmented interests must be brought together to create value for all stakeholders.

We think we have time....

The pandemic has compressed 5 years of change into 10 months. As a result, there is revolution not evolution. We cannot standstill and contemplate for too long

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The accelerated change caused by the pandemic is driving the relevance of high-quality local centres.

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or change will happen to us. Likewise, there is danger in leaping to respond without sufficient thought and insight. Collaboration is key to achieving this, sharing and learning from successes and failures. Coordinating this is essential, an independent approach creates friction and uncertainty, both of which are significant barriers to change.

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GCW strengthens agency team

GCW has appointed ex-CBRE Director Callum Mortimer as director, focused on advising landlords on high street and shopping centre asset management. It is the latest announcement in a series of appointments and promotions to meet growing demand for the agency's town centre expertise.

Callum brings more than 15 years' retail experience to GCW. Since 2012 he worked for CBRE where he headed up the retail division's National Landlord Team. Prior to that, he spent 7 years at Scottish firm Culverwell and the move to GCW marks a return to his roots in retail niche practice.

Callum says: "I'm very excited to be joining what is already a very successful team at GCW. My priority is to work with landlords to win more high street business by securing lettings and regears. At the same time, I'll be using key market data to allow tenants to successfully expand their portfolios."

GCW has also strengthened its team through three promotions and two other new recruits. Philippe Micheal has been promoted to Director working in GCW's Owner team helping landlords drive value through town centre leasing, repositioning and asset management. He will work alongside Phil Fishwick who has been promoted to Associate and Callum Stephenson who completed his Masters at

Reading University in June 2019.

Sophie Hunt has been promoted to Senior Surveyor advising landlords and occupiers on a range of work, including lease renewals, rent reviews and regears. New recruit Holly Kieley joined GCW in November 2019 from CBRE, whilst the Multi-Sector Investment Team has welcomed new Surveyor Caryl Howell, who moved across from Cardiff-based practice Cooke & Arkwright.

Left to right: Caryl Howell, Callum Stephenson, Holly Kieley and Callum Mortimer



GCW Lockdown Challenge raises funds for children's charity

The GCW team has raised more than £12,500 for children's charity The Elifar Foundation. Volunteers from across the business got together for a Lockdown Challenge which saw them clock up an incredible 106 hours of continuous exercise.

The premise of the challenge was to ensure someone in the business was up and exercising every hour between 8am on Monday 27 April to 6pm on Friday 1 May. Participants kept a video diary of their endeavours as they covered 868 miles walking, running, cycling and rowing. Hourly exercise stints ranged from early morning dog walks to night-time bike rides in the rain. Whatever the weather,

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We're all very proud of what we achieved in The Lockdown Challenge. It was a fantastic team effort

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the team passed the virtual baton with true dedication and kept a video diary of their endeavours.

All money raised will go to The Elifar Foundation, a small charity which aims to help to improve the lives of children and

young adults with severe learning difficulty and associated physical disability. It relies on fundraising efforts to provide grants for a variety of items including electronic wheelchairs, specialised seating, eating aids, special beds and trikes, hoists, communication devices, sensory equipment and specialist holidays.

GCW Director James Pearson commented: "We're all very proud of what we achieved in The Lockdown Challenge. It was a fantastic team effort and we'd like to thank everyone for their generous support."

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énergie Fitness continues expansion programme

GCW has helped énergie Fitness secure three new sites. The fast-growing fitness franchise has just completed a trio of acquisitions in Braintree, Sandhurst and Hampton Hill and is on the lookout for more opportunities to grow its portfolio.

énergie Fitness ranks number 2 in the Elite Franchise Top 100 UK Franchises for 2019 and continues to extend its reach across the UK. GCW has worked with the operator since 2013, providing professional advice and acquiring small-format owner-operated gyms in prime catchment locations.

The operator has secured a 6,000 sq ft unit in the centre of a large residential catchment in Braintree where it has taken a 20-year lease on a former industrial unit. In Sandhurst, Aldi has subdivided its space and let 6,700 sq ft to énergie Fitness which hopes to be welcoming customers by Christmas. The brand has also taken a 15-year lease on 6,500 sq ft of ex-retail space in Hampton Hill which has seen significant footfall during lockdown.

The latest three acquisitions demonstrate the lasting appeal of the brand which combines state-of-the-art



The latest three acquisitions demonstrate the lasting appeal of the brand which combines state-of-the-art facilities with flexible low-cost pricing



facilities with flexible low-cost pricing. énergie Fitness has been operating since 2003 and now has 92 gyms across the UK and Ireland.

GCW Associate Director, Tim Ashe, said: "Whilst many competitors have struggled to secure capital during the Covid crisis the individual ownership of the franchise model has allowed énergie

Fitness to increase its footprint despite the challenging environment. Its business model and pricing continue to drive growth. We are seeking further sites in high footfall locations surrounded by convenience shopping and services."

