

## **Scottish high streets lose 148 stores in 2017 - up from 112 in 2016, with no town immune, says PwC and The Local Data Company**

- 142 store openings in 2017 offset by 290 closures across Scotland
- 3303 stores were in business in Jan 2017 with 3155 in business 12 months later
- Scottish net change of -4.48% highest in Britain, followed by North-East England with -4.31%
- Across Britain, there was a net loss of 1,772 stores. Average net change of -2.57%

During 2017, 290 Scottish high street retail outlets closed their doors - a rate of over five stores a week, according to PwC research compiled by the Local Data company (LDC).

This rate was marginally offset by 142 openings, however it wasn't enough to stem the tide with a net loss of 148 stores noted over the 12 month period. This is a 32% uplift from 2016 - 366 outlets closed and only 254 opened, resulting in a net loss of 112 stores.

Across Great Britain's high streets, 5,855 outlets closed last year - a rate of 16 stores a day. This is a marginal increase on the 2016 picture where 15 stores closed every day (5,430 outlets), making it the second consecutive year the number of closures have risen.

### **Scotland**

During 2017, no town was immune to the trend of high street loss, reflecting a tough trading environment including a slowdown in consumer spending and rising staff and business rates costs. Other challenges included a slowdown in food and beverage growth as consumer confidence reached a four year low in December 2017 (*Source: GfK*).

Some bright spots remain, however, such as the Co-op's £160m expansion plan which could see up to 18 new stores opening in Scotland in 2018 and multi-million pound shopping centres due to launch in Glasgow and Edinburgh city centres by 2020.

In terms of category, the largest number of closures came from fashion shops, banks, convenience stores and travel agents. There was, however, some growth on the high street with cafes and tearooms and restaurants and bars among those showing the highest increase in net store numbers in 2017.

Lindsay Gardiner, regional chair for PwC in Scotland, said:

"2017 has proved to be one of the toughest trading periods Scottish retailers have experienced in years - borne out by a 32% rise in store closures with high street names such as Twenty One going into liquidation and others such as New Look and Prezzo closing outlets.

"And so far this year, there's been little sign of this pressure letting up with the 'beast from the East' and ongoing cold snaps taking their toll alongside other adverse business factors.

"Online trading continues to be a significant factor in this shifting landscape - and not just in familiar areas such as fashion, food, books and music. Increasingly banks, travel companies and estate agents are feeling the digital pinch. However high street closures tend to be due to more complex structural and cost efficiency planning than the overall market environment, with consumers increasingly looking to interact with their service providers via apps or websites.

"Those retailers who can successfully keep pace with consumers by merging the experience of shopping online and in-store in a polished and smooth way, will see the rewards in their sales performance. For example, having a strong store presence for browsing and returns, and strong online for purchasing. Savvy retailers could also perhaps consider in-store Wi-Fi to allow customers to view product videos and research reviews."

**Table 1. Opening and closure of Scottish multiple retailer units, FY17**

Scottish town	Number of stores Jan 2017	Number of stores Jan 2018	2017 net change	Openings	closures
Aberdeen	479	463	(16)	24	40
Edinburgh (incl Leith)	1056	1027	(29)	44	73
Glasgow	930	87	(53)	41	94
Perth	165	152	(13)	4	17
Ayr	175	14	(11)	8	19
Dundee	239	225	(14)	12	26
Falkirk	136	129	(7)	5	12
Paisley	123	118	(5)	4	9
total	3303	3155	(148)	142	290

(Source: Local Data Company)

The analysis of the top 500 town centres in Great Britain included 67,157 outlets run by retailers with more than five outlets across the country. It found that overall volumes of activity (openings + closures) have plummeted from a record 13,109 in 2012 to 9,938 in 2017 (-24%), although 2017 activity was up slightly compared to 2016 when 9,964 outlets opened or closed.

**Table 2. Top risers and fallers by business type in Scotland 2017**

Risers	Net Change	Fallers	Net Change
Chinese fast food takeaway	50%	Clothes shops - women	25.5%
Cafe/ tearooms	28.6%	Travel agencies	17.2%
Restaurants and bars	8%	Banks/financial institutions	14.4%
Recruitment agencies	5.1	Shoe shops	8.5%
Restaurant (Italian)	4.4%	Mobile phone shops	8%
Sports goods shops	4.4%	Convenience stores	7.5%
Coffee shops	2.9%	Fashion shops (general)	7.3%

Source: Local Data Company (risers rated on highest level of openings/fallers by highest level of closures)

**Table 3. Openings and closures of multiple retailers by region across the top 500 GB town centres in 2017** (Source: Local Data Company)

