

Insights

UK - COVID-19 - BCLP RETAIL INSIGHT: THE WEEK THAT WAS, VOL 11

Nov 20, 2020

SUMMARY

This week the BCLP Retail team highlights a blog by our Planning & Zoning team on the recent High Court dismissal of a challenge to the recent changes to the Use Classes Order and General Permitted Development Order. We also consider a possibility for high street revitalisation through office conversions, discuss the influence of retail pricing on inflation and look at prospects for retailers in the coming holiday season. Also included is the most recent update to our timeline of sector-relevant measures.

Full steam ahead for Use Class reform

Our Planning & Zoning team gives a detailed [analysis](#) of the outcome of the legal challenges to the Use Classes Order and General Permitted Development Order amendments in the High Court. In rejecting this claim, the High Court applied strict principles of judicial review, examining only the process of a decision rather than its merits. The new, wider Use Class E will provide greater flexibility for both landlords and retailers, a change many hope will help struggling high streets to adapt and repurpose, where required. The key is to ensure that this is done responsibly and in a way that works best for the communities they serve. The claimant has issued a statement saying it intends to appeal.

Will offices save the high street?

Retail has long needed to evolve to keep up with customer needs and technology, but could this extend to business moving away from retail all together? Recent reports indicate that some retailers are considering transforming parts of their retail premises into office space. Experts have praised these plans, arguing that modern retail space is often under-utilised and dated. New offices could bring footfall to struggling retail areas, and create a buzz around tired high streets. It is also predicted that post-pandemic working arrangements will tend towards flexible spaces and smaller office hubs. Smaller offices, which are part of mixed-use developments, will be well placed to meet

this need, potentially helping to solve the current difficulties faced by both office providers and retailers.

Retail Prices drive up inflation

Inflation rose at a higher rate than expected last month, primarily due to retail. October saw rising prices of food, clothing and furniture. Consumer price inflation was 0.7% up, which is an increase from 0.5% and exceeds forecasts of 0.6%. Despite summer sales, clothing and shoes were the main cause of the increased prices as cut price items were replaced with winter and autumn ranges at full price. Food inflation alone went from -0.1 per cent to 0.6%. It is expected that this trend may continue this month as supermarkets cater to rising lockdown demand. This marks a recovery from recent pandemic dips, but is below national targets of 2%. Experts predict that it will take several years for inflation to meet this target. In the short term, analysts expect that inflation will remain low. However, there is hope that there will be a sharp spike in the second half of next year, buoyed by recent vaccine successes.

Golden Ticket

The “golden quarter” is a key period in all retailers’ calendars, being the 3 month run-up to Christmas when retailers traditionally make a large proportion of their revenue. This year, bricks and mortar retailers are having to grapple with the current lockdown resulting in the closure of non-essential stores for a large chunk of the quarter, plus the cost and impact on store layout to create Covid-secure stores. This will no doubt have a massive impact on their trading figures for this period. Despite predictions of an overall reduction in consumer spending over Christmas, a higher proportion of that spending than normal is expected to take place in local stores.

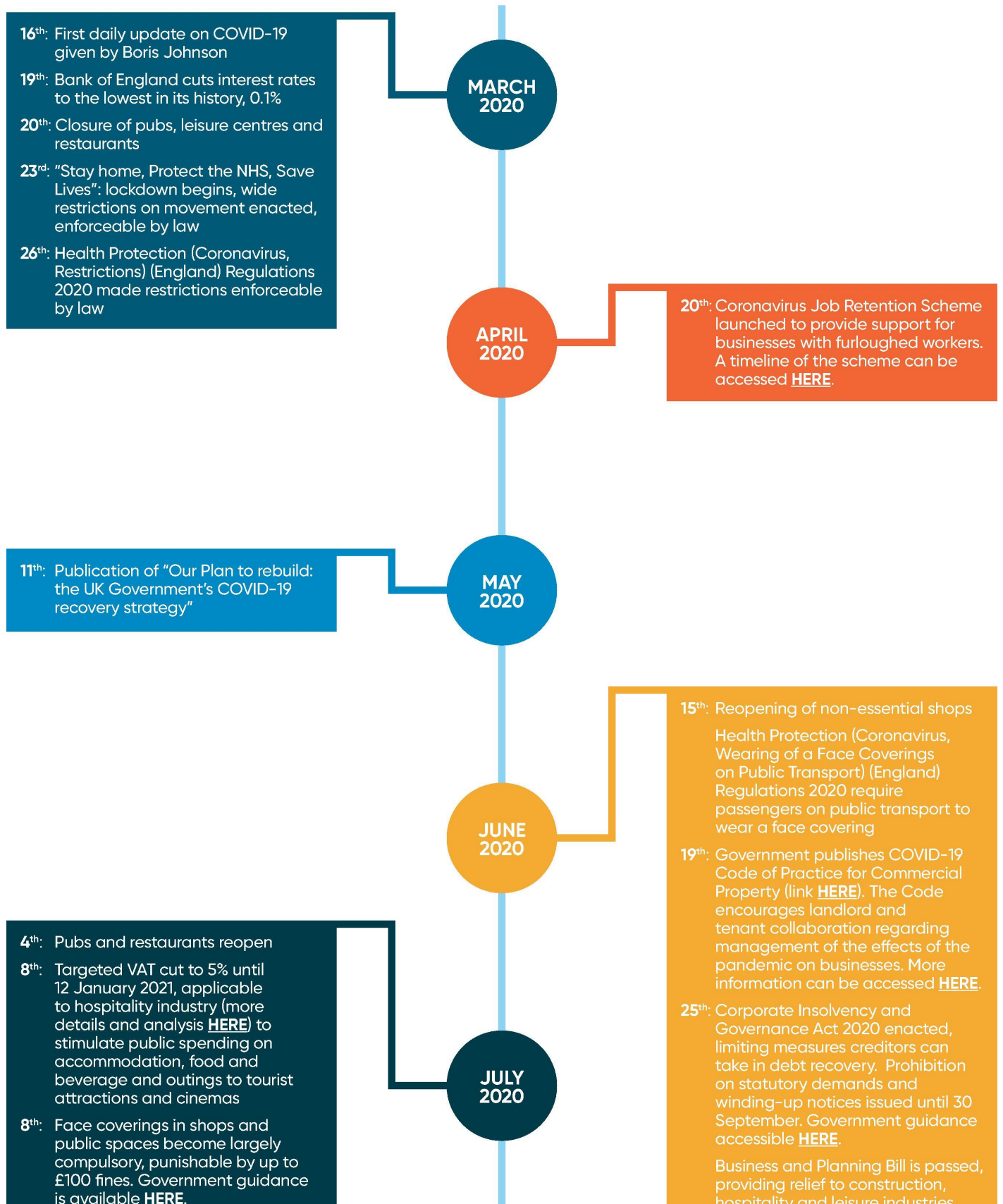
Retailers also face uncertainty as to what restrictions will be in place following the (potential) lifting of the English lockdown on 2 December, as well as the current lockdown measures in Scotland, Wales and Northern Ireland - making it difficult for businesses to plan for the pre-holiday period.

