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Meadowhall renewed

British Land's £60m refurb completes

Editor's letter

Welcome to the UK, Unibail-Rodamco. A lot of us in the UK market have been focussing on the impact of the Hammerson acquisition of intu, but in many ways the arrival of Europe's biggest mall owner on our shores is more significant.

UR has been ahead most UK players when it comes to the key trends driving the industry. With its UR Lab offshoot it was inviting tech startups to work alongside its head office team and trial them in malls for several years before intu tried the same thing this year.

With its Four-Star Service concept it has a proven track record in driving up service standards inside shopping centres. And its Dining Experience format elevates the F&B offer of its premium malls considerably above the drab food court that characterises many European malls.

Now UR owns two of the top three UK malls, and it will be fascinating to see what innovations the two new giants, Hammerson and UR, bring to their first joint project at Croydon.

Graham Parker
Editor
Shopping Centre

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Feeding frenzy

Two mega-deals change the shape of the shopping centre industry

Hammerson's £3.4bn bid for intu reshaped the UK shopping centre landscape, but the industry barely had time to absorb its impact before Unibail-Rodamco staged a far more ambitious coup, bidding £18.5bn for the global shopping centre giant Westfield.

The spate of deals began when Hammerson launched an agreed bid for fellow shopping-centre specialist intu to create a £21bn pan-European shopping-centre giant. The merged business will become the UK's biggest property company, with stakes in 16 of the top 30 UK malls. And with major ownerships in France, Ireland and Spain it will leapfrog Klepierre into second place in the league table of European mall owners.

The deal has the backing of the intu board and significantly intu's largest shareholder, Trafford Centre developer John Whittaker, has thrown his weight behind Hammerson's move and will become deputy chairman of the combined company.

The new company will be called Hammerson, although the intu name will be retained as a consumer brand within the larger portfolio. Key positions have gone to Hammerson directors with Hammerson's David Tyler, David Atkins and Timon Drakesmith becoming chairman, CEO and CFO respectively. Intu's chairman John Strachan will become senior independent director.

In a joint statement the Hammerson and intu boards said they believed there is a compelling strategic rationale for the acquisition, which will bring together their high-quality retail property portfolios and their combined expertise to create a leading European retail REIT with a strong income profile and superior growth prospects. However, £2bn of assets will be immediately put up for sale as part of a rationalisation of the combined portfolio.

Both boards believe the enlarged group will be better placed to enhance its position in its geographic markets and across its retail formats, with a more efficient and adaptable platform allowing it to respond to fast changing consumer preferences and retail trends.

Hammerson chief executive David Atkins said: "This marks an exciting milestone in the history of Hammerson. Bringing together the high-quality portfolios of both companies establishes Hammerson as a larger, leading European retail REIT, enhances shareholder returns and supports opportunities for long-term growth. I hold Intu's high-quality centres in high regard and I look forward to working with a strengthened team to enhance the performance of our entire portfolio."

And intu chairman John Strachan added: "A combination of both Intu and Hammerson will create a more resilient, diversified and stronger group that we believe

will benefit all our stakeholders. Intu offers high-quality retail and leisure destinations in the UK and Spain, which when merged with Hammerson's own top-quality assets in the UK, in France and in Ireland, present a highly attractive proposition for retailers and shoppers in Europe's leading cities."

A week later, Unibail-Rodamco, Europe's leading mall operator, made an agreed offer for Westfield to form a global shopping centre giant. The combined company will have £46bn of assets in 27 of the world's most attractive retail markets. UR will roll out the Westfield branding across the 104 malls in the combined portfolio.

Westfield's controlling Lowy family is backing the deal. Chairman Sir Frank Lowy and co-CEOs Stephen and Peter Lowy along with president Michael Gutman will be stepping down, with UR CEO Christophe Cuvillier becoming group chief executive officer and chairman Colin Dyer becoming group chairman.

The new business will own the best shopping destinations in many of the world's wealthiest cities with 56 flagship malls including Westfield London, Westfield Stratford City, Les Quatre Temps and Le Forum des Halles in Paris, Westfield Century City in Los Angeles, Westfield World Trade Center in New York, La Maquinista in Madrid, Shopping City Süd in Vienna, Mall of Scandinavia in Stockholm, Centrum Chodov in Prague and Arkadia in Warsaw.

In addition, the companies' two development pipelines are valued at £11 bn with iconic developments in London, Milan, Hamburg, Brussels, Paris, San Jose, Lyon and other major cities.

Cuvillier said: "All of us at Unibail-Rodamco have immense respect for what the Lowy family and the Westfield team have accomplished with the Westfield brand and the company's iconic collection of world class shopping destinations. The acquisition of Westfield is a natural extension of Unibail-Rodamco's strategy of concentration, differentiation and innovation. It adds a number of new attractive retail markets in London and the wealthiest catchment areas in the United States.

"It provides a unique platform of superior quality shopping destinations supported by experienced professionals of both Unibail-Rodamco and Westfield. We believe that this transaction represents a compelling opportunity for both companies to realise benefits not available to each company on a standalone basis, and creates a strong and attractive platform for future growth."

Analysis

Sofie Willmott, senior retail analyst at GlobalData

The deal between Hammerson and Intu will give the combined group a stake in 12 of the 20 supermalls in the UK – supermalls being large shopping centres over 20m sq ft that attract 20m+ visitors annually, including Birmingham Bullring, Intu Trafford and Manchester Arndale. Dominance in the location will bolster the group's negotiating power with both retailers and leisure operators, helping to create destination shopping centres with all-round appeal, enabling the group to better compete with experience-focused Westfield, which has set the bar high.

Although the group plans to sell £2bn of assets to improve its balance sheet, these are unlikely to be all-important supermalls considering spend is set to rise 7.2 per cent in the location over the next five years, outstripping growth in physical retail forecast at 5.0 per cent (across non-food sectors), according to GlobalData's forecasts. We expect the combined group to prioritise supermalls development, enhancing the locations to appeal to shoppers looking for product and retailer choice alongside an exciting food service and leisure offer.

As clothing & footwear retailers focus on supermalls to create large-scale, experience-led stores, physical retail spend will move away from town centres towards destination shopping centres ensuring supermall space is hot property. The proposed deal will net the group a stake in almost 60 per cent of all UK supermall space making it a force in the retail landscape, well placed to benefit from retail spend shifting across locations.

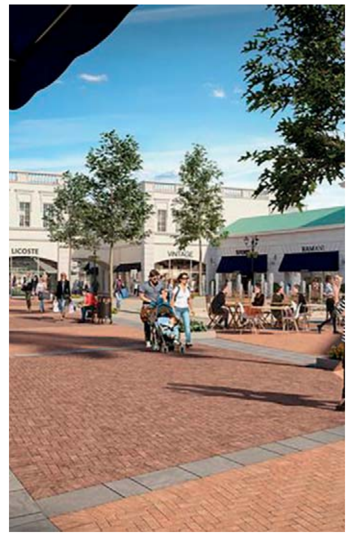
McArthurGlen launches seventh UK outlet site

McArthurGlen Group has formed a joint venture with U+I, Rioja Developments, Aviva Investors and the Richardson family to develop a new designer outlet in Cannock, 30 minutes from Birmingham. The project will be developed and built by McArthurGlen, U+I and Rioja Developments, and once it is completed, McArthurGlen will manage the centre.

Planning approval was granted in September 2016 for the £160m Cannock Designer Outlet which will provide 285,000 sq ft of GLA across two phases. Construction of Phase I, which will feature over 80 stores plus restaurants and cafes, a children's play area and 1,400 parking spaces, will begin in the early part of 2018 and the opening is planned for spring 2020.

McArthurGlen Designer Outlet Cannock will have over 11 million consumers within a 90-minute catchment and it will be located close to many of central England's most popular attractions, including the Cannock Chase Area of Outstanding Natural Beauty, Alton Towers; Stratford-upon-Avon and Cadbury World.

Giles Membrey, managing director at Rioja Developments, said: "This is the best site in the West Midlands for a designer outlet village and the brand interest in the scheme has been phenomenal."