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Bubblewrap acquires second London store

Grab-and-go-operator Bubblewrap has acquired a new 560 sq ft store in the heart of Covent Garden Market. The independent dessert business started a global trend for Bubblewrap waffle ice cream and is now working with GCW to expand its London store portfolio.

Established in 2015, Bubblewrap became an Instagram hit transforming the traditional Hong Kong-style egg waffle into a new dessert sensation. More than 30 million people have viewed Bubblewrap's Facetime and Time Out videos, propelling the business from its humble roots as a pop-up stall in Berwick Street Market. Demand has continued to grow since the independent retailer launched its Chinatown store in 2017 and GCW has been brought on board to seek out new opportunities.

The Covent Garden store opened in August and GCW is now helping Bubblewrap identify further units in busy tourist areas across London. The operator is also exploring the potential for a franchise model.

GCW Senior Surveyor, Rupert Rudkin, said: "Bubblewrap is a great example of how grab-and-go retailers can enjoy success in the age of Instagram. As consumers crave the latest trends seen online, the quality independent retailers are looking to selectively expand their high street exposure and we look forward to helping Bubblewrap extend its reach across the capital."

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O2 turns to GCW to drive value from store portfolio

GCW has been mandated to provide agency and leasing advice to O2. The retailer has one of the strongest covenants on the high street and is exploiting the advisor's expertise in providing strategic property services for its stores across the UK.

In 2019, O2 ran a competitive tendering process to provide property services in relation to its 250-brance store portfolio. The retailer was impressed with GCW's track record in supporting high street occupiers in maximising the value of their high street stores. In September 2019, GCW won the agency

and lease advisory mandate to provide a range of strategic services, including lease renewals, rent reviews, re-gears, acquisitions, relocations and disposal.

The GCW team has been busy helping O2 identify savings and ensure estate management is as effective as possible both on a day to day basis and in the aftermath of Covid. Retailers are under increasing pressure to drive efficiencies, exploit new opportunities and identify avenues for growth. The team has already been involved in a number of deals to optimise the performance of the retailer's significant high street presence. Much of

this work has focused on lease renewals and regears.

Thanks to its strength in depth, GCW is able to take a holistic approach to estate management. It tailors its approach to meet specific client requirements and accesses a range of expertise to help achieve the best results. It was able to pitch for the O2 mandate by offering a joint lease advisory and agency approach. This brings a greater range of skills to the table and allows GCW to leverage its analytics and in-depth knowledge of specific town and city centre markets to inform strategic decision making.

Nicole Young, Estates Manager for O2 owner Telefonica UK Limited, says: "O2 appointed GCW because the people who pitched are the people who will do the job. That team sit and work closely together, and they will get out and see the stores which they are involved with. I am confident that they will provide best in class advice and achieve savings across our portfolio. Since I started working with GCW, they have already achieved a number of positive outcomes."

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Investor appetite for Sheffield assets

GCW represented a private investor on two counter cyclical acquisitions on Fargate Sheffield providing attractive secure returns. Sheffield will benefit from the local authority's ambitious Heart of the City regeneration masterplan which is set to deliver 1.5m sq ft of mixed-use development. The scheme will be predominantly office led with HSBC already taking 140,000 sq ft. In addition, John Lewis has committed to refurbishing its store and signed a new 20-year lease.

The investor has acquired two assets on Sheffield's Fargate. The first was the WH Smith unit with 7 years unexpired at £3m reflecting a yield of 12%. The second was the adjacent Santander on a new 5-year lease at a post-Covid-19 rent. The transaction of £1.25m reflected



Strong cities such as Sheffield will thrive from pitch contraction and future rebasing of rates lowering total occupation costs.



a yield of 12%.

GCW Partner Oli Horton commented: “We believe core locations like this offer excellent opportunities. Strong cities such as Sheffield will thrive from pitch contraction and future rebasing of rates



lowering total occupation costs. Such prime locations offer investors affordable and sustainable income streams.”

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The Works appoints GCW to support South East expansion

Value retailer The Works has appointed GCW to help it find stores across the South East of England. Currently trading from over 530 stores nationwide, The Works is considering opportunities in towns across the region for new outlets/relocations, as part of the ongoing management of its UK wide store portfolio.

GCW will help The Works identify appropriate opportunities to expand its reach. Ideal locations will be in prime high streets or shopping centres offering store sizes between 1,500 - 2,000 sq. ft ground floor sales, with 500 sq. ft. of ancillary space.

Jeremy Smith, Property Director at The Works commented: “I look forward to working with GCW in these exciting times for our business. We have had great success opening stores in this part of the country and I am keen to further optimise our store locations in this key region as part of the ongoing management of our whole portfolio.”

Gareth Storer of GCW said: “The Works is a popular brand with shoppers, and we are already engaged in talks with a number of landlords.”



Combining clicks with bricks

Loaf founder Charlie Marshall puts physical retail at the heart of his business strategy. British furniture brand Loaf has made a brave shift from online to multi-channel retailing. As its store portfolio continues to expand, its Head Loafer explains why bricks and mortar remains key to future growth.



