

# The UK Retail Hierarchy

A Developer's Perspective

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Director



# Mayfair



# Belgravia





# Liverpool

Europe's Largest Urban Regeneration Project



**UK's largest city centre  
regeneration project**

**Extending and recreating  
the prime retail heart**



# The Scheme

- Retail 1,650,000 sq. ft
- Leisure 230,000 sq. ft
- Residential 364 units
- Hotels 2
- Open space 2.2 hectares
- Total development 2,500,000 sq. ft
- Site area 42 acres
  
- Value £900m approx.
- Cost £700-800m



# Property Development Economics

Value		£900,000	-10%	£855,000
Land	£100,000		+10%	£110,000
Construction	£400,000		+10%	£440,000
Finance	£200,000		+10%	£220,000
Fees	£50,000		+10%	£55,000
Profit		£150,000		£30,000
Profit on Cost		20%		4%



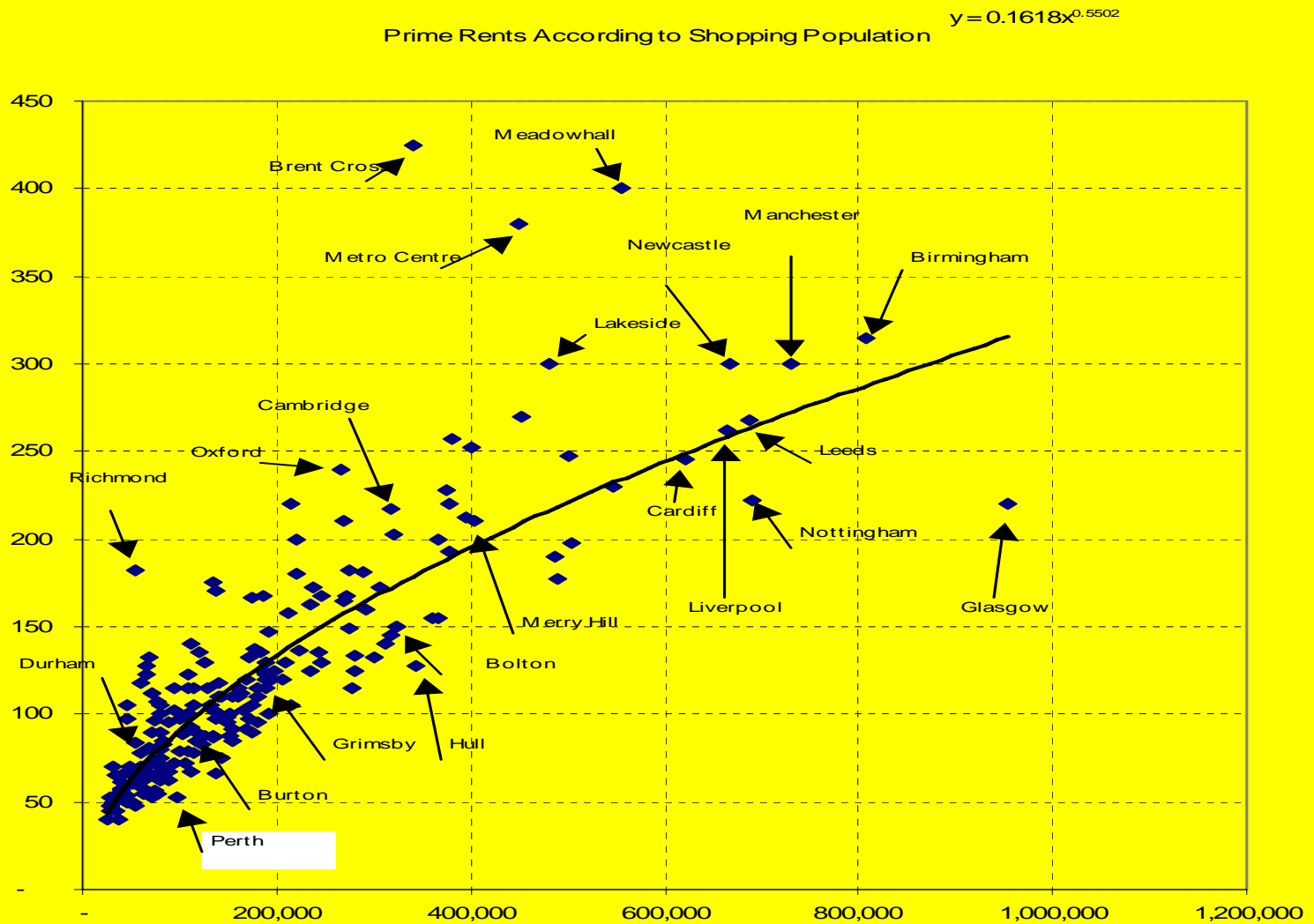
# Where Does Value Come From?

	Discount	Rent Per Square Foot	Net Space (Square Feet)	Income
Prime Pitch	0%	£300	200,000	£15,000,000
Off Prime 1	30%	£210	200,000	£10,500,000
Off Prime 2	40%	£126	400,000	£12,600,000
Off prime 3	60%	£50.4	600,000	£7,560,000
Totals			1,400,000	£45,660,000
Yield				5%
Value				£913,200,000





