



Newsletter

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BIG IN RETAIL

SPRING 2010

Dorchester deal signals retail park market know-how

GCW has secured its latest retail warehouse deal displaying its investment and asset management expertise in the market. The multi-stage deal saw GCW advise its client Cadena (Sherborne) LLP on the purchase and subsequent sale of Weymouth Avenue Retail Park in Dorchester, having significantly increased rents.

“We are not yet well known for our expertise in the retail warehouse market but it sits very neatly with our market-leading activity in supermarkets and in-town retailing. It will be a significant growth area for us in the future,” says GCW director Keith Whale.

GCW advised on the acquisition of the Retail Park from West Sussex County Council Pension Fund in 2008, despite difficult financial markets and plummeting property values. The park had

Currys, Allied Carpets and Halfords as tenants and occupied a dominant location in Dorchester, next to a Tesco superstore and adjacent to the A35 bypass south of the town.

“We knew from other involvement in the area that it offered excellent potential for rental growth. We were able to offer our client a comprehensive blend of retail expertise, market intelligence, rent review experience and the ability to get the asset strategy right,” says Whale.

GCW quickly secured a new letting in the park following the collapse of Allied Carpets in 2009. Bed retailer Dreams entered into a new 10 year lease at a rent of £173,300 pa, an increase of over 50 per cent on the previous rent.

The deal with Dreams pushed headline rents for units in the Retail Park close to £23 per sq ft and put the park’s owners in a

good position for rent reviews due in 2010.

The Retail Park also has potential for a small extension. Plans for two smaller units totalling 4,000 sq ft are on the drawing board with proposals received from several household names.

GCW agreed terms to sell the investment in the Retail Park to Middlesborough Council Pension Fund late last year,

resulting in a significant profit for its client.

“We were able to help Cadena (Sherborne) develop the investment massively in a short time, through our ability to spot opportunities and by understanding exactly what was going on in the local market and the potential for rental values,” adds Whale.

• More information from keith.whale@gcw.co.uk



Lease deal drives Colchester upgrade

GCW has helped the owners of Colchester Lion Walk shopping centre, LaSalle Investment Management, agree a long-term deal with Colchester Borough Council.

The deal regards the headlease, increasing the term from 92 to 150 years in exchange for £425,000 plus a commitment to refurbish the centre.

The £2.8 million refurbishment was completed late last year and has transformed the centre into a modern attractive space. It has included replacing dark heavy slate facades with modern limestone panels, installing new lighting and new finishes throughout the public realm.

The refurbishment has helped to secure the shopping centre as the prime fashion pitch in the town and since it was completed GCW has put three out of four vacant shop units under offer. The pedestrian footfall at the centre has also increased.

“Regearing a headlease is rare and the council took a positive approach based on what was good for the town. The deal is good news for the owners as it has added significant value to the investment and for Colchester as it will help attract new retailers to the centre,” says GCW director David Gooch

LaSalle acquired Lion Walk in 2008 for £69



million. It was built in 1977 and comprises 236,000 sq ft of retail with some offices and residential flats. It is anchored by leading retailers including Marks & Spencer, Boots, BHS and WH Smith.

• More information from david.gooch@gcw.co.uk

Bury on track for successful centre Summer opening



The Rock shopping centre in Bury is well on track for its opening in July with a string of leading retailers agreeing to move to the centre.

Recent deals include exchanging contracts with Barclays and H&M to take units and instructing solicitors on a large 10,000 sq ft store for Top Shop/Top Man alongside shops for Dorothy Perkins/Burtons, Oasis, HMV and Holland & Barrett.

Leading property developer Hammerson was appointed at the beginning of 2010 to run the centre following the parent company of previous developers, Thornfield going into administration. Hammerson has retained GCW as agents on the scheme to keep the momentum up for opening.

"We could have been facing a difficult situation but Hammerson has supplied a steady hand and brought in valuable expertise. We have spent some time reassuring all those retailers already committed to the scheme and explaining future plans to others," says GCW director David Gooch.

"Our appointment to The Rock has given us the opportunity to work with GCW for the first time. We are delighted that our positive working partnership with them has kept the shopping centre on track for a successful opening this summer," says Hammerson assistant director Richard Poyser.

The Rock will boast over 500,000 sq ft of new retail space including a 103,000 sq ft Debenhams; 77,166 sq ft Marks & Spencer; and 50,000 sq ft Primark. Marks & Spencer is relocating into a larger store from elsewhere in Bury and Debenhams is establishing the first department store in the town. More than 80 per cent of the floor space is already let.

The £330 million development has an extensive retail catchment, with 12 million visitors a year to the town's world famous market and 2 million residents within a 30 minute drive.

- More information from david.gooch@gcw.co.uk

BB's Coffee & Muffins gears up to expand

GCW is working with the newly appointed management at BB's Coffee & Muffins to put in place ambitious plans to revitalise the company following its rescue from administration.

The new owner, Kapelad acquired 77 of BB's profitable stores from administrators in 2009.

