

New West End Company

London West End Retail
Turnover Forecasting

January 2022

Prepared by: Paddy Gamble – Director

Emma Sharman – Senior Consultant

Section 2

Executive Summary



£4.9bn

Total West End Turnover(*)

-46%

Versus 2019

+30%

Versus 2020

Current Performance

Sales up +30% vs. 2020

- Mix of shopper groups and origin of footfall across different trading zones and streets means that recovery has not been equal across all parts of the West End during 2021
- Oxford St District, an area with a much greater proportion of local shoppers, domestic visitors and workers is currently estimated at -24% to -28% of 2019 level of sales
- With greater reliance on tourists and international visitors, Regent St, Bond Street and Mayfair have had weaker 2021 sales recovery when compared to wider West End with sales currently estimated at -59% to -73% of 2019 levels

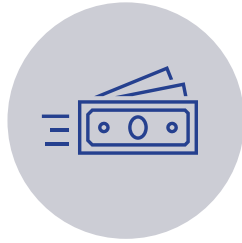
(*) Colliers forecasts / Core West End Area / forecast is for Retail & F&B and excludes hotels, galleries, and auction houses

2021 Performance

Category performance

Category	2019			2020			2021			
	Space (Sqft)	Sales (£m)	Productivity (£/Sqft)	Sales (£m)	Productivity (£/Sqft)	Impact vs. 2019	Sales (£m)	Productivity (£/Sqft)	Impact vs. 2019	Growth (vs. 2020)
Department Stores	1,483,515	2,077	1,400	1,172	790	-44%	1,297	874	-38%	11%
Clothing & Accessories	1,624,410	2,728	1,679	975	600	-64%	1,214	747	-55%	24%
Health & Beauty	150,195	160	1,068	138	919	-14%	183	1,217	14%	32%
Leisure Goods	345,915	308	892	131	380	-57%	179	517	-42%	36%
Electrical Goods	87,300	307	3,514	128	1,469	-58%	169	1,937	-45%	32%
Household Goods	104,700	55	528	24	225	-57%	31	295	-44%	32%
Furniture & Carpets	60,600	18	293	7	118	-60%	9	151	-49%	28%
DIY	48,675	28	572	12	238	-58%	13	276	-52%	16%
Miscellaneous Goods	444,450	588	1,323	221	498	-62%	276	622	-53%	25%
Food-To-Take-Home	224,070	453	2,021	158	707	-65%	270	1,204	-40%	70%
Foodservice	2,079,720	1,885	906	664	319	-65%	1,063	511	-44%	60%
Leisure Activities	1,030,710	455	442	168	163	-63%	217	210	-52%	29%
Services	4,425	2	339	1	125	-63%	1	161	-52%	29%
Total	7,688,685	9,064	1,179	3,800	494	-58%	4,922	640	-46%	30%

Analysis is for retail & F&B and excludes hotels, galleries, and auction houses



Economy

GDP expected to recover to pre-pandemic levels during 2022. London economy anticipated to grow by a further 13% by 2025 and 27% by 2031



Tourism

Pandemic had a massive impact international footfall across London West End levels. Future tourist footfall and expenditure estimates account for international visitor numbers recovering by around 2023 with growth up to 2031



Crossrail

Crossrail opening in mid-2022 will make The West End even more accessible to both to shoppers, workers and tourists. Future Crossrail impact forecast by Arup/TfL have been accounted for when forecast future West End footfall and sales



Population

Future footfall projections account for residential and worker populations growth of around 3% (Domestic) and 6% (London) up to 2031



Expenditure

Future transaction and expenditure projections account consumer expenditure growth of around 20% (Domestic) to 24% (London) up to 2031



Online Impact

Whilst population and expenditure growth will positively impact sales numbers for London West End, ongoing expenditure shift to online will impact growth rates. Continued online growth has been accounted for projections up to 2031