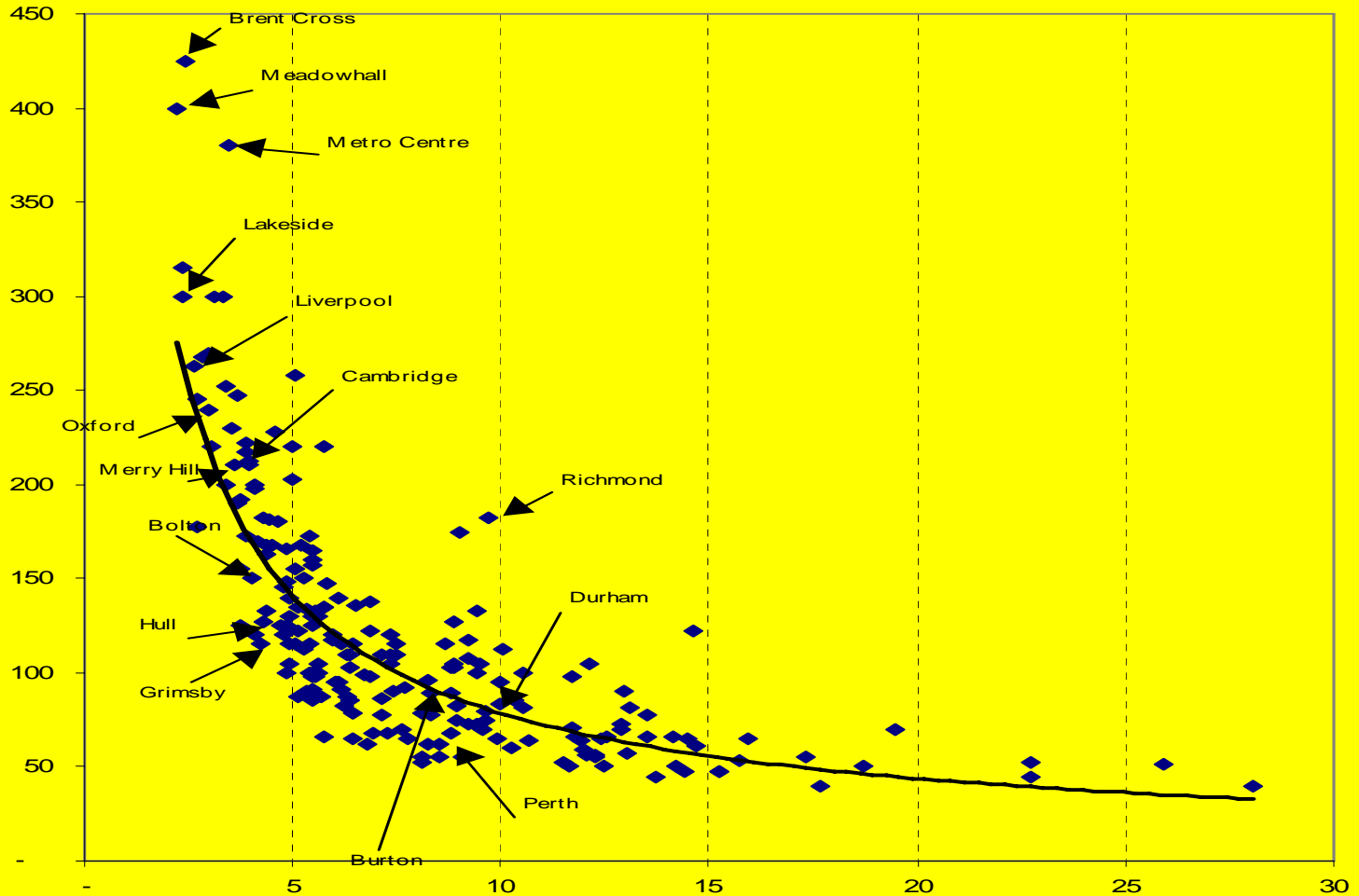
# Shopper Flows Drive Rent Levels



# As Well As Scarcity of Space

0.75x<sup>-0.8411</sup>

Prime Rents According to Number of Square Foot of Retail Per Shopper

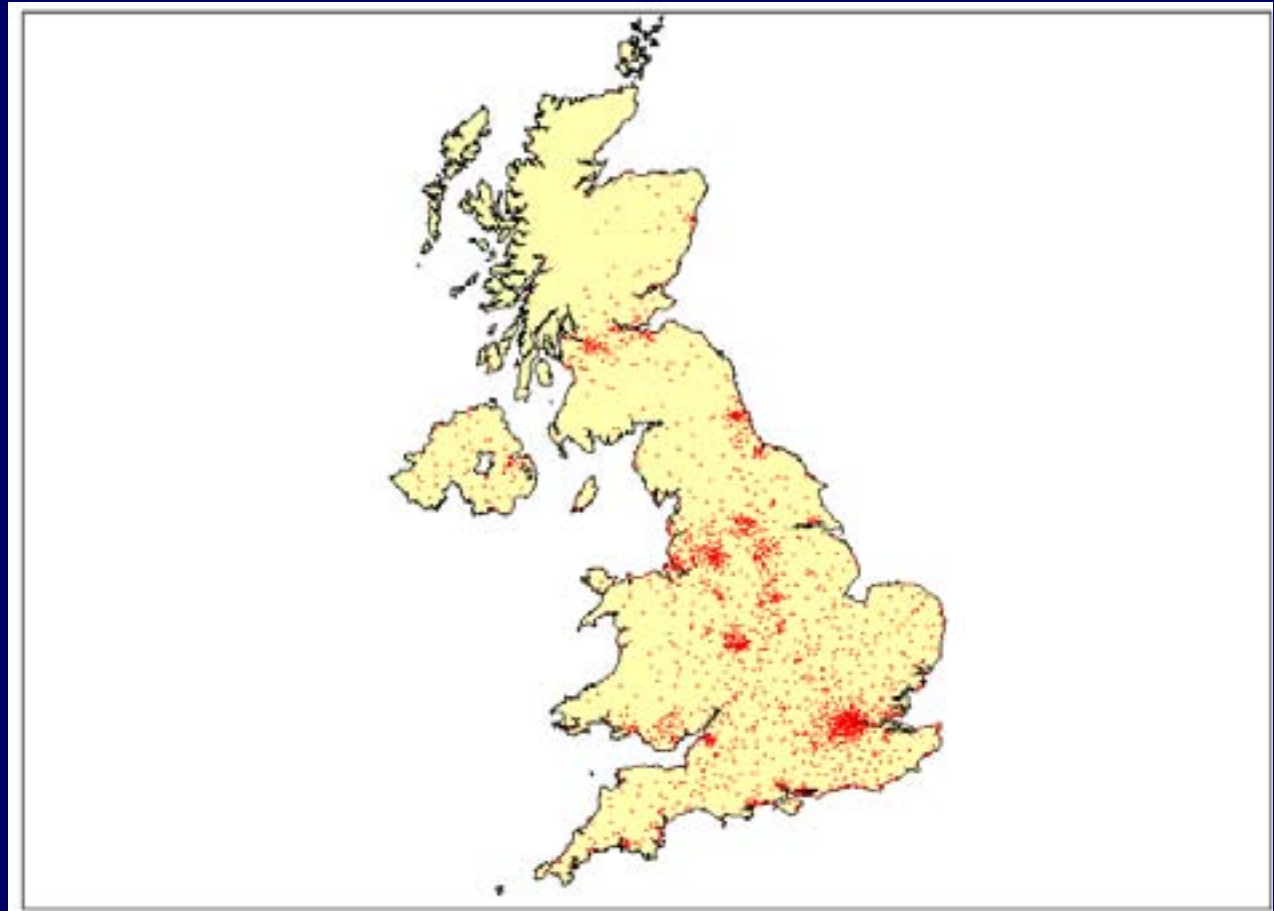


# Shopper Flows: the National Survey of Local Shopping Patterns

- Fully dispersed national household survey
  - Records shopping destination preferences of household for comparison, convenience and bulky goods
- Household questionnaires every two years since 1996
  - Households in 67% of all UK postcodes have contributed
- Survey identifies 'most often' shopper flows
- Survey identifies 10,000 primary food and non-food shopping destinations in GB
- Catchments are derived by allocating every zone (postal sector typically) where at least one household reported visiting the centre
- Survey carried out by CBRE Ltd.