GCW is negotiating new leases and assignment of existing leases with a series of landlords. Future plans include expanding the brand from its traditional shopping centre base to the high street and acquiring 20 new stores over the next year.

"We are confident that BB's Coffee & Muffins has a strong future and have been really pleased with the confidence shown by landlords in our plans for the brand," says



BB's Coffee and Muffins chief executive Paddy McCarthy.

"The £1 million injection of cash from our investors is a key factor in reassuring landlords about the strength of the new

company. It also gives us a strong cash flow to acquire new shops in the future," adds McCarthy.

BB's management is working hard to capitalise on its offer of daily freshly baked muffins which has made it the marker leader in shopping mall cafes. Future plans will see the brand increasing its food offer to further differentiate it from traditional high street coffee shops.

- More information from simon.morris@gcw.co.uk

Deals

> GCW has secured two deals at thecentre:mk. Jewellery retailer, Pandora takes a 750 sq ft unit at a base rent of £70,000 pa plus turnover on a 10 year lease, adding another brand to the aspirational shopping area of the centre. Young fashion brand Pulp also moves to Milton Keynes in a 1,600 sq ft unit on a 10 year lease at a base rent of £80,000 pa plus turnover.

> GCW's latest deal on behalf of Land Securities at Lewisham shopping centre sees Ann Summers take a 1,300 sq ft unit on a 10 year lease at £65,000 pa. The deal increases the fashion offer at the centre on the back of the recent letting to H&M.

> Wilkinson is due to open a new unit in Swanley shopping centre this summer. In a deal done by GCW, on behalf of the retailer, they will take a 16,000 sq ft unit on a 15 year lease for £144,000 pa.

> Acting for St Helens shopping centre landlord, ING Britannica Fund, GCW has relocated Bighthouse into a larger unit in the scheme. The acquisitive rent-to-own retail chain has taken the new 3,000 sq ft unit on a 10 year lease at £75,000 pa.

> In the latest of a number of deals for Specsavers, GCW has acquired a new store near London's Liverpool Street Station. The 2,900 sq ft store is on a 10 year lease at £191,500 pa.

> GCW's specialist retail client Vinegar Hill has agreed a lease to take a new 3,000 sq ft store in Queens Road, Bristol for £80,000 pa. The store is the lifestyle emporium's fifth as it continues its steady expansion across the west of the UK.

GCW adds to shopping centre tally

GCW's list of shopping centre clients continues to grow with the company's appointment as consultants on two new schemes bringing the total to 23 across the UK and underlining the sector as a significant part of GCW's business.

The appointment as joint letting agents on Palace Gardens Shopping Centre, Enfield, sees GCW acting on behalf of Standard Life Investments for the first time. GCW will work on leasing and asset management matters alongside Jones Lang LaSalle, replacing Cushman and Wakefield.

Enfield is a significant North London retailing hub offering opportunities to attract new tenants. GCW is working with Standard Life on plans to improve the

environment and brighten up the scheme. The aim of the work is to enable the centre to regain its position as the prime shopping location in Enfield.

"We welcome GCW to the asset management team on Palace Gardens and look forward to furthering the opportunities that the centre presents" says Ed Jenkins, fund manager at Standard Life Investments.

GCW has also been appointed as property advisors for Nicholson's Shopping Centre in Maidenhead.

The 130,000 sq ft centre, asset managed by Irish Life Investment Management, dominates Maidenhead's retail offer where tenants include Next, Dorothy Perkins, Waterstones, Peacocks, JD Sports, Clarks, Superdrug and

Body Shop. The centre boasts a footfall of over 140,000 shoppers per week.

"There is plenty of opportunity to attract new retailers to Maidenhead. We are looking at ways to reconfigure space in the centre to win new fashion brands and build on the already successful value shopping part of the scheme," says GCW director Duncan Kite.

GCW's services include providing agency and asset management advice in conjunction with Morgan Williams. GCW's Professional Services team will also provide advice on ongoing rent reviews and lease renewals

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Shoppers flock to brighter Victoria



A £24 million revamp for the Victoria Centre in Southend has helped GCW's client attract a host of new retailers, pushing up visitor numbers and significantly improving trading.

New tenants include leading fashion retailer Next, moving from the high street to take a 20,000 sq ft unit in the centre, and coffee shop Café Society. These two stores have helped to

increase footfall and dwell times at the centre. The latest figures show footfall for May to December 2009 up 10.6 per cent on the same period for 2008.

Trading performance for the national retailers at the centre is good with Next exceeding its Christmas targets and Wilkinson and fashion retailer Peacocks both showing significant increases in trading compared with the previous year.

The refurbishment work included enclosing the open air shopping centre, installing new mall finishes and creating new large well configured units. The Victoria has been transformed from a 1960s concrete precinct into a state-of-the-art shopping centre.

"The investment in the centre has paid off. A hugely improved shopping environment means that we can target quality independent retailers and persuade them to come to the centre. It also offers reasonable rents compared with the high street," says GCW director Nick Warr.