Influencers on performance flexed across scenarios



Economy



Tourism



Crossrail



Population



Expenditure



Online

<p>Optimistic</p>	<p>Higher economic growth projections</p>	<p>International visitor numbers recovering by around 2023 with growth up to 2031</p>	<p>Assumes Cross Rail opening in mid-2022 Future Crossrail impact based upon latest forecasts by Arup/Tfl. These forecasts will be updated in mid-2022 and will be reflected in the 2022 version of this report.</p>	<p>Oxford Economics domestic and worker population growth rates applied. Assumes working patterns evolve with office workers averaging 3 days per week in the West End</p>	<p>Oxford Economics domestic consumer expenditure growth rates applied</p>	<p>Assumes limited online impact for London West End</p>
<p>Mid-Point</p>	<p>Mid-Point between each scenario is applied</p>					
<p>Prudent</p>	<p>Limited economic growth</p>	<p>International visitor numbers recovering by around 2023 with growth up to 2031</p>	<p>Assumes Crossrail opening in mid-2022 Future Crossrail impacts forecast by Arup/Tfl have been applied</p>	<p>Limited resident or worker population growth</p>	<p>Limited consumer expenditure growth rates applied</p>	<p>Mintel, ONS, Colliers online retail expenditure forecasts accounted for and assumed that growth will limit resident catchment and Worker store based expenditure in The West End. No online impact assumed for Domestic tourist or International visitors</p>

