

ESSENTIAL TRENDS

BID MARKET INTELLIGENCE

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Introduction

This bumper issue of Essential Trends gives a good indication of how Edinburgh City Centre performed for the year, but as all the data for December is not yet in a complete overview of 2011 is not currently possible. Some things however are clear:

Footfall in Edinburgh for the first 7 months of 2011 grew and outperformed the UK average, but the last 5 months were down and below trend.

The economic hardship affecting the UK clearly brought the numbers down, but the relative footfall drop versus the rest of the UK suggests the tram disruption did have a significant impact. Overall for the calendar year footfall in Edinburgh City Centre shows growth of +4% versus a UK average down between -2 and -3%.

The additional activities in December to bring people in to the city centre

appear to have been relatively successful. Princes Street footfall was up 1% year on year but is understated as people were walking on the road area where the counter cannot pick them up. With the extra bus traffic George Street was up 12%. Overall for the BID area December footfall was up 3.3% in line with the UK average of 3%.

The footfall impact is reflected in turnover. December turnover figures are not yet available to the public but the November figure for Edinburgh, down 5.5%, is worse than the Scotland (-2.1%) and UK (+2.2%) figures.

Anecdotal information regarding December trading is as usual a mixed bag, with successes as well as many businesses having found it tough. There does seem to be a clear East/West split with the business towards the East End of Princes Street faring better than those further West. We clearly need to weight plans to better support the West going forward.

Any feedback on what worked well, what didn't, and suggestions for the next year would be much appreciated. Anyone who has not completed one of our Business Plan feedback forms, please could you do so as soon as possible, it would be great if you could help us improve our services (www.surveymonkey.com/essentialedinburgh).

I wish you all a happy and prosperous New Year.

Andy Neal
Chief Executive

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CACI Edinburgh Town Centre Report

CACI's Retail Footprint reports on consumer shopping behaviour to help understand store performance in over 4,700 comparison retail centres in Great Britain and Ireland. Edinburgh has risen 2 places from 2010 to 2011 and now ranks 13.

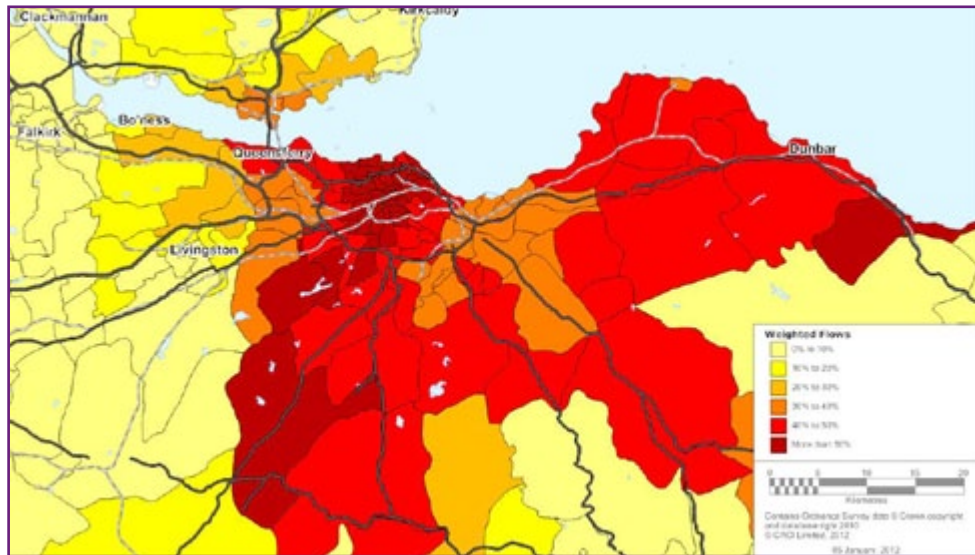
Retail Footprint calculates shopper populations for different centres and the amount people are likely to spend in each of those locations. The formula underlying this is considering a) the physical distance to (or time taken to reach) a centre, b) the 'attractiveness' of the centre's facilities, c) the degree of intervening opportunities or level of competition, and d) the size of the population within an area.

The annotated map shows that the majority of residents living in Edinburgh visit the city centre to do shopping. Equally, most people living in communities east of Dunbar make the effort to come to Edinburgh for shopping. In total, 319,607 people live in the dark red areas (ie, the areas where more than 50% of residents come to

Edinburgh's city centre to do their shopping).

Considering the distance, Edinburgh's popularity in many communities in East Lothian is perhaps surprising; however, lack of equally attractive alternatives within reach partly explains this shopper demand. In total, some 261,867 people live in the red postcode sectors (ie, the areas where between 40% and 50% of residents come to Edinburgh's city centre to do their shopping).

We noted in previous issues of Essential Trends that Edinburgh's shopper population is fairly wealthy. According to ACORN, CACI's people classification system, most of Edinburgh's shoppers are the so called "Urban Prosperity". These are well educated and mostly



prosperous people who live in flats and spend much more than average on clothing and footwear; they also enjoy dining out and consume in bars and cafes. According to CACI, only Urban Centres and Metropolitan Towns of Inner and Outer London are host to a similar level of this consumer group.

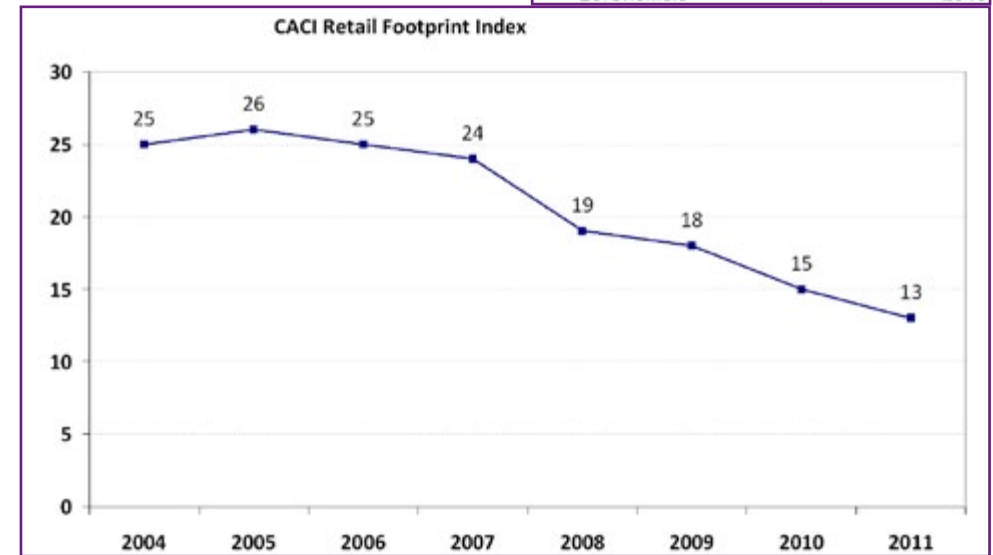
Paul Langston, Consulting Partner for Location Strategy, CACI says: "ACORN groups 'Urban Prosperity' and 'Starting Out' are consistently showing confidence in their financial prospects. Retail centres which serve these shoppers, such as King's Road, Covent Garden and Westfield in London, as well as Edinburgh, Brighton and Glasgow, generally seem to be faring better and look set to have the best growth prospects."

