



Primark driving change at the eastern end of Oxford Street

The discounter is one of the key retailers revitalising the once down-at-heel area of the street. By Simon Creasey

Some people are calling it a renaissance, others refer to it as a revival – whichever word you choose, the recent regeneration of the eastern end of Oxford Street is nothing short of miraculous when you consider that just five or so years ago it was in the doldrums.

The recession wreaked havoc on the area, which had always been compared unfavourably with the western half of the street, with its glittering array of department store tenants. But then in 2010, something started to happen. At first the changes were barely imperceptible, with a small but growing number of new tenants signing up for units, attracted by zone-A rents hovering around the £275 mark. Today, according to Savills, zone-A rents are around £500 – a 78% uplift in just five years. And that's not all. Around 450,000 sq ft of new retail space is due to be completed over the next five years and retailers are falling over themselves to sign up for prelets.

So what has driven the resurgence of Oxford

Street east and what are the major challenges standing in the way of its ongoing reinvention?

Ask a West End retail expert to explain the revival of the eastern end of Oxford Street and you might expect them to cite the 2018 opening of the Crossrail station at Tottenham Court Road, which is expected to generate a 252% uplift in monthly footfall figures. Or Almacantar's ambitious plans for Centre Point. Or the series of other high-profile developments that have been touted for the area.

However, the somewhat surprising, but almost unanimous response to the question 'what has been the main driver behind the street's Lazarus-like recovery?' is the presence of a certain fashion discount retailer.

"The catalyst has been the arrival of Primark in the Oriana development by Frogmore and Land Securities," says Steven Stedman, senior director in CBRE's central London retail team. "People might say 'oh my God, Primark', but Primark is a very good footfall driver."

The retailer moved into the 141,000 sq ft store in 2012 and has traded so well that it is having a 40,910 sq ft extension built, which will be ready in 2016.

It is not the only retailer that has driven the area forward, however. Zara, which is considered another key influencer ("where it goes, others follow", says one retail expert) took a prelet on 35,000 sq ft of space at 61-69 Oxford Street, in a development by Dukelease scheduled to open later this year. It is rumoured that the fashion retailer set a new rental benchmark for the eastern end of the street by paying £500 zone-A. While some retail commentators think this level might be a little bit topsey, Dan Hildyard, director at Harper Dennis Hobbs, disagrees.

"No one knows the street better than Zara. They took the lead and paid what was seen to be a high rent, but by the time they open that store it will prove to be a reasonable deal in comparison to other ongoing acquisitions and developments."

That is because the grand opening of Crossrail in 2018 will have inched a little bit closer. The Crossrail station at Tottenham Court Road might have been expected to have had an impact before now, but it is only recently that the potentially transformative impact has become 'real', says Stedman.

"Suddenly, spades started to go into the ground and people realised if the footfall figures were true and that by 2025 you'll have 100 million people walking out of Tottenham Court Road and Dean

Street, then this end of the street is going to be as busy, if not busier, than Oxford Circus because it doesn't have a Crossrail stop," he says.

As a result, it's anticipated that rents will continue to grow, with Oxford Street east starting to close the gap with the western half of the street, where zone-A deals in the region of £900 have been achieved.

A disparity already exists in the eastern half of the street, which Sam Foyle, director of retail at Savills, splits into three sections. The first chunk runs from Oxford Circus to the Marks & Spencer (M&S) store (there's no recent rental evidence for this area, but some retail experts believe £900 zone-A might be achievable closer to the Circus). The second section runs from M&S to Great Chapel Street, which historically has commanded in the region of £425 zone-A. Finally, there is the section encompassing the Primark store and Tottenham Court Road tube station.

"Since 2010, rents have grown by 78% in that area, which is a huge step," says Foyle. "Rents are continuing to accelerate and there are deals that will be moving in excess of £500 there."

That shift will be driven by the growing queue of retailers looking to take space on that part of the street, continues Foyle. "Retailers that have multiple stores west of Oxford Circus are now considering

opening a store east of the Circus," he adds.

Despite this anticipated influx of new tenants to the area, some property pundits question whether not rental growth will continue to accelerate at the same rate as over the last few years.

"A lot of where we've got to is in preparation of what's potentially coming with Crossrail," says Paul Souber, head of retail agency at Colliers. "The next chunky uplift will probably only come once that potential is realised in terms of footfall, people coming through the doors and spending."

There is also a danger that landlords could undermine the recent hard work that has been done to revive the area by demanding too much from prospective tenants.

"Oxford Street is made up of more independent landlords," says Hildyard. "So rents are driven much harder there than the estates within London; it's all about the tenant-management mix of the whole street and I think that will always be the difficulty of the danger of rents rising too quickly for sustained organic growth."

Development activity will, to some extent, address this issue as developers piece together sites under disparate ownership to deliver the larger store footprints that retailers demand. In doing so, they consolidate ownership of the street and make it much easier for parties with a vested interest to deliver on the future vision of a thriving retail hub that has the potential to rival anything the western half of Oxford Street can throw at it. ■

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