£10.4bn

Total Core West End Turnover(*)
by 2025

+14%

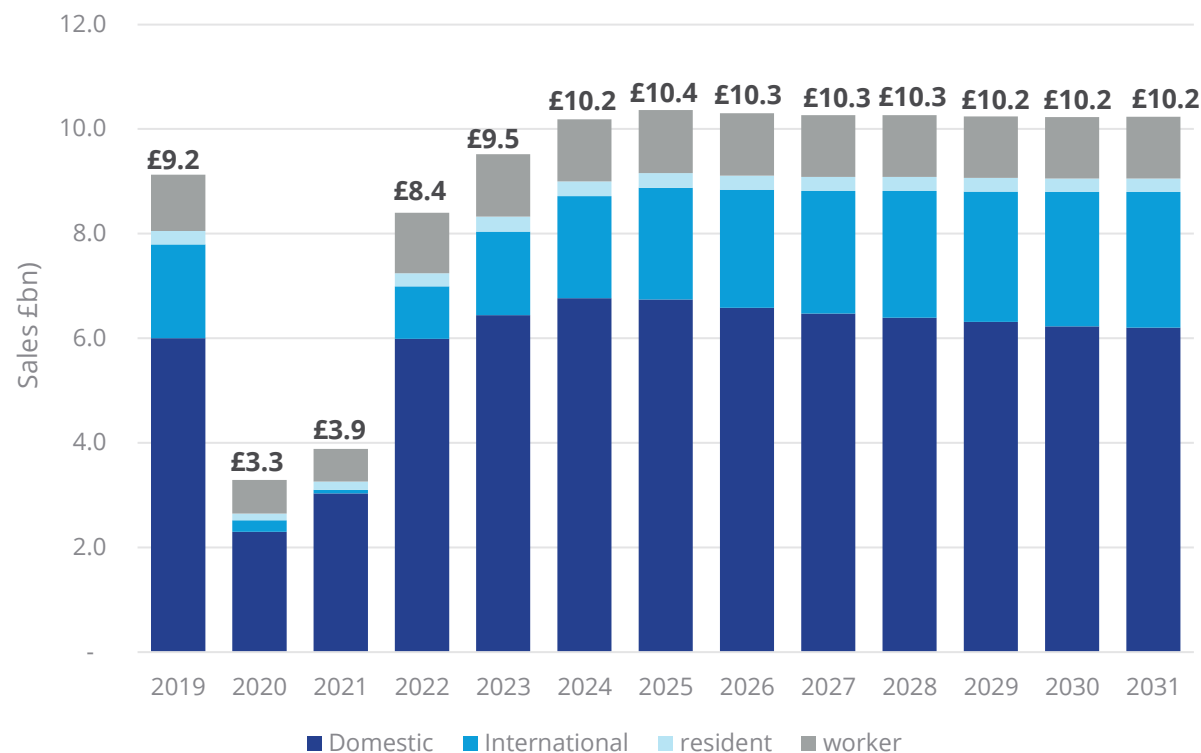
Versus Pre-Pandemic



Future Performance

Sales to exceed £10bn by 2024

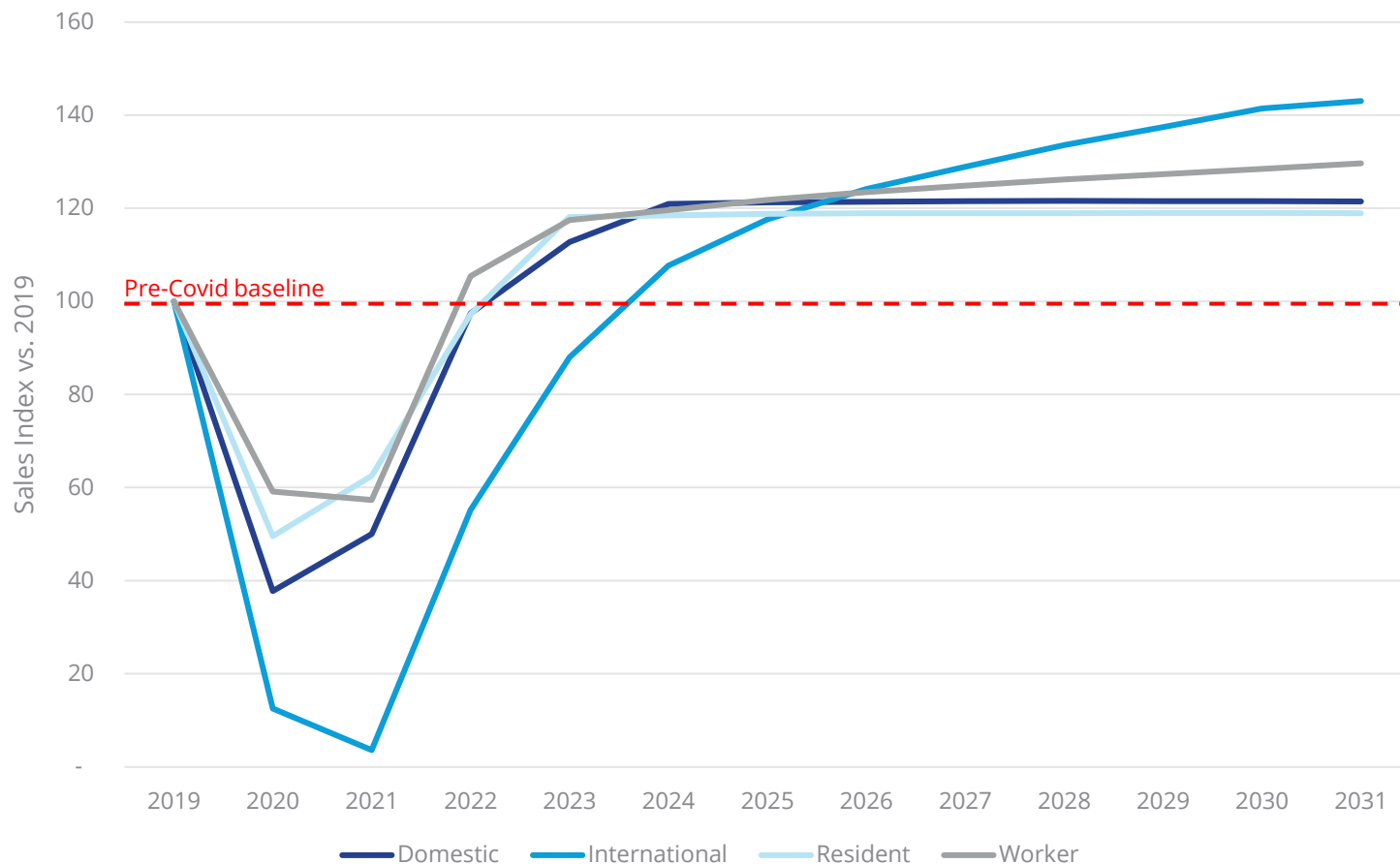
Under the optimistic scenario sales are forecast to exceed £11.0bn by 2025



