



## “It’s shopping Jim, but not as we know it”

**All non-essential retail stores in England will be allowed to reopen from 15th June on the proviso they are “Covid secure”, how many people will be happy to return to their old shopping habits is the big question facing the retail sector.**

The line “it’s life, Jim, but not as we know it” comes from the 1987 song Star Trekkin by The Firm and parodies the first television series of Star Trek and was number one in the UK for two weeks. A parody is an imitation of the style of a particular genre with deliberate exaggeration for comic effect, whilst there is certainly nothing funny about the current crisis the original form of the retail sector will be changed forever.

Simon Wolfson, Chief Executive of Next plc, is known for under promising and over delivering and therefore his recent admission that Covid 19 was leading to a “faster and steeper” sales decline than expected doesn’t bode well for

the sector; reinforced by the fact that Marks & Spencer has scrapped this year’s final dividend now considers it unlikely the dividend will be paid next year either, citing “highly uncertain trading in a prolonged exit period”.

Retailers up and down the country will now be planning for their stores to open with a high degree of uncertainty about sales, with the only certainty being operational costs increasing as the tap is tentatively turned back on.

**Michael Garvey**  
Managing Director

### The long-term impact on the Retail Sector

**A recent Ipsos Mori survey found that 43 per cent of respondents would feel uncomfortable undertaking general shopping, other than in supermarkets. More than 25% of respondents to a survey undertaken by Retail Economics said the crisis would permanently change the way they shopped.**

According to Lisa Hooker, head of consumer and retail at PwC, whilst a significant number of shoppers would go back to their former habits, a significant minority wouldn’t. “In this industry, even a few percentage points can have a massive impact”, she said.

Sainsbury has told investors that weekly sales at Argos are a little higher now through digital channels alone than they were in the final quarter of 2019, when its 573 standalone shops were still open and Dixons Carphone announced that online sales had recouped almost two-thirds of the sales lost from its stores. Both though have cautioned against reading too much into a brief and very turbulent sales period.

This points to the fact that when people are forced to shop online, they will. Online grocery sales now account for 10% of the total, up from 7% in the space of just a few weeks. Mintel expects the market to grow by more than 30% this year.

On the flip side, many retail experts expect significant failures among larger retailers and the British Independent Retailers Association has forecast that up to 20% of smaller shops

will never reopen. It is expected that even healthy retailers will use the crisis to re-evaluate the number of stores they have and the balance between an online presence and a physical one.

Retailers that hadn’t already committed to a significant online presence have clearly been disadvantaged during the current crisis and conversely those that had already seen the future will have benefited disproportionately.

As the unlocking of the economy continues the extent to which we feel comfortable to start shopping again will have a big influence on the economic recovery, both psychologically and financially. The extent to which people have switched to online retailing is a fact and will have a profound impact upon high streets and shopping centres and there will be an acceleration of the changing nature of both, as landlords look for different types of occupiers and the extent to which government funding will be required, beyond those initiatives announced in the past year or two, to support vibrant town centres will have to grow significantly.

Town centres have evolved successively over the past 200 years, with different patterns of property use and, in many respects, this will simply be more of the same. The accelerated pace of change will however be a significant issue to come to terms with and will require creative thinking by a range of stakeholders and working collaboratively will become a necessity, with those towns/locations better able to achieve this being more successful.

### OCCUPIER SERVICES

**Office occupiers are reconsidering how they use their business premises for the short and medium term following the Government’s announcement that employees can return to the office if they cannot work from home.**

The role of the office is changing and could become a ‘hive’ space where employees come to collaborate, bounce ideas of each other and network. This new function could mean assigned desks are out and we will see more theatre style seating and tables with benches to allow for more effective collaboration.

With employees working collaboratively in the office, this would leave more concentrated work for home with fewer distractions.

If your business has a lease renewal due in 2021 and you would like advice then please contact us [jk@chandlergarvey.com](mailto:jk@chandlergarvey.com).

### LANDLORD COMMENT

**Landlords are under increasing pressure due to non / delayed payment of rent by tenants. Re-Leased have produced figures showing the reduction in rents collected which will have a significant effect on the investment market.**



INDUSTRIAL



**-32%**



RETAIL



**-36%**



OFFICE



**-12%**

South East: -32% less rent collected compared to the last 2 years (London average = -37%)

Research from Re-Leased: COVID-19 Rent Collection Snapshot - 11th May 2020



### New Instructions:

Following the newsletter last week, we are now undertaking socially distant viewings and have taken on various new instructions. These include 3 warehouses on the Stocklake Park Industrial Estate in Aylesbury ranging from 3,000 to 24,000 sq ft. A development site in Great Missenden is also new to the market together with an investment at 14-18 Market Square Aylesbury.

**We are still able to inspect new properties and give market appraisals so please contact [info@chandlergarvey.com](mailto:info@chandlergarvey.com) if you have a property to market.**