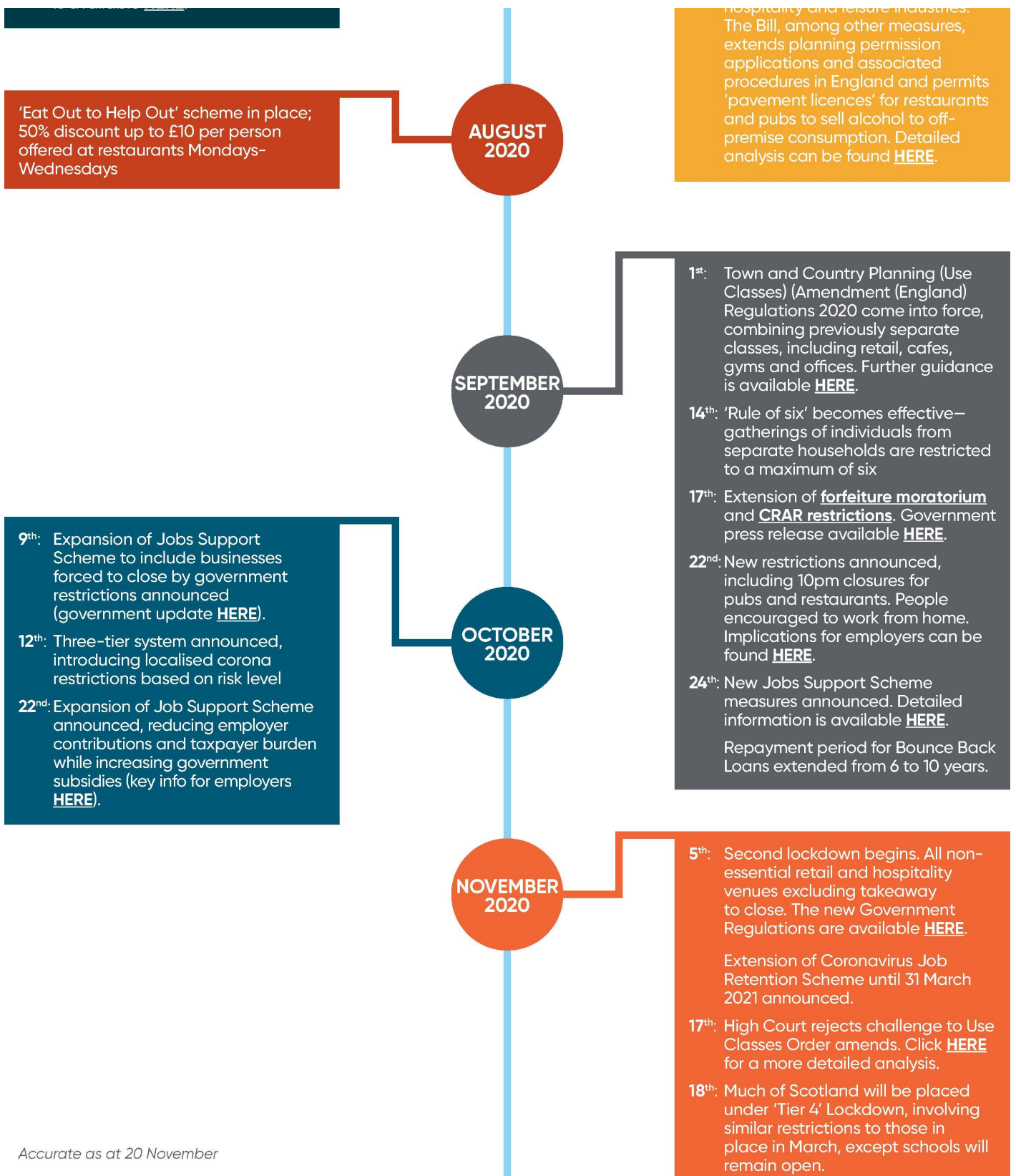
Updated Timeline of Real Estate Relevant Covid-19 Measures

This timeline is accurate as of November 20, and will be updated on a rolling basis.

UK – COVID-19

Relevant Measures for Real Estate





Please do get in touch with the BCLP Retail Team if you have any queries regarding the topics raised in this bulletin. This bulletin was co-written with Trainee Solicitors Madeleine Lofchy and Naomi Hoggett.

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