

This is the first in an occasional series of research papers focusing on footfall on our high streets. The aim is to monitor and analyse changes in footfall over time and thereby provide an insight into how the UK's high streets are performing during these difficult times.

## High Streets Losing Out in The Battle for Customers

### EXECUTIVE SUMMARY

- High street footfall has fallen, on average, by more than 10% in just three years (excluding Central London).
- Footfall has declined particularly rapidly during the second half of each year (H2), which includes the important pre-Christmas run-up.
- Footfall on primary high streets has, on average, fallen at double the rate of that for secondary streets, albeit from a much higher base.
- There are huge differences in footfall between the strongest and weakest high streets, suggesting that local factors may be as important as national ones.

### INTRODUCTION – A 'PERFECT STORM'

With the economy flatlining and the 'cuts' now beginning to hit home, the disposable incomes of households are falling fast and are not expected to recover any time soon. As a result, shopping is coming under increasing pressure as an activity and an avenue of consumer expenditure.

Whilst all retail sectors are suffering to varying degrees, it is the traditional high street that is experiencing the most pain, since it is being buffeted by a 'perfect storm' of stalled national economic growth, accelerating online spending, multiple retailer branch consolidation and impact from out of town retail, including the supermarkets.

Recently this 'property' problem has come under the wider media spotlight, triggered by the Prime Minister's appointment of TV celebrity Mary Portas to lead a review aimed at halting the 'decline of the high street'. Many commentators are now talking openly about structural changes to the retail property market, locational obsolescence and failing towns.

### FOOTFALL AS A PERFORMANCE INDICATOR

Monitoring vacancy rates has long been a principal means of measuring the 'health' of the high street. But this is primarily focusing on the 'effect' of decline rather than the 'cause'. Quantifying actual consumer retail expenditure at individual centres represents the ideal measure, but this data is simply not available. The second best measure is footfall, which is an indicator of potential spend. Even this information is difficult to generate, certainly across many locations on a consistent basis.

Fortunately, Colliers International has been given access to time-series footfall data produced by Springboard. This covers numerous electronic count points along the nation's high streets<sup>(1)</sup>. The data is not exhaustive, but it is probably 'as good as it gets' in terms of measuring changing pedestrian flow levels at different locations over time.

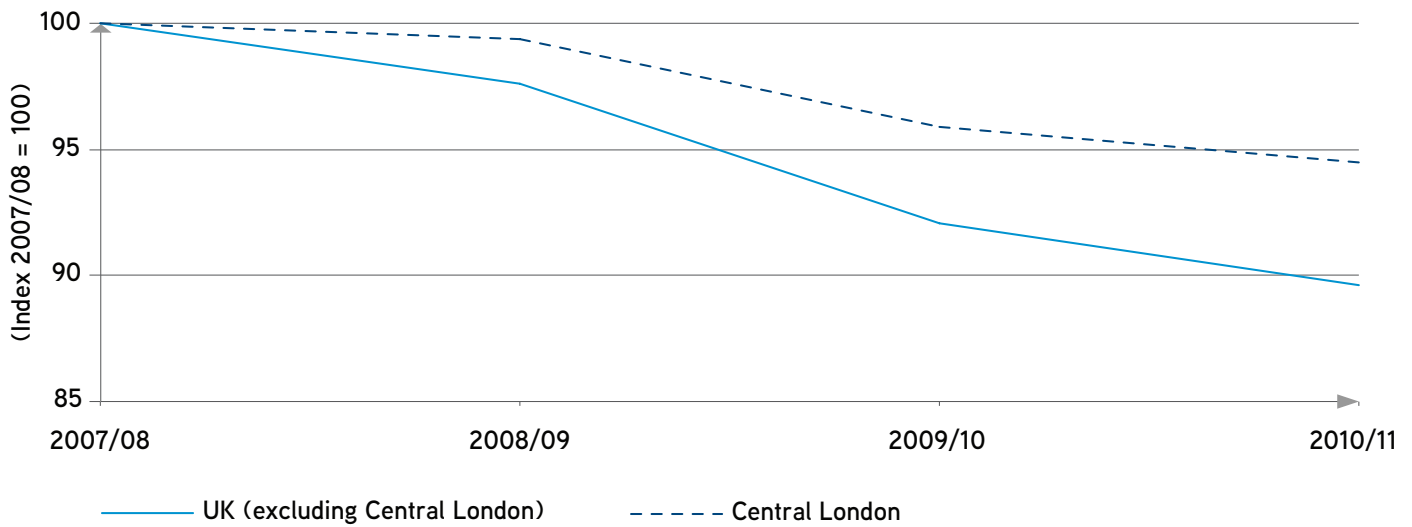
Typically, published footfall figures compare activity levels over short time periods, such as one week against the previous week or at best month on month. These figures are susceptible to impacts such as variable weather conditions and the timing of Easter or other key events. In this paper, we seek to overcome these limitations by focusing on longer term trends and quantifying footfall levels by half year (i.e. January to June inclusive (H1) and July to December inclusive (H2)). So what do the footfall figures tell us about the health of our high streets and are any patterns emerging?