In 2008 entrepreneur Charlie Marshall invested funds from the sale of his soup business to launch website, The Sleep Room, marking the start of a roller coaster journey in new-wave retail. Within five years, the company was ranked number 40 in the Sunday Times Fast Track 100 and named as the third fastest growing retailer in the UK. A name change to Loaf helped build a quirky brand which puts the fun back into furniture. Whilst its rival struggle to remain relevant, Loaf has embraced multi-channel retail and his £50m-plus turnover business is working alongside GCW to build on its 8-store portfolio.

The business has always sought to break the mould. After a frustrating shopping trip to buy a bed, Charlie set about developing a business model to simplify the purchase process, engaged the senses and put a smile on the face of the consumer. Initially, the online store offered 12 types of beds and a mattress. That soon evolved to incorporate sofas, homeware and a range of crafted products “perfect for laid-back living.”

The internet business was quick to spot the synergies available by

combining online and physical channels. “We were very successful selling beds online in a way that others weren’t, but I was nervous that if we didn’t have some kind of showroom we’d miss out on sales”, says Charlie. “Customers kept showing up at our head office and I had a sweaty top lip worrying the planners would turn up.”

He adds: “We’d started sending out brochures and so knew where our customers lived. It made sense to open a store. It would reduce the number of people turning up at our head office

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and give customers a chance to touch and feel our products. That’s critical for furniture retailing. It would also help us identify where the business should go next.”

Physical expansion

GCW came on board in 2014 to help find the right space. In line with the left-field brand, these retail destinations were far from conventional. The first Loaf Shack opened in Battersea in October 2015 and was proved so successful that the retailer went on to take a physical presence in Notting Hill, Spitalfields, Guildford, St Albans, Solihull, Wilmslow and Bristol.

“We were already turning over £16m when we opened our first shack and it was incredibly exciting”, says Charlie. “The challenge was how we conveyed a strong online brand in a physical space. We decided that we needed to make the experience hassle-free and concentrate on how the space makes customers feel.”

The traditional furniture showroom model was replaced with a “slow room” - a place to kick-back and test out

Loaf founder Charlie Marshall puts physical retail at the heart of his business strategy

products without feeling under pressure. Charlie adds: “We wanted people to turn up and bounce around or crash out on a sofa with a good book. We put in an old-school ice cream parlour and retro games like space invaders so that customers can leave the kids to have fun.”

Complementary channels

In a world where online and physical retail are often framed as rivals, Loaf has demonstrated how one can complement the other.

Loaf runs large-scale online marketing campaigns which help drive shack footfall and build brand loyalty and awareness. The two channels work in tandem to develop a personality people want to engage with.

Charlie says he is learning all the time about how the different channels interact. He explains: “We’re always looking at cannibalisation, unit sizes and locations. The hardest thing to work out is how you attribute sales. When customers buy online, they tick a box to

say which shack they have visited. It’s a dark art mixed with blind guesswork and some common sense to evaluate just how a store is performing.”

Yet the entrepreneur is convinced the multi-channel approach makes it more resilient and Loaf is working with GCW to find new shack locations in Leeds and Edinburgh. “Once we have clarity on Brexit, I think we will then have the confidence to continue expanding our physical footprint”, says Charlie.

Charlie’s business model remains flexible, ready to respond to whatever opportunities or challenges present themselves. Current priorities include developing a takeaway product range, a move that might lead to Loaf having different formats of shacks for different offers in different locations.

“We need to keep adapting”, says Charlie. He insists that whatever the doom mongers say, it will always be essential to have a physical presence: “We just want to offer somewhere for people to interact, smile and be happy. If that’s your priority as a retailer, it will lead to positive results.

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Lidl continues investment in London store portfolio

GCW has been advising Lidl on its ambitious expansion programme since 2017 and has recently agreed a deal on behalf of the retailer to purchase the freehold on High Road, Ilford, further extending its extensive London portfolio.

GCW has worked closely with Lidl's property acquisitions team over the last three years on its strategic approach to store acquisition, producing a dozen reports on a borough by borough basis to highlight opportunities in specific target locations. An opportunity was identified for the German-owned retailer to purchase its Ilford store and GCW helped secure the purchase of the building.

The investment comprised a ground floor supermarket let to Lidl on a 25-year lease at a passing rent of £255,000 pax, with upper parts occupied by Pure Gym on a 20-year lease at a passing rent of £160,000 per annum. The asset was purchased for £7.4m, reflecting a Net Initial Yield of 5.26%.

Lidl is on an impressive growth trajectory. Year-on-year sales were up a further 15.7% during the 12 weeks to 9 August 2020 as discount supermarkets continue to increase their market share. The retailer is determined to exploit rising demand and has committed to hitting a target of 1,000 UK stores by 2023. Earlier this year Lidl opened its 100th store within the M25 and GCW has played a key role in identifying opportunities across the London market.

Alongside its expansion drive, Lidl's preference is to own the freehold interest in its trading stores. In that way it can secure a long-term future in key locations and future-proof its operations.