Shropshire Council buys Shrewsbury centres

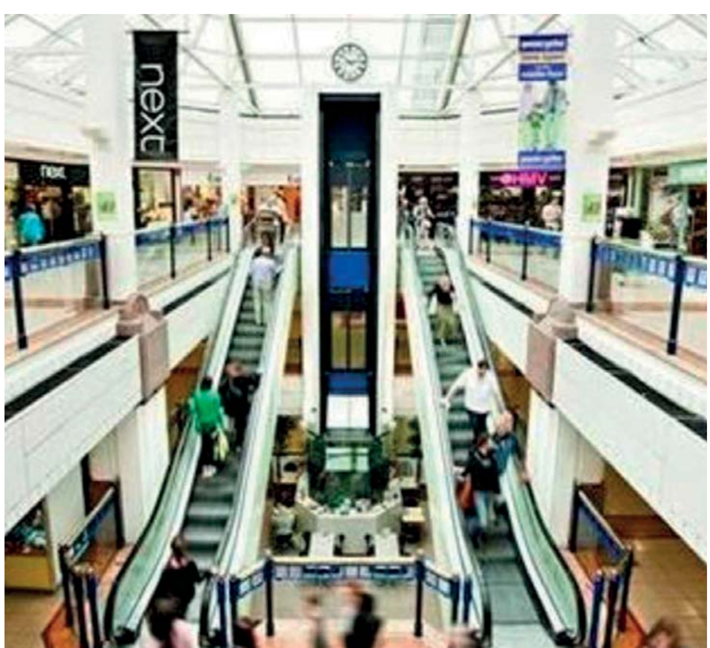
Shropshire Council's cabinet has given the green light to the acquisition of Shrewsbury's main shopping centres from Standard Life. The council believes buying the malls will support the economic growth and regeneration of Shrewsbury town centre.

The deal covers three linked sites: the freehold of the Charles Darwin shopping centre, including 11 Castle Street; the freehold of the Pride Hill shopping centre and the leasehold interest in the Riverside shopping centre.

The Darwin centre totals 200,748 sq ft and is anchored by H&M, Marks & Spencer and Primark while the Pride Hill/Riverside site has 232,000 sq ft of GLA anchored by Wilko.

The deal continues a trend for local authorities to invest in shopping centres, both to provide long-term income and to give them more control over the regeneration of their town centres. Within the last two years, 15 local authorities have acquired shopping centre investments in their areas for a total of £570m with a further £220m under offer or in negotiations.

Montagu Evans is advising the council.



Burgess Hill park changes hands

DTZ Investors has bought Mid Sussex retail park, Burgess Hill from Goldman Sachs for £17.325m, reflecting a net initial yield of 4.72 per cent.

Mid-Sussex retail park is a newly constructed scheme which completed in 2013 and comprises two units of 50,687 sq ft let to B&Q and Pets at Home The asset has a WAULT to expiry of 11 years with 80 per cent of the income secured to B&Q with index-linked reviews.

The property was designed and constructed to a BREEAM standard of 'Very Good' and aligns with DTZ Investors' commitment to sustainable investment.

DTZ Investors was advised by Hampson Wall.

Primark signs for Westfield London extension

With less than four months to go until the opening of Westfield London's £600m expansion, Primark has signed to open a 70,000-sq ft store, becoming the extension's second anchor alongside John Lewis. Due to open in March 2018, the expansion of Westfield London will create an extra 740,000 sq ft of retail, dining, entertainment and leisure space, bringing the total GLA to 2.6m sq ft making it Europe's biggest shopping centre

Westfield has also named additional retailers joining the line-up including luxury beauty brand Space NK in 820 sq ft and the innovative beauty store Urban Decay in 1,856 sq ft. Women's lingerie retailer Bravissimo is taking 4,800 sq ft and will be joined by men's fashion brands Frencheye in 1,302 sq ft and Emperor in 581 sq ft. Currys PC World will open an 8,320-sq ft store.

Westfield head of leasing Keith Mabbett said: "London continues to be an attractive destination for major international retailers and we're working closely with brands to deliver new and innovative retail spaces that create the ideal environment for a remarkable shopping and entertainment experience."

Wakefield hit for six

The Trinity Walk shopping centre in Wakefield has scored six major new lettings and begun work on an expansion this winter.

Trinity Walk has welcomed Wakefield city centre's first ever Starbucks with international jewellers, Nomination, opening next door. Tutoring group Explore Learning has taken space above Asda Living while Phonextra is taking the former Brookfields unit facing the market hall. Mobile phone network, Three, and VIP vapes complete the new arrivals, meaning the centre is now more fully let than ever since opening in 2011.

The deals follow the move by landlord Orion to buy in the nearby Westmorland House, which is to be transformed into an extension of the shopping centre. The existing tenants include Bonmarche, Poundworld, Martin's and Modern Savage.

Richard Low, head of retail at Orion, said: "It's a challenging climate, which makes these new lettings even more pleasing as they offer more variety, more jobs and more reasons to shop, relax and learn. Trinity Walk is resilient and never stands still, which positions it well as a sub-regional shopping centre."

L&G backs York leisure scheme

Legal & General' Leisure Fund is investing £35m in Wrenbridge Sport and the City of York Council's development of the Vangarde leisure scheme at Vangarde Way, Monks Cross, York. The new state-of-the-art leisure and retail scheme will comprise a new 13-screen IMAX cinema covering 50,000 sq ft which has been pre-let to Cineworld, as well as various restaurants and retail units.

The leisure and retail scheme forms part of the wider regeneration of the Vangarde development which includes a new 8,000-seat stadium for York City FC and York Knights RCFC, a community leisure complex with sports hall, 25m swimming pool, gym, NHS facilities and outdoor artificial pitches, as well as further retail and restaurant units.

Andrew Ferguson, senior fund manager at LGIM Real Assets, said: "Good-quality leisure developments in the UK are still relatively rare. The chance to fund a brand-new scheme, anchored by Cineworld, in an important growth city such as York is a great opportunity for the Leisure Fund."

Eight more names join Liverpool shopping park

The Derwent group has signed 44,000 sq ft of deals, taking the Liverpool shopping park to 85 per cent let. Superdrug, Regatta, The Works and Foot Asylum/Drome have recently opened their doors and will be joined by discount household retailer Wilko, fashion retailer Next, shoe retailer Clarks and bakery chain Gregg's, in early 2018.

All of the new retailers will take space in the Western Quarter – the distinct horseshoe of 17 retail units which front on to Edge Lane. Greggs will take a unit close to the park's main entrance, near to Chiquito and Subway.

James Maule-Ffinch, senior asset manager for the Derwent group said: "The opening of Liverpool shopping park has really strengthened the city's out of town retail market and these new lettings are testament to the appetite amongst retailers to join the scheme."

McMullen Wilson, Petch & Co and CSP Curson Sowerby are the scheme's retail and leisure agents.

Social Entertainment Ventures launches Puttshack

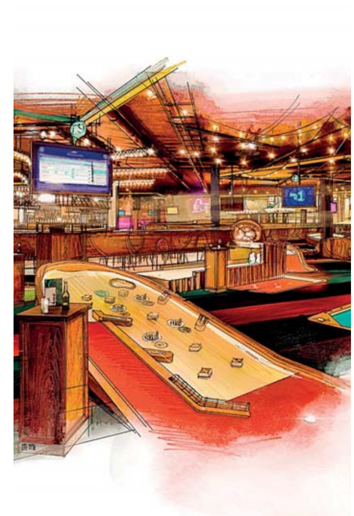
Social Entertainment Ventures, the firm behind pioneering ping pong venue, Bounce, and global leisure brand, Topgolf, is launching a new high-tech indoor mini-golf experience, Puttshack.

The company has invested £15m into a new venture that brings mini-golf into the 21st century. Puttshack's first site will occupy 20,000 sq ft of Westfield London's £600m expansion. The 750-capacity venue will feature four interactive and innovative nine-hole courses with a huge island rum bar and restaurant.

Within 12 months Social Entertainment Ventures plans to open two further Puttshack sites in London, with another flagship 21,000-sq ft venue in the heart of the City, and a site at the £73m extension at intu Lakeside. Cushman & Wakefield has been appointed to find more sites.

Earlier this year, Social Entertainment Ventures appointed Cushman & Wakefield on the national roll-out of Bounce, which is looking for 20 sites across the country by 2020.

Thomas Rose, head of Cushman & Wakefield's leisure & restaurant team, said: "These engaging new concepts are an increasingly important feature of the leisure mix, both in city centre locations and large retail destinations, as the popularity of competitive socialising grows exponentially."