"We are also seeing stronger retail performance and prospects in Britain's dominant retail centres, which have catchments with a more affluent customer profile. While consumer confidence appears to be weakening among some of the more affluent demographic groups, their willingness to

spend on quality products in quality retailers, that tend to locate in the higher quality retail locations, is producing a virtuous circle for the top centres."

For further information on CACI's Retail Footprint methodology and how this can be used for your organisation, please contact Dr Tom Mathar, Market Research Executive in the City of Edinburgh Council.

Rank	Name	Expenditure £m
1	London – West End	£3,270
2	Glasgow	£2,480
3	Birmingham	£2,430
4	Manchester	£2,340
5	Liverpool	£1,790
6	Nottingham	£1,730
7	Leeds	£1,490
8	Westfield London	£1,460
9	Newcastle Upon Tyne	£1,240
10	Norwich	£1,180
11	Bluewater	£1,140
12	Leicester	£1,100
13	Edinburgh	£1,090
14	Meadowhall	£1,080
15	Reading	£1,020
16	Bristol	£1,020
17	Milton Keynes	£1,010
18	Trafford Centre	£960
19	Cardiff	£920
20	Sheffield	£910



Trends in shop occupancy

Every year the Planning Information Service of the City of Edinburgh Council conducts a detailed survey of shop usage in the city centre. This annual study monitors the use of every unit in the centre and the number of vacant units.

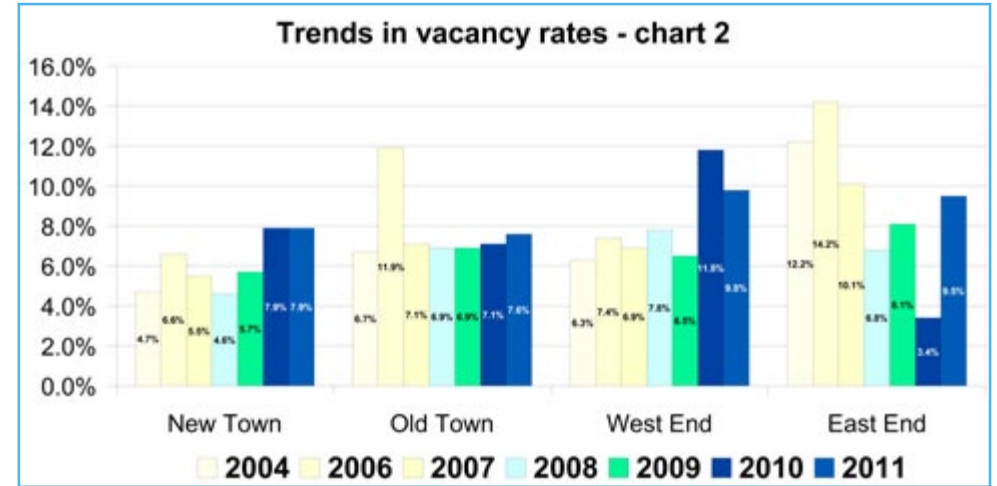
Findings indicate that the overall vacancy rate in the city centre increased from 7.8% in 2010 to 8.3% in 2011 (see charts 1-3). This corresponds to an increase in the number of vacant shops from 110 to 114 (see “Trends in number of vacant units” chart on page 8); current levels of empty shops are the second highest since 2006.

Though disappointing, these figures are not surprising given the fragile recovery from the economic crisis and cautious consumer spending which affects retail investments. Studies undertaken by “The Local Data Company” – a London based market research firm focussing the retail industry – found that vacancy rates throughout Great Britain have

risen since 2008 when the UK went into recession. They found the UK average vacancy rate increased to 14.5% since then – three times what they were in 2008.

Trends in shop occupancy vary in different parts of central Edinburgh: Average vacancy rates in the East End increased from 3.4% to 9.5%. This is the result of redevelopment activity: Burger King, Boots, Scotch House, and Waterstones closed down so the units can be adapted to meet modern retail requirements.

In the Old Town, the number of vacant shops is the highest; however, vacancy rates are relatively stable: In the autumn of 2011, 43 shops were recorded as empty – this

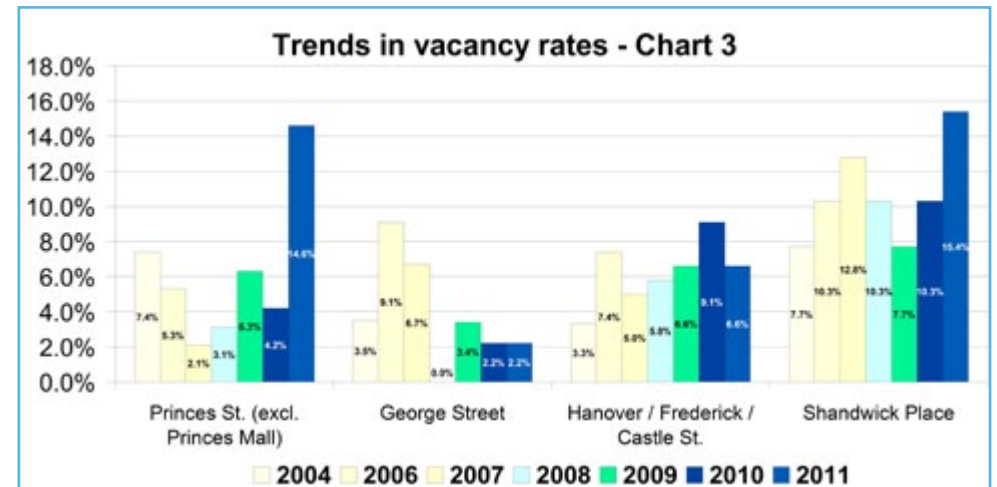


means three more vacant shops than in the year before and corresponds with figures from earlier years. (2006 was an exception when 69 shops were vacant.)

In the West End, average vacancy rates have fallen despite the well publicised closure of Habitat (household furnishings). With 24 empty shop units, the vacancy rate in the West End now stands at 9.8%

Average vacancy levels were stable in the New Town, remaining at 7.9%

in the autumn of 2011. A closer look at shop occupancy trends in the New Town reveals that Princes Street, sadly, had a vacancy rate similar to the UK average at 14.6%. When this survey was conducted, vacant units on Princes Street included the now open Primark (2 units) and soon to open New Look (3 units) as well as 4 vacant units at the very east end awaiting refurbishment. This means that 9 out of the 14 vacant units are empty due to redevelopment.