In Ilford, there have been a number of planning applications submitted for high-rise towers and with residential prices rocketing in many London boroughs, retailers are concerned they could potentially see their sites purchased by residential developers. Lidl was keen to own the freehold of its High Road store, especially as its other Ilford supermarket sits on land earmarked for redevelopment.

GCW was instrumental in the Ilford acquisition and is currently negotiating a number of other London deals to enable Lidl to strengthen its position within the capital.

GCW Associate Director, Tim Ashe commented: "Lidl's aggressive expansion plans rely on it receiving sound property advice. GCW was brought on board for its extensive knowledge of the



GCW was instrumental in the Ilford acquisition and is currently negotiating a number of other London deals to enable Lidl to strengthen its position within the capital.



London market. We use location data and analytics to dig deep and identify opportunities. We drill down to the fine detail and leave no stone unturned. We look forward to continuing to negotiate deals for Lidl and helping them extend their reach."

He adds: "Our specialist knowledge of supermarket requirements also helps when we are sitting on the other side of the fence and acting for landlords. We understand how retailers like Lidl operate and what they're looking for from a store

which is a big advantage when looking to secure new tenants."

Lidl is planning over 40 new London stores by 2025, taking the total inside the M25 to around 130, and creating 1,500 new jobs. The plans also include its new south west London head office in Tolworth, due to open next year, along with a new distribution centre in Luton and the expansion of its Belvedere DC.

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Property Week plaudits

GCW has been Highly Commended in the Property Week Awards 2020. The property advisor was singled out in the Retail, Leisure and Hotels Agency Team of the Year category at a virtual ceremony on 19 November.

The Property Awards are the UK's largest and most prestigious annual awards dedicated to the full spectrum of the commercial property industry. This year it celebrated its 25th anniversary and showcased the best the sector has to offer in an immersive virtual events space.

A panel of 60 judges deliberated to elect the award winners and Highly Commended nominees from more than 20 different categories. Alongside the awards presentations, the virtual celebration featured live entertainment and networking opportunities.

GCW was recognised for its exceptional work with occupiers, landlords and investors. GCW Partner Duncan Kite said: "It is a real honour to be Highly Commended in the Property Week awards. GCW has considerable town centre expertise, advising clients on how to create sustainable and vibrant environments. Retail has played a key role in our growth over the last 30 years and it is fantastic to be recognised for one of our core strengths."

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Lab Tech appoints GCW on prime Camden retail units

Global property investment company Lab Tech has appointed GCW to act as the letting agent on four prominent retail units in Camden. The assets total more than 9,000 sq ft of space within the borough's prime shopping pitches.

LabTech has instructed GCW to seek occupiers for 253 Camden High Street, 257 Camden High Street, 190 Camden High Street and 44 Chalk Farm Road. These present an ideal opportunity for fashion, cafes, small restaurants, or grab-and-go operators to secure space on a minimum 10-year lease.

LabTech owns and manages over 2m sq ft of destination landmark real estate across Camden, Kings Cross and Holborn. As a vertically integrated property investment company, LabTech specialises in the development of live, work and thrive spaces in dynamic, state of the art buildings in prime destinations in the world's largest financial centres. It is tapping into GCW's extensive market knowledge and experience to let four of its most high-profile Camden assets.

In addition, GCW is engaging with

potential occupiers to lease LabTech units on Camden's Jamestown Road and 287 High Street. The property advisor is also engaging with parties about further retail units in Holborn which form part of the larger LabTech portfolio.

GCW Director, Callum Mortimer, commented: "We are excited to be acting for LabTech on these prime properties and have received strong interest to date on each unit; illustrating how resilient Camden is as a trading location."

Many retailers on Camden High Street have branded their whole front elevations and these units offer a great opportunity to raise their profile.

This appointment shows how well regarded GCW is as an expert in the Greater London market. We offer landlords scientific tenancy data analysis and produce gap analysis to ensure competitive tension is achieved, and landlords can achieve greater results through informed decision making."

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Town centres are changing. GCW help you change with them.

GCW partners with investors, landlords and occupiers to deliver long-term sustainable property solutions within an ever-changing town centre landscape. Talk to our team and learn more about what GCW can do for you.

GCW.

gcw.co.uk
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Our town centres are changing beyond all recognition and GCW helps clients change with them. Be it local authorities or private landlords, the team provides property solutions to a range of town centre stakeholders. Current projects involve the curation, repurposing and repositioning of assets to drive value and create vibrant urban environments.

Thinking outside the box



Northwich

That focus on placemaking is proving invaluable in winning work from local authorities, keen to transform assets to bring their town centres to life.

In August, Cheshire West & Chester Council reappointed GCW as joint agent on Barons Quay, Northwich. The team has been advising on the 200,000 sq ft asset since 2017 and has helped reposition it as a unique retail and leisure destination. The local authority has committed to extending that relationship and develop a centre fit for the future.