Plans revealed for Hampshire new town

Plans have been submitted for the first phase of the new town centre at Whitehill & Bordon, East Hampshire, which will see the creation of a retail, leisure, entertainment and office zone, set to open in 2020.

Whitehill & Bordon is one of the largest regeneration projects being undertaken in the UK and is one of ten developments that form part of the NHS Healthy New Towns scheme. The first phase of the new town centre will include up to 27 new shops and restaurants across 71,000 sq ft, a 20,000-sq ft supermarket, a theatre and a six-screen cinema, alongside a start-up business hub, 19,000 sq ft of office space, an indoor market place, heritage centre and 178 new homes. Buildings will be set in new landscaped public spaces and gardens, plus a town centre square.

Whitehill & Bordon Regeneration Company, a joint venture between Taylor Wimpey and Dorchester Regeneration, is currently in talks with national operators to occupy the supermarket and the cinema, with the retail and leisure opportunities expected to attract a mixture of national and local retailers.

KLM Retail is advising on the scheme.

FROM ANALOGUE TO IP: A SECURE FUTURE FOR THE BREWERY

With thousands of visitors per year, The Brewery is a thriving shopping and leisure centre in the heart of Romford town centre, home to restaurants, shops, a 16-screen cinema and a gym. In mid-2016, the team at The Brewery finalised extensive plans for a fundamental part of the centre, often overlooked by the everyday visitor: upgrading their obsolete security system. By updating their front-end system, The Brewery has welcomed an investment in HD technology, as well as the reassurance of a versatile system for years to come.

In collaboration with specialist security integrator, Link CCTV, an installation schedule was carefully designed to suit the individual requirements of the centre. In order to maximize the benefits of the new HD cameras, the existing Matrix and recorders needed to be replaced first. By opting for a Flir Latitude virtual matrix and recording solution, The Brewery benefited from minimum downtime on their existing equipment while the integration onto a single platform took place. The centre has also embraced a system that boasts essential modern functionalities, with the flexibility to maintain ongoing software updates for years to come.

"Our aim was to remove all obsolescence from the control room and provide a cost-effective system that was future-proofed for at least the next decade," comments Ryan Mitchinson, Managing Director at Link CCTV. "Once The Brewery's legacy front-end was replaced, we were able to begin upgrading the high priority cameras, migrating them all seamlessly onto the Flir platform. This could then be followed by installing new cameras in the surface car park and within the mall to improve the overall coverage."

With late-night shopping and surrounding high-street bars and restaurants, The Brewery experiences a large footfall in the evenings, meaning optical clarity in the dark was a vital requirement of the centre. "The cameras we've added all have infrared functionality, which vastly improves the picture quality in hours of low light," states Ryan Mitchinson.

The new technological improvements haven't gone unnoticed by the security team on site either; a short visit to the control room quickly highlights the team's satisfaction. "We've seen a massive visual improvement with the new upgrades, especially with reviewing instances,"comments Wasim Ali, Security Supervisor at The Brewery, as he switches smoothly between cameras viewed across six of their new 46" monitors.

"The Police have been overly impressed by the clarity too, which has helped to identify countless offenders on site and has helped to deal with incidents more efficiently." The Brewery's Facilities Management company for the hard and soft services has even began using The Brewery as a demo site to gain new clientele following the completion of the installation.

This virtual solution has provided The Brewery with an easy migration path between their previously obsolete system and the cutting-edge advancements in technology. Optional extras for the centre going forward can now include the integration of ANPR, Facial Recognition, Bodycams and many more analytical packages. This flexibility provides The Brewery with the reassurance of always being equipped with the latest technology, paving the way for retail and entertainment facilities nationwide.

"Overall, the system has helped and improved the service greatly," enthuses Abbass Akhtar, Security Supervisor at The Brewery. "Now, we're excited to see what the future holds for the centre."

LINK CCTV WERE BUSY IN 2017...

Last year, a massive 94% of 3,773 call-outs were responded to within 24 hours, with 90% of these being resolved on the engineer's first visit. This meant minimal downtime on vital security equipment across the country.

CHECK OUT LINK CCTV'S STATS FROM 2017 BELOW:

CALL OUTS: 3,773
RESOLVED ON 1ST VISIT: 3,321
ATTENDED WITHIN SLA: 3,547

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£60M MEADOWHALL REFURB COMPLETES

British Land celebrates the completion of two-year refurbishment

British Land's masterplan for the Sheffield regional mall has seen the creation of four districts each with a distinctive character and offer. Columns and bulkheads have been reduced or removed creating lighter, brighter malls, with new glazing, improved lighting and new customer seating while brands have been able to take advantage of new double-height storefronts.

In parallel with the landlord's £60m spend, £40m has been invested by more than 70 retailers on store upgrades and by new additions to Meadowhall's line-up. This combined investment of £100m has already made a positive impact on performance, with footfall on Black Friday up 8 per cent, making it the busiest on record. The prime Zone A rental tone has risen to over £400 per sq ft, reflecting very strong demand for space with 30 new retailers signing in the last 18 months.

New brands added including the first-ever physical store for online retailer Joe Browns, as well as Michael Kors, Flannels, Urban Decay, Skinny Dip, Tag Heuer, iSmash, Diesel, Joules, Jack Wills, Neal's Yard, Nespresso, T2, Schuh Kids, Pret a Manger, GBK, Barburrito, and Tapas Revolution.

The project has also seen upsizings or increased brand presence by Primark, River Island, Sports Direct, Build-A-Bear, JD Sports, Virgin Holidays and the Entertainer while existing retailers taking the opportunity to redesign their stores included House of Fraser, M&S, Yo! Sushi, Timberland, Ted Baker, and Molton Brown.

Claire Barber, head of Meadowhall for British Land, said: "Meadowhall is a very different place as a result of our investment. It is lighter and brighter; the space is more modern and the offer is significantly enhanced so it is the first choice for shoppers across the region.

Together with our longer-term plans for the centre, Meadowhall has a great future as one of the leading retail and leisure destinations in the UK."

The refurbishment of Meadowhall will be followed by the development of the Leisure Hall, which was granted planning consent in a unanimous vote by Sheffield City Council's planning committee in September. The £300m extension will add 330,000 sq ft of new catering and leisure to Meadowhall, as well as enhanced public realm and other amenities.

Charles Maudsley, head of retail, leisure and residential for British Land, was keen to emphasise the regional impact of the scheme, which has created over 1,200 jobs, with 35 per cent of the workforce living in Sheffield and 41 per cent overall from the Sheffield City Region. BL calculates that 70 per cent of the project spend was made within 25 miles of Meadowhall, with 55 per cent being spent in the Sheffield City Region.

Maudesley said: said: "The transformation we have achieved at Meadowhall is a great example of how we have listened to our customers and responded to their needs to create space that works for shoppers and enables retailers to thrive in an omni-channel world. It also demonstrates the value we place in working in partnership with the community to deliver significant, long-lasting benefits to the Sheffield City Region."

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VIP Premium Vaping & E-Liquids

TALKING PARKING

A roundtable of landlords and managing agents gathered in London at a lunch, supported by NCP, to identify the big issues facing shopping centre parking.

A perennial issue for shopping centre owners and managers, when it comes to car parking, is which to prioritise: revenue or customer experience. Or is it possible to strike a balance between the two?

Paul Plumbley, commercial parking manager at Landsec, kicked off the debate. "In the majority of our car parks the revenue we generate allows us to give a better customer experience," he said. "There's clearly a trade-off between the two but commercially, I don't think paying for parking is as much of a pain point as it's made out to be. We've had the opportunity to trial a range of price points including free sessions but the feedback we get is that it's not that sensitive – if we offer free parking for a few hours it doesn't make a huge difference to the numbers."

But does that apply at the convenience end of the market? "For us a landlord the real issue is generating enough revenue to pay for the car park," said Ellandi's asset manager Tim Cornford. "We want the car park to be run as affordably as possible for the customer, and as simply as possible. But that's not always possible when you have rates and the cost of running the machines."

NewRiver director Emma McKenzie agreed. "I think there's a real challenge to provide a quality car park experience for customers while still making it affordable from a landlord's point of view. Ultimately, just because people don't have a lot to spend doesn't mean they don't appreciate a decent customer experience.