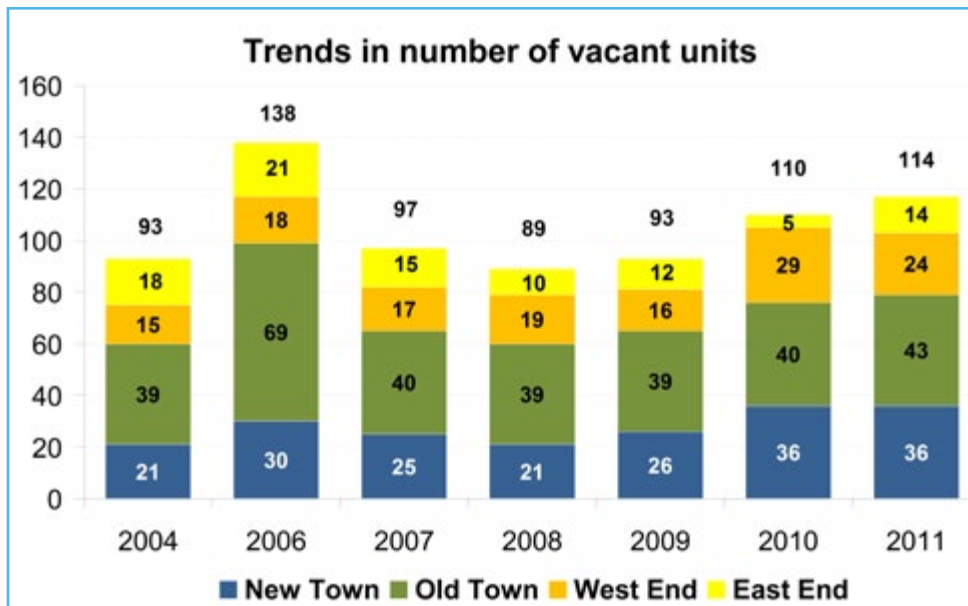
Trends in shop occupancy continued...

More encouraging are figures from Hanover Street, Frederick Street and Castle Street: In 2010, some 11 shops in these streets were empty; in 2011, there were only 8 vacant shops. George Street is doing very well with a vacancy rate at 2.2% - the same as in 2010.

Every year the Planning Information Service from the City of Edinburgh Council conducts a shop occupancy survey to provide a picture of the

retail composition of Edinburgh city centre (however, the study was not conducted in 2005).

For further information please contact Graeme Gainey in the Planning Service at City of Edinburgh Council on 0131 469 3931 or email: graeme.gainey@edinburgh.gov.uk



“George Street is doing very well with a vacancy rate at 2.2% - the same as in 2010.”

Edinburgh's Conferences

In the last month Marketing Edinburgh, Convention Bureau has confirmed 18 new conferences with a combined value of £4.2m which will take place in the city between now and 2013. The Bureau has in the financial year to date confirmed 137 conferences which will attract 38,000 delegates to the city between 2012 and 2017.

As we draw towards the end of our financial year, we are optimistic about reaching not only our economic benefit target of £87.5m, but also our income generation targets including that set for our Conference Accommodation Booking Service which is on track to exceed target by placing in excess of £1.5m of bookings with our accommodation providers in the city.

Conferences which will take place during April, May and June 2012 have a combined value of £20.4m and will attract 13,345 delegates.

Going forward, interest in Edinburgh as a conference destination remains positive. The association conference market has proved to be resilient during 2010-11 and despite increasingly competitive market conditions, Edinburgh has the potential to win 90% of the International Association meetings market.

Edinburgh's ever growing centres of excellence particularly in the fields of science, medicine and technology will help to attract an even greater number of specialist conferences to the city and make it a natural destination choice. Some of the most notable conference wins to date being:

- European Scientific Conference on Applied Infectious Disease Epidemiology, November 2012, 700 delegates
- International Society for Quality in

Health Care, October 2013, 1200 delegates

- European Orthodontic Society, June 2018, 2000 delegates
- SPIE Security & Defence and SPIE Remote Sensing, September 2012, 800 delegates

Marketing Edinburgh, Convention Bureau is working on bids up to 2023 and can offer an increased range of conference products following the completion of significant redevelopment projects including the National Museum of Scotland and the Scottish National Portrait Gallery as well as the eagerly awaited £85 million expansion of the Edinburgh International Conference Centre complex. These developments have increased the capital's reputation as a leading conference destination and the likelihood of it winning bids and hosting an even greater number of conferences which will bring economic benefit to hotels, restaurants and retail in the city.

Confirmed Conferences

22-25 March 2012 Ninth World Congress on Brain Injury, 1,000 delegates	27-31 May 2012 World Potato Congress, 600 delegates
25-28 April 2012 International Primary Care Respiratory Group, 1,000 delegates	12-15 June 2012 Congress of the European Society of Gastrointestinal & Abdominal Radiology, 1,200 delegates

GLASS HALF FULL EDINBURGH

By Graham Birse, Policy Director at Edinburgh Chamber of Commerce

Two thousand and eleven will be remembered as a year of momentous events - economic, social, political and natural. From afar, the Japanese earthquake, the Arab Spring and the crisis in the Eurozone. Closer to home, London riots, public sector strikes and rising youth unemployment. January's hurricane seemed to sum up the mood as it rattled through Edinburgh's gables and gave us all an uneasy night in our beds.

It is important to keep some perspective on today's problems, though. Yes, it's true that things ain't what they used to be. Every so often economic and social cycles shift in a seismic way and we are clearly living through such times. But as we move forward into 2012, there are plenty of reasons to be optimistic about Edinburgh's position and its prospects, provided we recognise what we need to do to promote and develop ourselves and our city.

Edinburgh has made amazing progress over the past decade. Our airport is top 10 in its class in Europe; our Festivals a global success envied and copied by competitors around the world; our hotels lead global rankings for occupancy and revenue; our great companies, like Standard Life, continue to impress customers and shareholders; our universities, like Edinburgh Napier, attract investment and top league tables for all important 'graduate employability'; our 'quality of life' is regularly evaluated as amongst the best in Europe; and global investors, like Mitsubishi, have announced major investments and the creation of high value jobs in the city.

Major projects, like the £50 million renewal of the National Museum of Scotland have given us all a lift and a sense of pride, as well as boosting our all important tourism industry.

But we need to ask ourselves why our retail ranking is still way below its potential, we've recently slipped down the European league table as an investment location, the marketing budgets available to our competitor cities eclipse our own, and the prolonged and agonising dispute (now thankfully resolved) around our tram project has damaged both our reputation, and our confidence.

In retail, there is plenty of cause for optimism, particularly now that the tram project is moving towards completion and the Henderson Global Investors £850 million investment in the St James Quarter gathers momentum. We need to create a concomitant 'magnet' attraction at the West End of Princes St to balance the city centre's retail offer, and significantly improve our public realm to make Edinburgh a compelling city for the most desirable brands.

Recent analysis from CACI confirms that we could, and should, be improving our retail performance here. Edinburgh did not feature in a survey of 'squeezed middle' retail centres that analysts believe have most to lose from the current fiscal squeeze. But we did feature at number 6 in CACI's list of top 10 'resilient' centres in the UK, with parts of London occupying the first five slots.

There are some very good reasons why we need to place investment in economic development, in retail and in stimulating local business conditions. According to the Centre for Cities, Edinburgh is 57 in a basket of 63 UK towns and cities for levels of inequality. And, most shameful of all, our state school leavers have among the poorest employment prospects of any local authority area in Scotland.