The £80m Barons Quay shopping centre is located on the River Weaver in Northwich town centre and was opened in phases from September 2016. Its open streetscape is anchored by Asda, with a five-screen Odeon cinema and 900-space car park.

GCW has helped give the centre

fresh impetus and helped create an environment which offers both multiple retail and compelling leisure draws. Over recent months the team has secured four new occupiers to diversify the tenant mix and drive town centre footfall.

GCW began by capitalising on growing demand for food markets by signing established operator Marine Street Social. The operator took 10,000 sq ft on a conventional lease with a turnover rent. Barons Social sits opposite the Odeon cinema and provides visitors with a mix of bars, street food and live music.

By thinking more innovatively about the occupier profile, GCW broadened the centre's appeal by targeted occupiers to provide a unique experiential draw. That approach has led to a flurry of lettings to operators which give Barons Quay a USP as a leisure destination and give more reasons



The team at GCW shares our vision for The Mall Walthamstow, their knowledge of London suburbs is unrivalled, and they understand the importance of appealing to a broad tenant mix to provide sustainable location.



for a wide demographic to visit beyond conventional retail.

A key deal was with baby and child swimming school franchise, Puddle Ducks. The business teaches more than 20,000 children a week how to swim and is converting a 3,300 sq ft Barons Quay unit for D2 use. It will be the operator's first shopping centre unit and will open in the new year.



sq ft of commercial space anchored by a cinema. Groundworks are now underway and GCW is talking to a range of potential occupiers about a range of units which will be available for food and beverage, retail, flexible working and health and fitness uses.

Walthamstow

GCW's reputation for driving value across town centre assets has also helped it secure an impressive private sector portfolio. Its success depends on fostering long-term relationships with developers and landlords. The key is to apply an extensive knowledge of town centre uses to formulate strategies which put people first by understanding what the catchment wants and attracting a diverse occupier base to satisfy their requirements.

At the beginning of 2020, GCW was appointed by Capital & Regional to provide property advice on The Mall, its 260,000 sq ft shopping centre in Walthamstow. A planning application has been submitted for an extension delivering 538 residential units alongside more than 80,000 sq ft of retail, F&B, community and other amenity space including potential workspace and leisure facilities. In addition, the scheme will incorporate a new Town Square and a new accessible entrance to Walthamstow Central Station.

The extension will be a game changer for the borough and if the

application is successful, Capital & Regional hopes to be on site next year with phased opening from late 2022. In the meantime, GCW has secured a number of recent lettings.

Rob Hadfield, Commercial Director at Capital & Regional, commented: "The team at GCW shares our vision for The Mall Walthamstow, their knowledge of London suburbs is unrivalled, and they understand the importance of appealing to a broad tenant mix to provide sustainable locations."

Goodman's Fields

In October 2019 GCW was appointed by Berkeley Capital to advise on transforming Aldgate's Goodman's Fields into a mixed-use development combining luxury living with retail, leisure and 2-acres of public realm.

The seven-acre estate incorporates around 100,000 sq ft of commercial space and is already home to the likes of Curzon cinema, Sainsbury's, Premier Inn, Pizza Union and Zia Lucia. GCW came on board on the back of its track record in F&B and alternative uses and is looking to let the remaining 30,000 sq ft of commercial space to a mix of mainstream and independent operators. Recent lettings include Tian Tian and there are 3 further units currently under offer.

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September saw the opening of Geek Retreat which chose the centre for its 12th UK franchise. The store sells comic books and incorporate its own café. It will also double as an events hub to host gaming tournaments and book signings. It has been joined by a range of new arrivals Barhead Travel, Radio Northwich, Coffee House, all-day restaurant BEAR and Sticky Paws in the Flavour Forest incorporating an indoor play area and café.

There is also potential to bring in additional leisure draws such as golf and GCW is working with the local authority to explore the viability of other uses such as a library and flexible workspace.

Redhill

That ability to give assets a new lease of life by thinking outside of the box is helping GCW win work with a range of other local authorities. Reigate & Banstead Council recently appointed GCW to provide development consultancy and leasing advice on a new major mixed-use development in Redhill town centre.

The strategic site in Marketfield Way will provide 150 one and two-bedroom residential units and 70,000



Art of the asset manager

Sabri Marsaoui, Asset Director at Edmonton Green, has demonstrated what can be achieved when landlords work hand in hand with their occupiers and calls for a fresh approach to asset management.

Edmonton Green is a model mixed use destination. The 26-acre site acts more as a town centre than a stand-alone shopping centre. Sitting at the centre of its north London community, it has evolved over the decades to incorporate more than 120 retail units, an established market, 754 flats, council offices, a public library, a leisure centre, a health centre, a superstore, a gym, office buildings and a bus station.

Building resilience

More than 11 million people visited the 495,000 sq ft centre last year and its focus on convenience has meant it has performed better than many of its competitors during lockdown. Footfall is already at 88% of pre-Covid levels with retail occupancy at an impressive 97%.