# UK Comparison Goods Trading Locations



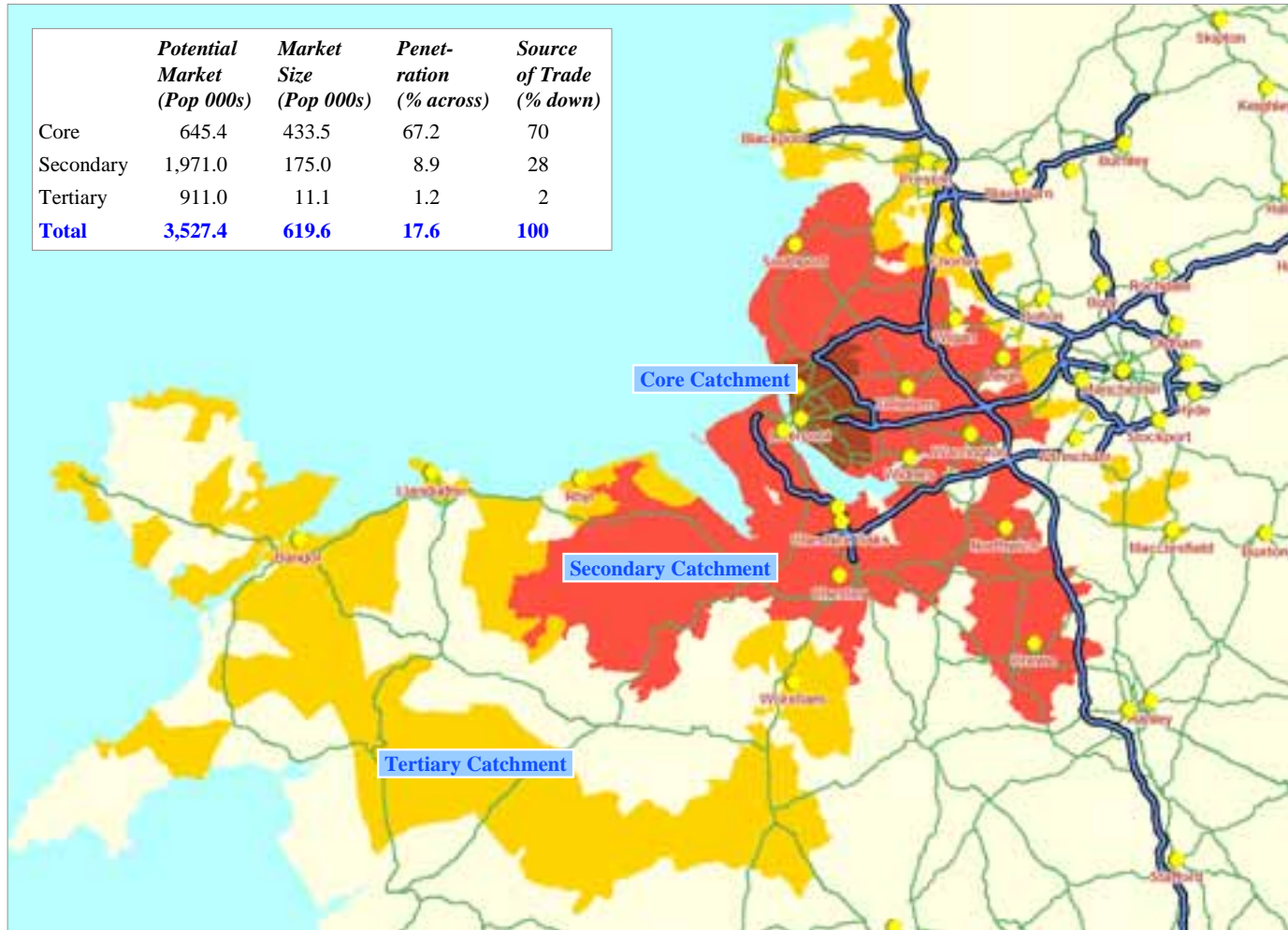
# Overview of the Retail Hierarchy

Group	Shopping Population	Catchment Population	Rents
	Group Average	Group Average	Group Average
Super-Regional	1,730,685	30,842,347	563
Metropolitan Regional	719,760	5,185,013	280
Major City Regional	568,237	3,218,279	213
Major Out of Town Regional	356,289	5,831,202	326
Regional	357,636	2,419,842	190
Out of Town Regional	143,647	2,087,931	218
Major Sub Regional	204,288	1,400,910	129
Out of Town Major District	28,813	810,211	132
Major District	60,286	624,217	74
Minor District	17,092	333,246	46
Local	1,864	110,025	35
Fashion Park	28,940	916,137	n/a
Outlet Centre	7,366	557,637	n/a
Retail Park	2,612	270,363	n/a
Non Domestic	8,040	613,968	n/a



## Liverpool Baseline Catchment Area NSLSP 2002

	<i>Potential Market (Pop 000s)</i>	<i>Market Size (Pop 000s)</i>	<i>Penetration (% across)</i>	<i>Source of Trade (% down)</i>
Core	645.4	433.5	67.2	70
Secondary	1,971.0	175.0	8.9	28
Tertiary	911.0	11.1	1.2	2
<b>Total</b>	<b>3,527.4</b>	<b>619.6</b>	<b>17.6</b>	<b>100</b>

