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Belfast City Centre Retail Positioning Study

Committee Presentation

12th August 2015

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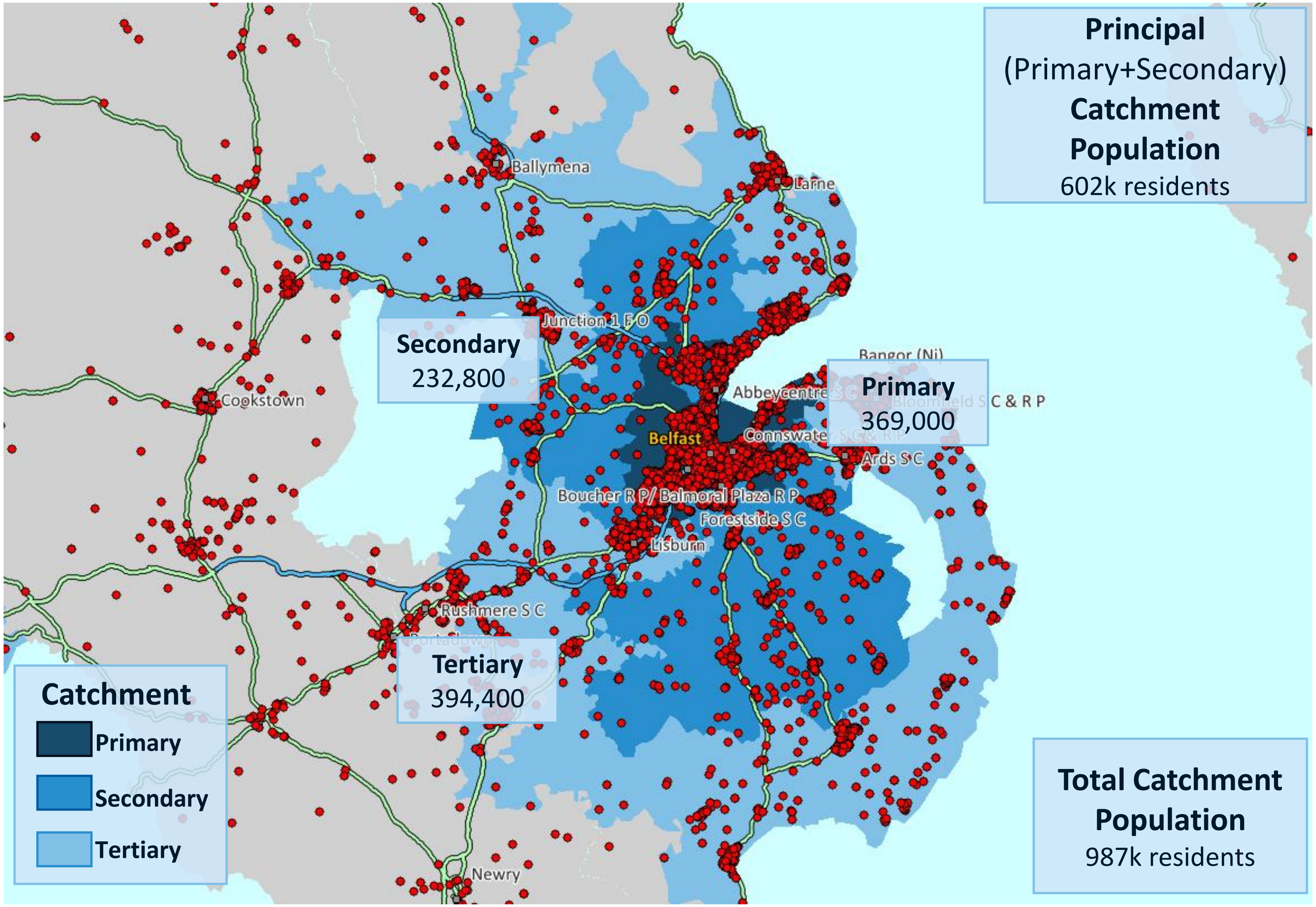
Digital Retail by Accenture Strategy