Those young people desperately need our support. For the Edinburgh Chamber of Commerce, this means introducing a culture in favour of development, having the political backbone to face down self styled 'community activists' who have the knowledge and the motivation to hi-jack the planning process and prevent construction from creating opportunities and jobs.

In May, we will elect a new intake of Councillors to represent us and our city. The current electoral system makes it more likely than not that a new administration will be formed from a coalition of parties. We are in for an intense spell of electioneering and grandstanding, that's understood. But when the votes are counted and the political deals done, Edinburgh requires strong and steady leadership to see it through. There are deep reserves of goodwill to be mined by our politicians, but the people of Edinburgh will not

forgive a new administration if it fails to pick up the leadership challenge, or behaves like an opposition in power.

In 2012, there are opportunities to be grabbed for Edinburgh. We should go all out to win the Green Investment Bank headquarters for the city, and in so doing develop the potential of Leith to become the renewable energy hub of the UK and Europe. We should anticipate the opening of the tram line in 2014 and the £850m re-development of the St James Centre as an opportunity to completely refresh the Princes St retail and leisure experience, developing its full potential as the most elegant city thoroughfare in Europe.

And we should plan ahead. The arrival at Edinburgh Zoo of our new best pals Tian Tian and Yang Guang is only the beginning of a relationship with China that has the potential to unlock cultural, trade and education links with the world's fastest growing economy that will bring us manifold benefits for years to come. We need to decide now how we intend to develop those opportunities and who is leading them.

In two years, the Commonwealth Games comes to Glasgow and an expected £4 billion boost to that city's economy. What will Edinburgh's approach be to the games to develop fully the contribution we might expect from it?

At Edinburgh Chamber of Commerce, we're proud of our city and proud of our members. In its 225 year history our organization has witnessed the great events of economic history. We are ready to play our part in developing Edinburgh to its full potential, helping to cement the partnerships and the unity that is called for in these times. In our view, Scotland's recovery depends upon it.

Retail Sales Turnover

In 2011, retailers suffered as a result of cautious consumer spending. December figures, which as now are only available to participants in the Turnover Monitoring Programme, do not offer much cheer.

In November 2011, total sales in Edinburgh city centre were down 5.5% on November 2010 when they were up 9.36%.

The current figures compare less favourably with the Scottish average (-2.1%), as reported by the SRC-KPMG Scottish Retail Sales Monitor and the UK average (+2.2%), as reported by the BRF-KPMG British Retail Sales Monitor.

Andy Neal, Chief Executive at Essential Edinburgh said:

“As in previous months, the November figures show the impact of tram works on Princes Street. We know that the businesses who contribute to this survey are more prevalent on Princes Street, so some of the upside in George Street etc may not be fully captured, however I don’t believe it would change the overall direction.

Although we do not have December figures, 2011 as a whole has been a challenging year, the figures are even worse when one considers RPI has been running at 5% growth. So in



You are sent this information around 3 weeks before publication in Essential Trends if you agree to participate in the Programme. Please contact Steven Bunch - Economic Development Officer in the Economic Development Service in the Council – to either get further information or share your figures: email: steven.bunch@edinburgh.gov.uk or call 0131 529 6465.

real terms there has been a decline in almost every month.

Although the economic outlook will not change drastically in the near future, the addition of Primark on Princes Street, plus Anthropologie and Hollister on George Street, there is some encouragement for 2012.”

Stephen Robertson, Director General, British Retail Consortium, said: *“Whole-year figures show minimal growth in 2011. For many customers, economic reality has bitten again since the New Year and,*

with consumer confidence returning to levels last seen during the recession, 2012 is expected to be an equally challenging year.”

Compared to the high street, online retail was doing very well. According to IMRG – the UK’s industry association for e-retailing – the UK is now Europe’s leading e-retail economy, with sales estimated to reach €81bn in 2011. IMRG found that the UK e-retail market is currently growing at 16% per annum, in spite of the recession.



Footfall Report 2011

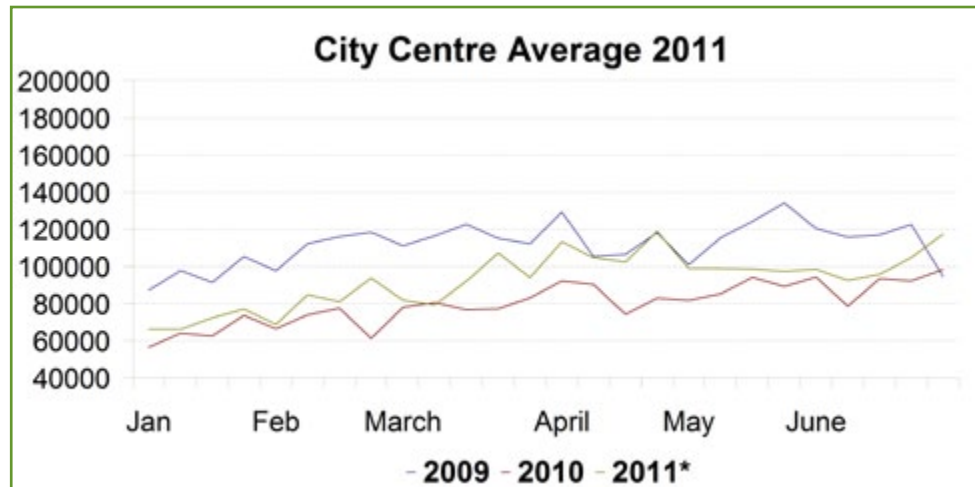
The number of people counted in Edinburgh’s city centre in 2011 was 4% higher than in the previous year. Yet, 2011 saw two different halves. Whilst in the months till July, annual change in monthly footfall was up significantly, it was lower from August.

April provided an unexpected boost in shopper (and visitor) numbers resulting in an almost 25% increase on April 2010. In the worst year-on-year change, October 2011, pedestrian movements were lagging 8.5% behind levels from this month in 2010.

In the first quarter of 2011, Edinburgh’s year-on-year figures were up significantly on 2010. That was partly due to unusually cold weather and snowfall in 2010. Footfall trends were particularly positive in the Old Town with year-on-year figures in January,

2011 Breakdown United Kingdom*		
	Month-on-month	Year-on-year
January	-25.8	1.8
February	5.5	-1.8
March	-0.4	-2.3
April	-1.5	-2.1
May	-3.9	-1.3
June	2.4	0.2
July	1.6	-2.2
August	-1.2	-3.2
September	-0.7	-2.4
October	4.5	-3.1
November	3.4	-3
December	26.4	3

* Experian Footfall National Index



February, and March being up 22.9%, 44.9%, and 50.6% respectively.

