

OUTLET CENTRES: FROM FACTORY OUTLETS TO RETAIL, LEISURE AND LIFESTYLE DESTINATIONS.

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The future of outlet centres lies in a hybrid offer and more urban locations, finds Retail Focus.

Retail outlets are increasingly on the agenda of shoppers, landlords and investors, according to a report by Savills and Seven Dials Fund Management.

Historically, these retail destinations were predominantly located out of town, with large car parks and a drive-to appeal, notes the Retail Revolutions report. However, it seems two key changes have occurred in the last decade. 'First, the offer in most schemes are no longer factory seconds or end of line products,' says Tom Whittington, retail research director at Savills. 'Secondly, the outlet proposition has become increasingly leisure orientated, with more schemes being developed in central and urban locations.'

Lifestyle Outlets, which owns Gloucester Quays and Lowry Outlet in MediaCityUK, Manchester, recently appointed Savills

to its planned £100 million mixed-use development at Glasgow Harbour. The 32,516 sq m retail and leisure outlet is expected to open in 2021 and will incorporate retail space, restaurants and cafes, a waterfront promenade, cinema, gym, family leisure facilities, public square and event space.

'Shopping has evolved to become a

major leisure activity,' says Jason Pullen, managing director at Peel Lifestyle Outlets. 'We are creating the next generation of outlet destination by delivering a balanced combination of exciting leisure and entertainment with a strong retail offering. Our Lifestyle Outlets are fourth generation outlets and far removed from soulless factory outlets. Glasgow Harbour Lifestyle





In June, Springfields Outlet opened its £1.2 million leisure destination, Adventure Land. 'The leisure expansion at the centre provides an extensive range of family friendly attractions to complement the mixed-use destination's strong retail offer,' adds Sanderson.

For Whittington, creating a fully hybrid offer that blends outlet with leisure. F&B and full price retail is the next step in attracting a wider range of visitors, increasing sales and ultimately turnover and profit. 'We see further scope for outlet centre development in more urban settings, working in harmony with other forms of retail and leisure,' he says.

In London, LDO led the way in urban outlet development as part of Quintain's £3 billion regeneration of the Wembley Park area. Opened in 2013, it was one of the first UK outlets to be truly mixed-use and embedded at the heart of an urban scheme.

This October, a new 19,510 sq m premium urban outlet will open under the tented roof of The O2.

ICON Outlet will comprise 85 stores and 3,252 sq m of new restaurants, cafes and bars, providing accessible premium fashion and lifestyle brands such as Hackett, Ted Baker, Crew Clothing and Aspinall of London. It will also offer retail services such as personal shoppers and stylists, concierge luggage drop and a deluxe tax back lounge.

'Urban outlets such as ICON Outlet at >



Main image: ICON Outlet will open in October under the tented roof of The O2, London.

Above: Brands such as Osprey are investing more money in their outlet store fit-outs.

Below, left: Gunwharf Quays, owned by Landsec.

Below, right: McArthurGlen is currently expanding its Ashford Designer Outlet.

Outlet will have a multigenerational appeal, as operators are supported by events, activities and performance space.'

The Savills and Seven Dials Retail Revolutions report suggests that the typical size of UK outlet centres has grown from 7,430 sq m in 1995 to 13,000-18,580 sq m in 2017, largely driven by an increasing leisure offer.

Further research by FSP indicates that the inclusion of a leisure offer is becoming increasingly important in driving footfall to a scheme. 'The increasing importance of an integrated, experiential, F&B and leisure offer, alongside a retail provision plays a key role in defining a centre as a destination,' maintains Ian Sanderson, director of Sanderson Leisure and Retail, which operates the Springfields Outlet in Lincolnshire.



'WE SEE FURTHER SCOPE FOR OUTLET CENTRE DEVELOPMENT IN MORE URBAN SETTINGS.'

TOM WHITTINGTON, SAVILLS

The O2 combine the choice, convenience and value of online with the inspiration and engagement of the very best of physical retail,' says Marion Dillion, leasing director for ICON Outlet. 'In addition, the location of ICON Outlet will allow retailers to go one step further as the breadth of offer is also easily accessible to large numbers of consumers through excellent transport links.'

'Top retailers are starting to include outlet as part of a three-pronged success strategy embracing full price stores, online and outlet,' claims Sue Shepherd, centre manager at LDO. 'The growth of internet shopping means that customers expect to be able to shop year-round at a discount, rather than wait for the traditional sales periods. Outlet centres are able to offer customers the tactile experience of physical stores and an experience that isn't possible online.'

Adrian Nelson, group leasing and brand development director at McArthurGlen, agrees: 'Historically, the outlet industry solved the problem of leftover stock. That is still an important part of our role, and never more so than in today's world of fast fashion. But, we have evolved to become a valuable retail channel in a multichannel world.'

McArthurGlen has three developments currently underway in the UK, which collectively represent a £290 million investment. These include expansions to its existing centres at Cheshire Oaks near Manchester, and Ashford near London. In 2020, the designer outlet operator will also open its seventh UK destination at Cannock, near Birmingham, with Phase one delivering 80 stores.

'We don't just build shopping centres; we build architecturally designed retail environments that elevate the shopping experience for our visitors,' says Nelson. 'We understand that great architecture and design gives a sense of place, and we have a long-established heritage of drawing inspiration from regional architecture, while working with some of the world's most celebrated architects.'

Brands and retailers with outlet stores are also investing in better quality shop-fits.

'Retailers know that fit-out is a fundamental part of the overall shopping experience,' says Jack Busby, senior portfolio director, outlets at Landsec, which owns and operates Gunwharf Quays, Clarks



Village, Braintree Freeport, Junction 32 and Hatfield Galleria. 'Typically, the more money invested in fit-outs, the more customers come through the door. Outlet stores no longer look like the poor relative to the full-price store: brands are keen to offer a similar level of luxury and finesse. We have seen this in our new stores with Reiss and Osprey at Braintree, as well as Jack Wills at Clark's Village.'

Whittington agrees that many outlet stores now look as good as their full price stores. 'Factory seconds are only a modest part of the offer and some brands even produce outlet specific firsts to differentiate from their high street offer. So, the product is better and the environment must match it. Experience is fundamental to the consumer journey and store environment is part of that. A more expensive fit out is inevitable, however, that doesn't mean that the fit out costs match that of the high street, only that the gap has narrowed.'

'We know that times are tough for the high street and outlets will not be exempt from changing trends,' notes Busby. 'However, destination outlets are among the best placed retail assets for this market: they offer value and experience, all in one.'

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Top to bottom: LDO led the way in urban outlet development; Springfields Outlet recently opened its £1.2 million leisure destination; In 2020 McArthurGlen will open its seventh UK destination at Cannock, near Birmingham.