"Car parking is mentioned in every customer survey we do. If it's £1 or £2 does make a difference to people," she added.

"There's a lot of resonance with that in our centres," said Capital & Regional's commercial manager Martin McWhinnie. "Customers know what 'good' looks like. They're not happy to tolerate 'that's just OK but I'll put up with it because it's my local centre.'

"Our exit interviews show people who come by car tend to stay longer and end to spend more. Clearly that balance between parking as an attractor for the retailers and as a revenue stream is one we're keen to get right." But he added: "Costs are only going one way and that's up. Rates are becoming a real burden."

"Do we think there's a danger of the car parks falling behind the retail experience?" asked JLL director Ros Oxley. "They are the front door of any scheme and people now want a certain level of experience: they don't want dark car parks with poor circulation. But I can think of a couple of our schemes where we're putting forward-thinking investment into the retail experience, but the car parks are out of our control."

"One of the problems is that in a number of locations the number of car trips is now pretty much static, or at least it's not growing at the rate it was," pointed out Cushman & Wakefield's associate director of retail asset services, Pat Sutton. "So it's becoming increasing difficult when you're dealing with outside bodies – especially councils – to cajole them into putting in more money."

CAST LIST

David Baldwin-Evans,
director of sales and business development,
NCP
Rob Clarke,
Retail operations manager,
Savills
Tim Cornford,
asset manager,
Ellandi
Max Crane-Robinson,
commercial director,
NCP
Jonathan Davis,
head of property and development,
NCP
Emma McKenzie,
director,
NewRiver Retail
Martin McWhinnie,
commercial manager,
Capital & Regional
Ros Oxley,
national director, retail management,
JLL
Paul Plumbley,
commercial parking manager,
Landsec
John Prestwich,
consultant,
Montagu Evans
Pat Sutton,
associate director of retail asset services,
Cushman & Wakefield

ENFORCEMENT

With this new emphasis on the customer experience, how are parking operators approaching the issue of enforcement?

Montagu Evans' John Prestwich describe a recent experience when he was given what he was told was a 'warning notice' for straddling a line at a retail park, only for a parking ticket to arrive through the post three weeks later. "If I was a shopper that would completely put me off going back to that park ever again," he said. "For me it was that absolute contrast between trying to get people to use the car park correctly, effectively to improve the customer service, to one of 'we're gonna get you.'"

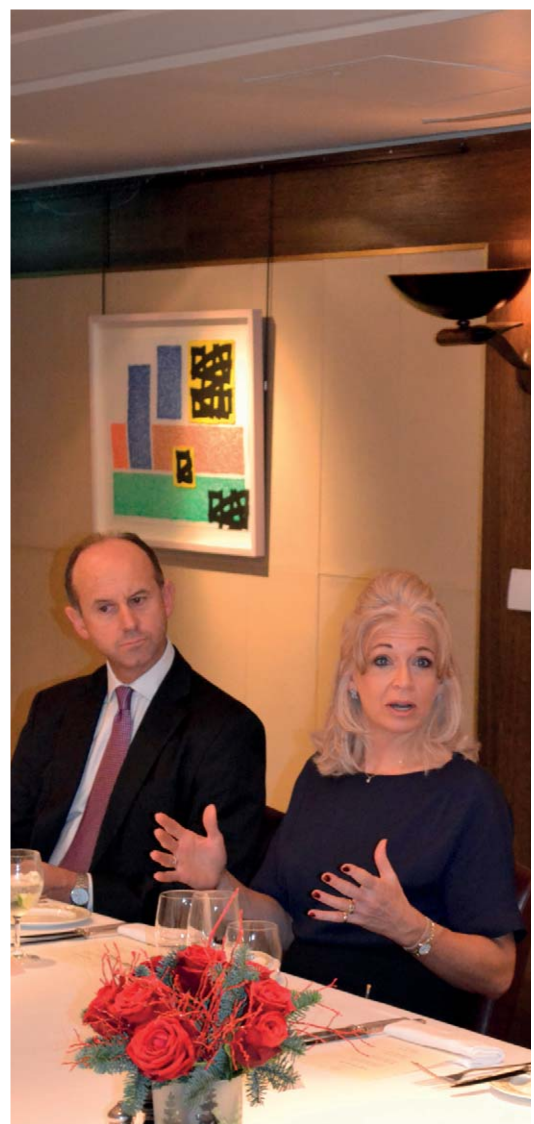
C&W's Sutton replied: "We did some work with a local authority to improve the customer experience in the car park, and we asked them 'if one badly parked car had forced the rest of the row to straddle the bay lines would you ticket them?' and they said 'yes, we would.' The problem is that quite a lot of local authorities have enforcement people running their car parks as well as on the streets, which is a particular barrier to customer service."

"I think enforcement is relevant where you have a centre that's close to a railway station or a transport hub," said JLL's Oxley. "You want to maintain free spaces for your shoppers but you don't want people parking there and jumping on a train. It's a balance and you need a scheme-by-scheme approach."

Landsec's Plumbley added: "A lot of landlords need to realise that enforcement shouldn't be a revenue stream. That's where it goes wrong: when enforcers have targets and revenue they have to bring in that's when they start to look for tiny infractions."

NCP's commercial director Max Crane-Robinson said: "In some locations there's a need to make sure spaces are available for genuine customers, and the owners are approached by operators on the basis that there will be no cost to them whatsoever. But their incentive is to issue as many PCNs as possible and to make it virtually impossible for the public to challenge those PCNs so they eventually give up and pay. It's binary."

"The danger is that policing the minority who abuse the car park is impinging on the majority," said NewRiver's McKenzie. She said that at NewRiver's site in Newtonmearns free spaces were being taken up by staff parking to the extent that shoppers were finding it hard to park. The solution has been to introduce a long-stay car park for people who wish to stay for more than four hours and it's lifted the staff out of the car park. "Ultimately our priority is that shoppers



can come there, find a space and park," she said.

"We've started offering a certain number of staff permits on tight retail parks," said Oxley. And NCP's Crane-Robinson added "We have lots of car parks where employees have a different tariff, Andale Manchester, for instance."

EV CHARGING

"Thinking about customer service, what's the impact of Electric vehicles?" asked Montagu Evans' Prestwich.

"We put them in whenever we do a refurbishment," said NewRiver's McKenzie. "Just like a carwash it enhances the customer experience."

And NCP's Crane-Robinson said: "We've already got charging points on quite a number of our sites but our perspective is they need to be on every single site. I think we're on that tipping point now."

Landsec's Plumbley pointed out that new EV registrations are only around the 1.5 per cent mark. "Arguably car parks should mimic that, but we've just done a ten-year forecast which shows that every couple of years there's going to be big investment to add to the number of EV points." As a result Landsec has just installed 50 EV bays – or 5 per cent of total spaces – at Westgate Oxford.

Plumbley added:- "At the moment we don't charge them for the power. In a year that may change but we want to support that usage. Range anxiety is a big issue for EV users and we don't want them not coming to us because they're afraid they're not going to be able to find a charging point."

JLL's Oxley pointed out: "There's a big land-grab going on for retail parks that are on the big arterial roads to give the users options for when they're on longer journeys." But she said some sites are finding it hard to justify the cost of upgrading their power supply in order to accommodate the fastest chargers, especially when their car parks only have circuits designed to supply electrical lamp standards.

Ellandi's Tim Cornford questioned how important EV bays were for community shopping centres. "Our surveys show 88 per cent of our shoppers have a journey time of less than 20 minutes. Any one arriving is likely to have a fully-charged car," he said.

But C&R's McWhinnie responded: "If you have a driveway where you can charge that's fine but in city centres people live in flats and they can't run a cable out of the window. Our centres could become the charging point for people who can't charge at home," he predicted.

"Our approach is that EV charging is just another level of convenience," said Oxley. "People can come in and have a coffee or browse for a new outfit while they're charging."

NCP's Crane-Robinson was equally sanguine. "The vast majority of charging happens overnight, and the vast majority of journeys are less than 20 or 30 miles, so range anxiety is just that – it's pure anxiety. The requirement for charging is minimal."

"The danger is they become an irritant," said Oxley. "We've had discussions with five or six operators and we need to imbed innovation into the contracts because the technology's gong to change quickly and we don't want the first-adopter problem of being left with something that no longer works."