"Edmonton Green has its own ecosystem and that's what makes it even more resilient during these tough times," says Sabri. "Alongside our established national mainstream brands, we're home to over 100 local independent businesses, many of whom have been here for decades. We are a very accessible centre with a London overground station and bus interchange literally on our doorstep."

Since acquiring the centre in November 2018, Crosstree Real Estate Partners has spent over £2m refurbishing the asset. This included refurbished toilet facilities, a new playground and community garden, new seating, the launch of an updated centre brand and signage package, redecoration and lighting upgrades.

Sabri spends a significant amount of his working week within the town centre. At least 50% of that time is spent in the mall, engaging with stakeholders, occupiers, advisors and visitors.

Building relationships

"We genuinely want to do everything we can to help make our occupiers' businesses successful – there is no doubt that our futures are intrinsically linked", says Sabri. "The traditional "old school" model of asset management of speaking to occupiers when you want something and squeezing for the most rent possible, is such a short-sighted approach. We need to work together and build a level of trust, whilst recognising that as the landlord we can only truly win when they do"

"It is obvious to me that the days of simply focusing on ERVs and WAULTS

are gone. Working with your occupiers must be at the heart of everything that you do."

Crosstree has continued to operate by that philosophy during the pandemic. It was quick to respond from a health and safety perspective with measures including erecting advisory signage and providing free to use hand sanitiser stations throughout the mall. Retailers such as Asda, Lidl, pharmacies, newsagents, and fruit and veg stalls continued to operate. The landlord offered to defer rents for the initial three months and then granted concessions on a case by case basis for the next quarter's rent. That breathing space helped many businesses get back up and running and 97% of retailers are now fully trading post-lockdown.

The centre also helped over 25 community groups through the delivery of food parcels, essential supplies, and financial donations. These gestures were recognised by REVO, the industry body for shopping centres. They also helped the team win the hotly contested IWFM Covid-19 Response Award, as well as the Estates Gazette "Superhero Team Award".

Sabri says: "It's a no-brainer. You shouldn't just look at asset management from a hard-nosed business perspective. If you're simply focused on short-term rental



EDMONTON GREEN



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It's of paramount importance that you choose the right professional advisors to partner with

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Ongoing investment

Sabri also recognises that if Edmonton Green is to continue meeting the needs of local residents for the next 30-50 years it must keep evolving. Crosstree is formulating a 10 to 15-year masterplan for the scheme: to improve connectivity, invest in public spaces, provide new homes, and help curate a leisure and night-time economy.

That can only be achieved by working collaboratively with all partners, including GCW. Sabri comments: "It's of paramount importance that you choose the right professional advisors to partner with, and ones that are fully aligned with the asset's vision and objectives. I have worked with GCW for several years' and it is clear to me that they are experts in placemaking. We have clear communication lines and share ideas openly, all with the intention of taking Edmonton Green forward."

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with hands-on experience across the various disciplines of shopping centre management can relate far better to the people around them and understand exactly what it takes to make a town centre successful. Appreciating the value of all stakeholders, be it cleaners, security officers, service providers, professional advisors, or even local authorities, creates a more collaborative culture in which everyone is striving towards common goals.

growth, you can end up driving tenants out of business. Doing the right thing benefits everyone, and if we can support and nurture growing businesses, they are far more likely to stay here."

Sabri argues that asset managers

Cotton Traders embarks on next stage of growth

GCW is helping British clothing company Cotton Traders expand its UK store portfolio. The multichannel retailer appointed GCW as its preferred property advisor in autumn 2019 and has since opened two new stores as it looks to respond to growing customer demand.

Cotton Traders was founded back in 1987 by former England Rugby players Fran Cotton and Steve Smith. Based in Altrincham, the business has

since built a successful casual clothing and footwear brand which trades out of 15 high street stores, 19 factory outlets, 52 garden centres and 14 travel locations. The retailer's diverse portfolio has made it more resilient than many of its competitors and Cotton traders is now embarking on its next stage of growth.

In the last 12 months, GCW helped acquire new units in Scarborough and Ely as it helps the retailer diversify its

customer base and exploit untapped demand in quality market towns. Cotton Traders is seeking suitable units comprising 2,000 sq ft of sales and 500 sq ft back of house.

Cotton Traders' Managing Director, Nick Hamblin, commented: "Our success demonstrates that the high street is definitely not dead. We're very keen to keep expanding and bring our brand to new locations. To do that we need the right advice. GCW has a vast knowledge of the markets in which we operate and can advise us on where future opportunities lie."

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Opinion: James Pearson

The new prime - When the waters are choppy, investors look to manage risk and seek the security of prime assets. Yet what does prime mean in a post-Covid-19 world and where should investors turn for safe returns?

Redefining prime

In previous downturns investor behaviour set trends and helped define the meaning of "prime." Yet today's market seems different. The combination of lockdowns, changing consumer habits and the acceleration of market dynamics is forcing investors to reassess what constitutes safe. The market is being forced to question the long-term prospects of a whole range of retail and leisure assets which for so long would be considered secure income streams.