In April, Edinburgh saw a record high of pedestrian movements. The MET Office confirmed that “April 2011 was the warmest April in the series from

2011 Breakdown Edinburgh City Centre*		
	Month-on-month	Year-on-year
January	-12.9	7.3
February	6.2	15.7
March	19.9	14.1
April	17.8	24.5
May	-7.7	5.9
June	-1.3	9.7
July	17.9	11.7
August	23.3	-7.2
September	-30.2	-7.9
October	-11.2	-8.5
November	-11.1	-5.3
December	14.5	-1.2

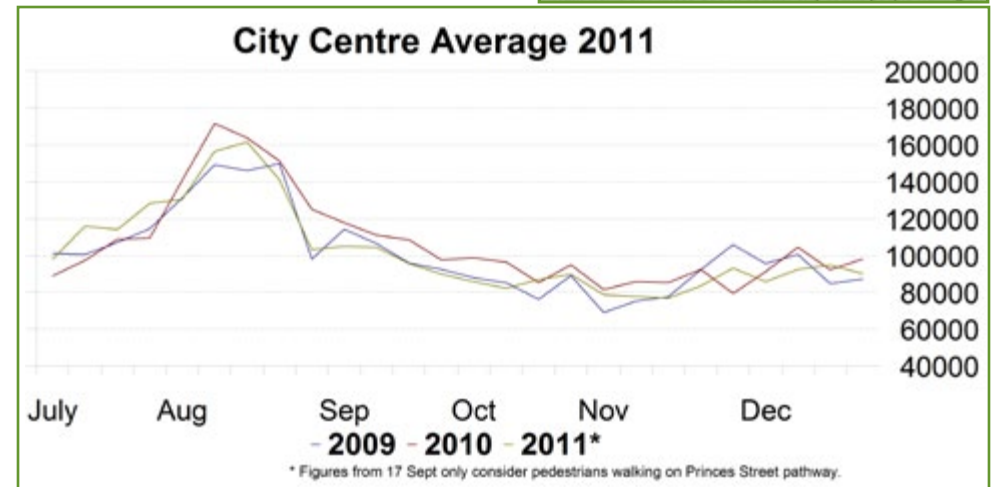
* CEC/EE City Centre Monitoring Programme

Footfall by Month*		
	Total on Princes Street**	Rank
January	882,405	10
February	904,434	9
March	1,047,208	8
April	1,302,100	3
May	1,149,231	5
June	1,134,657	6
July	1,407,330	2
August	1,632,588	1
September	1,079,347	7
October +	866,997	11
November +	843,188	12
December +	1,223,188	4

* CEC/EE City Centre Monitoring Programme

** Outside Marks & Spencer

* Tram works on Princes Street: counter only counts people walking on



* Figures from 17 Sept only consider pedestrians walking on Princes Street pathway.

Footfall Report 2011 Continued...

1910". This is only one reason why average footfall in some of Edinburgh's main streets was up a heady 24.5% from a year ago.

Alan Johnston, Chair of Marketing Edinburgh Limited, said: "April has been an extremely positive month for Edinburgh in terms of footfall numbers, which in some cases are up by almost 75% on last year. We certainly benefited from some fantastic weather, plus the city's mix of excellent attractions and events like The Science Festival, Edinburgh Castle and our distinctive retail offer made this an attractive time for people to visit. New scheduled routes from Europe and North Africa to Edinburgh Airport and our recent TripAdvisor award of 'UK's Most Family Friendly City' also made a difference over Easter. We are continuing to work hard with city

partners to maintain this success."

More than Fringe Benefits

As in the previous years, footfall peaks during the main festival season in August. The Festival's Economic Impact Study (conducted in 2010) found that Edinburgh's 12 principal festivals are generating more than £245 million for the city's economy, 6% of which go into Edinburgh's retail.

A survey conducted amongst city centre retailers in September 2011 revealed that retailers in the West End benefitted most from the 2011 festivals. Michael Apter, Chair at the Chair at West End Association explained that "St Georges West church was used during the 2011 Fringe by the Remarkable Arts company, who attracted tens of thousands of show goers to their

excellent programme of performances. These visitors to the area certainly enjoyed their time in the West End, evidenced by the number of businesses who saw improved footfall and/or trading."

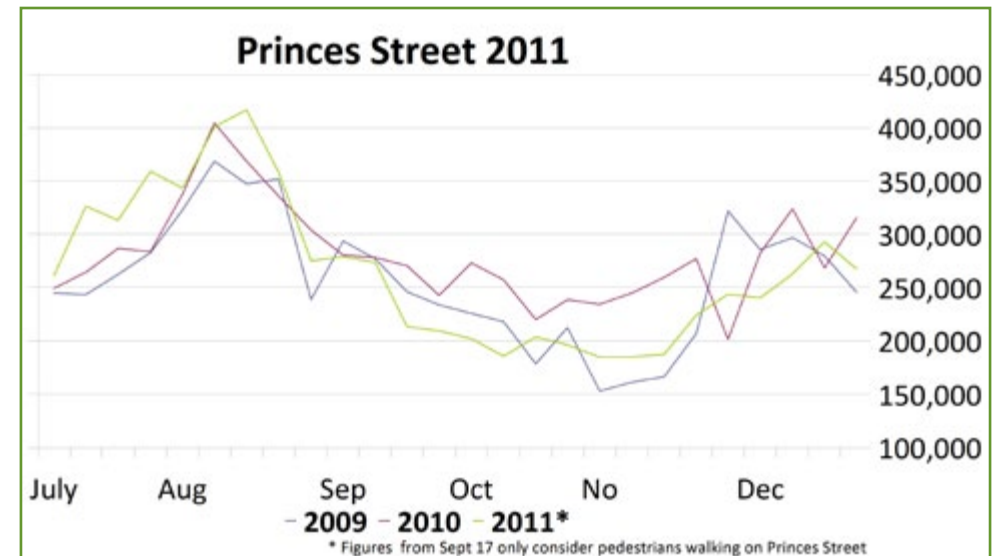
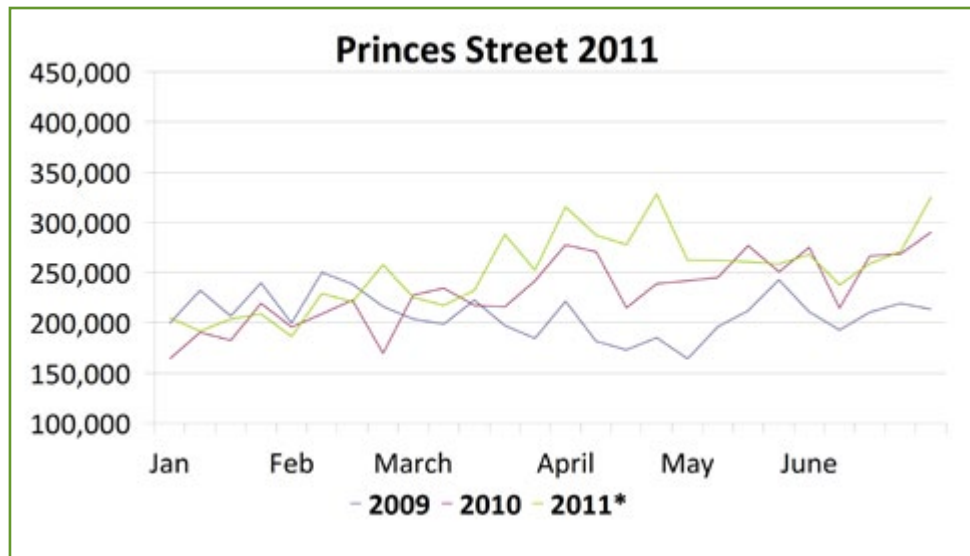
Princes Street pedestrianized

Tram works resumed in September 2011 and ultimately affected footfall patterns in the city centre. Whilst figures were down on Princes Street, they were up on George Street. It needs to be borne in mind, however, that between September and December pedestrians on Princes Street were not walking on the pathway only but could also go along one lane of the actual street. The footfall camera, however, did not count these.