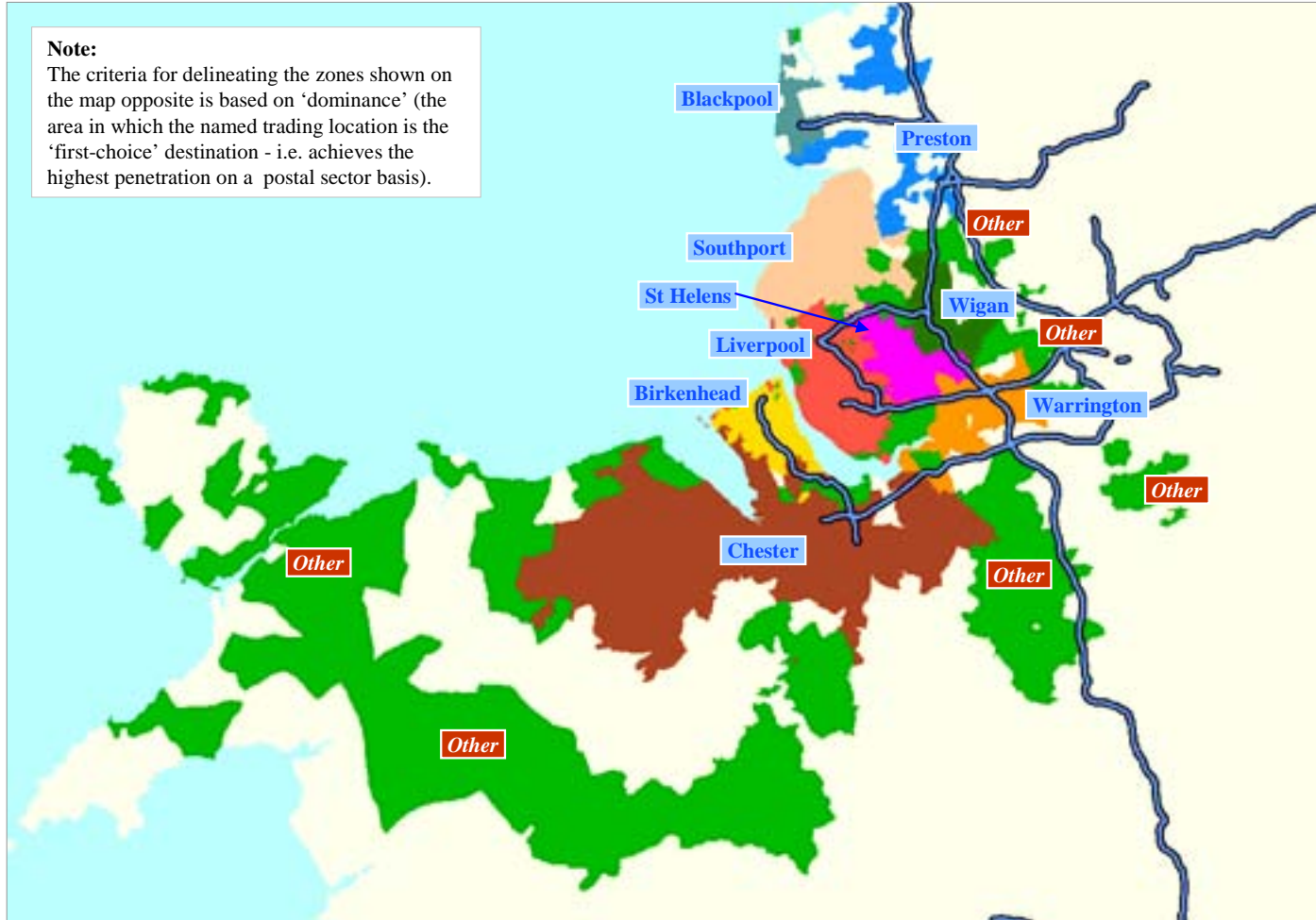


## Liverpool Catchment: 'First-Choice' Destination by Postal Sector

NSLSP 2002 CATCHMENT DEFINITION

**Note:**

The criteria for delineating the zones shown on the map opposite is based on 'dominance' (the area in which the named trading location is the 'first-choice' destination - i.e. achieves the highest penetration on a postal sector basis).



# Background to The Scheme: Evolution of the UK Retail Hierarchy

1961	1971	1984	1989	2002	2004
London - West End Glasgow Liverpool Manchester Birmingham	London - West End Glasgow Liverpool Birmingham Edinburgh	London - West End Birmingham Glasgow Edinburgh Leeds	London - West End Glasgow Birmingham Manchester Edinburgh	London - West End Glasgow Leeds Nottingham Chester	London - West End Glasgow Birmingham Leeds Nottingham
Edinburgh Leeds Newcastle-upon-Tyne Nottingham Sheffield	Manchester Newcastle-upon-Tyne Leeds Croydon Sheffield	Nottingham Manchester Newcastle-upon-Tyne Sheffield Liverpool	Leeds Nottingham Cardiff Newcastle-upon-Tyne Chester	Cardiff Southampton Norwich Reading Manchester	Manchester Southampton Cardiff Norwich Bluewater
Leicester Cardiff Kingston Upon Hull Kingston Upon Thames Bradford	Nottingham Cardiff Leicester Bristol Southampton	Cardiff Croydon Bristol Chester Brighton	Croydon Cambridge Liverpool Southampton Brighton	Bluewater Edinburgh Kingston-Upon-Thames Merry Hill Centre Birmingham	Chester Reading Liverpool Newcastle-upon-Tyne Leicester
Croydon Wolverhampton Coventry Southampton Plymouth	Wolverhampton Kingston Upon Thames Kingston Upon Hull Reading Plymouth	Wolverhampton Leicester Exeter Plymouth Swansea	Sheffield Bath Bristol Plymouth Southend on Sea	Guildford Liverpool Leicester Newcastle-upon-Tyne Bristol	Edinburgh Kingston-Upon-Thames Brighton Merry Hill Meadowhall

