

The future of the High Street

As forecast here, the tribulations of some traditional retailers gets worse. There are many older shopping areas and High Streets with empty shops, closing down sales and poor footfall of customers. There is still plenty of buying going on, but more of it is on the web, and more is concentrated in the glamour centres from Bicester Village to the Metro Centre, from Oxford Street to Birmingham New Street and from Trafford to Westfield.

We see a pattern of bankruptcies, financial reconstructions and shop shrinkage by many traditional retailers. Administrations and restructuring seek to get rents down to keep shops open, or close stores to cut the cost base. Meanwhile well intentioned policies like the Living Wage and the Stakeholder pensions push up the costs of employment, and business rates help push up the cost of property. A rising cost base hits falling turnover as people examine the goods in store only to order them from an internet provider on line. Some people complain about the fall of the High Street only to support the rise of the Internet by how they buy.

Last week's announcement by the government to slash the maximum stake permitted in fixed odds betting terminals in High Street shops was motivated by the wish to cut down addictive gaming which can wreck family finances and damage family life. It is also likely to lead to more High Street closures of such shops and to drive more gambling on line. This comes close on the heels of Mothercare announcing 50 shop closures, and ToysRUs going into administration. House of Fraser is undergoing a financial restructuring and looking for cost reductions. Ocado with its strong on line offering an expansion into the US now has a larger stock market value than Marks and Spencers.

I am working on a series of options for the government to bring some relief to struggling High Streets, as they wish to do. Flexibility in switching uses and users of High Street property must be part of the answer. Plenty of free or cheap shoppers parking nearby is another part. The combined rate and rent package has to be affordable for a moderately successful trader.