In December, tram works were suspended and Princes Street

opened up allowing Christmas shoppers to enjoy a range of events and activities along the length of the city's most famous thoroughfare. These included a come-and-try event with Edinburgh Rugby, a Snow Sports festival, live ice-sculpting, horse and carriage rides, the Santa Fun Run, Christmas Markets and a host of choirs and other entertainers.

Councillor Gordon Mackenzie, Transport Convener, City of Edinburgh Council, said: "The council invested £80,000 from its Open for Business budget into the city centre over the festive period and, judging by the positive feedback received from retailers and the public, this has been money well spent. Further funding, of nearly £0.5m is going in over the next 12 months to support business and improve Edinburgh's attractiveness as a retail destination".



* Figures from Sept 17 only consider pedestrians walking on Princes Street

Edinburgh Visitor Survey Results 2011

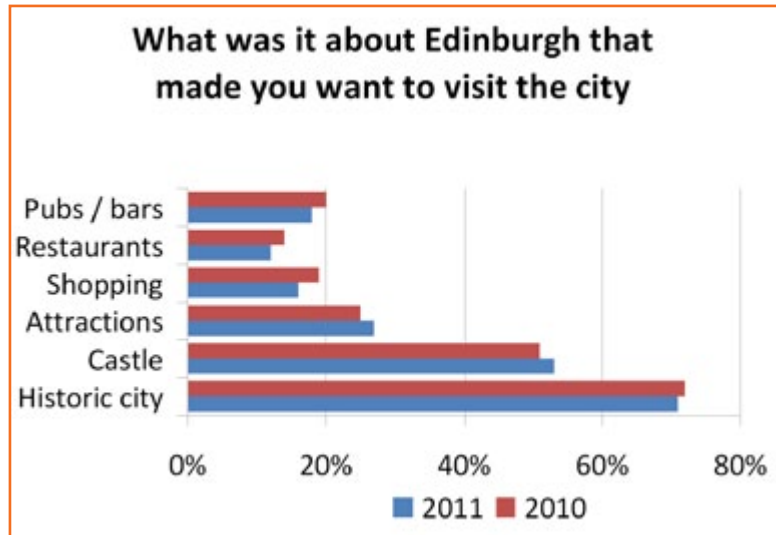
Tourism is an important contributor to the success of Edinburgh's city centre. That's why beginning this year, Essential Trends will give quarterly updates on tourism trends in Edinburgh reporting on visitors' profiles, their typical city activities, as well as their ratings on customer service.

Edinburgh's history in general and the Castle in specific remain the reasons for most visitors to come to the city – the Edinburgh Visitor Survey conducted by Lynn Jones Research reveals. However, fewer tourists than in previous years said that the city's shops, restaurants, pubs and bars were a reason for them to come.

Tourists rated all services received well above 8 out of 10 (10 = very good); most facilities were rated more positively than in previous years; restaurants, however, were not.

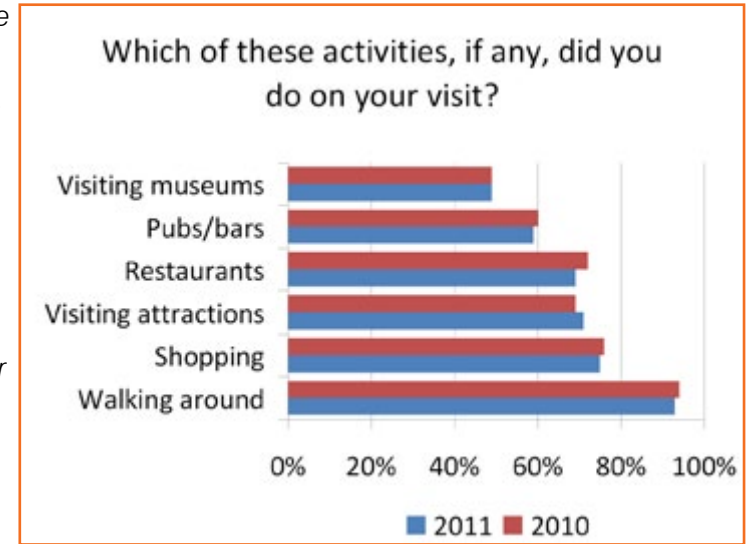
Most visitors to Edinburgh (38%) came by plane; the remainder arrived by train (30%), or by car (20%). The majority of those flying into the city used low-cost carriers. A low-cost option was also preferred for accommodation: 12% of visitors stayed in budget hotels (compared to 10% in 2010); more visitors stayed in hotels with lower star rating.

Indeed, many visitors' comments indicate that value-for-money is a concern: "Entry prices to the attractions are very expensive and quite off-putting. All that makes a visit to Edinburgh a very expensive weekend", commented one visitor.



Regarding the shopping experience, visitors to the city had mixed messages: "There are only a few individual shops on Princes Street.

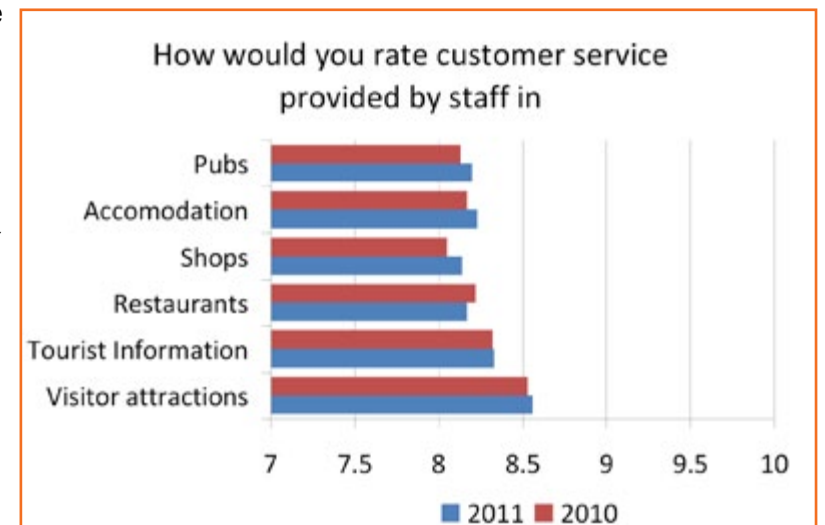
Old Town shops are much more interesting", said one visitor. Another one countered: "There are too many shops of the same ilk and without real identity (particular on the Royal Mile). I never want to see another shop selling either cashmere, whisky or tartan and the tourist prices charged."