Current Principal (75%) catchment of 602k residents



- Principal catchment area (Primary + Secondary) accounts for 75% of Belfast's clothing market size:
  - This is the area most retailers will consider as Belfast's catchment
- Belfast's Principal catchment population ranks it 13th (of the UK's 22 Major Cities) and is comparable to:
  - Nottingham (615k)
  - Edinburgh (640k)
  - Kingston (566k)
  - Southampton (547k)
- Belfast draws from an extensive catchment (beyond 30 min drivetime):
  - If development occurs, Javelin Group does not anticipate the catchment growing significantly
  - More likely that city centre market shares will increase within the area shown opposite

Belfast city centre has potential to attract a higher proportion of affluent catchment residents

High Affluence → Low Affluence

CAMEO Group	CAMEO Group UK	UK Households (%)	NI Households (%)	Principal Catchment Households (%)	Shopper Profile (%)	Principal Catchment Profile vs. UK (Base=100)	Principal Catchment Profile vs. NI (Base=100)	Total Shopper Profile vs. Catchment Households Index (Av=100)
1	Business Elite	6.3	5.8	10.1	8.0	161	174	79
2	Prosperous Professionals	4.8	6.2	5.4	6.4	112	87	119
3	Flourishing Society	9.7	10.1	10.6	10.8	109	105	102
4	Content Communities	10.9	15.7	2.5	5.0	23	16	204
5	White Collar Neighbourhoods	10.2	7.8	10.7	10.6	105	137	99
6	Enterprising Mainstream	8.6	7.9	3.3	4.7	39	42	140
7	Paying the Mortgage	14.8	14.0	13.2	15.9	89	95	120
8	Cash Conscious Communities	13.0	10.5	14.5	12.3	112	138	85
9	On A Budget	11.9	12.1	15.5	14.2	130	128	92
10	Family Value	9.5	9.8	14.0	11.9	148	143	85
	Grand Total	100.0	100.0	100.0	100.0	100	100	100

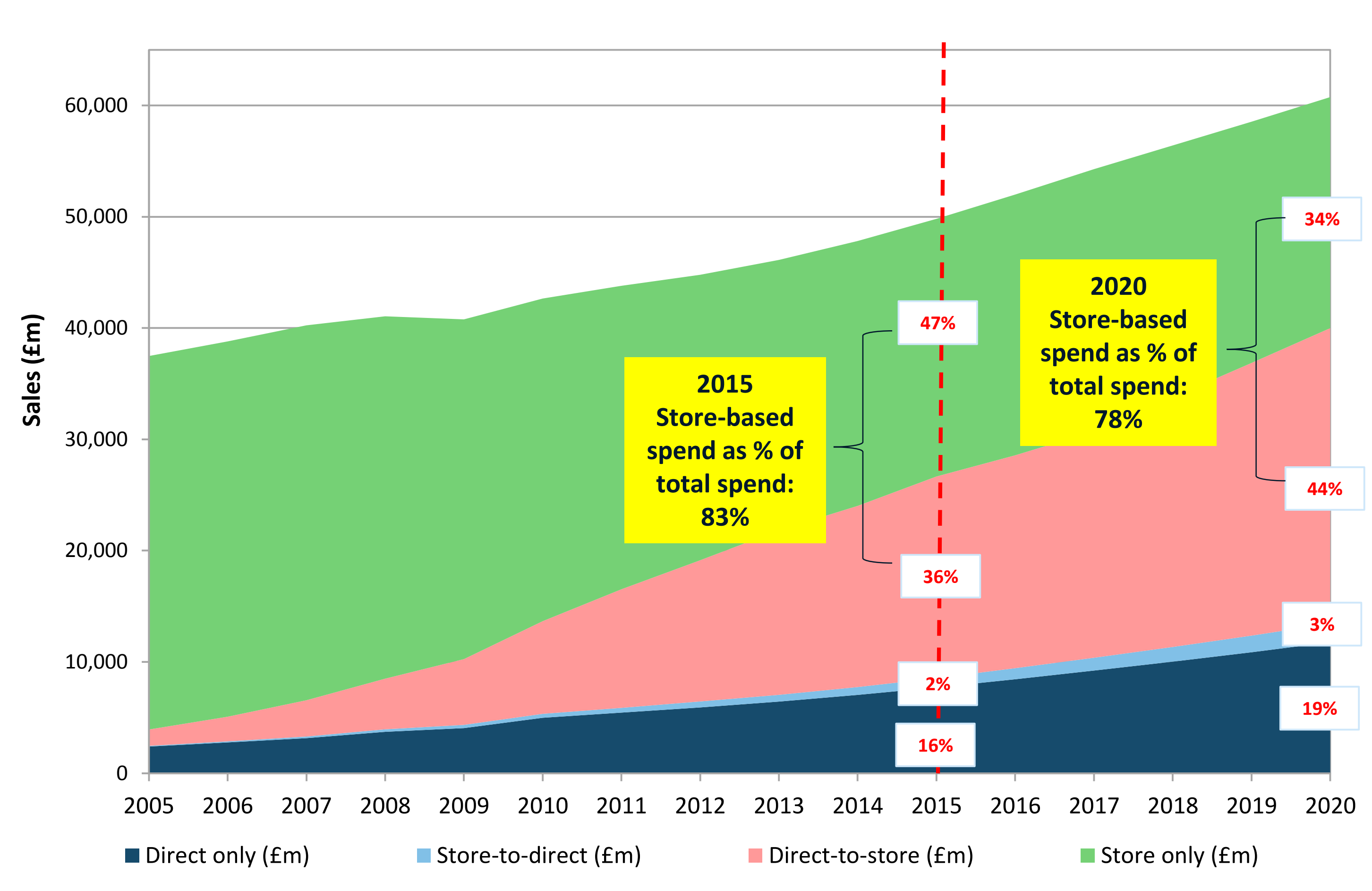
- However, clothing & accessories per capita spending in Belfast's Principal catchment is below average:
  - -21% below UK average (excluding London & South East)

