

Local Data Company.

BRITISH PROPERTY FEDERATION.

REOCCUPATION REPORT

SEPTEMBER 2023



**Key points**

- Over the last 2 years, only 9% of vacant retail units were able to find a new occupier within 6 months.
- It is typically taking between 12-18 months for most vacant retail units to become re-occupied.
- All asset classes have seen similarly low reoccupation rates within 6 months - ranging from 8% for shopping centres to 10% for retail parks and high streets.
- Shortly before Covid (2017-2019), the re-occupancy periods were a little quicker – with 22% being re-occupied within 6 months, and just over 50% becoming re-occupied within 12 months.
- All regions across the UK saw a similar drop in reoccupation within 6 months compared to the pre-pandemic reoccupation rates. Greater London and South-west perform marginally better, with 13% of units being reoccupied within 6 months.
- Over the same period, national vacancy rates have risen due to cva and administrations and the pandemic, to sit at 13.9% in H1 2023 compared to just 11.0% in H1 2017 the start of the reporting period.

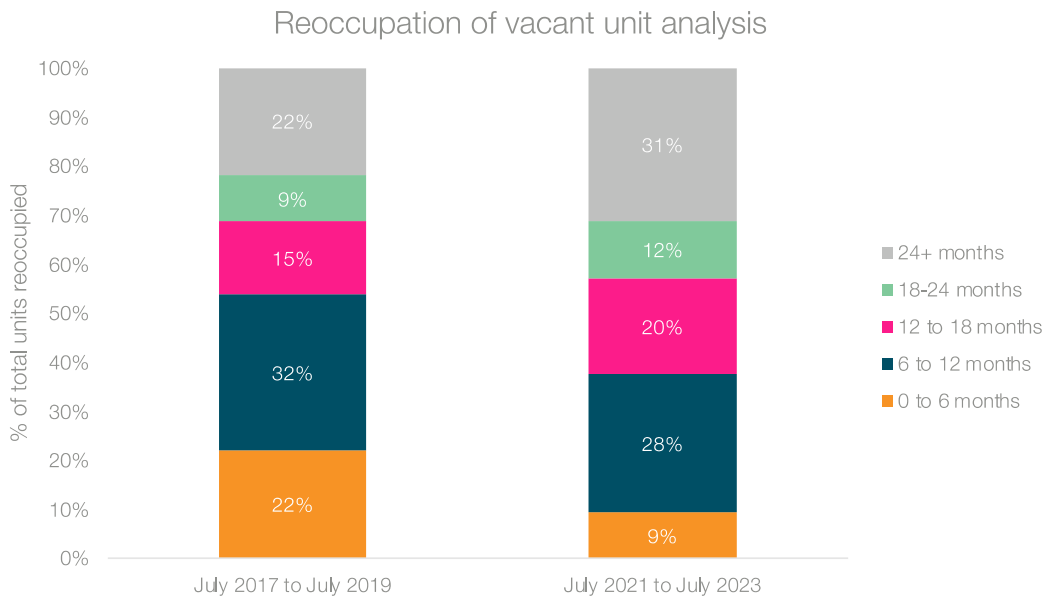


Figure 1: Reoccupation of vacant unit analysis across GB locations (Source: Local Data Company)

**Background and methodology**

- The sample covers 1,035 of the larger retail destinations in the UK (split fairly equally between high streets, shopping centres and retail parks). These locations represent circa 124,000 retail units (of which there are currently 14,147 vacant units). We estimate that this data represents between 40-50% of the retail universe in the UK.
- The sites in the sample were visited every 6 months and vacant units are tracked.

- The analysis considers two time periods – the last two years (July '21 to July '23); and a comparative period shortly before Covid (July 2017 to July 2019) – and measures how long it took vacant units to become reoccupied in the period.
- Only vacant units *which were reoccupied* in the period were included in the sample – this should ensure that the data is focussed on more viable units – and less influenced by units struggling with other market dynamics, such as significant supply demand imbalances.

**What does the data show us?**

*Below is a breakdown of re-occupancy periods as a percentage of the total vacant retail units in the sample:*

Period	Percentage values	
	July 2017 to July 2019	July 2021 to July 2023
0 to 6 months	22%	9%
6 to 12 months	32%	28%
12 to 18 months	15%	20%
18-24 months	9%	12%
24+ months	22%	31%

*The cumulative re-occupancy rate is shown in the table below:*

Period	Percentage values	
	July 2017 to July 2019	July 2021 to July 2023
0 to 6 months	22%	9%
0 to 12 months	54%	37%
0 to 18 months	69%	57%
0-24 months	78%	69%