<sup>(1)</sup> The data excludes count points in purpose built shopping centres.



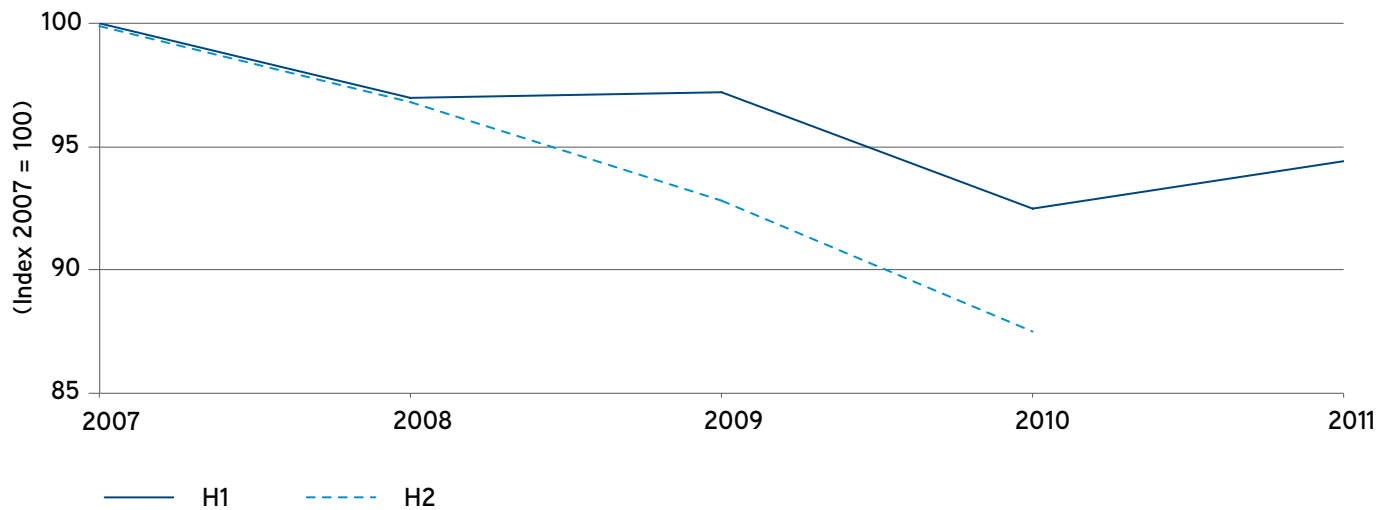
A version of this paper was published in the *Retail Supplement* of *Estates Gazette* on 10 September 2011.

FIGURE 1: CHANGE IN HIGH STREET FOOTFALL, CENTRAL LONDON VS REST OF UK



Source: Colliers International/Springboard

FIGURE 2: CHANGE IN HIGH STREET FOOTFALL, H1 VS H2



Source: Colliers International/Springboard

**NATIONAL TRENDS**

Not surprisingly, the top line result is that high street footfall across the UK has fallen by 8.0% since the onset of the recession. However, the decline has not been uniform over the past three years (2007/08 to 2010/11); in Central London flows are down just 5.5%, whilst for the rest of the UK the decrease has been almost double at 10.4% (see **Figure 1**).

Particularly noteworthy is the variation in changing high street footfall by time of year as shown in **Figure 2**. During January to June inclusive (H1), footfall has fallen by 5.6% since 2007, yet during July to December inclusive (H2), levels are down by a much more substantial 12.5%. This suggests that high streets are losing the most potential customers during the all-important pre-Christmas sales period. The implication is that purpose built shopping centres in town, together with out of town malls, retail parks and supermarkets, are capturing an increasing share of the action at the busiest time of year for retailers.