Source: Colliers forecasts / Core West End area / mid-point scenario

Future Performance

UK generated sales to exceed 2019 levels by 2023



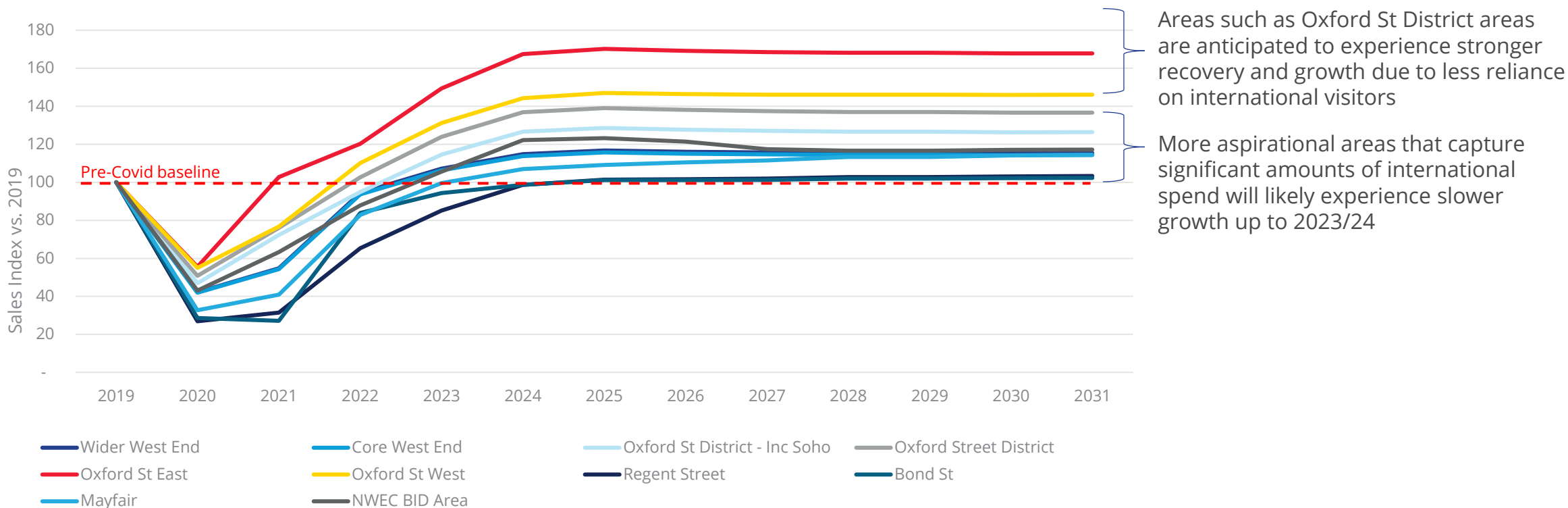
Source: Colliers forecasts / Core West End Area / Mid-Point Scenario

- UK generated sales to exceed 2019 levels by 2023
- However overseas generated sales forecast to recover at a much slower rate and not anticipated to exceed 2019 levels until 2024



Future Performance

Longer term growth rates will differ dramatically by trading zone based upon shopper mix



(*) Colliers forecasts / Mid-Point Scenario

Range of scenarios have been generated when forecasting West End sales

Prudent: Lower economic growth projections, greatest projected shift to online spending, changing working patterns mean lower total numbers of daily office workers. Positive impact of Crossrail.

