RETAIL FOCUS
Q3 2025

SHWPROPERTY

SHW PROPERTY

SHW

MAKING PROPERTY WORK

SHW.CO.UK

Welcome to SHW's Q3 2025 Retail Focus providing an overview of the High Street and Out Of Town retail markets.

Although the High Street remains challenging, there are signs that more national - as well as independent - retailers are coming back into the market. Despite this increase in demand, rents have remained broadly static and vacancy rates are still relatively high.

The economic challenges and uncertainty have led to more High Street retailers failing or rescuing their portfolios. But despite the 'bad news' stories within the South East, good news continues to emerge with new and old names taking up the vacant stock.

The continued high cost of living and the increase in both employers' National Insurance costs and the minimum wage, along with the lack of any permanent rates relief for retailers and F&B operators, continue to be the sector's main challenges.

In the Out-of-Town Retail market, across the UK, following the Government's budget announcements in late-2024 and concerns over the impact of the new administration in the United States, retailers entered 2025 cautiously. Despite the cautious attitude to the trading conditions, many retailers continued with their expansion plans in the early part of the year.

Despite a slight increase the overall vacancy rate, this remains lower than the shopping centre/high street retail sectors. As a result of this tight supply, especially in good retail locations - and with sustained retailer demand - retail warehousing continues to attract strong investor interest as it offers longer leases, more resilient tenants' and scarcity of product, despite the challenging economic backdrop.

RICHARD PYNE
Partner

JEREMY GOOD
Director

LONDON

SOUTH WEST LONDON

SOUTH WEST M25

SOUTH EAST M25

SOUTH LONDON

HAMPSHIRE

CRAWLEY / GATWICK

BRIGHTON

WEST SUSSEX COAST

EAST SUSSEX

HIGH STREET OVERVIEW

As we move into Q3 of 2025, the UK high street retail market is still undergoing a period of transformation driven by a combination of cost pressures, changing consumer preferences, and the continued progress in digitising sales and supply chains.

Shrinking physical footprint: It is predicted that there could be over 17,000 store closures nationally during 2025, many fuelled by soaring operating costs (NI, rent, utilities), rising on-line competition, and falling footfall in traditional retail locations.

Consolidation & rebranding: High Street names such as WH Smith are selling or rebranding high street outlets to streamline operations, while chains such as River Island, New Look, Superdry, and Costa are cutting unprofitable branches.

Omnichannel & experiential formats: Retailers are doubling down on hybrid trading models, improving integration between their in store and online offer —with tech-led services such as AR try-ons and tech enabled pop ups to drive customer engagement.

Tech driven efficiency & security: With the recent 'hacking' of M&S and Co-Op to name a couple of high-profile cases, companies are having to invest further in on-line security to retain shoppers' confidence. More retailers are using AI to streamline their businesses to save on employment costs and to retain and maximise the engagement of their customer base.

Sustainability and values-based spending: Consumers increasingly favour brands with transparent sourcing and ESG credentials, and many are willing to pay more for sustainable products, a shift away from the discount-led approach of the immediate post-pandemic period.

Despite stores closures, the picture isn't wholly bleak. Across SHW's core region we have continued to see good levels of activity as shown in the regional review.

DEALS DONE

2-3 Pavilion Buildings | Brighton

Aquired for National Charity Client.

143 North Street | Brighton

Letting to B&Q on behalf of our institutional client.

Bexhill on Sea

Letting to Cook on behalf of a private client.

MEET THE TEAM

Richard Pyne
Partner
07901 821843
rpyne@shw.co.uk

AGENCY

Jeremy Good
Director
07385 661976
jgood@shw.co.uk

AGENCY

CROYDON

Increased demand for North End and George Street following the news that the Whitgift Centre are to open new stores in the former Allders as the revised planning application for the redevelopment of the Centre is worked up

Uplift in demand from Health & Wellness occupiers

Recent activity includes:

36 & 32 North End under offer to a National Retailer

St Michaels Square Tower, A close to West Croydon Station, is under offer for Leisure use

12-14 George Street – Let to an independent Opticians

2-3 AMP House – Let to Heavenly Desserts

5 AMP House – Let to BFT Fitness Studio

PRIME RENTS (ITZA)

£105	CROYDON
£145	BROMLEY
£80	EPSOM
£75	SUTTON

DEALS DONE

12-14 George Street | Croydon

Letting on behalf of John Whitgift Foundation to an independent opticians.