Country/English region	Number of store openings	Number of store closures	2017 net change
East Midlands	271	399	-128
East Of England	297	481	-184
Greater London	1,118	1,454	-336
North East	116	216	-100
North West	340	515	-175
Scotland	142	290	-148
South East	713	898	-185
South West	359	511	-152
Wales	104	157	-53
West Midlands	338	482	-144
Yorkshire and the Humber	285	452	-167
<b>Total</b>	<b>4,083</b>	<b>5,855</b>	<b>-1772</b>

Lucy Stainton, Senior Relationship Manager (Retail), The Local Data Company, said:

“There is of course no doubting that we are experiencing a period of great change in retail, and the question around the relevance and role of stores is still very much on the industry agenda. LDC’s latest figures show that there continues to be a vast amount of churn across the physical landscape and, whilst the gap between openings and closures has widened slightly in 2017, we are seeing certain sub-sectors really gain traction.

It is this ‘re-occupancy’ and evolution of the use of space which is most striking, as banks become coffee shops, pubs change to nurseries and nail salons open in the space vacated by fashion shops. In 2017, the sub-sectors with the highest growth rates largely have ‘experience’ in common, as consumers are still very social and want to engage with their high streets and physical space in a way which perhaps replaces traditional shopping activities, some of which has moved online. Likewise, these corners of the retail landscape play well for consumers looking for more affordable luxuries as consumer uncertainty persists and spending remains of a cautious nature.

“It is also interesting to note that despite the onslaught of digital and audiobooks, readily available via the likes of Amazon and Apple, booksellers are on the list of 2017 ‘risers’. Perhaps unexpected but then again does this suggest there is hope for more traditional retailing of physical products, if done well.

“For 2018 we predict there will be continued green shoots of growth across almost all sub-sectors, visible beneath the headline trends, as newer entrants and younger brands take this ‘shake out’ as an opportunity to pick up available property. Businesses with a relevant proposition and a strong understanding of their customer can absolutely still thrive in the right locations. Equally more established brands who continue to tweak their offer and innovate on the way through will no doubt see positive results and retain their valued place on our high streets.”

### **Regional commentary:**

Kevin Reynard, office senior partner for PwC in Aberdeen said:

“Aberdeen and the North East is a vibrant place to live and work and our retailers play a significant role in our communities. However, it’s would be fair to say that the last few years have not been the easiest for them as well as other sectors in the North East. And UK-wide issues such

as the dampening impact of Brexit-related uncertainty on business investment and the squeeze on consumers are certainly making themselves felt.

“While we’ve seen Oil and Gas firms working hard and innovating to ensure they are fitter for the future, it’s important that the region continues to broaden its economic reliance with other sectors such as food and drink and life sciences growing and taking some of the strain.

“With household names from All Bar One to ice cream manufacturer, Mackies, confirming moves into the multi-million pound Marischal Square development, here’s hoping that Aberdeens retail prospects are turning a corner in 2018.”

Commenting on the trend across Dundee and Perth, Susannah Simpson, PwC private business partner, said:

“While there is no escaping the fact that it has been a tough year for both cities, there is still a lot to be positive about.

“Dundee waterside continues to be a hive of activity with passing shoppers sure to be impressed by the emerging V&A building and the extensive train station development which will incorporate cafe facilities and a new Sleeperz hotel, alongside plans for further hotel, office, residential and retail outlets in site six, north of the V&A.

“And Perth is by no means the poor cousin. Exciting plans to create a new leisure hub at Mill Quarter in the heart of the city with a mix of bars, restaurants, shops and a cinema will bring a welcome economic boost and hopefully encourage further investment across the region in 2018 and beyond.

“It is the optimism sparked by these types of wider developments which can cement the demand for bricks and mortar retail outlets in addition to the move to digital offerings.”

**Ends.**

#### **Notes to editors**

1. \*Multiples are retailers that have more than five outlets nationally
2. The analysis is derived from The Local Data Company visiting the top 500 town centres. Each premises was visited and its occupancy status recorded as occupied, vacant or demolished. Vacant units are those units, which did not possess a trading business at that location on the day we visited it. Internal shopping centre data is included where we have had cooperation from the landlord. The total number of multiples premises surveyed was 67,157.
3. The town centre is defined as per DCLG’s definition of the retail core. Scotland has no official retail core geography so the geography taken is the postal town area where not specified otherwise. Net change is openings less closures. The percentage change is derived from the net change figure relative to the total number of live multiple businesses.
4. The closures by day figure is the total number of closures divided by 365 i.e. days in 2017 (365).
5. Retail parks are retail warehouses with three or more adjoining units. Shopping centres are groups of shop clustered together under one cover with ten or more units.