"I agree," said McWhinnie. "You don't want to spend a huge amount of money now only to find that you've bought Betamax in a Netflix world."

BRAND EQUITY

The final item on the agenda looked at how parking can affect a shopping centre's brand, and in particular what mall owners can do to ensure the car park reflects a centre's brand when they don't always have full control of it.

Prestwich began: "I'm looking at a centre at the moment where the public thinks the car park and centre are in the same ownership but the car park's in a shocking state. The owner of the car park's not had the capex to keep it in good order so the centre owner's trying to acquire the car park just so they can get control of the look of it, the tariff, everything. It is quite dangerous when you're not in control of your car park."

"Control means having the ability to influence the operation and the tariffs to suit your interests as a landowner," said Plumbley. "Tariffs, customer service and the way the place is presented are all crucial because it's the entrance to your scheme."

"It's down to bread-and-butter stuff: cleaning, lighting, security, payment machines – everything that affects the customer experience," said Oxley. "In my experience the ones that are on a lease are generally better than other ownerships because they have a vested interest in increasing use, dwell time etc."

"If you have a management agreement with an open-book cost and a small management fee then there's absolutely no incentive for the operator to even engage their brain as to what can support that scheme," said Crane-Robinson. "So as the centre operator you'll have to force the car park operator to change things, and they'll only do so begrudgingly because it's not going to make them any more money. There are lots of negatives around a pure cost-based management agreement."

NCP's head of property Jonathan Davis said: "In Cardiff we're incentivised purely on volume. It's up to the landlord to set pricing and I think that's an exciting and often under-used tool."

Savills' Retail operations manager Rob Clarke said: "We want to control every element of the car parking experience. Even before the customer leaves home we're wanting to influence the experience but to do that you have to understand what the consumer wants from the car park.

"For instance with Ellandi at the Strand in Bootle we've refurbished the car park over the past 12 months and we broke the project down into bite-sized chunks like procuring the equipment, but always focussing on the customer experience."

Ellandi's Cornford took up the story: "Our aim is to head toward frictionless parking, where a customer can arrive, park, shop and leave without ever having to touch a machine – they'll just get charged for the time they were in the car park. We don't want machines and barriers and all those things that are difficult to run and costly to maintain."

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PLANNING MAKES PERFECT

Strategic planning is critical to make the most of commercialisation opportunities

Centre strategies are evolving and the commercialisation industry needs to evolve or get left behind," says Paul Clifford, managing director at commercialisation agency Space to Trade. "Gone are the days when mall trading was a nice addition to the centre and you could fill the mall with any retailer that could pay the rent."

Clifford has been in the retail industry for 11 years, during which time he managed five shopping centres before securing investment to start up mall commercialisation agency Space to Trade in 2010, giving him a vital background when it comes to developing a mall commercialisation strategy.

"Centres have been including advertising, public relations and marketing events as part of their strategy for some time," he continues. "But what we have to consider now is that events are 'a moment', and while they drive footfall and increase dwell time, do they actually make people spend?" In other words, an event is exciting but it doesn't guarantee more income for a centre.

Clifford believes that mall commercialisation is now a necessity not only to add revenue but to add some variety to the retail mix. He likens a commercialisation unit such as a mall kiosk to a bricks and mortar store, saying that the considerations for the latter should too be made for the former.

The shopping centre model for many has historically been first to look at local demographic to inform the centre's anchor store, then fleshing it out with a mix of complementary offers that will service the centre's catchment. This is then usually followed by marketing to drive shoppers into the mall. Clifford believes that commercialisation should benefit from the same treatment, making sure all mall tenants are presented in equal measures, and having the right mix is essential.

"Once you have your core three mall traders in place: Mobile Phones, Beauty Bars and E-Cigarettes, you need to look at other brands and retailers that will add to the retailer offering and complement the retail mix," says Clifford. What form this may come in will be informed by demographic, and supporting local businesses is often a key part of the plan.

"We are seeing a greater percentage of locally sourced and developed retail contributing to the overall offer in our centres and therefore the overall revenue," Clifford continues. "It's all about looking at the centre as a whole and finding any gaps in the centre offer that will add value to the shopping experience; the right retailer for the right spot is what it's all about."

It is, as he says, a question of balance, and it would be sensible not to step on the toes of existing retailers. "You need to consider your sight lines," says Clifford, "is a traditional RMU going to cause conflict with an existing tenant or would the retailer work better on a bespoke stand?"

From a practical point of view, it is unlikely that new retailers will have the capital to invest in a bespoke stand from the off, which places the responsibility in the hands of a commercialisation manager to ensure that a retailer is placed in the right location to assist their setup.

One of the biggest potential issues with commercialisation that Clifford notes is the fluidity of the market, with its retailers subject to a harsh trial and error period, and he believes the poor management can result in a failing strategy. The bottom line, he says, is communication: "If you have someone on site, or at the very least visiting the area regularly, who knows the centre, the retailers, and what's going on in the local area, it goes without saying that they will be far more effective."

> "The right retailer for the right spot is what it's all about."

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RAISING STANDARDS

Well-designed mall kiosks can improve consumer perceptions of mall retailing

Kiosks are a staple of the mall commercialisation strategy, and whatever product they may be selling the quality and presentation of their unit should aim to be on a par with the rest of the mall's retailers. Commercialisation agency Forum CentreSpace has been working across its portfolio to raise the standards of mid-mall kiosks, with close attention to the community-level centres.

The endeavour, according to retail development manager at Forum CentreSpace, Sophie Leader, has been a success. She says: "By working closely with independent traders who are best suited to the community retail environment, the team have managed to raise kiosk standards across the portfolio. This has then had a positive effect on the results that these retailers are starting to see from the improved set ups."

Loyalty to brands and to retailers is a fundamental aspect to keeping the wheels of a shopping centre greased, and it can pay to assist the existing kiosk retailers in upping their game rather than replace them with something more immediately viable. Commercial kiosks, by their nature, are relatively transient features in shopping centres with reduced lease lengths, but the back end of that is that some retailers might not see investing capital in their business as a viable move.

"It can, at times, be difficult to persuade smaller business to make the improvements expected of them because of limited capital or lack of experience," Leader explains. "So forging good relationships with these traders is useful." A small retailer, for example, might have the product to sell but lack the knowhow to create a successful mall kiosk, and so working closely with them and giving some guidance can turn a poor stand with a good product into a great business. And this can range from doing something as little as overhauling the whole unit and putting together something cheap with a quick trip to Ikea to a long-term bespoke-built unit.

Ben West, the owner of a watch repair kiosk called The Watchman at Priory Meadows, Hastings, worked with Forum CentreSpace to upgrade his mall unit, and the knock-on effect has been monumental to his business. "Investing in a high-quality kiosk is probably the best decision I've ever made," says West. "Without a professional set-up I wouldn't attract the types of customers I am aiming for and first impressions are incredibly important."

While the initial investment for an overhaul such as West's may come with a relatively large upfront cost, the long-term return value it proves to be a worthwhile benefit. "I went for a high spec expensive option, ensuring the kiosk was designed to maximise my footprint so it is truly bespoke to my mall location," West explains. "A year and a half later my kiosk still looks brand new, so spending that little bit more really makes the difference. If you are thinking about mall retail and you want repeat business, you need to approach it with the highest standard if you want to succeed."

Adopting a proactive approach to mall commercialisation plays part of the wider retail strategy in bid to stay ahead of the competition, and so managers should be helping kiosk retailers keep up with the rest of a centre's tenants. Leader asserts the importance of appearances, saying that "Mall traders need to do everything possible to ensure their business does not get lost amongst the retail noise. It truly is a case of survival of the fittest."

COLLECTING THE REWARDS

Why the queue cutting, time reducing shopping method is good for centres.

In all aspects of a shopping experience, customers want as little unwanted disruption as possible. From having to find a parking spot to waiting in queues to being unable to find the item they want in store, there are any number of ways a shopping trip can be held up. And so, inevitably, click & collect has become a prevalent purchase method among many UK consumers. It is convenient, it saves time, and it avoids the disappointment of going to a store and being unable to buy the items they are looking for.

