



AN OVERVIEW OF THE LATEST TRENDS IN THE DERBY RETAIL SECTOR

It will come as no surprise for me to say that the past 18 months have been an uncertain time for the high street, but it isn't all doom and gloom, far from it in fact. You will be pleased to hear that the high street isn't "dying" like the media tries to make us all believe, it is rather "changing" or "repurposing". As we approach the end of the year, I thought it would be interesting to share some of my views on the trends I have witnessed in Derby's retail and leisure sector over recent months.

Repurposing of City Centre Buildings

Freehold multi-storey retail properties have become increasingly popular with local investors. Investors have become much more creative in finding ways to produce income from their assets and we are seeing a rising number of our clients convert upper floors of city centre retail properties into residential accommodation. Not only does this repurpose vacant and redundant commercial buildings and bring more life to our high street, it also allows landlords to lower the rental values on the ground floor commercial space.

Increased Activity from Local Businesses

Since Covid-19 hit, we have witnessed a lot of activity at the smaller end of the retail and leisure market, particularly in units with rental values of £25,000 per annum and under, with the majority of enquiries/take-up coming from local independent businesses and new start-ups. As a result of historically "expensive" high street rents becoming a thing of the past, these businesses who once couldn't afford high street locations are now able to, which will begin to create a nice pairing with the larger brands occupying the shopping centres.

Business Rates

Business rates are still an issue for high street properties. It would seem that although rents have decreased to a somewhat affordable level for smaller occupiers, rateable values have not followed suit. I am finding that the rates payable on a property can often be its main cause of continuous vacancy, and although the further rates reduction announced in Rishi Sunak's latest budget speech will be a big help for retail and hospitality businesses, it simply isn't enough to encourage them to sign up to 5 – 10 year leases and create the longevity on the high street that it needs.

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Regeneration

It would appear that the Derby high street is very convenience led at present. I think this is partly due to the fact that the city lacks high specification central office buildings and city centre living. Delivering these would create an influx of businesses/people walking the streets which would be hugely beneficial for Derby. I am pleased to see that the city's current regeneration projects seek to do this. The steelworks are now out of the ground for phase 1 of Derby's £200m Becketwell Regeneration, which is to include 259 build to rent apartments on the former Debenhams site. Phase 2 will see the construction of a 3,500 capacity performance and conference venue, and future planned phases of the scheme include a range of other uses of the site, including Grade A offices and commercial space, a hotel and multi-storey car park. This scheme will hugely revitalise this long neglected area and improve the overall vibrancy and attraction to the city.

Alongside this, I had the privilege of a personal tour around Derby's Nightingale Quarter development by Wavensmere Homes. Situated on the site of the former Derbyshire Royal Infirmary, the site offers a range of 1, 2 and 3 bedroom new build homes and apartments, available to both rent and buy. I was pleasantly impressed by the quality of product and was pleased to hear that the development has received copious demand from local investors, young professionals and highly skilled workers, which again will positively impact activity in the city, being just a 5 minute walk away.

So what will the future high street actually look like? I believe city centres are becoming mixed use destinations – spaces where people can live, shop, work, relax, learn and be entertained, all in one place. Town and city centres have responded to challenge throughout their history and they can certainly do it again.

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