As in previous surveys, visitors suggested prolonging opening hours in the city centre for both shops and restaurants: "Restaurants and commerce in general close too early. It was difficult to find a good place to have dinner after 10 pm."

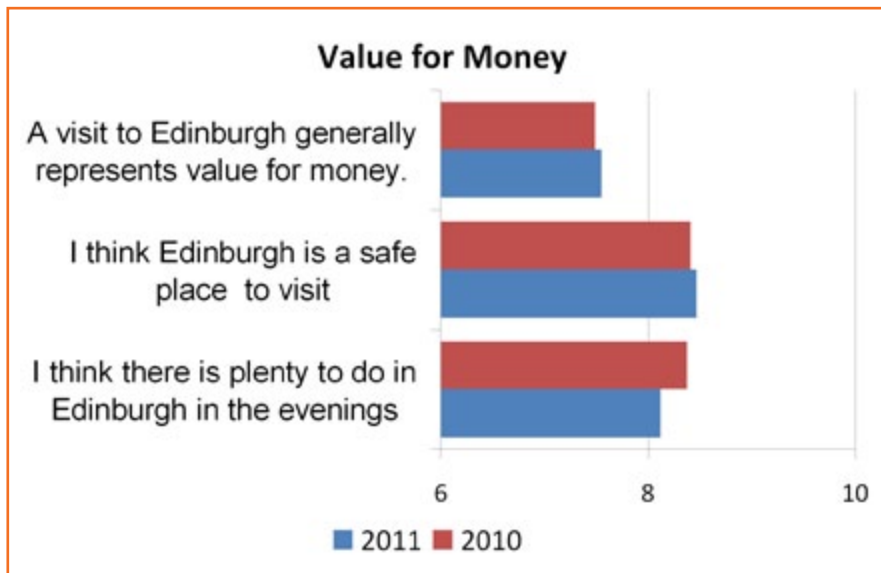
The overall standard of cleanliness was rated lower in 2011 than in 2010 (7.96 and 7.99 respectively). "Personally I feel over recent years that Edinburgh has fallen behind in some levels of cleanliness", noted one visitor. Another one mentioned the "garbage bags lying in the street outside of cafés and restaurants."

On a positive note, many visitors to Edinburgh stressed the residents' friendliness: "When I went shopping, even though I only visited high street chains, staff was so extremely helpful and

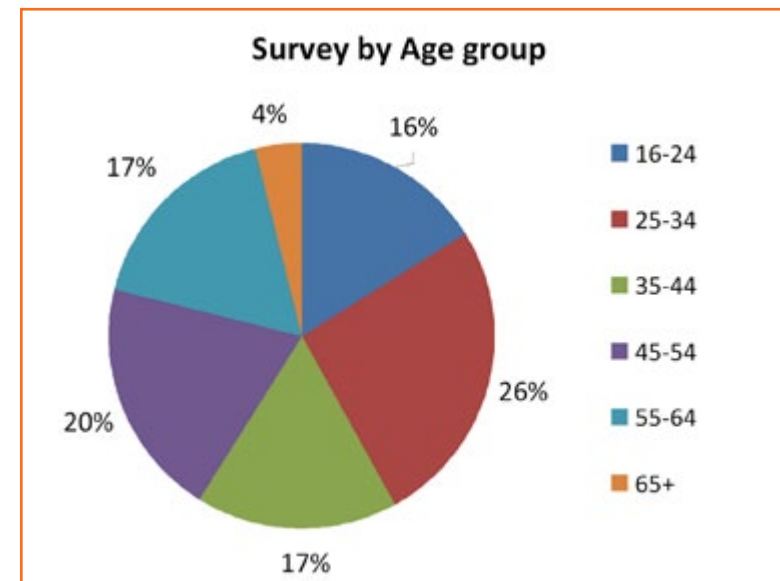
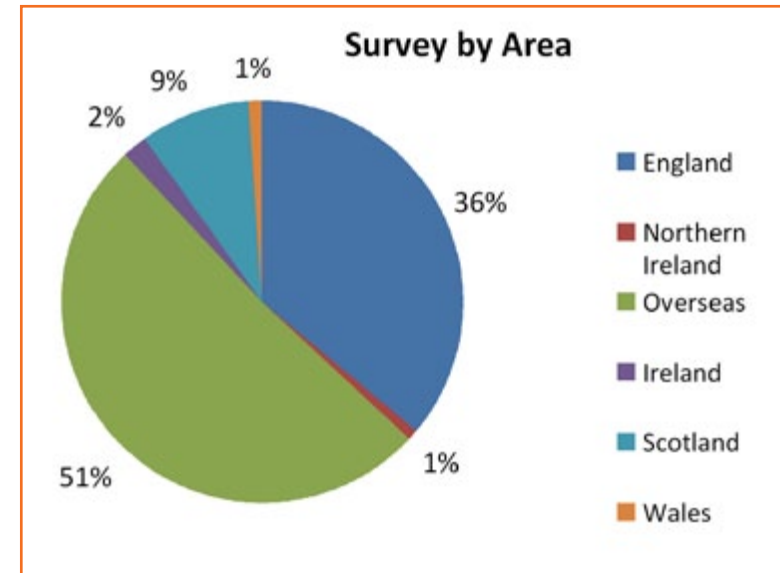


Edinburgh Visitor Survey Results 2011 continued...

friendly - a world away from London - and this made my weekend so much lovelier." Another one added: "People were really friendly, shop staff/attraction staff as well as the Edinburgh people. We would certainly want to visit again and spend a lot more time here."