This makes it sound as if it rubs against the grain of the all-important dwell-time that centres and retailers often use as a measure of success, but ultimately the pros outweigh the cons. It is a particularly preferential method of shopping around busy retail periods such Christmas, which involve 'list shopping'. For a proven example of how the business model can be a success, look at the how Argos has built its business around customers selecting a product on a screen for subsequent purchase. Click & collect works in the same way, albeit a little slowed down if a product needs to be transported from another location, but in many cases same-day pick-up is an option.

In an increasingly time-conscious world, customer priorities now include the ability to check product availability before visiting a store to avoid a wasted trip. Technology such as smart inventories, which enable retailers to track a specific product people are looking for online, ensure it is locally available and offer competitive pricing. Providing this knowledge can give bricks & mortar retailers a viable upper hand against their online competitors by being able to get a product to a customer faster.

Ben Boswell, director UK and Ireland at World Wide Technology (WWT) believes that the bricks & mortar needs to become 'clicks and mortar'. He says: "The new retail landscape needs to focus more squarely on blending digital and physical stores. But retailers, operating in different market conditions, need to avoid gimmicky innovations and focus on integrating simple solutions which deliver standout customer experience. If not, they will find themselves easily surpassed by the likes of Amazon."

THE CLICK & COLLECT CUSTOMER JOURNEY

Transaction volume data is measured by where a purchase is made, but this is a very shallow view of how shopping works. With any purchase there are a number of stages that a shopper goes through. Take buying a new pair of jeans for example.

First is the initial idea for the purchase. A person decides they want a new pair of jeans. This can stem from

a current pair needing replaced, seeing someone with jeans they like, or shopping and seeing them on the rack. Engagement number one.

Presuming the shopper is not impulsive and wants to think about it before they spend £60 on a new pair of jeans' they will go away and consider if it is a justified purchase. The shopper is then likely to do some form of research about the jeans, be it online, in store, looking for reviews concerning the longevity of the jeans, coming into store to try the jeans on and to see how they fit and what size they will need. Engagement two.

If they are still yet to buy the jeans, they might take some more time to consider it before making that final purchase. Making the decision, they might then opt to reserve the jeans in their size as a click & collect purchase online before visiting the store to pick them up. Engagement three. And finally, should they be dissatisfied with their purchase, there can be a fourth engagement that comes when they return the pair of jeans.

It sounds simplistic to lay out these steps as the thought process of a shopper, as it is more likely a fundamentally passive series of thoughts and actions. But it demonstrates that one single purchase can bring a person into a centre four or five times, increasing the scope for additional purchases being made in the centre. This is the built-in mechanic that comes with any click & collect purchase: it might reduce their dwell time, but it still drives footfall. While a more expensive purchase encourages multiple engagements, a large number of transactions are more spontaneous.

WHO ARE THEY?

At one time, click & collect was touted as the saviour for bricks & mortar retail in an increasingly online world. The statistic that between 3 and 5 per cent of all purchases are made via click & collect falls short of this expectation, but it is not a number that should be undervalued.

"If we move to the purchase side," says to Alex McCulloch, associate partner at marketing technology company CACI, "we see that the people who use click & collect are the more affluent family groups who are often more rural or suburban and more time-pressured, so you'll see them using click & collect in their shopping with kids. A bigger proportion of the spend is taken up by the needs-based shopping which lends itself to out of town retailing like getting clothes for the kids, an ever-increasing pot of money we're learning more about.

"We shouldn't dismiss those click & collectors," he continues. "What we see is that when they're in the centre they can become very valuable shoppers. Someone who is using click & collect 60 per cent of them spend on retail as well as their click & collect purchase. They engage with shops. They behave the same as someone who is on a regular shopping trip, their average spend is £68, and a quarter engage in catering. These shoppers are using click & collect, but are adding it to a shopping trip they are already going to make. The value of the goods they're picking up is £70. A click & collect shopper is worth double what a non-click-and-collect shopper is, which makes them very valuable."

It is not a case as was once predicted that online retail will take away from bricks & mortar. The consumer's path to purchase is very complex and the role of digital varies by demographic, by product and by centre type. In a lot of retail assessments, the role of the store is undervalued. As the online retail business grows, the role of the store will grow too. What is apparent is that a lot of the current thinking around consumers does not reflect how we as shoppers actually behave.

"We need a step-by-step approach to re-imagining the physical store – giving priority to the online features such as delivery options and personalised offers which customers crave," concludes WWT's Boswell. "Integrating these digital technologies with their in-person service, retailers can quickly set a new standard for in-store customer experience which helps to stem the downward trend in face to face sales."

WASTING TIME

Shopping centres need to up their recycling game now more than ever, writes **Iain Hoey**

If you compare the UK's recycling rate of 5 per cent back in 2000 to the current rate 45 per cent, the difference is staggering. EU stipulated rules that would aim to increase this to 50 per cent by the year 2020. Now with our impending exit from the EU to take place in 2019, it's important to make sure that sustainability targets such as these don't get lost in the transition. As consumer-facing beacons, shopping centres should be doing their utmost to take responsibility and play a positive role in pushing towards this target.

According to David Palmer-Jones, CEO of waste and recycling company Suez, the UK is heading towards a waste crisis if the current trajectory doesn't change. As it stands, there is set to be a rise in waste being trucked around the UK looking for landfill sites as the ability of the UK to export waste material is expected to decline in a post-Brexit world. In 2016, 3m tonnes of non-recyclable waste was exported to Europe where it was used as fuel to generate heat and electricity in specialist Energy-from-Waste (EfW) power plants, a field in which the UK is only slowly building capacity.

"Refuse-derived fuel exports have been the UK's safety valve, making up the shortfall in the UK's domestic EfW capacity," says Palmer-Jones. "If there is no free trade agreement with the European Union, costs associated with waste export activity will increase and this is exacerbated by the sharp fall in the value of sterling since the referendum, leaving the future highly uncertain."

The amount of available landfill space in the UK has fallen dramatically and the waste industry has not invested in new landfill in recent years as it is not a future solution for waste treatment. The impact of landfill tax has been significant in reducing landfill volumes and increasing recycling, but the rate of the decline in landfill has not been matched by the delivery of new, alternative, infrastructure. In the 1990s, there were thousands of UK landfill sites, but by 2020 there will only be around 50 in the entire country. EU influence or not, waste disposal is a pressing issue that all members of industry should have an action plan to improve their recycling facilities.

Rebecca Smith, sustainability consultant at Savills, says that the key to a higher rate of recycling can come directly as a result of continual engagement with tenants. "One of the most important things," Smith says, "is making sure they know and understand the waste practices of the centre, first having it laid out during their initial site induction, making sure it is outlined in the occupier's handbook and finally just through repeated engagement."

Smith says that continued engagement is a positive means of raising awareness. Actively policing waste is a method Savills has found particularly effective in keeping its standards up. "One process we've adopted is giving our tenants clear carrier bags for their waste," Smith explains. "This allows us to look at their individual output and see if they are complying with the guidelines we've set out. If we find that a tenant isn't recycling properly and there is waste contamination, then we will return the bag of waste to for them to sort out. It sounds petty, but we've found that offenders are far more likely to comply after we send their waste back to them."

The rise of F&B poses a significant threat to the level of food and water waste a centre will generate, and, as the sector is finding its feet, it is important to continually instil good practice for operators. One of the hurdles that comes in doing this with all mall tenants is the continual staff turnover. "With F&B retailers there is a comparatively high staff turnover rate," says Smith. "Keeping this stream of staff engaged in the recycling process can be more difficult. Again, it's a case of continual communication with these operators and making sure all new staff are trained and aware of the centre's policies, to make sure they recycle the correct waste in the correct place."

Another potential barrier that a lot of centres face is the all-important space needed to accommodate recycling facilities. While larger or out of town centres might have the capacity for onsite recycling, central locations might struggle to justify allocating the space. "Many of our malls have on site recycling systems in place, such as food and water waste digesters, balers for cardboard etc. But those are limited in part by their capabilities," Smith says. "The onsite food digesters can only work with edibles rather than the likes of banana skins and eggshells which have to be taken for offsite anaerobic disposal. Space limitations are a defining factor – ideally we could have all the equipment on site, but it depends on what there is room for. We do what we can where possible and have separate disposal units for metal, electricals, hard plastics, old pallets and anything else that can be recycled."