GCW has secured a number of deals with independent retailers including local business Roy Gill Opticians relocating

to a 1,639 sq ft unit on a 10 year lease at £45,000 a year; Fiori, a florist, paying £15,000 on a 10 year lease for a 392 sq ft store; and new units for Designer Stockroom and Totally Home.

One of the latest deals sees a 5,200 sq ft unit at the centre under offer to Boots, also planning to relocate from the high street.

- More information from nick.warr@gcw.co.uk



Windsor invests to lure strong tenants

The latest phase of development at King Edward Court shopping centre in Windsor has upgraded three existing units and attracted new retailers to the scheme.



The development at the Peascod Street entrance to the centre has transformed the three units with modern, full-height glazed frontages in keeping with the recently updated Waitrose. The work will improve the existing layout where the frontages were previously setback from each other.

The collapse of existing tenants Officers Club and Barratts provided the catalyst for GCW client, LAP to take possession of the units. The third occupier had just been bought by independent jeweller Robert Gatward who was happy to move out whilst the unit was reconfigured into larger space.

The three new units are due to open in May and will house new tenants Fat Face, relocating from elsewhere in Windsor, and up-market lingerie retailer Mystique.

"The development will guarantee stronger rents in the future. We are pleased that despite the economic climate we have been able to maintain the rental tone and were able to easily agree terms with strong new tenants, who will improve the tenant mix" says GCW director Nick Warr.

- More information from nick.warr@gcw.co.uk

Lease expiry team offers unique skills mix

GCW has launched an innovative lease expiry team in response to demand from clients. The team brings together the mix of GCW's property experts combining know-how from its professional advisory, investment and agency specialists.

The team is led by three GCW directors, Lisa Manley, Fiona Nichols and Simon Morris.

"The traditional lease renewal process is slow, expensive and creates uncertainty for both landlords and tenants. GCW is ideally placed to offer a complete service to both groups. As retail specialists, our directors often collaborate on projects, bringing together all our specific expertise," says Manley.

The service for tenants reduces legal bills, simplifies and speeds up the renewal process as well as looking at the need for any strategic relocations.

In many instances GCW can also help

retailers to persuade landlords to contribute to the cost of refitting a store as part of the lease renewal.

GCW is offering landlords a proactive approach that does much more than look at individual lease expiries in isolation. By appraising a whole portfolio, GCW can identify those assets due to expire within three years and establish any potential to agree a regearing of the lease. It can also spot opportunities to enhance value through active asset management.

"Both landlords and tenants often take no action until just before a lease expires. We want to encourage them to approach the issue well in advance and think creatively about how to get the best for both sides," says Manley.

- More information from lisa.manley@gcw.co.uk

Baby retailer grows and grows

Long-standing GCW retail client JoJo Maman Bebe is aggressively expanding with three new stores acquired late last year and three more under offer.

The niche retailer is performing well despite tough trading conditions and has been able to take

advantage of the difficulties faced by competitors in the market.

GCW has acted for the retailer since its early launch on the High Street and has seen the company grow from a business dominated by mail order to have over 26 stores across the UK. Recent acquisitions include a store in Kingston Upon Thames, a move to Cardiff SD2 – the first in a regional shopping centre - and a store in Bury St Edmunds which is due to open before Easter.



"JoJo is a great example of how a well-run business without lots of debt can do well even in difficult times. Its active managing director Laura Tenison is very much at the helm constantly pushing the business forward," says GCW

director Simon Morris.

Throughout the expansion, GCW has advised the company on adjusting its property strategy as the brand evolves. JoJo Maman Bebe is one of growing number of boutique retailers who value GCW's expertise and understanding of how their businesses operate and what this means for the property locations that suit them best.

- More information from simon.morris@gcw.co.uk

Morris leads expanding agency team

Retail property specialist GCW has promoted director Simon Morris to head its High Street Agency team. The appointment follows a string of new recruits joining the company as it continues to expand, despite the difficult market conditions.

Simon leads an experienced High Street Agency team which lists a mix of leading landlords such as Axa and the Prudential with expanding retailers such as Specsavers, Dreams, JD Sports, Farrow and Ball and Tesco as its clients.

"Landlords and retailers need a specialist view on the market and they value our expertise across the retail sector. We are attracting new clients and enjoying increasing amounts of work from our existing ones. It's all helping us to expand the business," says Simon.

Simon's promotion follows the recent appointment of Jonathan Daniels to the agency team.



Latest recruit:
Jonathan Daniels

Jonathan previously worked for JLL and Churston Heard for over three years in their Northern Home Counties team and prior to that for Gerald Eve and LSH providing High Street agency advice to both national landlord and tenant clients.

In 2009, GCW boosted its property expertise with the appointment of Jonathan Wynne from DTZ as a director specialising in shopping centre and retail investment. It also recruited two extra members of staff for the agency team, James Crittenden and Beatrice Fairley.

- More information from simon.morris@gcw.co.uk

GCW is a market-leading retail property consultancy, offering a nationwide service that includes agency advice, shopping centre asset management, development and investment advice and professional services. Contact one of our team to find out more.

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