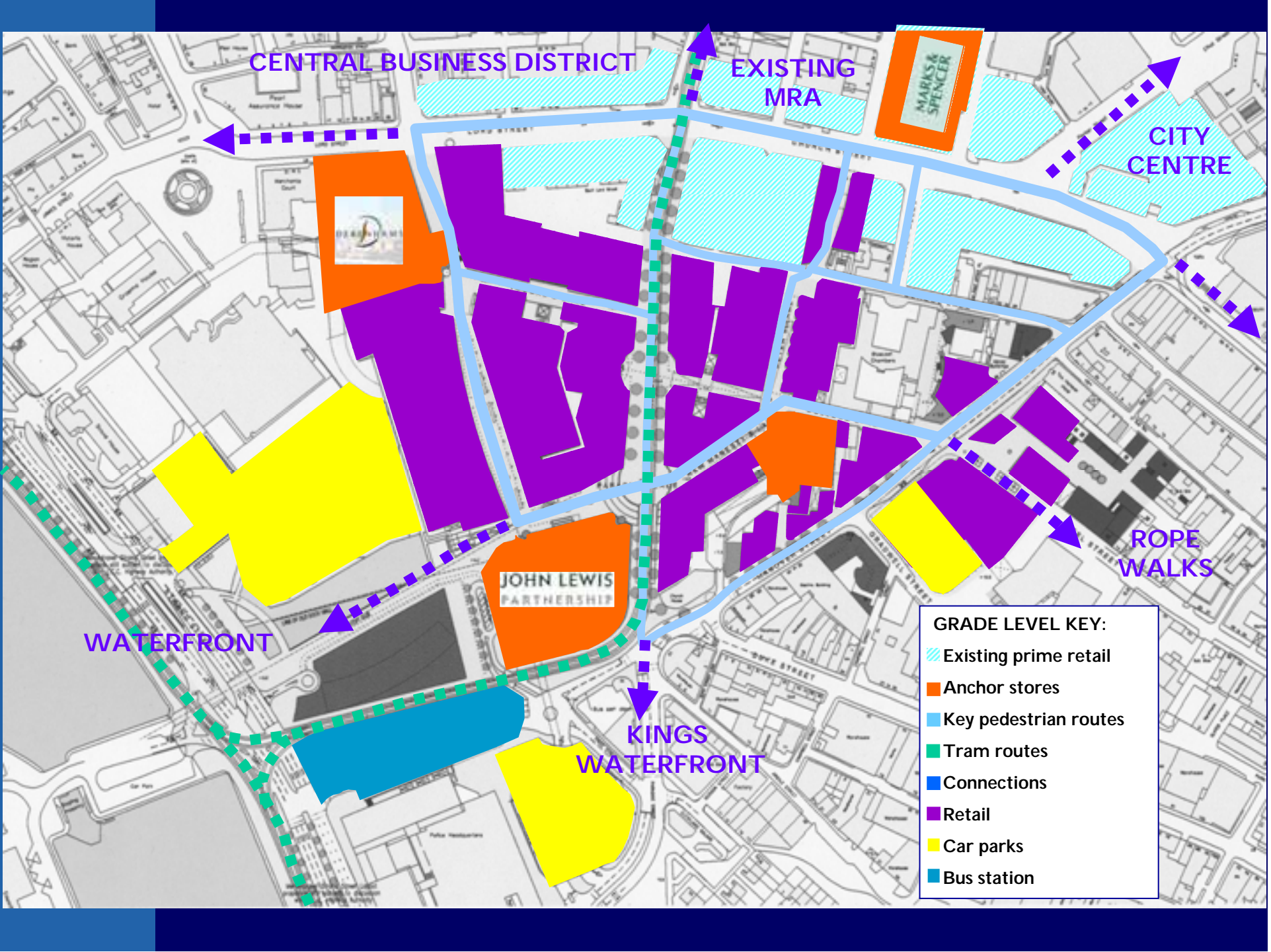






Part three

# Retail Scheme



CENTRAL BUSINESS DISTRICT

EXISTING MRA

CITY CENTRE

MARKS & SPENCER

JOHN LEWIS PARTNERSHIP

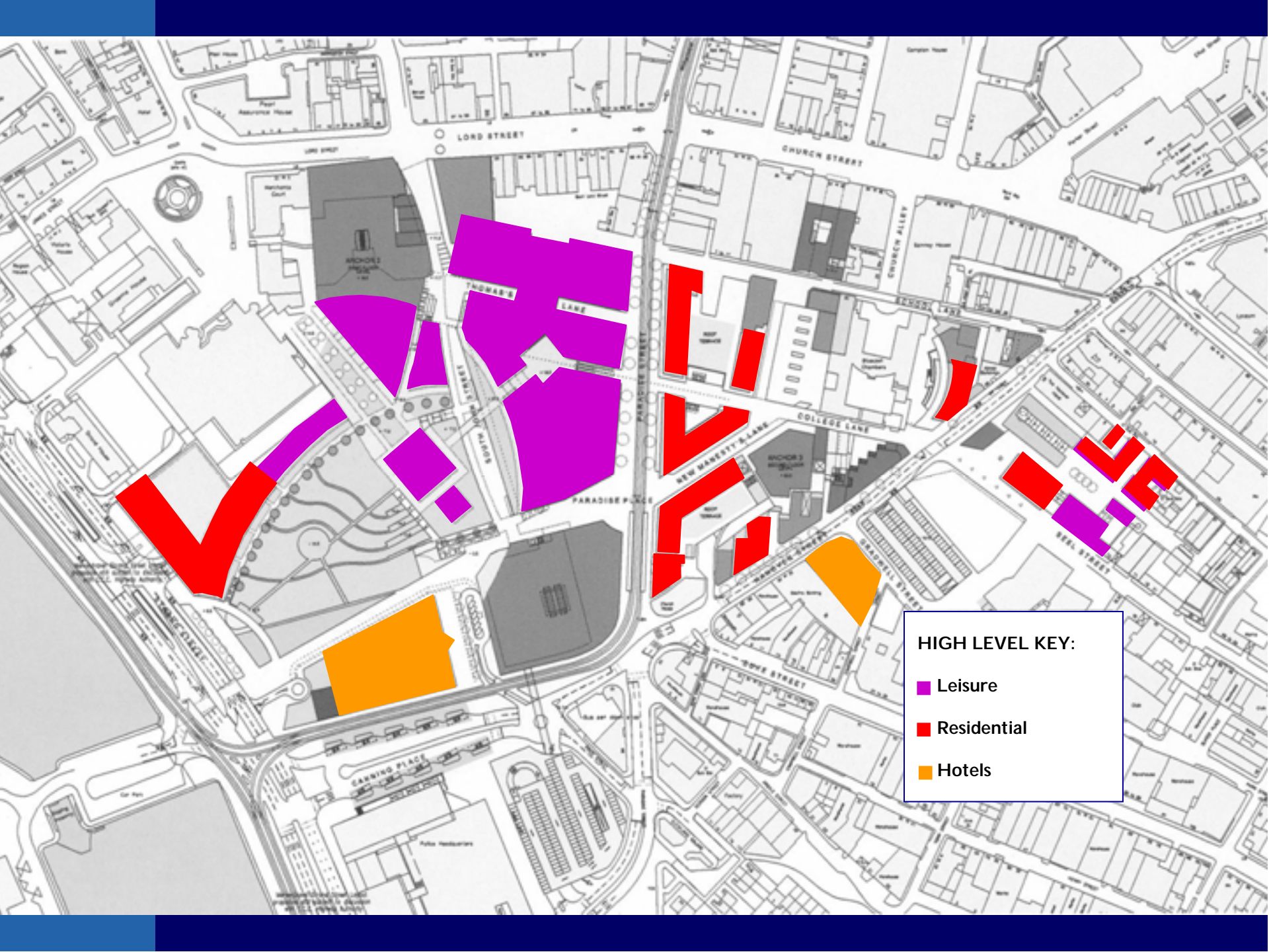
KINGS WATERFRONT