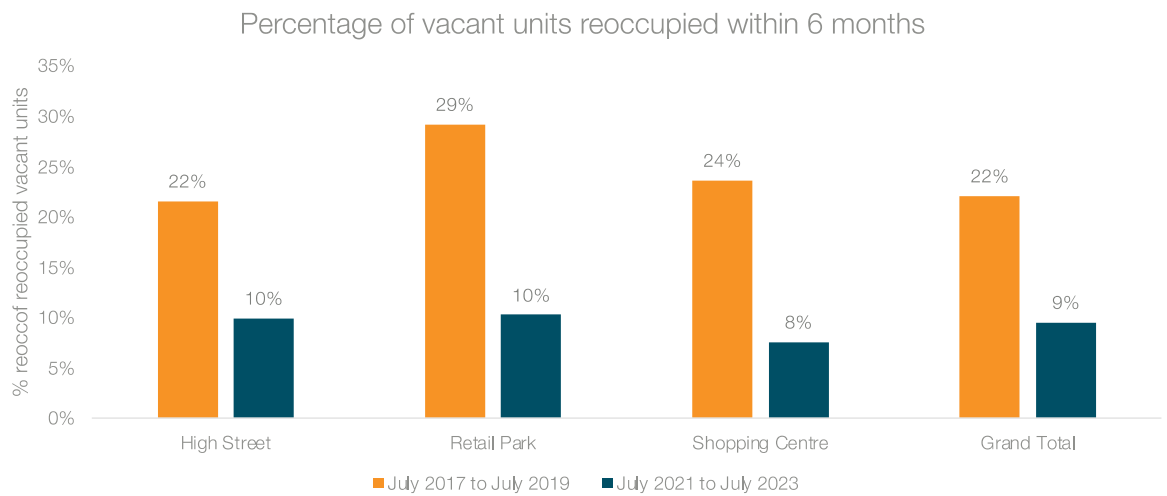
**This shows:**

- During the period July 2017 to July 2019, only 22% of vacant units that got reoccupied did so within 6 months of becoming vacant. This has since dropped to just 9% in the period July 2021 to July 2023. (In absolute terms this equates to just 1,340 vacant units out of 14,147 vacant units that got reoccupied within 6 months during July 2021 to July 2023).
- When we extend the period to within 12 months, the figure is as stark with 54% of vacant units getting reoccupied within 12 months between July 2017 to July 2019, compared to just 37% in the period July 2021 to July 2023.

This data shows that it **typically takes at least 12-18 months for the majority of retail units to find a new occupier.**

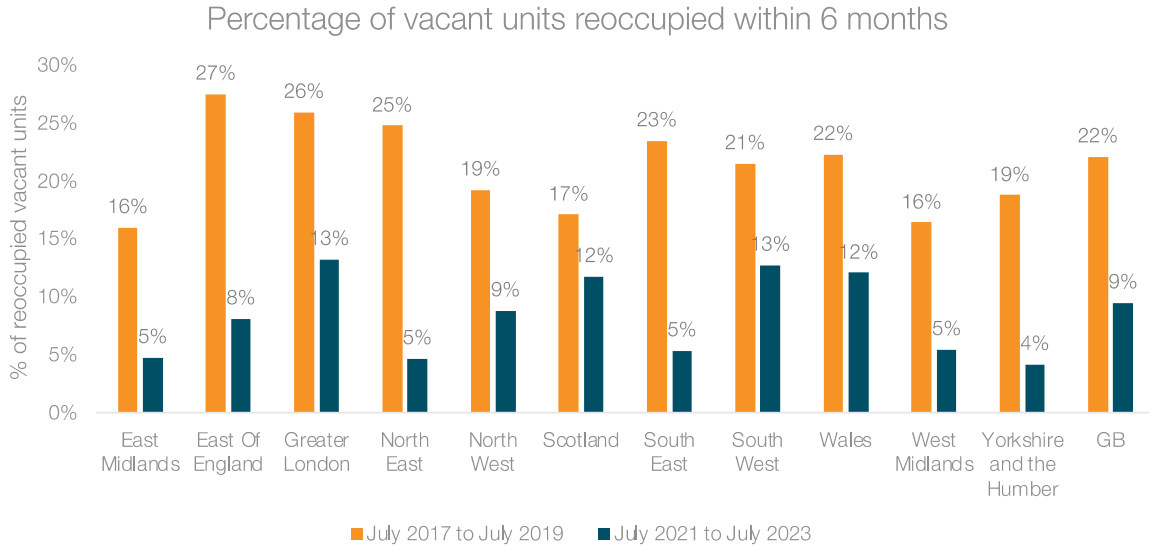
**Is there a difference between high streets vs retail parks vs shopping centres?**

- All Location types saw a drop in the percentage of vacant units reoccupied within 6 months in the '21-23' period.
- Retail parks saw the biggest drop, from 29% in July 2017 to July 2019 period to just 10% in July 2021 to July 2023 period. This means just 1 in 10 vacant unit is expected to be reoccupied within a 6-month period. This is however the best performing asset class, with all other location types having a worse figure.
- Shopping centres have the worst figure at just 8% of vacant units being reoccupied within 6 months during July 2021 to July 2023, showing the challenge the sector faced post pandemic.