CAMEO UK

Source: RETAILNATION / CAMEO

A declining proportion of clothing & footwear spend will go through stores over the next 5 years

Impact of multi-channel | Spend split projections – Clothing & footwear | UK



Source: Mintel / Javelin Group estimates

- Based on the demographic profile of Belfast's catchment, store-based retail spending is anticipated to fall:
  - Clothing & accessories: 86% to 82% of all C&A spend
  - Worse in sectors such as leisure goods, electrical goods and furniture & floorcoverings

Belfast currently ranks 18th in VENUESCORE ranking of UK Major City venues

Javelin Venue	VENUE SCORE	Ranking	FASHION SCORE	FASHION-SCORE as % of VENUE-SCORE	FOODSERVICE as % of VENUESCORE	FOOD-SERVICE INDEX	Market Position Index	Market Position Classification	SHOPSCORE INDEX
Glasgow, Centre	785	1	297	38%	19%	104	111	Upper Middle	114
Manchester, Centre	756	2	257	34%	26%	144	118	Upper Middle	111
Leeds, Centre	622	3	213	34%	26%	142	113	Upper Middle	111
Birmingham, Centre	621	4	230	37%	23%	125	112	Upper Middle	124
Liverpool, Centre	569	5	209	37%	21%	112	110	Upper Middle	110
Brighton, Centre	510	6	156	31%	23%	123	114	Upper Middle	107
Nottingham, Centre	506	7	185	37%	21%	116	112	Upper Middle	109
Cardiff, Centre	493	8	197	40%	22%	119	114	Upper Middle	109
London, West End - Oxford St	492	9	217	44%	18%	96	117	Upper Middle	200
Edinburgh, Centre	491	10	217	44%	18%	95	121	Upper Middle	118
Newcastle Upon Tyne, Centre	456	11	146	32%	24%	132	106	Middle	116
Aberdeen, Centre	449	12	177	39%	16%	88	108	Middle	121
Reading, Centre	411	13	129	31%	22%	119	109	Middle	113
Norwich, Centre	411	14	158	38%	18%	95	109	Middle	108
Bristol, Centre	405	15	149	37%	22%	118	111	Upper Middle	97
Leicester, Centre	396	16	145	37%	20%	110	105	Middle	110
Kingston Upon Thames, Centre	376	17	141	38%	14%	78	120	Upper Middle	123
Belfast, Centre	375	18	148	39%	17%	91	109	Middle	105
Bath, Centre	362	19	151	42%	20%	111	122	Upper Middle	111
York, Centre	361	20	145	40%	22%	120	115	Upper Middle	98
Southampton, Centre	351	21	136	39%	16%	88	106	Middle	109
Sheffield, Centre	350	22	85	24%	25%	134	96	Middle	105