WATERFRONT

ROPE WALKS

**GRADE LEVEL KEY:**

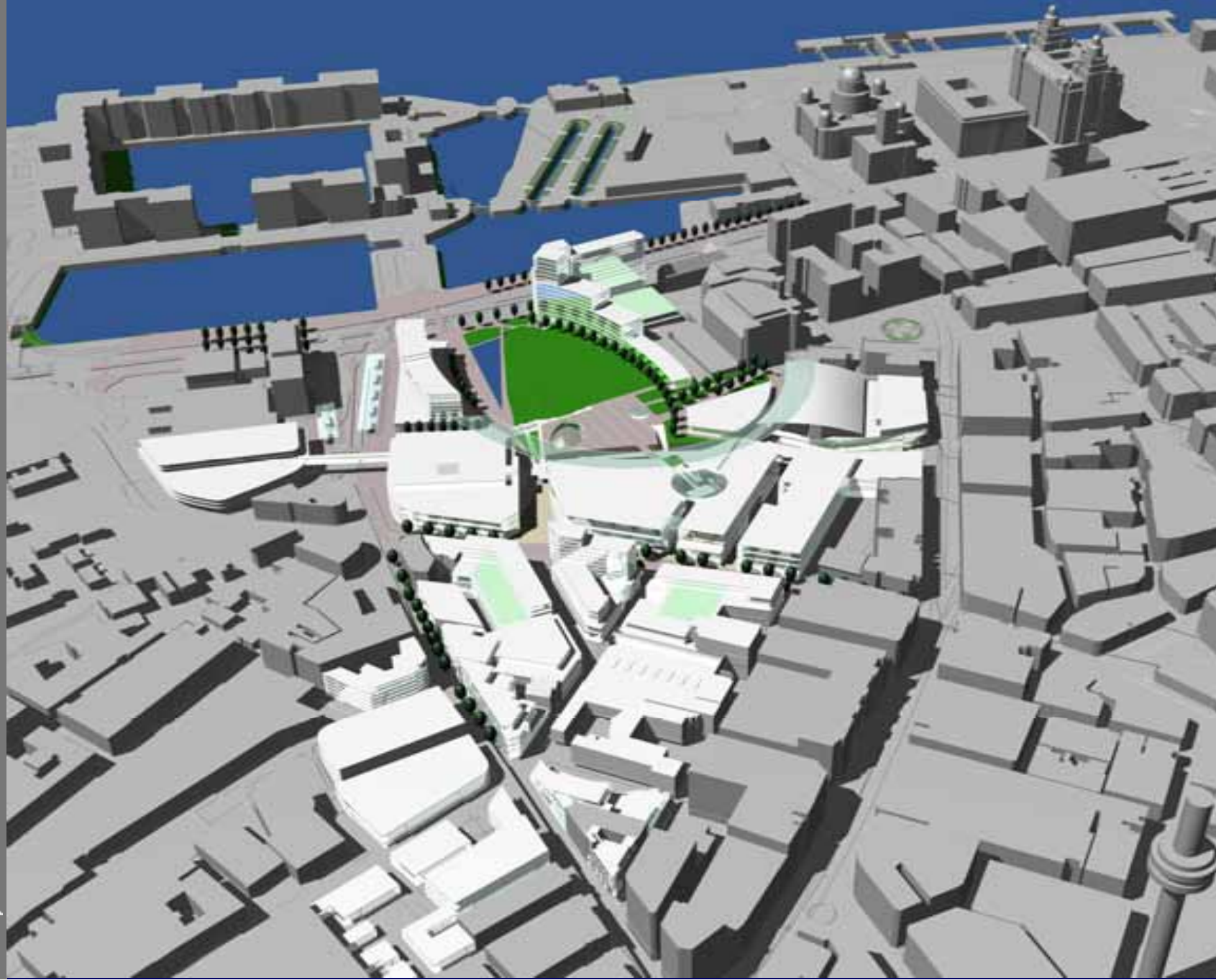
- Existing prime retail
- Anchor stores
- Key pedestrian routes
- Tram routes
- Connections
- Retail
- Car parks
- Bus station