The role played by waste removal contractors can have a significant impact on waste levels. They can in theory do a lot of good, but might lack the incentive to take a centre's waste if it's a case of the less they take the less they make. A centre can benefit from a more accurate report on the output in tracking what waste goes where, and keeping track of why there are different levels of each type of waste during different periods. This can help for things like scheduling uplifts so there aren't unnecessary pickups being made.

Actionable ways to do this are joining the likes of the Managing Agents Partnership, an offshoot of the Better Buildings Partnerships, of which Savills, JLL, CBRE and Cushman & Wakefield are members. The partnership assists with development of best practice sustainability provisions for inclusion within property management contracts, guidance on how sustainability can be incorporated into property management via an update to the Managing Agents Sustainability Toolkit, and sharing and gaining knowledge of innovative technology solutions and service provisions with support for a sustainable approach to property management.

When it comes to reducing landfill for centres, above all, Smith says, is continued communication to make sure a sustainable message is maintained. "Putting incentives out to contractors, policing tenant output and assisting with providing signage and marking different bins are all small but significant things for a centre looking to improve its recycling numbers," she concludes.

The future of a sustainable UK is uncertain, and it is important the shopping centres play their role in paving the way to a greener future before the landfills fill up. Action by industries is needed now, as Palmer-Jones says "you don't magic up infrastructure. It takes five to seven years to get a waste plant up and running," and maximising recyclables is more crucial than ever.

SAVILLS INITIATIVES USED TO IMPROVE RECYCLING LEVELS AT ITS MANAGED PROPERTIES WITHIN THE UK INCLUDE:

- Implementing high-level hand sorting, where applicable.
- Educating retailers and occupiers, via tenant inductions and engagement.
- Using site specific education handbooks on waste, which provide a 'carrot and stick' rule book promoting correct segregation to all existing site staff and new customers.
- Working with our waste contractors to ensure they understand and implement our waste vision.
- Sending out newsletters to share knowledge on best practice waste management among all stakeholders.

FASHION CLUB DRIVES OUTLET SALES

European outlet investor VIA Outlets launches new loyalty scheme with Coniq

VIA Outlets, the pan-European outlets operator part-owned by Hammerson, has announced plans to extend its pioneering loyalty scheme across its entire European outlet portfolio, with a programme delivered by CRM and loyalty provider Coniq.

The 'Fashion Club' programme, which is the first of its kind in the outlet sector, is being delivered by Coniq, and allows customers to accrue credits with each purchase on up to 5 per cent of their total spend. These credits can then be redeemed and put towards future purchases or services within the centre. Currently the programme is live in three of the 11 VIA outlets, with the remaining eight centres in progress, ultimately providing the programme to over 1,000 stores across Europe.

Jorge Loconsole, marketing director at VIA Outlets, comments: "Response to the 'Fashion Club' programme has been fantastic. Not only are retailers excited as they are seeing an increase in the average transaction value of up to 70 per cent by members of the programme, but we noticed also that these members have a longer dwell time in our centres, and have a return rate which is above average."

Ben Chesser, founder and CEO at Coniq, explains: "The 'Fashion Club' programme is the first of its kind in the shopping centre and outlet sector and, thanks to our European-wide capabilities, Coniq is uniquely positioned to be able to deliver this forward-thinking initiative across nine countries. We are delighted to be working with such an innovative owner as VIA Outlets."

VIA Outlet's pan-European estate comprises 11 centres across nine countries, with a total GLA of 2.75m sq ft and over 1,000 stores under its management. The sites welcomed over 27 million guests in 2016.

Formed in 2014 by Dutch pension fund asset manager APG and UK REIT Hammerson alongside outlet centre specialist Value Retail and retail asset manager Meyer Bergman, VIA Outlets is a unique partnership of property, investment and retail experts that has already built a significant international portfolio of outlets that are well placed to benefit from the growing consumer appetite for a premium shopping experience and access to an array of high-end brands.

Online sales distort store turnover

With retail sales currently showing limited growth, retailers are relying more and more on online sales to boost performance. In many instances, a sale made online is attributed to the closest physical store and consequently included in that store's sales, often improving the performance of that store considerably.

Similarly, within Food & Beverage, online orders made via the likes of Deliveroo can also be included in a restaurant's overall sales. This can have a significant impact for retail and leisure landlords – particularly where there is a turnover provision within a lease.

However, the practice of deducting the value of goods bought online but returned through the store from that store's turnover can have the opposite effect, artificially reducing that store's turnover and with it any rent payable under a turnover clause.

Up until now, it has not been clear as to the extent to which this is common practice across retailers. Savills has conducted a survey among nearly 2,000 occupiers across its managed shopping centre portfolio to understand more about the relationship between store and online sales as well the impact of click & collect.

Savills' head of property management research Stephen Toal concluded that there is no consistency, either across retail categories or even between brands within the same category. He pointed out this may simply be down to the use of differing accounting systems, but

On average 10 per cent of store sales come from online. In addition, an average of 8 per cent of store sales come from click & collect purchases. And nearly half of physical stores surveyed said they are willing to refund online returns in-store.

While only one in five stores are credited for online sales in their catchment, one in three have online returns/refunds deducted from the store's sales. Toal points out that this means, on average, stores are 1.6 times more likely to be penalised for online returns than to be credited for online sales within their catchment.

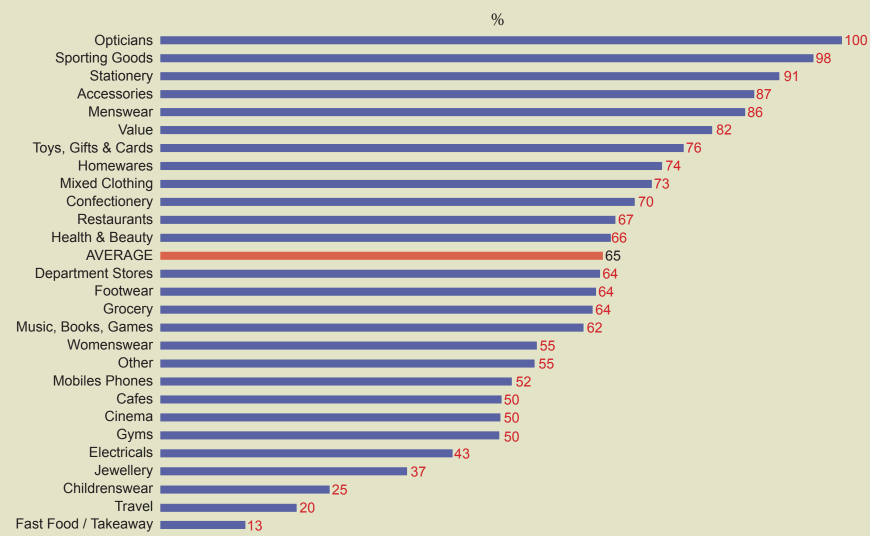
But Toal was unwilling to conclude that this mismatch was a deliberate attempt to downplay store performance. "Is it conspiracy or cock-up?" he asked.

At a category level, Accessories were nearly 10 times more likely to be penalised for an online return than to be credited for an online sale. Conversely, Grocery and Food & Beverage categories saw a positive differential between online sales and online returns.

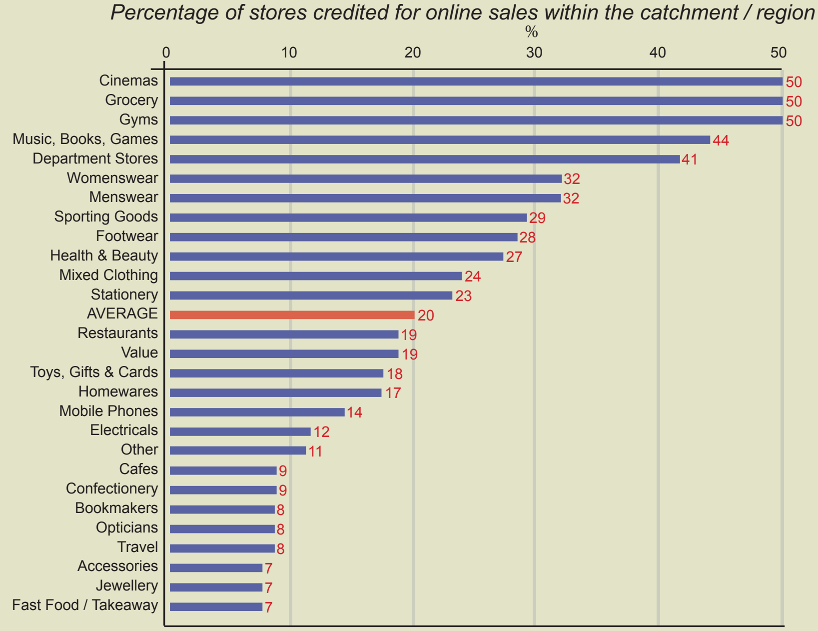
At a geographical level, stores in the South East were most likely to be credited for online sales, with stores in the North East least likely. In addition, stores in the North East were most likely to have online returns deducted from store sales.