2-3 AMP House | Croydon

On behalf of our institutional client to a franchisee of Heavenly Desserts.

5 AMP House | Croydon

On behalf of our institutional client to a franchisee of Bodyfit training (BFT).

MEET THE TEAM

Richard Pyne
Partner
07901 821843
rpyne@shw.co.uk
AGENCY

Ian Campbell
Associate
07964 485812
icampbell@shw.co.uk
PROFESSIONAL

Matt Morris
Senior Surveyor
07894 692426
mmorris@shw.co.uk
AGENCY

MID SUSSEX

Encouraging signs of improvement on the High Street

Rental levels look to be stabilizing

New occupiers include:

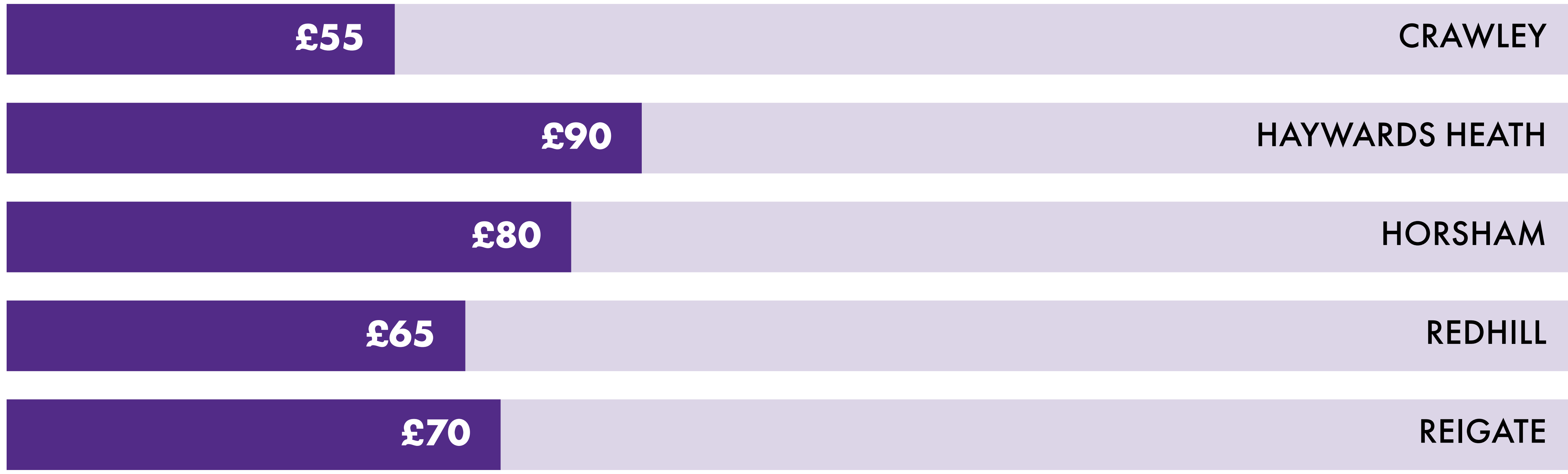
Sostrene Green & Brook Tavener – Horsham

Pure Gym & Truffles Bakery – Haywards Heath

Tapi Carpets & Coffee #1 – East Grinstead

House of Reformer - Reigate

PRIME RENTS (ITZA)



DEALS DONE

112 South Road | Haywards Heath

On behalf of a private client.

42 High Street | Crawley

Letting on behalf of a large family trust.

31-33 Lesbourne Road | Reigate

Letting to House of Reformer.

MEET THE TEAM

Richard Pyne
Partner
07901 821843
rpyne@shw.co.uk
AGENCY

Alex Denning
07943 524921
adenning@shw.co.uk
AGENCY

Rachel Finn
Director
07740 631560
rfinn@shw.co.uk
PROFESSIONAL

SUSSEX COAST

Brighton remains resilient, and with the purchase of Churchill Square by the Ingka Group in 2023 has brought renewed excitement for the opening of an IKEA in the former Debenhams and the inevitable move around of occupiers, both within the centre and on the surrounding retail streets.

