



LONDON MARKET OVERVIEW

- American athleisure brand Varley has signed for its first European store at 110-112 King's Road, and joins Reformation and Rixo who recently opened new stores on the Street. Nash Bond advised the Landlord, Cadogan Estate.
- Mare Street Market have signed on 18,000 sq ft within the King's Cross Estate. The retail, dining, co-working and bar concept is the second largest retail/leisure deal within the estate. Nash Bond advised the Landlord, Argent.
- US fashion brand Hollister have opened on Fouberts Place in Carnaby, alongside British sneaker brand OG Kicks for their debut London store. Nash Bond advised the Landlord, Shaftesbury Capital.
- Aqua will be opening a new 8,000 sq ft Mediterranean restaurant on Sloane Street, in what will be the first standalone restaurant on the street. Nash Bond advised the Landlord, Cadogan Estate.
- Sportswear retailer Footasylum will open a 20,000 sq ft store at 73-89 Oxford Street in the second half of this year.
- The Kering owned brand, Saint Laurent, have agreed terms to pay a record-breaking rent to relocate their flagship store into the six storey building on the corner of New Bond Street and Grafton Street.
- Despite a growing appetite from operators to take more sites, there have been several high profile brands entering into insolvency proceedings. They include: Scotch and Soda, Cath Kidston, Planet Organic and Vashi.

Occupier demand remains robust across retail, restaurant and leisure sectors, as London continues to be a key market for international brands that are seeking to expand globally.

We have witnessed a 'flight to prime', particularly within the retail sector, where occupiers have looked to take advantage of the reduction in business rates and rebasing of rents on the primary shopping streets across the capital. In certain locations, the reduction in supply is beginning to create some competitive tension which is leading to an increase in headline rents.

Whilst the general mood remains positive and upbeat, occupiers are continuing to adopt a cautious approach to expansion as they continue to battle with rising costs and a potential reduction in consumer spending that may arise as a result in rising interest rates.

BENCHMARKS - Q2 2023

Store Vacancy v Zone A Movement



- The past 12 months have seen a marked increase in lettings in the main retail thoroughfares in London.
- We are seeing strong depth of demand for stores in King's Road, Soho, Covent Garden and Regent Street. Stubborn vacancy numbers in these locations are a reflection of new developments coming on-line and active asset management, but underlying strength of take-up is creating early signs of rental growth.
- Oxford Street was visibly impacted by Covid with a high number of vacant stores reaching a peak 12 months ago. The thoroughfare has seen the sharpest fall in vacancy, with many large store lettings having taken place recently. There remains relatively high vacancy but with improving international demand.
- Bond Street had significant vacancy at the northern and southern ends of the thoroughfare in Q2 2022. Many new lettings have reduced vacancy considerably and it is expected that continued improving demand for the street will be reflected in rental tone rises in the near future.
- The City remains a challenging environment for many occupiers and, whilst there has been an improvement in take up, there remains high vacancy with many large retail stores that have limited demand.



MEET ...TONI JOHNS

I joined Nash Bond in July 2022 having started my career in the shopping centre leasing team at JLL.

My primary focus is leasing Shaftesbury Capital's retail portfolio which stretches across Carnaby, Soho, Seven Dials and Covent Garden. It is an amazing privilege to work on these world-famous shopping destinations and to be able to speak to both global brands as well as best-in-class independents.

The best thing about my job is the variety. Every day is different, but typically includes meetings with clients as well as viewings and presentations with interesting new brands. I enjoy working on a strategy which will have a real impact on the places where we live, work, and visit in our spare time – the places which make London so cool. It is also satisfying to play a part in a brand's evolution.

HOSPITALITY OVERVIEW

Our predictions for uncovering growth opportunities within hospitality industry over the next 12 months are:

- Operators need to attract a new customer demographic as a growth strategy.
- Sustainability remains a key focus, with 33% of 500 operators interviewed by The Caterer (May 2023) saying they were planning to make changes within their businesses in the next 12 months.
- It is more important than ever for operators to engage with local communities to promote the importance of 'sustainable socialising'. The consumer is more concerned about climate change than ever before – it is reported that one-fifth of consumers would now choose brands with a clear sustainability vision over those that don't.
- Enhancing social media use and targeting wellbeing will be key avenues for innovation to broaden a customer base and staff retention.
- Staffing continues to be a major issue and is consistently referenced by operators as the biggest social or economic factor impacting the sector. The economic principles of supply and demand are playing out and wage bills have increased by up to 40%.
- Operators embracing innovation will continue to win, whether this is developing new concepts, brands, or products to drive revenue.