Toal concluded by calling for more consistency and transparency. "There's still a long way to go before we arrive at a mutually beneficial relationship," he said. "We need to move away from the stand-off where retailers won't give information to landlords for fear they'll put the rent up."

Are online returns deducted from your sales figures?



Percentage of stores credited for online sales within the catchment / region



Source: Savills Research

Service charges under the spotlight

Shopping centre service charges are on the increase again, according to Service Charge Operating Report (SCOR) for Retail 2017 from Property Solutions.

This year's report highlights the fact that shopping centres service charges in London rose by 3.6 per cent to an average of £6.87 per sq ft. And while the rate of inflation outside London was lower, an average increase of 1.4 per cent took average charges to £4.93 per sq ft. The survey also revealed that covered shopping centres incur a 50 per cent higher service charge than their part/uncovered counterparts.

And with continued increases in the National and London Living Wage rates, Property Solutions predicts that costs will rise by more than inflation at least in the short-term. This is something that retailers should consider for their budgets.

Now in its seventh year, the SCOR for Retail research is produced from data drawn from an array of sources, including directly from several commercial landlords to arrive at an unbiased and representative dataset. This year's report incorporates service charge information from 70 individual landlords and 39 different managing parties within the commercial retail service charge sector..

As well as evaluating service charge costs, the research measures the level of compliance with the RICS code of practice, to provide a benchmark for tenants and landlords alike.

The detailed cost benchmarking of 2016 service charge certificates and budgets (used to produce the 2017 figures) includes:

- Segmentation of shopping centre data based on total area to generate appropriate benchmarks for locations of different sizes. Although results show that the larger London shopping centres have higher pro-rata charges than smaller ones, the difference across the rest of the UK is minimal.
- Trend analysis of service charges over the last three years highlight that costs have increased by approximately 10 per cent over this period.
- The 'total cost of management,' made up of management fees and site management resources, accounts for over 20 per cent of the total service charge. The RICS code of practice requires transparency and a management structure where costs are clearly identified and explained. It is recommended that these are included in explanatory notes in the service charge documents.)

Each year SCOR highlights a 'pocket of best practice' as far as compliance with the RICS code is concerned. This year it is reserved for those from the 71 certificates analysed that lead the way by presenting the apportionment basis – where the service charge is divided between shopping centre occupiers – in a clear and transparent manner. Only one of the contributing landlords/managing agents achieved full compliance scores.

2018 will see the code of practice becoming an RICS Professional Statement. This will make it a mandatory requirement for RICS professionals and any property owner will need to ensure that service charge accounting practices measure up against the RICS code. As a result Property Solutions expects to see a significant upturn in compliance with the principles set out in the code for the report for 2018.

Based on the analysis and findings Property Solutions concludes with a number of recommendations:

- Good practice dictates that occupiers should make sure they interrogate the costs in any service charge notice and certificate, cross-referencing with the terms of the lease.
- The corporate office service charge sector presents service charge accounts in the form of an end-of-year balance sheet, a method that could be adopted for the retail sector.

ACCESS

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PARKING

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SHOPPINGCENTRE

Features Schedule 2018

January
Sustainability
Efficient energy and waste management
Commercialisation
Maximising non–rental income
Click & collect
Serving the online shopper

February
Christmas
Planning ahead for a successful festive season
F&B/Leisure
Adding diversity to the tenant mix
Markets
Traditional format still draws the crowds

March
Parking
Parkex preview
Security
Securing the shopper experience

April
Commercialisation
Maximising non–rental income
Customer Service
Putting the shopper first
Ireland
All Ireland retail property survey

May
Marketing
Powerful tools to extend reach
F&B/Leisure
Adding diversity to the tenant mix
Insurance
Risk mitigation to avoids claims

June
Parking
Quarterly review
Sustainability
Responsible shopping centre Investment

July
Commercialisation
Maximising non–rental income
Cleaning
Minimising hazards and improving appearance
Events
Planning and executing a major draw

August
F&B/Leisure
Adding diversity to the tenant mix
Security
Securing the shopper experience
Digital
Social media drive loyalty

September
Parking
Quarterly review
Customer Analysis
Tracking shopper behaviour

October
Commercialisation
Maximising non–rental income
Sustainability
Efficient energy and waste management
Ireland
All Ireland retail property survey

November
Marketing
Powerful tools to extend reach
F&B/Leisure
Adding diversity to the tenant mix
Technology
New applications change the face of property management

December
Parking
Quarterly review
2018 Preview
Looking ahead

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Lexicon comes out on top

LGIM Real Assets and Schroder REIM's Lexicon in Bracknell was crowned the best of the best at the 2017 Revo Gold Awards. A live poll of attendees at the annual dinner selected the scheme, designed by BDP and Chapman Taylor, from the various category winners after the £240m retail and leisure town centre transformation had earlier won the Re:turn Award category.

The 580,000-sq ft development has attracted footfall of 4.5 million since opening on September 7, 2017. It brought brands like Joules, Fat Face, Superdry, H&M, River Island, Timberland and Seasalt to Bracknell and features the first new full-line Fenwick's store to be opened in 14 years, trading from 80,000 sq ft over three levels.

In other awards H&M and Dishoom were voted the winners of a Re:tale Award for retailer of the year and F&B/leisure operator of the year respectively. The Re:fresh Award for active investment into an existing destination went to two schemes: Salmon Harvester and Leslie Jones Architecture's revamp of Cathedral Square, Worcester and Orion and BDP's leisure hub at East Kilbride.

Bolton Metropolitan Borough Council won the Re:generate Award for original investment and ingenuity by the public sector while Boxpark in Croydon won Re:lax Award for innovative catering and leisure projects.

In a first for the Revo Gold awards, Ellandi's Jonathan Cole was named the industry's Rising Star. The award was introduced this year to recognise young professionals under the age of 30 who demonstrate passion, innovation and commitment to energising and driving progress in the retail property and placemaking industry. Cole has been recognised for his work in actively engaging with the Scottish Government and with the industry directly and through sector bodies, enabling Ellandi to support independent retailers by keeping business rates at a fair level.

James Cons, chair of the awards jury and managing director at Leslie Jones Architecture, said: "All of the winners deserve recognition for their innovation, creativity and ability to push the boundaries while creating value. We were highly impressed by the quality and standard of all the entries, which demonstrate how robust the sector continues to be as those involved continue to evolve and adapt in a positive way to the changing environment."

This month's moves . . .

SAVILLS has appointed STUART MONCUR as head of regional retail at its Edinburgh office. He was previously head of national retail and occupier services at Cushman & Wakefield. He will focus on prime high street, shopping centre and retail park leasing and asset management, occupier advisory and development in UK regional markets.

REVO has elected AILISH CHRISTIAN-WEST, head of portfolio, shopping centre and outlets at Landsec, as junior vice president, becoming president from 2020. She will serve as junior vice-president under current president Mark Williams for 12 months, with Ellandi's Mark Robinson becoming president in 2018.

Former Cushman & Wakefield agent, ED PURCELL and former Wright Silverwood agent, SCOTT ROBERTSON have joined forces to launch a niche Birmingham-based property consultancy, CREATIVE RETAIL PROPERTY CONSULTANTS. Clients include Seven Capital, London & Cambridge Properties and Real Estate Investors.

Real estate software company COYOTE has appointed JULIAN IONESCU as head of consulting. He joins from Argus Software where he was consulting manager for the EMEA region.

Specialist parking management operator OPEN PARKING has appointed JUSTIN BEN-NATHAN as business development manager. He was formerly national sales executive at Apcoa Parking where he previously held a number of business development and commercial management roles.


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