Source: Javelin Group / VENUESCORE 2014

- Belfast ranks 18th in VENUESCORE ranking of UK city centres:
  - Alongside Leicester, Kingston, Bath and York
  - With the opening of Victoria Square, Belfast's status in the UK retail hierarchy peaked at #14
- Retailers typically perform at sales productivity levels +5% above space-weighted chain average:
  - Now lower than Major City average and has been since 2007
  - Prior to 2007, Belfast retailer sales productivity levels had been above Major City average

Belfast city centre is relatively well-provided for in Clothing & Accessories and Health & Beauty

	Belfast, Centre			Major City UK Average	Belfast Index
Product Category	**(Net Sq.ft.)**	**(% Total Space**	**(% of SCTG)**	**(% of SCTG)**	**(Major City UK Avg = 100)**
Clothing & Accessories	627,000	44.1	73.2	59.9	122
Health & Beauty	56,920	4.0	6.6	5.1	130
Leisure Goods	48,020	3.4	5.6	13.6	41
Household Goods	88,170	6.2	10.3	11.8	87
Electrical Goods	18,840	1.3	2.2	3.8	57
Furniture & Carpets	17,450	1.2	2.0	5.8	35
Shopping Centre Type Goods Sub-Total	**856,400**	**60.2**	**100.0**	**100.0**	**100**
DIY	3,730	0.3			
Food To Take Home	76,350	5.4			
Catering	285,120	20.0			
Miscellaneous	200,870	14.1			
Grand Total	**1,422,470**	**100.0**			

Source: Javelin Group Audit / May 2015

- Although clothing & accessories indexes high vs other Major Cities, the mix within this category is out of line with benchmark averages:
  - Relative under-provision in:
    - Womenswear
    - Menswear
    - Footwear
    - Jewellery
- Leisure goods, household and electrical and furniture are all relatively under-provided for:
  - Many of these categories are typically found out-of-town
  - Also typically provided for by JLP

Belfast city centre very under-provided for in terms of luxury or upper retail space

Shopping Centre Type Goods Space Mix	Luxury *e.g Hugo Boss, Tommy Hilfiger*	Upper *e.g. Guess, Jaegar*	Upper-Mid *e.g. Hobbs, Hotel Chocolat, Sweatshop*	Middle *e.g. H&M, Nando's, M&S*	Lower-Mid *e.g. TK Max, Mace, Claire's*	Lower *e.g. Lidl, Poundland, Shoe Zone*	Total
UK Major City Average (%)	3.6	1.1	17.6	50.5	25.5	1.7	**100**
Belfast (%)	0.4	0.7	19.4	50.2	25.9	3.4	**100**
Belfast Vs. Major City Average (Avg=100)	**11**	**62**	**111**	**99**	**102**	**203**	**100**