Worthing has seen a strong six months with a number of new openings. The restructuring of Poundland has released further prime opportunities and we wait to see what format the opportunity takes, but there are good requirements for Worthing.

Recent deals include:

12a-13 Bond Street – Mountain Warehouse

6-8 Meeting House Lane – Chilli Pickle

60 Ship Street - Taro Restaurant

Montague Street – Warren James

Warwick Street – Gails Bakery

Eastbourne is buoyed by tourism, commuter access to London, and affordable options compared to larger cities.

In Hastings, the commercial market is smaller and more community-oriented, showcasing. Retail units in the town centre are letting around £16,000 to £25,000 per annum,

Overall, Eastbourne's commercial market is larger, more diverse, and tightly occupied, benefitting from strong demand and low availability, while Hastings offers opportunities primarily for smaller retail and industrial ventures, with greater council involvement and room for growth.

PRIME RENTS (ITZA)

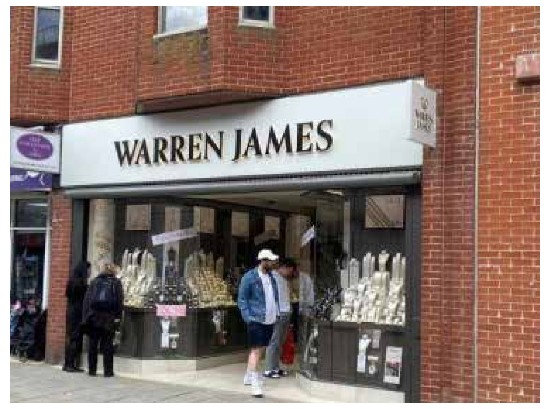
£150	BRIGHTON
£70	WORTHING
£70	EASTBOURNE
£90	CHICHESTER
£50	HASTINGS

DEALS DONE

12-13 Bond Street
Brighton

6-8 Meeting House Lane
Brighton
Grade II listed building, let to established restaurateur on behalf of private client.

60 Ship Street
Brighton
Let to Japanese restaurant chain Taro on behalf of private client.



74 Montague Street
Worthing
Let on behalf of a private investor.

16 Warrick Street
Worthing
Let to Gails Bakery on behalf of private client.

MEET THE TEAM

Richard Pyne
Partner
07901 821843
rpyne@shw.co.uk
AGENCY

Duncan Marsh
Partner
07970 524840
dmarsh@shw.co.uk
AGENCY

Max Perkins
07947 373545
mperkins@shw.co.uk
AGENCY

Alex Denning
07943 524921
adenning@shw.co.uk
AGENCY

EXECUTIVE SUMMARY

Following the Government's budget announcements in late-2024 and concerns over the impact of the new administration in the United States, retailers entered 2025 cautiously. The impact of the tariffs imposed on trade by the US administration and the increases in April to the National Minimum Wage and National Insurance contributions led to a number of retailers carefully considering their strategy in the early part of 2025.

Despite the cautious attitude to the trading conditions, many retailers have continued with their expansion plans in the early part of the year. The recent closure of Homebase and Carpetright in 2024, and more recently Poundland, have presented a range of strategic opportunities for occupiers to expand and for landlords to improve their property assets. Although concerned about the potential impact of these recently imposed inflationary pressures in 2025, Currys have reported a 37% increase in their full year profits due to strong UK sales and services. Likewise, M&S have announced a commitment to a £300 million programme to refurbish and upgrade their store portfolio. These examples provide a clear indication that retailers are looking to resist the economic headwinds and are adapting their strategies to reflect the developing macroeconomic trends.

Although vacancy rates across the retail warehouse market have edged up slightly in early 2025 to around 5% due to the collapse of a number of retailers, a significant proportion of the vacant stock has been available for over three years and is now considered to be obsolete – this will be repurposed over time. The true vacancy rate in the sector is likely to be around 2.5% once this space has been discounted.

Despite the slight increase in the overall vacancy rate, this remains lower than the shopping centre/high street retail sectors. As a result of this tight supply, especially in good retail locations and continued retailer demand, retail warehousing continues to attract strong investor interest as it offers longer leases, more resilient tenants' and scarcity of product, despite the challenging economic backdrop.