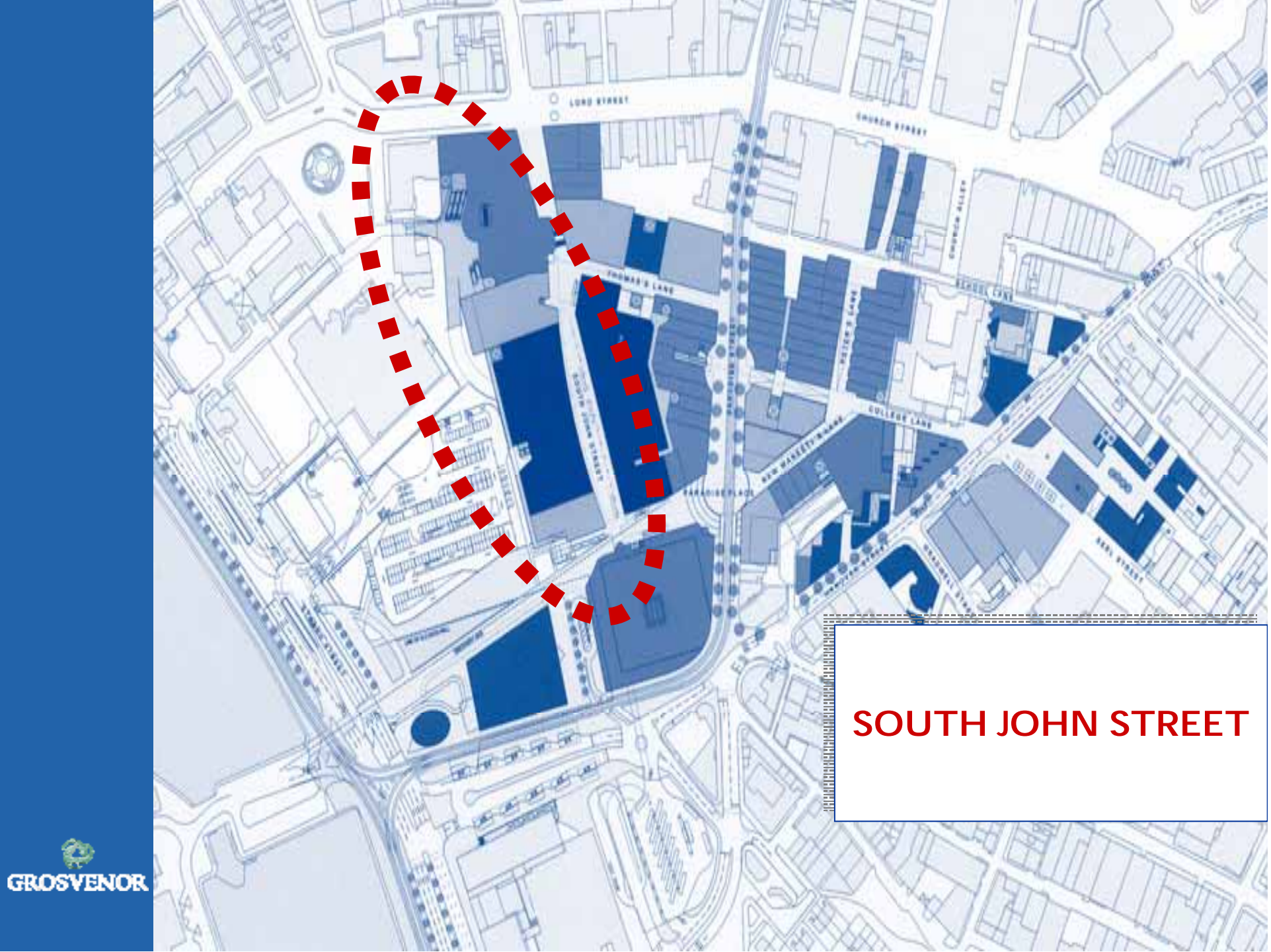
**HIGH LEVEL KEY:**

- Leisure
- Residential
- Hotels

Computer  
generated  
image – view  
towards the  
water



**GROSVENOR**



**SOUTH JOHN STREET**

South  
John  
Street

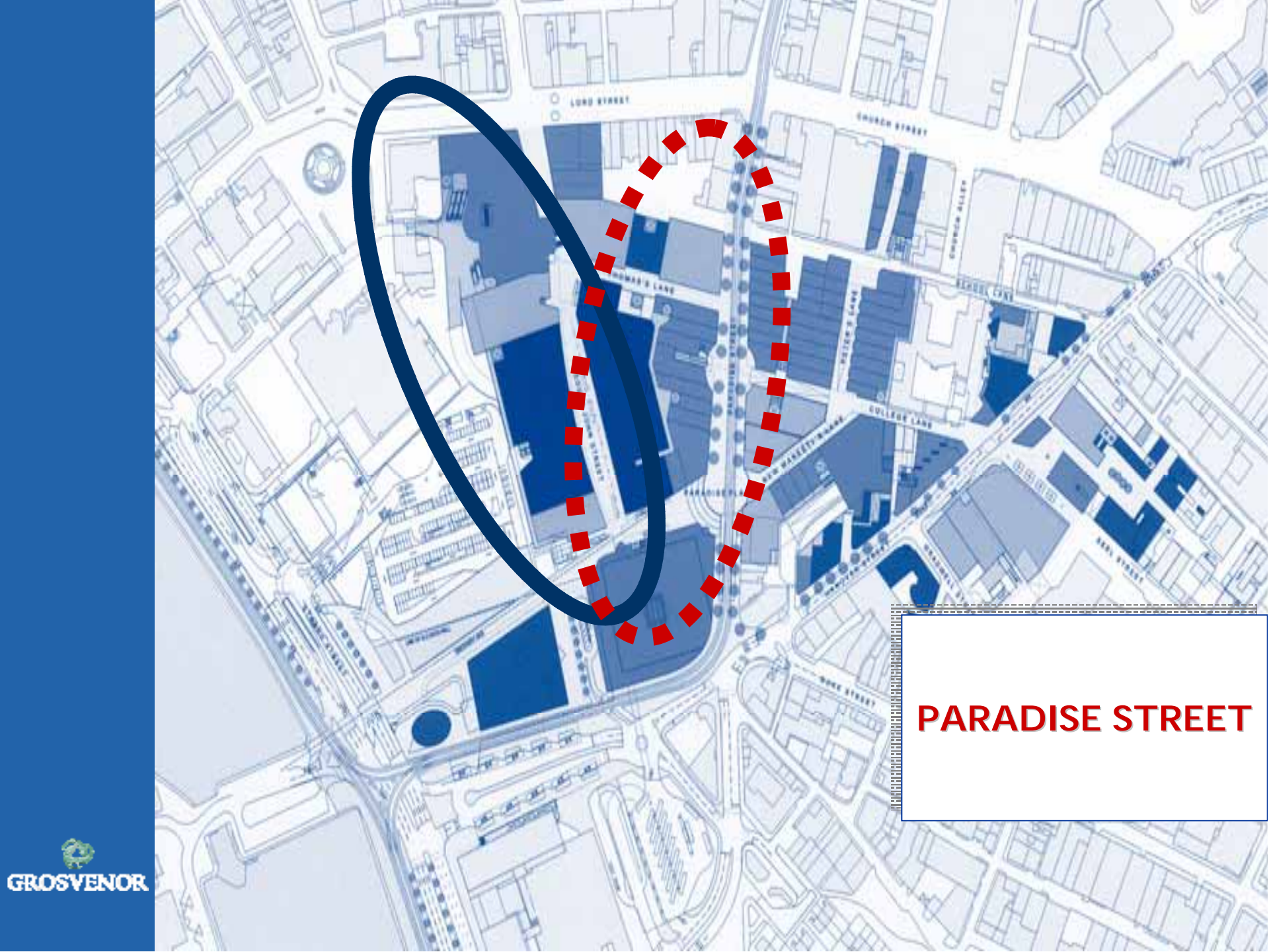




GROSVENOR







**PARADISE STREET**

Paradise Street



BORDERS. 