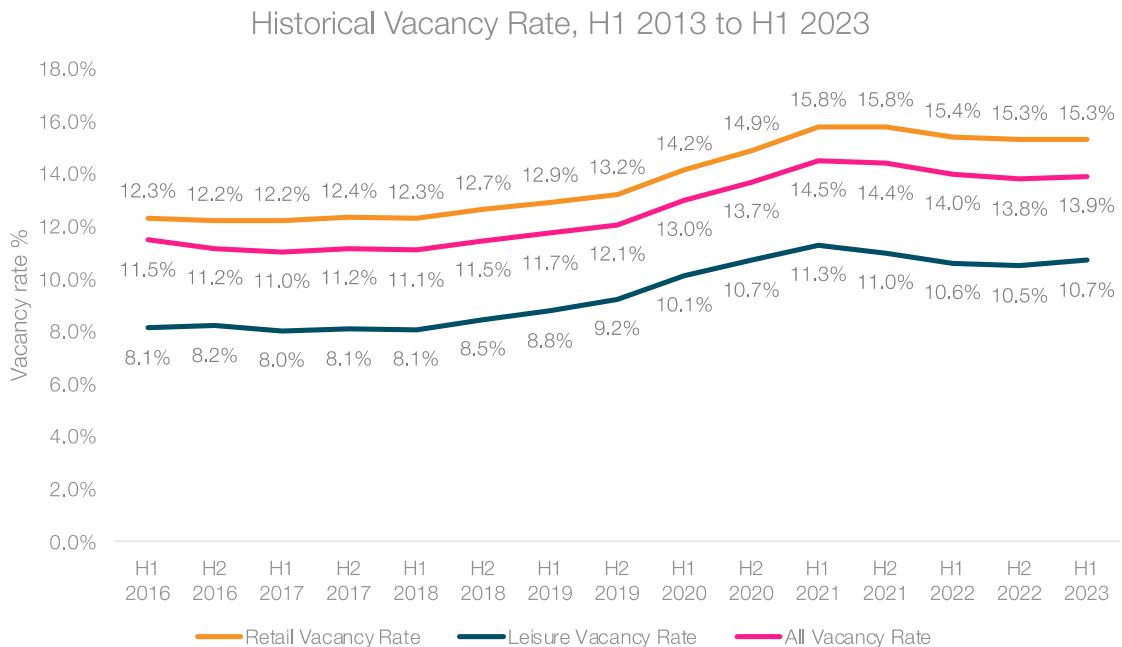
**How do these statistics vary across the UK?**

- The analysis shows a regional disparity across the UK, with just 4% of empty stores in Yorkshire re-let in six months, along with 5% in the East Midlands and North-East, compared to 13% in the South West and Greater London.
- All regions saw a drop in their percentage re-occupancy figure, with Scotland (-5%) and South West (-8%) the most resilient regions.
- Across the regions, the North East (-20%), East of England (-19%), South East (-18%) have seen the biggest drops in terms of percentage of vacant units reoccupied within 6 months.



**Vacancy rate data – the wider context**

- The national vacancy rate is currently at 13.9%, having risen for the first time in Q2 2023, due to the challenges occupiers and landlords are facing with high inflation and cautious consumer spend.



- The pandemic had a seismic shift on the market, with vacancy rates peaking at 14.5% in Q2 2021, a 2.2% rise on pre-pandemic levels in Q1 2020.

- Retail parks have seen the quickest recovery, with vacancy rates currently -0.2% below pre-pandemic levels. High Streets (+1.5%) and Shopping centres (+3.5%) lag behind.
- Vacancy rate by business type shows both retail and leisure occupiers have struggled since 2017 with CVA's and administrations as well as the pandemic impacting trade.
- The leisure vacancy rate has faced greater pressure from the recent economic challenges, staffing issues and energy bills, with the vacancy rate starting to increase again.
- Overall, the vacancy rate data shows the surplus in retail space across the country with the North-West the only one to see vacancy rates lower than what they were in H1 2017.
- Scotland (+3.5%) was the region that was impacted the most from the pandemic.

Persistent vacancy rate

- All location types continue to see a rise in the number of units vacant for over three years, with this a sign of the need for vacant space to be converted into other uses.
- Shopping centres have the biggest challenge, with 6.9% of all shopping centre units not only vacant, but vacant for longer than three years. This is up 2.6% when compared to H1 2017.