The failure of the national multiples mentioned has afforded landlords the opportunity to diversify the tenant mix in their retail parks to cater to shifting consumer demands. There is noticeably less emphasis on traditional bulky goods retail and a continued shift to more discount focussed retailers and grocers. Value-led retailers now occupy over 20% of retail warehouse floor space, a significant increase from the 8% seen a decade ago.

Although consumers have adopted a more positive outlook on their personal finances for the year ahead due to continued wage growth and lower inflation rates, retailers' rising operational costs are expected to be passed on to the consumer which will reduce this optimism. Discount retailers remain best placed to profit from this current economic scenario and will continue to be a substantial element of the out-of-town retail sector.

CURRENT / RECENT INSTRUCTIONS

TK Maxx | Ruislip Retail Park.
Acting for landlords on rent reviews.

Wickes | St James' Retail Park, Newcastle-upon-Tyne.
Acting for landlords on the retail park.

Wren Kitchens | Great Western Way, Swindon.
Lease renewal advice on behalf of the landlord.

MEET THE TEAM

Richard Pyne
Partner
07901 821843
rpyne@shw.co.uk
AGENCY

Jeremy Good
Director
07385 661976
jgood@shw.co.uk
PROFESSIONAL

Ian Campbell
Associate
07964 485812
icampbell@shw.co.uk
PROFESSIONAL

Ollie Leat
07930195196
oleat@shw.co.uk
PROFESSIONAL

EXECUTIVE SUMMARY

The F&B market has remained strong in 2025, with many operators continuing aggressive expansion strategies despite the impact of increased staffing costs. In the early part of the year, the coffee operators led by Costa and Starbucks remained the most acquisitive across retail parks. Others including Black Sheep Coffee, Greggs and Subway, continue to drive demand in the sector. In the restaurant arena, Burger King and Popeyes continue to be active whilst McDonalds continue to seek opportunities in key areas where they are under-represented. Recent entrants Wendy's and Taco Bell have continued to help drive demand and rents, although the increased building costs has begun to impact the viability of new build developments.

Demand for both drive-to and drive-thru units was high in 2024, driving rental growth across the UK, and this upward trend has carried into 2025, with new lettings often achieving new peak rents in their respective markets. The competition for opportunities is likely to be exacerbated by changes in planning policy which are expected to limit development opportunities for hot food takeaways (e.g. Greggs and Popeyes), due to amendments to the National Planning Policy Framework (NPPF) restricting new schemes near schools. However, operators like Starbucks and Costa are less likely to be classified as "hot food outlets" by local planning authorities which may give a strategic advantage in this restricted market.

Investment volumes in the first quarter of 2025 exceeded £880m - an increase on the five-year quarterly average but lower than the £1.8bn transacted in the last quarter of 2024. Several significant deals have completed in 2025 so far, including M7's sale of three retail parks for £136.5m in June and Tritax/Delancey Group's £157m million sale of County Oak Retail Park (Crawley) and Solihull Retail Park (Solihull) in May.

2025 began cautiously optimistic and many retailers have since shown their ability to adapt to changing economic conditions. The continued retailer expansion plans and above average investment volumes signify a belief in the strength of the out-of-town retail market. This has been helped by improving consumer sentiment and persisting longer-term dis-inflationary trends reflected by the Bank of England reducing interest rates to 4% in August.

It appears that the out-of-town retail sector will continue to appeal to both investors and occupiers throughout 2025 with continuing signs of rental growth in those high profile locations with restricted supply.

CURRENT / RECENT INSTRUCTIONS

Costa, Team Valley | Gateshead

Advising on opportunities in the area.

Greggs/Costa | Bexhill-on-Sea

Advising landlords on outstanding rent reviews.

MEET THE TEAM

Richard Pyne
Partner
07901 821843
rpyne@shw.co.uk

AGENCY

Jeremy Good
Director
07385 661976
jgood@shw.co.uk

PROFESSIONAL

Ian Campbell
Associate
07964 485812
icampbell@shw.co.uk

PROFESSIONAL

Ollie Leat
07930195196
oleat@shw.co.uk

PROFESSIONAL

PRIME NON-FOOD RETAIL RENTS*

NEWCASTLE-UPON-TYNE	MANCHESTER	LEEDS	BIRMINGHAM	BRISTOL	SOUTHAMPTON	CROYDON
£22.50 psf	£27.50 psf	£25.00 psf	£26.00 psf	£27.50 psf	£25.00 psf	£32.50 psf

*Assumes 10,000 sq ft, open non-food retail planning within these conurbations, excluding fashion parks.