Urban Outfitters

COSTA MEXX

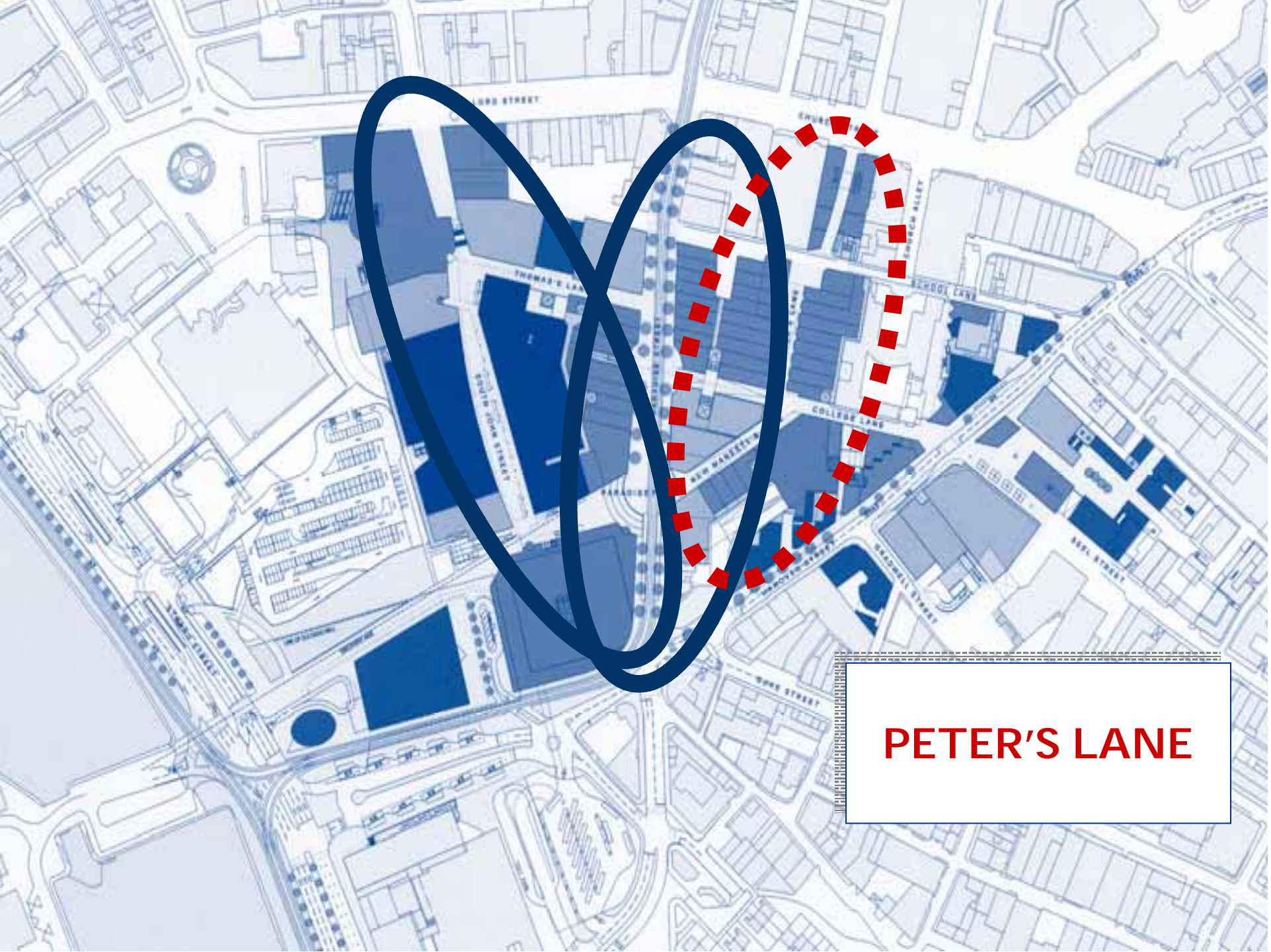
GAP



GROSVENOR

Paradise Street -  
Finishes



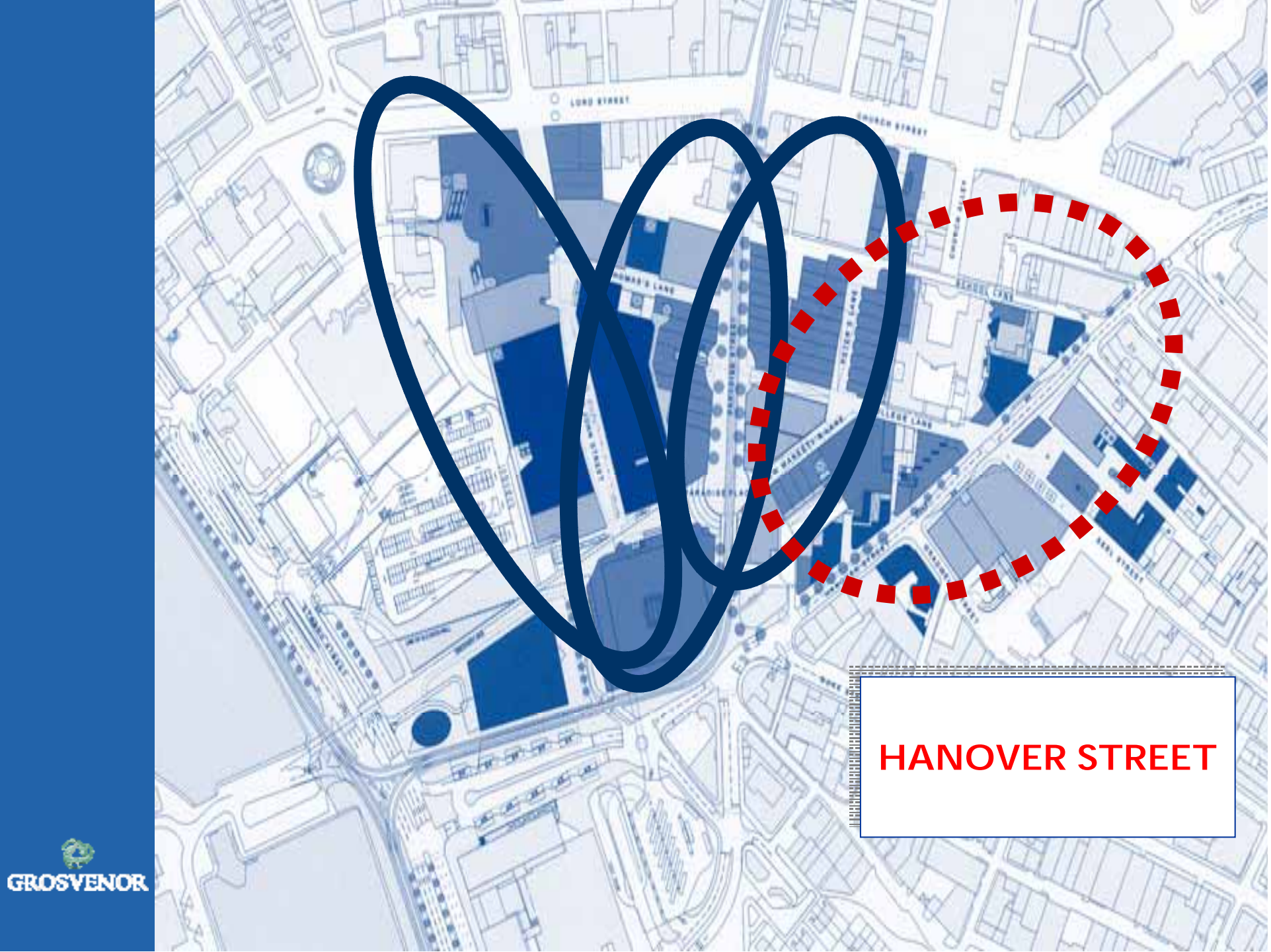


**PETER'S LANE**

Peters Lane



GROSVENOR



**HANOVER STREET**

Hanover Street

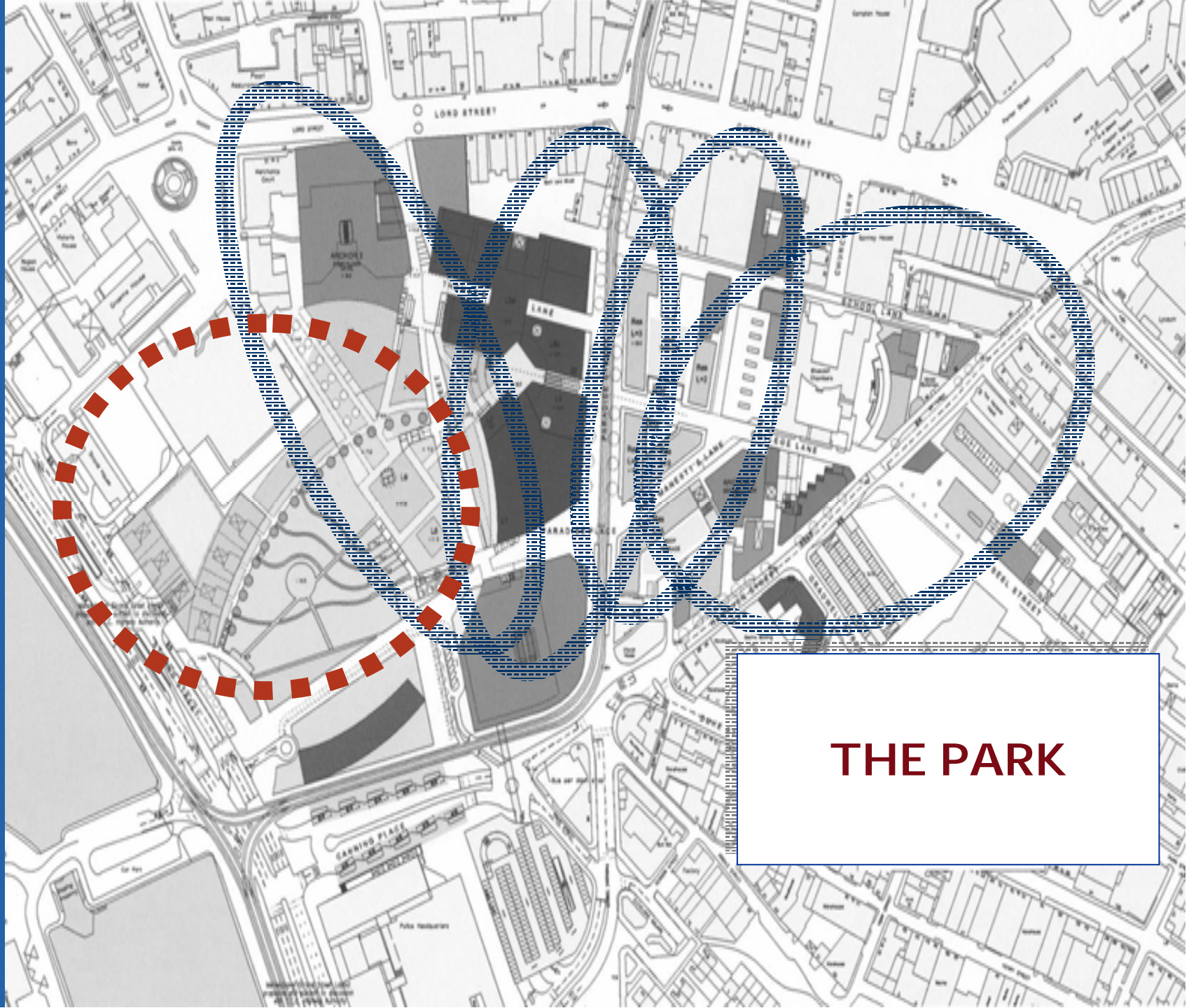


HEAL'S



new heights *Simple, stylish, solid wood*





**THE PARK**



The Park



The  
Park



# The Site