What is the future of a grab-and-go food unit in the heart of the City when so many people are now working from home? How will a day nursery perform with more lockdowns? What were considered sound covenants this time last year, may no longer have a viable business model. The challenge now is sourcing assets which are not only resilient enough to survive but thrive in a post-pandemic world.

The return of the supermarket

Food stores have proven to be one of the biggest success stories during the current crisis. Consumer demand has been resilient and supermarkets have remained open during lockdown, whilst still benefiting from rates relief. Discount supermarkets like Aldi and Lidl remain on impressive growth trajectories and not surprisingly, their ambitious expansion drives continue unabated. These growing portfolios are a popular target for investors and their new leases still tend to provide the inflation hedge of indexed or fixed uplifts at review.



A recent example of investor appetite for supermarket assets during the pandemic is GCW's sale for PWC of the Lytham St Annes Aldi. The asset was under offer prior to the pandemic and unfortunately collapsed due to the market uncertainty. After multiple bids, the property transaction completed in October 2020 at £5m – 4.82% to LXI REIT. The price reflected almost a 50-basis points improvement in yield since February. With 18 years unbroken to Aldi and fixed rental uplifts, this highlights the depth of demand for these long income assets.

Investors are now looking at supermarkets which may previously have been considered sub-optimal. Since lockdown, our visits to supermarkets have become less frequent but the average shopping basket has increased in size as we plan for longer or look to be more frugal. Back in 2013/14, many brands moved their focus to smaller



format stores close to transport hubs, yet shoppers' current preference for larger stores with more choice is feeding into investor demand.

A number of stores over 100,000 sq ft which have traditionally been classed as 'oversized' have sold over last few months. These include the Tesco in Rotherham which sold for circa 5% and the Tesco in Corby at circa 5.15%. GCW have just advised UBS Asset Management on the acquisition of the Sainsbury's in Hinckley for £45.2m reflecting 5%. The 105,000 sq ft supermarket anchors the Crescent scheme in the town centre and is let until 2041. The lease is subject to five-yearly RPI upwards-only rent reviews (capped and collared at between 1.5% and 3.5%). With the prospect of these stores either being consolidation or repurposing as online fulfilment centres, they are currently highly sought-after safe havens for investors.



The truth is that we have seen dynamic changes in consumer behaviour but the systems we use to respond have remained static.



Local convenience

Home working has influenced the spending patterns of consumers, particularly in suburban locations or commuter towns. In general, people will commute less and spend more time and money in their local environment. This will have a major impact on the attraction of convenience assets of all types situated in busy residential areas. This trend is attracting the name "suburbanisation" and we believe it will be a key trend over the next decade. We are already seeing increased interest from grab-and-go food retailers but also boutique gym operators for suburban locations. Does sustainable replace prime as the stronger driver for investment in these locations?

GCW has focussed on the convenience sector for some time now and we have made a number of acquisitions through the pandemic, including local parades in Harlow, Horsham and South Oxhey. What they have also had in common is that they are not always anchored by a supermarket. All had indexed uplifts and incorporated service operators and retailers that thrive surrounded by residential, including the likes of dentists, vets, day nurseries and hairdressers.

Day nurseries, gyms and restaurants

Beyond food stores and convenience, investors must seek expert advice on where to find safe havens. At times like these, trusted advisers come to the fore as changing trends and shifting habits alter the investment landscape.

The pandemic naturally caused operational issues for the day nursery sector with requirement to remain open initially for key worker children leading to loss-making scenarios. The two largest operators, Busy Bees and Bright Horizons, have both put the brakes on expansion. Even where sites have been purchased,

some will wait for the market to improve before fitting them out. However, our view is this is simply a moment in time and already we are seeing active investors in the sector for safe and sustainable assets. We have recently gone under offer at circa 5% for a new day nursery with 15 years term certain.

The gym sector has really suffered with the enforced closures and we expect investors to be cautious in the short term. The boutique gyms will roll out their offer to more residential locations where they will be able to get cheaper space, so we see positives already. The lifestyle gyms like Nuffield and David Lloyd will still achieve strong yields for long leases even though it is harder to evaluate their covenants. Any softening in our view is temporary and the current climate presents an interesting buying opportunity.

While the demise of some of the larger chains of mid-market restaurants are fresh in the memory, we believe that the prospects, particularly for the suburban offer, to be very good. For all the reasons set out above, many restaurants in suburban locations have more than made back any losses suffered during the first lockdown. We know premiums have been paid in locations like Clapham for restaurant space and operators that naturally would have never had a lunchtime trade have been enjoying a successful period. We do not believe this phenomenon is limited to London but is happening in the suburbs of the other regional cities. It highlights that this is not the demise of a sector but simply an evolution.

Close scrutiny

The time is right to reassess just what is safe long income and view all potential acquisitions in the context of a shifting commercial landscape. The safest assets are those involving supermarkets or convenience offers on peoples' doorsteps. Investors need advisers with their nose to the ground, seeking out off-market opportunities and keeping track of ever-changing consumer habits and demands.