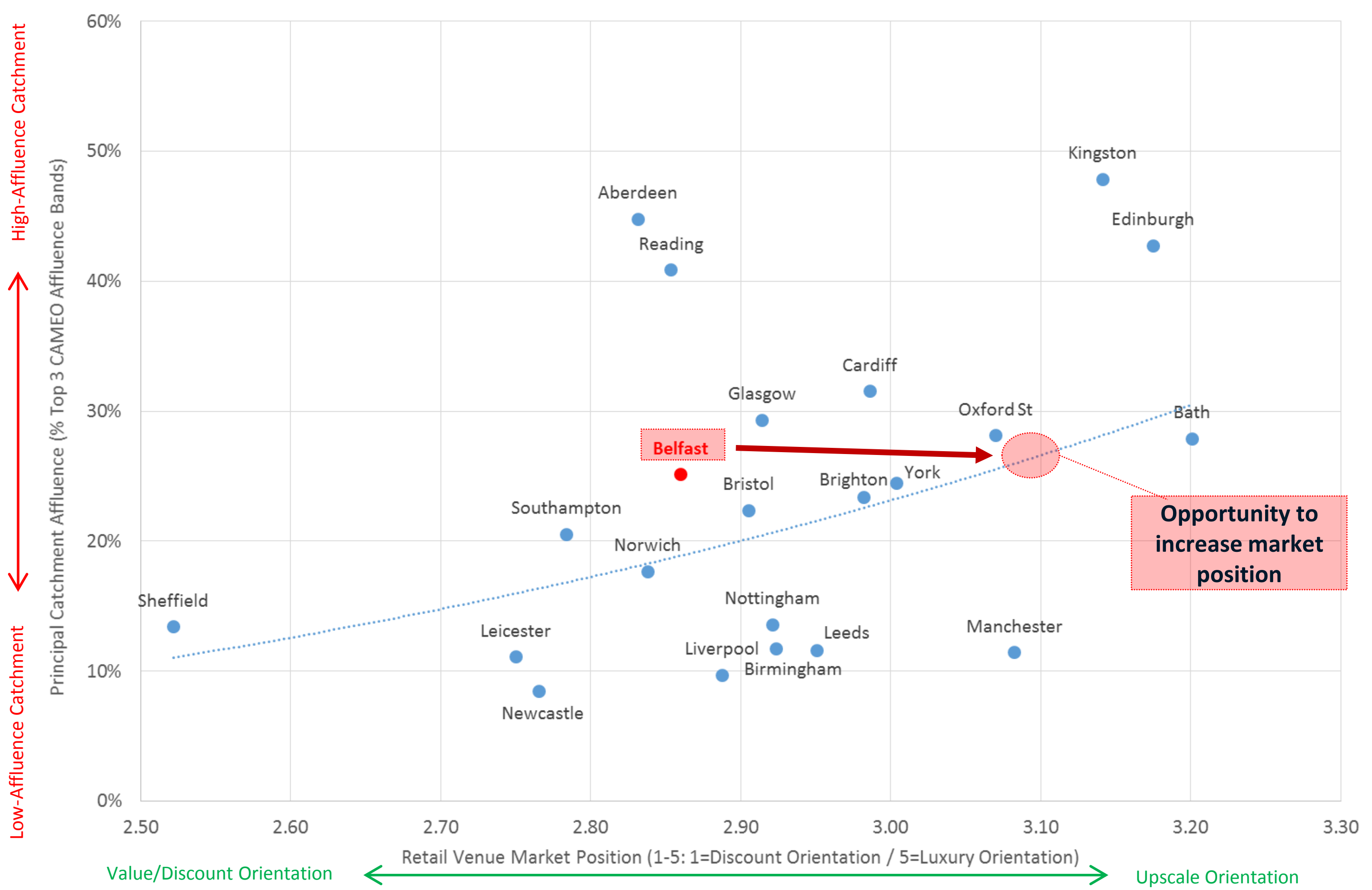
- Only 1.1% of Belfast's shopping centre type goods retail offer falls into luxury and upper market positions:
  - Well below UK Major City average

- NB: This excludes independents which will increase the shares in the lower market position bands further.

Source: Javelin Group Audit / May 2015

Belfast would benefit from a more upper-mid (aspirational) market focus to its retail offer

Catchment market position vs. Retail offer



Source: Javelin Group / VENUESCORE 2014

- Relative to other Major Cities, Belfast's retail offer is more massmarket than the affluence profile of its catchment suggests is appropriate.
- Belfast should therefore look to attract more mid to upper-mid market retailers to address this slight under-provision of this type of retailer:
  - Addition of John Lewis would be a major catalyst in delivering this

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Belfast city centre relatively under-represented in department store space and MSUs

Shopping Centre Type Goods Space Mix	Department Store *e.g Debenhams, House of Fraser, M&S, Dunnes*	Variety *e.g. Primark, TKMaxx, BHS*	Medium Sized Unit *e.g. Next, H&M, Topshop*	Multiple *e.g. Ted Baker, Dorathy Perkins, TGI Friday's*	Independant *e.g. Re:Store, Chopstix Noodle Bar, Pure Running*	Total
UK Major City Average (%)	32.1	8.5	17.5	31.2	10.7	100
Belfast (%)	29.7	16.7	13.7	33.0	6.9	100
Belfast Vs. Major City Average (Avg=100)	**93**	**196**	**78**	**106**	**65**	**100**

Source: Javelin Group Audit / May 2015

- Relative weakness in department store offer compensated for by strong variety store offer:
  - Variety stores in Belfast include Primark, TK Maxx and BHS