Certainly there is evidence that void rates are lower in the majority of shopping centres than in our high streets<sup>(1)</sup>. The single ownership model of almost all shopping centres facilitates better active management and improvements, whilst the multi-ownership of high streets often acts as a barrier. In addition, many of the newer and larger in town shopping centres have become the principal location of retail activity in a town and this generates high levels of pedestrian flow.

**PRIME VS SECONDARY LOCATIONS**

There is one big surprise in the footfall data. Over the past two years average flows in prime locations have fallen by 12.5%, yet the flows along secondary frontages have decreased by only 6.1%<sup>(2)</sup>.

Although prime footfall levels are, on average, around double those for secondary – and therefore have much further to fall – the figures are nevertheless counter intuitive to the general presumption that prime

<sup>(1)</sup> Empty shops. What does the future hold for town centres? BCSC, 2011.

<sup>(2)</sup> Prime is defined as the count point with the highest absolute flow of shoppers in a city or town centre. Secondary is defined as the count point with the lowest absolute flow. Only city or town centres with two or more count points are included in this analysis.

retail has outperformed secondary in recent years. This suggests that even prime high streets cannot afford to become too complacent during the current economic difficulties.

A potential explanation is that it is the purpose built shopping centres that are increasingly pulling-in the shoppers (witness the one million shoppers that visited the new Westfield Stratford during its first week of opening) and this is leaving the traditional high streets – even major thoroughfares – to battle it out for an ever dwindling number of customers. In terms of changing footfall levels, the major distinction is perhaps not so much prime vs secondary as shopping centre vs high street!

### THE IMPORTANCE OF LOCAL FACTORS

The changes in footfall over the past couple of years have been even more pronounced between individual high streets as illustrated by the 'dash board' in **Figure 3**. Although national factors (e.g. the economy) are clearly important in determining footfall levels, the huge variation in performance suggests local factors must also carry considerable

weight. For example, new in centre retail development can have a major effect on pedestrian activity along particular streets by shifting the centre of 'retail gravity' within a city or town centre.

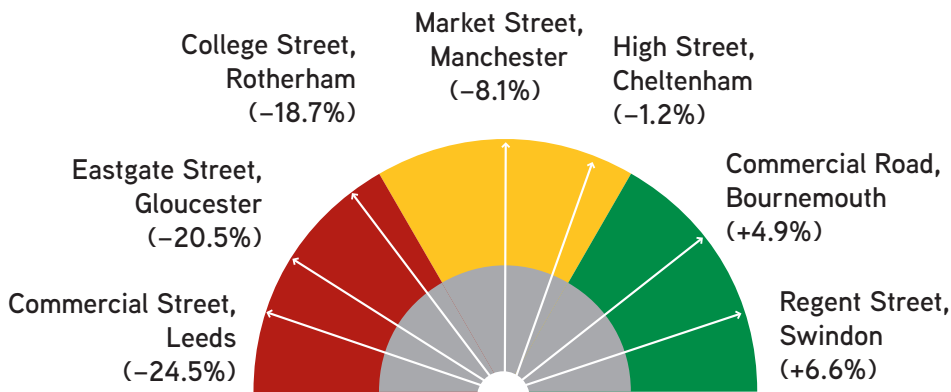
### CONCLUSION

Footfall is a good but under-researched measure of the health of a centre. Levels have fallen along most of our high streets in recent years, especially outside of Central London, mirroring the trends in other indicators such as voids and rents.

To halt the decline of the high street as a retail destination, falling footfall levels have to be reversed. This will require an improvement in the economic fortunes of country and consumer. In addition, national planning policy must continue to support in centre retail development over out of centre. High streets must also be made more desirable places at which to shop or carry out other activities, with particular attention being given to streets that find themselves out of favour following the opening of a new purpose built shopping centre.



FIGURE 3: CHANGE IN ANNUAL FOOTFALL, 2008/09 TO 2010/11, SELECTED HIGH STREETS



Source: Colliers International/Springboard

Springboard provides automated customer counting services across the UK. The company has provided Colliers International with footfall data for a large number of high street locations dating back to 2007. The analysis and interpretation of the data for this paper is the work of Colliers International. Time-series footfall data is derived by comparing an identical set of count points throughout the assessment period.

**NEXT TIME**

In future papers we intend not only to update the footfall data and report on the latest trends, but broaden out the analysis by examining the relationship between changing footfall and other indicators of high street retail performance such as rental levels and void rates.



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