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Plans approved for revamp of Colchester's Lion Walk Shopping Centre

GCW is advising CBRE Global Investors on the revamp of Lion Walk Shopping Centre in Colchester. Colchester Council has granted planning permission to create 9 residential units alongside 5,000 sq ft of reconfigured retail space.

Lion Walk is Colchester's prime retail pitch with a tenant line up including Primark and Marks & Spencer. The 205,000 sq ft centre serves a strong catchment and since taking ownership in 2016, CBRE Global Investors has worked to maximise the asset. Colchester Council planning department has now given it the green light to deliver a mixed-use redevelopment.

GCW has advised on plans to transform four vacant retail units and disused first-floor office space. The development will create 9 one and two-bed apartments together with a 5,000 sq ft retail unit. The unit, which would be an ideal location for convenience retail, will be designed to offer a prominent corner position facing Primark.



The local authority is keen to see more people living within the town centre to drive footfall and support a high time economy. The Lion Walk development will complement other residential schemes, such as the transformation of the former Co-op building into 24 apartments and will broaden the shopping centre's appeal.

It is hoped that work will start on site before the end of the year ready to hand over in summer 2021.

GCW Partner Duncan Kite commented: "We are delighted that these plans have been approved. The

development will mitigate void costs and provide additional value to investors. For Colchester, it will draw people back into the town centre, extending trading hours and providing a boost for F&B."

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Dunelm opens new concept store

Homeware and furniture retailer Dunelm has appointed GCW to acquire stores for its new high street concept Dunelm Edit. The first store opened in Crawley in May.

GCW helped secure a prime high street unit at 19 The Martlets to launch Dunelm's new concept store. Product ranges are separated into dedicated eat, sleep and live zones with technology

used to showcase and sell from Dunelm's extensive online range.

The Dunelm Edit concept has already proved popular with shoppers. Incorporating 5,000 sq ft of sales and 2,000 sq ft ancillary space, the store is tailored to meet the needs of the local market and the retailer will now work with GCW to replicate the concept in other locations.

Dunelm's Property Director Steve Barton commented: "We are very excited about the Dunelm Edit concept and we are pleased with the performance of the Crawley store. GCW understand our search criteria and we look forward to exploring new store opportunities together in the coming months."

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GCW understand our search criteria and we look forward to exploring new store opportunities together in the coming

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GCW helps define future vision for Petersfield's Rams Walk

East Hampshire District Council has appointed GCW as joint agent on Rams Walk shopping centre in Petersfield. The local authority acquired the open-air centre in May 2019 and is adding further expert advice on how to future-proof the prime town centre asset.

The council acquired the attractive 82,000 sq ft centre from M&G Real Estate as a strategic long-term investment. It is working with GCW to ensure Rams Walk stays at the forefront of modern retailer requirements and evolves in line with the demands of its users.

Anchored by Waitrose, the 20-unit mall sits in the heart of Petersfield town centre, linking High Street, The Square and 400+-space Central car park. Its prime position and convenience-led offer has seen Rams Walk perform strongly during the Covid crisis and demonstrate the resilience of accessible retail destinations which serve the needs of their local catchment.

Despite challenging market



conditions, Rams Walk remains on occupiers' radar and in July the centre secured a letting to health food retailer Grape Tree. GCW will now work to enhance the tenant mix, maximise returns and ensure the asset is managed in a

way that responds to changing consumer demands.

Councillor Tony Costigan, Property Portfolio Holder at East Hampshire District Council, said: "Rams Walk is already a successful scheme and our priority is to develop a long-term vision which will deliver a commercial return whilst meeting the needs of our residents. It's a prime asset with no out-of-town competition, drawing people in with an attractive environment, top-performing Waitrose store and generous parking."

He added: "We appointed GCW for its breadth of knowledge of the marketplace and depth of talent. Their experience and market intelligence allow them to take a targeted approach in identifying best-fit occupiers and making sure the council is getting the best possible advice. We look forward to working with them on forming an effective long-term strategy."

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Sports Direct upsizes in Portsmouth

GCW has acted for RPM Railpen on a deal which has seen Sports Direct open a new 50,000 sq ft store at Portsmouth's Cascades Shopping Centre. The retailer has taken a 10-year lease and shares the reconfigured unit with their brand USC and Game Belong.

GCW has advised landlord RPM Railpen on its Portsmouth asset for the last decade and has attracted the trio of tenants on the back of a recent internal refurbishment.

Operating across three floors in the former BHS unit, they will join around 60 occupiers including Primark, H&M,



and TK Max.

Sports Direct selected Cascades Shopping Centre after deciding to relocate from a smaller unit on Commercial Road. The move is a coup for the 440,000 sq ft retail destination which recently celebrated its 30-year anniversary. A recent asset management initiative to improve circulation, open up further commercialisation space and significantly improve visibility for the anchor tenant has paid dividends.

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A recent asset management initiative to improve circulation, open up space and adapt the 50,000 sq ft unit to offer greater visibility has paid dividends.