Belfast has low department store provision relative to Principal catchment spend

Department store provision relative to Principal catchment available clothing spend

- NB: Several other Major Cities below the line of best fit may welcome a new department store soon:
  - Proposed new development:
    - Kingston and Leeds
  - Department store has already secured site for a new store:
    - Brighton

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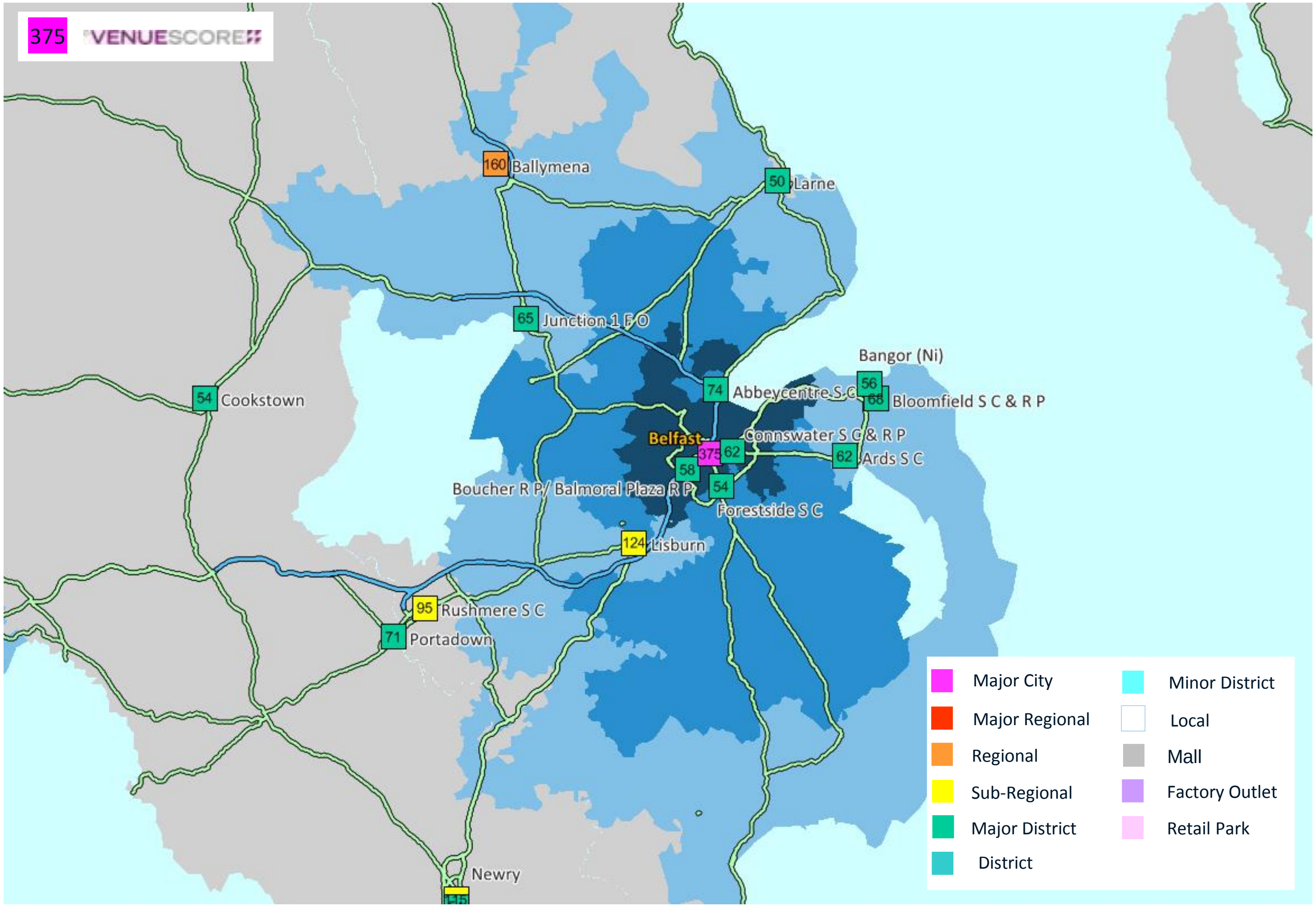
Belfast is by far the dominant retail offer in its catchment



Source: Javelin Group / VENUESCORE 2014

- Key competing venues being:
  - Lisburn
  - Ballymena
- Unlike several other Major City venues, Belfast does not face strong competition from out-of-town standalone shopping centres.