UK ECONOMY AND THE INVESTMENT MARKET

- GDP in the UK economy has steadily and resiliently grown since the covid volatility of 2020/2021, despite covid / Brexit / inflation and higher interest rates.
- UK domestic interest rates likely to be 'higher for longer' as BoE seeks to combat inflation.
- Higher cost of money reduces the margin between the amount of interest that borrowers must pay for debt and the rent that they hope to collect.
- Some buyers have been seeking higher yields to maintain margins – this reduces sale prices, this is now somewhat ameliorated by some buyers being impatient to invest.
- Despite this, many buyers and sellers seeking to trade for their own reasons often driven by, for example, generational change / I H T, project completion, fund life ending, redemptions, lender pressures or crystallising profit.
- Investor demand for sale & leasebacks, which are a convenient way to raise capital.

RETAIL INVESTMENT YIELDS

Prime High street - **6 - 9%**
Shopping Centres - **8 - 11%**
Retail warehouse – **5 - 11%**

Depending on:

- Location
- Letting
- Covenant
- Rent – above or below current ERV?

FUTURE

- Footfall is improving
- Scope for leisure
- Innovative reuse of larger units
- Changes of use having positive impact
- Shopping centres changing quickly, eg NHS leasing at Metrocentre and IKEA owning Hammersmith and now Brighton

BUYER TYPES

- HNW Individuals
- Family Property Companies
- Pension Funds
- Family Office/Trust
- Property Investment Companies
- SIPP and SSAS entities
- Property Developers

Resilience – Supermarkets and convenience stores, retail warehousing.

Re-Pricing – High Street, restaurants, vacant units, weaker covenants.

DEALS DONE

Crawley High Street

Freehold, Prezzo Restaurant sold by SHW at 6.98% and £1.15M.

Wallington, Woodcote Road

Tesco, Caffe Nero & Specsavers sold by SHW at £2.15M on behalf of institution.

Worthing, South Street

Freehold investment sale after by sole agent SHW for family office to private property company.

MEET THE TEAM

Martin Clark
Partner
07771 780708
mclark@shw.co.uk

AGENCY

Richard Pyne
Partner
07901 821843
rpyne@shw.co.uk

AGENCY

Jeremy Good
Director
07385 661976
jgood@shw.co.uk

AGENCY

SHW LONDON

London

14-15 Berners Street,
London.
W1T 3LJ

020 7389 1500
london@shw.co.uk

SHW SOUTH LONDON

Croydon

Corinthian House,
17 Lansdowne Road, Croydon.
CR0 2BX

020 8662 2700
southlondon@shw.co.uk

SHW SOUTH EAST M25

Bromley

Imperial House,
21-25 North Street, Bromley.
BR1 1SD

020 3763 7575
sem25@shw.co.uk

SHW SOUTH WEST M25

Surrey

Wesley House, Bull Hill,
Leatherhead, Surrey,
KT22 7AH

01372 818181
swm25@shw.co.uk

SHW SOUTH WEST LONDON

Kingston Upon Thames

Warwick Lodge,
75-77 Old London Rd,
Kingston upon Thames. KT2 6ND

020 8546 0022
swlondon@shw.co.uk

SHW CRAWLEY/GATWICK

Crawley

Origin One, 108 High Street,
Crawley, West Sussex.
RH10 1BD

01293 441300
crawley@shw.co.uk

SHW BRIGHTON

Brighton

Lees House, 21-33 Dyke Road,
Brighton, East Sussex,
BN1 3FE

01273 876200
brighton@shw.co.uk

SHW EAST SUSSEX

Eastbourne

Chantry House, 22 Upperton
Road, Eastbourne, East Sussex.
BN21 1BF

01323 437900
eastsussex@shw.co.uk

SHW HAMPSHIRE

Hampshire

Victoria House, 178-180 Fleet
Road, Fleet, Hampshire.
GU51 4DA

01252 811011
hampshire@shw.co.uk

SHW WEST SUSSEX COAST

Worthing

3 Liverpool Gardens, Worthing,
West Sussex.
BN11 1TF

01903 229200
westsussexcoast@shw.co.uk