



MONTAGU EVANS TALKS...

GREEN SHOOTS FROM THE TRADE COUNTERS FUELLING THE RE-OPENING OF UK PLC

Pre-virus demand for trade counters had been out-stripping supply year on year since 2016. With a backdrop of limited development pipeline, an acute shortage of supply particularly in London and the South East, primarily due to competition from residential development, the sector has seen significant rental growth with record rents being set on a regular basis.

On lockdown around half of the top 50 trade operators closed temporarily to assess government advice. National multiples such as Screwfix and Toolstation remained open as 'hardware stores' with social distancing practices in place for customers and staff. Operators providing supplies to essential services remained open including electrical suppliers such as City Electrical Factors and Edmundson Electrical and plumbing and heating suppliers such as City Plumbing Supplies and Wolseley.

WHAT WE'RE SEEING NOW IN THE OCCUPIER MARKET

In the weeks that have followed, Montagu Evans have been tracking the store openings of the top 50 trade operators on a daily basis for our major trade clients. We have seen momentum build steadily amongst national trade occupiers who have all now re-opened. Occupiers such as Howden Joinery went from full closure of their UK network on lockdown to re-opening their entire 700+ depot network in a matter of weeks. Other kitchen suppliers such as Benchmarx and Magnet and occupiers such as Selco, Crown Paints and Dulux have followed Howdens in re-opening their stores. The pace that occupiers have re-opened their depot networks has been impressive.

It is of no coincidence that the re-opening of national builders merchants such as Travis Perkins, Jewson, Buildbase and MKM occurred at the same time as the major housebuilders returned to their construction sites. The trade sector provides the supplies that fuels our house building industry, our commercial construction sector, our government infrastructure projects and of course the DIY sector which has seen a significant boom during lockdown as the nation used the time to invest in a multitude of home DIY tasks.

Whilst Screwfix have remained open throughout the crisis, B&Q, their retail sibling in the Kingfisher Group, initially closed all of their stores on lockdown. B&Q have also now re-opened all their stores with social distancing measures in place similar to those we have seen in supermarkets. B&Q's decision to re-open their stores followed the demand they and their immediate competitors Homebase and Wickes had been seeing via their websites. Online queues had become the norm to accessing these websites before orders could be selected.

A MULTI-CHANNEL APPROACH

Most trade operators have an established multi-channel approach to sales with extended opening hours and improved stock levels at their trade counters working in tandem with quick ordering and delivery, whether that be from the warehouses or via their websites which are now as sophisticated as those of the most successful online retailers. Within the trade sector we have seen those with the most advanced online platforms adapt the quickest to ramp up their online ordering



capabilities to provide 'Click and Collect' services to the trade whilst maintaining home delivery services to the public.

With occupiers having re-opened in advance of lockdown easing measures, this is anticipated to breathe some early confidence into the sector. Occupiers will be seeking to capitalise on household expenditure being centred around DIY and home improvements with surplus income being saved from delayed house moves and larger ticket items such as cancelled foreign holidays. Whilst trading performance will be closely monitored over the coming weeks, early indications suggest that a number of national trade operators are scheduling new store openings before the end of the year, with further depot expansion programmes in 2021 and beyond. Montagu Evans will be working closely with the sector's major landlords and tenants to produce creative leasing solutions and outcomes across our specialist trade agency and lease advisory functions.

RESILIENCE AND RECOVERY

Looking back to look ahead, the trade sector was one of the most resilient and robust property sectors throughout the previous recession. The sector emerged from that experience on a platform of strength and stability that sowed the seeds for the growth that followed for occupiers and investors. From essential services to construction to maintenance to DIY the trade sector is at the forefront of fuelling our economy as it begins to reopen. Over the short to medium term we fully expect that the sector will once again weather the storm better than most and retain its status as one of the most sought after asset classes in the UK property market.

TALK TO ONE OF OUR SPECIALIST TRADE COUNTER TEAM.



STEVE MCDONALD

IS A **PARTNER** SPECIALISING IN
INDUSTRIAL AND TRADE

M 07768 034 155

E steven.mcdonald@montagu-evans.co.uk



ANDREW VEITCH

IS A **PARTNER** SPECIALISING IN
INDUSTRIAL AND TRADE

M 07826 947 321

E andrew.veitch@montagu-evans.co.uk



MOHAMMED QAMAR

IS A **SURVEYOR** SPECIALISING IN
INDUSTRIAL AND TRADE

M 07770 331 038

E mohammed.qamar@montagu-evans.co.uk

SUBSCRIBE
TO READ
MORE