Target tenant universe compiled through retailer gap analysis

- To identify the universe of potential target tenants for Belfast city centre, Javelin Group has carried out 3 sets of analysis:
  - Gap analysis vs all other UK Major City venues:
    - **Pot 1**: Present in at least 5 Major Cities AND also already present in either other NI venues and/or ROI venues
    - **Pot 2**: Present in at least 5 Major Cities but not already present in NI or ROI venues
      - Most challenging set of operators for Belfast to attract
  - Gap analysis vs leading Dublin venues (city centre, Dundrum, Liffey Valley or Blanchardstown):
    - **Pot 3**: Present in leading Dublin venues but not in Belfast city centre

- Benchmark venues:
  - Aberdeen
  - Bath
  - Birmingham
  - Brighton
  - Bristol
  - Cardiff
  - Edinburgh
  - Glasgow
  - Kingston-upon-Thames
  - Leeds
  - Leicester
  - Liverpool
  - London – Oxford Street
  - Manchester
  - Newcastle Upon Tyne
  - Norwich
  - Nottingham
  - Reading
  - Sheffield
  - Southampton
  - York

212 operators missing from Belfast and present in at least 5 Major Cities or leading Dublin venues

Pot 1	Pot 2	Pot 3
Total: 38	*Total: 138*	*Total: 36*
Luxury: 2 / Upper: 5 / Upper Middle: 10 / Middle: 15 Lower Middle: 5 / Lower: 1	*Luxury: 3 / Upper: 5 / Upper Middle: 30 / Middle: 61 Lower Middle: 24 / Lower: 15*	*Luxury: 0 / Upper: 4 / Upper Middle: 5 / Middle: 12 Lower Middle: 14 / Lower: 1*
Vans "Off the Wall", Links London, fcuk, Vero Moda, Folli Follie, Lacoste, Moss Est. 1851, Laura Ashley, Harvey Nichols, B&O, Lakeland, Jo Malone London, The North Face, Lloyds No.1 Bar, Carluccio's	Jones Bootmaker, Footasylum, Whistles, Thomas Sabo, Crew Clothing Co. Est. 1993, Joy, Russell & Bromley, Radley, Watches of Switzerland, Lego, Evans Cycles, Crocs, Hawes & Curtis Jermyn Street London, John Lewis, The White Company London, Waitrose, blott, EAT., Pret, giraffe, Zizzi Ristorante, Jamie's Italian, las Iguanas Eat Latin · Drink Latin, Côte Brasserie, All Bar One, La Tasca spanish tapas bar & kitchen	Diffney, Carraig Donn, A|wear, Louis Copeland and Sons, Prémaman, Brown Thomas, Arnotts Est. 1843, Pamela Scott, Stradivarius, Eurospar, Paco, lemongrass thai cuisine, Apache Pizza

Propensity of aspirational retailers to locate in a Major City increases greatly with presence of JLP

Propensity to trade alongside JLP | Major city centres

		Retailer Market Position - Index (100 = Avg propensity)					
		Lower	Lower Middle	Middle	Upper Middle	Upper	Luxury
	Example Retailers	Store Twenty One, select, Poundland, Shoe Zone, bodycare, Blue Inc, CeX	New Look, Bhs, Dorothy Perkins, Burton, Primark, JD, Sports Direct.com, TK Maxx	Boots, The Body Shop, M&S, WH Smith, Topshop, Topman, next, EE, H&M	John Lewis, The White Company London, Lego, Thomas Sabo, Waitrose, Côte Brasserie	Hawes & Curtis Jermyn Street, Whistles, Flannels, Pink, The Pen Shop, Jo Malone London, Russell & Bromley	Harvey Nichols, Boss Hugo Boss, Burberry London, Mappin & Webb, Mulberry
Propensity	With JLP	73	81	96	134	128	103
	Without JLP	135	105	101	89	80	88

- Chart opposite shows the propensity for retailers that fall within specific market positions to be present in Major City venues either with or without JLP also present.
- Clearly shows the increased probability of attracting aspirational (upper-middle and upper) retailers if JLP is present.