Against a backdrop of economic and social headwinds, hospitality businesses are once again having to dig deep to secure their future.

The sector's recovery from the pandemic now faces new hurdles of rising inflation, energy costs, labour shortages, supply chain disruptions and cost pressures as opposed to one issue in pandemic – with limited government support. Yet, amidst these challenges, hospitality leaders showcase resilience and innovation.

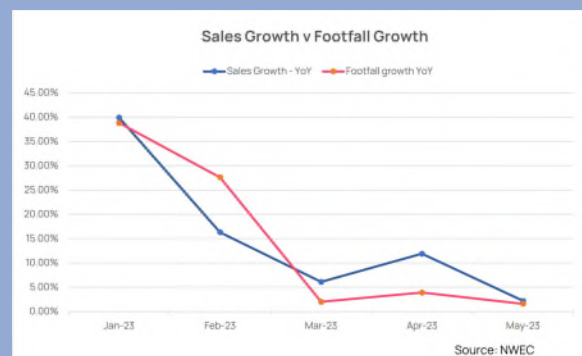
In summary, there remain challenges, but also opportunities, and reasons for optimism in the year ahead. Ultimately, a traditionally quite unagile industry is being forced to think it on its feet and adaptability is the key to survival.

Acting for GPE, Nash Bond have signed Cicchetti at 172/173 Piccadilly



BENCHMARKS - Q2 2023

West End - Sales Growth v Footfall Growth



Positive growth in both footfall and sales in the West End in 2023. Many occupiers reporting sales in excess of pre Covid, but whilst growing, footfall remains below pre Covid levels. The West End being buoyed by high spending tourists from the US and Asia

London Restaurant Openings



New restaurant openings continued to out-strip pre Covid levels and positively tracking 2022, a rebound year for many new concepts.

The change in planning use class together with major landlords seeking to create more vibrant neighbourhoods, has driven many new lettings.

Location Ranking - Top 25



	Retail Centre	Sales Performance	Footfall Impressions	Occupancy Cost
1	London's West End	245	455	46
3	Covent Garden	145	227	57
6	Chelsea	100	68	82
8	Knightsbridge	95	95	78
9	Westfield Stratford	93	122	85
11	Westfield London	91	92	83

The JDM Retail Brand Power ranking of the UK's top retail destinations is a ground breaking new way of assessing the relative strength of different retail locations.

Using proprietary JDM Retail data and analytics, the top 25 locations in the UK have been analysed according to the criteria that really matters in modern retailing – the sales and sales density performance of the location, the potential 'halo' benefits to other distribution channels such as online, and of course the cost of trading in that location.



NASH BOND VISITS.... PITTI UOMO

This was Pitti Uomo's 104th show in Florence, the home of menswear fashion and the birthplace of many luxury brands.

Pitti showcased 825 exhibitors, of which 43% were international. All were displaying their SS24 collections for wholesale purposes, and brands ranged from tiny independents to large multinational brands such as Brunello Cucinelli, Fila, Juicy Couture, and Napapijri.

The conference covered a range of themes including outdoor, scandi-brands, re-sell and vintage, cutting edge style and even pet's accessories.

Many brands were open to discussing physical stores and, encouragingly, all understood the importance of the physical store at some point in the brand lifetime. Occupational costs were a common theme and these remain a barrier for smaller digitally native brands.

Independent brands are still finding the London market daunting in the aftermath of Brexit. Those who are considering stores are mainly focused on Paris/Milan, but all appreciate the importance of London as a global city and welcomed our knowledge of the capital.

Keep an eye out for new brands from Nash Bond soon !



FIVE MINUTES WITH.... MARC FRANCIS-BAUM

- What was the appeal of Kings Cross as your second location for Mare Street Market?

We know King's Cross very well through having The Gas Station that is a very very busy site for us. King's Cross have multiple restaurants but not many drink lead destinations. Mare St is multifunctional but, like all of our sites, we sell a lot of food but are drink led.

- You must believe there is a positive outlook for the next 12 months?

Going by the last 6 months of trade in our group we have a very very positive outlook.

- What are the biggest issues facing the hospitality industry currently?

Costs. Product costs, energy costs. Work from home hasn't helped either.

- What are your predictions for the industry over the next 12 months?

Well hopefully costs will come down or at least level off. You have to be on top of your game in all areas to survive. Unfortunately it will be very hard for any new guys to be successful because they are dealing with unprecedented costs as well as trying to build a business.

- What other operators do you admire and why?

Buns from home. Watch out for these guys, they are gonna be massive. Simple great product, simple set up, next big thing. JKS. Diversity of brands, done well, places look great.

nashbond Instagram

#foodforthought

#shopoftheweek