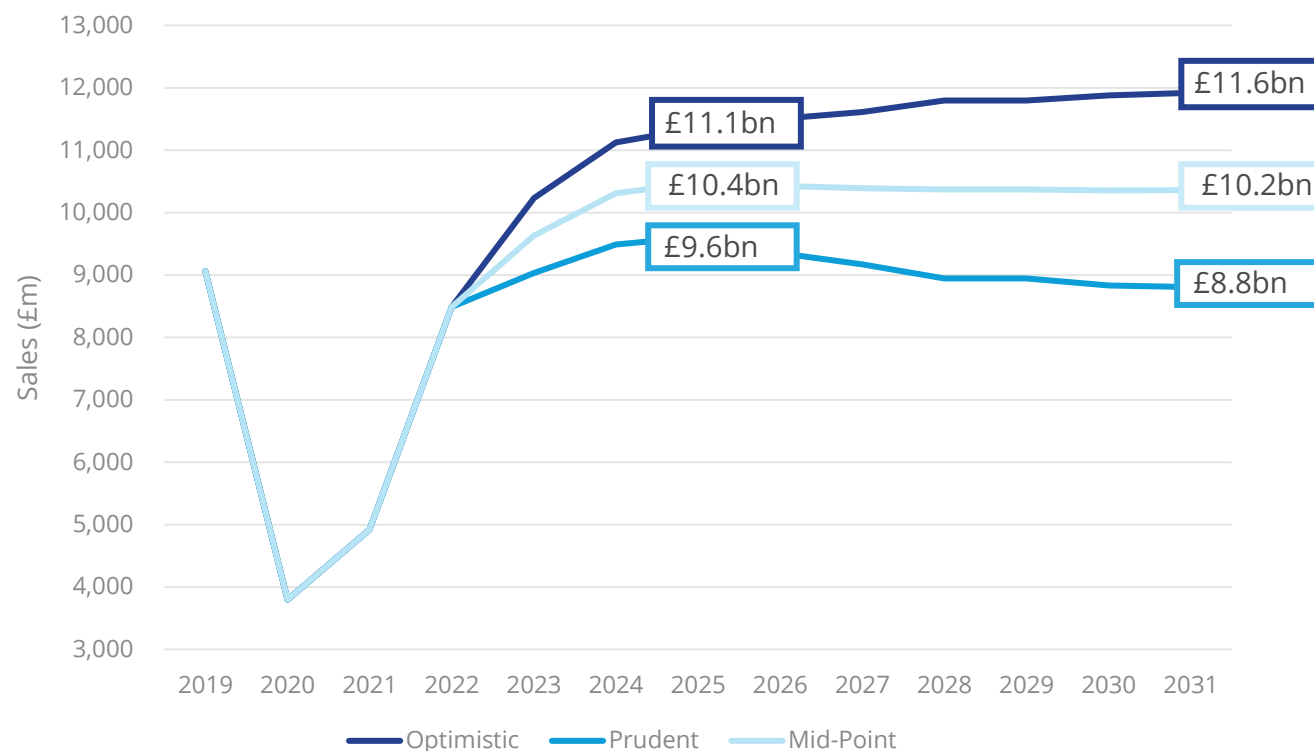
Optimistic: Higher economic growth projections, limited online impact, limited change in working patterns. Positive impact of Crossrail.

Mid-Point: Blended average of the above scenarios.

Future Performance

Sales estimated between £9.3bn and £11.3bn by 2025^(*)

Forecast scenarios – Core West End



^(*) Colliers forecasts / Core West End



Paul Matthews

Director | Co-Head of Retail Strategy & Analytics
+44 207 344 6782 | +44 7920 072436
paul.matthews@colliers.com

Paddy Gamble

Director | Co-Head of Retail Strategy & Analytics
+44 20 7344 6775 | +44 7966 323271
paddy.gamble@colliers.com