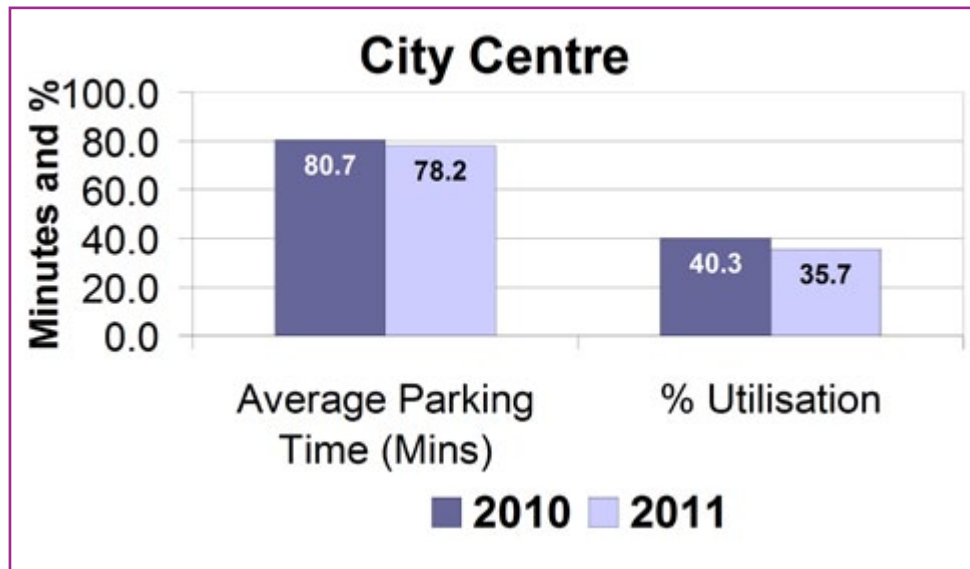


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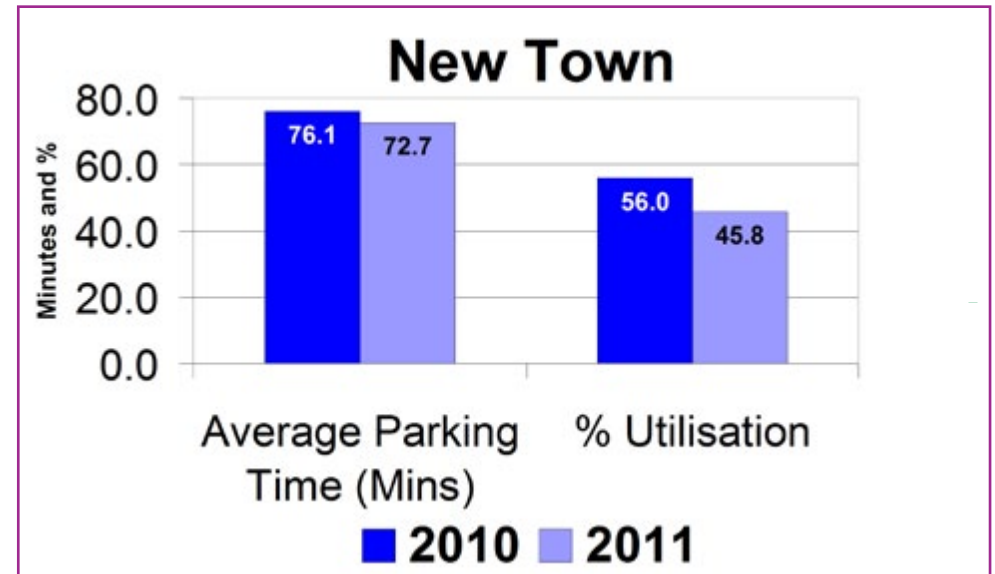
Parking 2011

In 2011, over 1900 spaces were used for parking in Edinburgh city centre. The average utilisation rate in the city centre was 35.7%. This is down 4.6% from the 40.3% utilisation rate in 2010. The average parking time for the City Centre as a whole was marginally over 78 minutes compared with nearly 81 minutes in 2010.



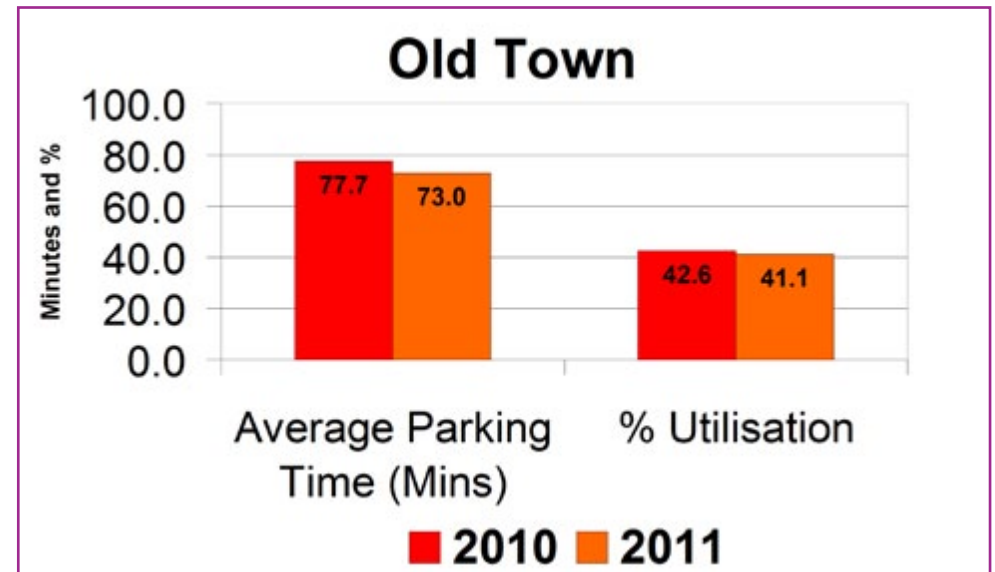
New Town

Parking utilisation was highest in the New Town at 45.8%, this was also the case last year with a utilisation rate of 56.0%. The average parking time has decreased by roughly 3.5 minutes from 2010 to 2011. In 2011 the Average parking time was almost 73 minutes.



Old Town

The Old Town saw a decrease in utilisation from 42.6% on average in 2010 to 41.1% on average in 2011. This is above the average for the City as a whole (35.7%). The average parking time in the Old Town decreased by almost five minutes to an average of 73 minutes in 2011; the average parking time was over 77 minutes in 2010.



Parking 2011 continued...

East End

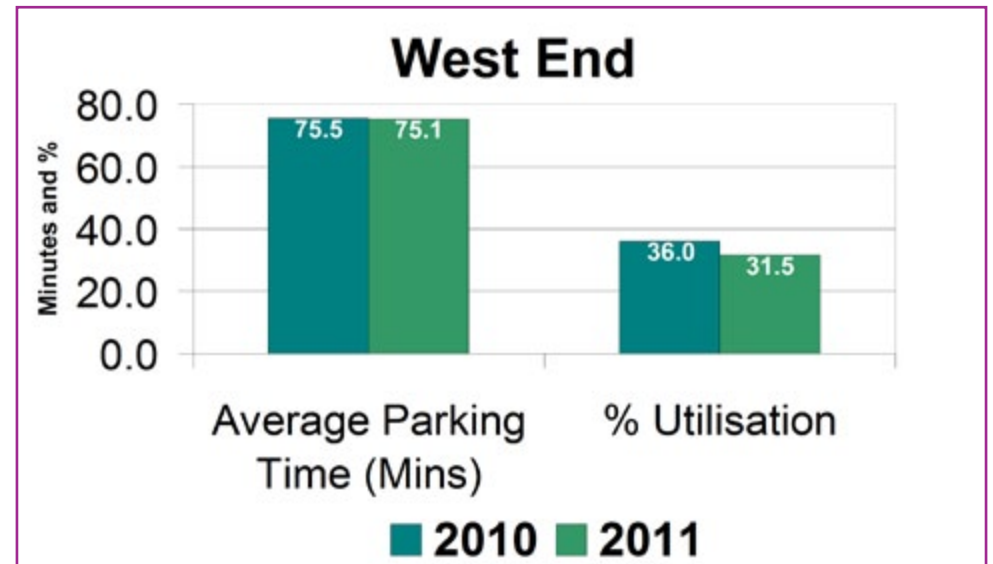
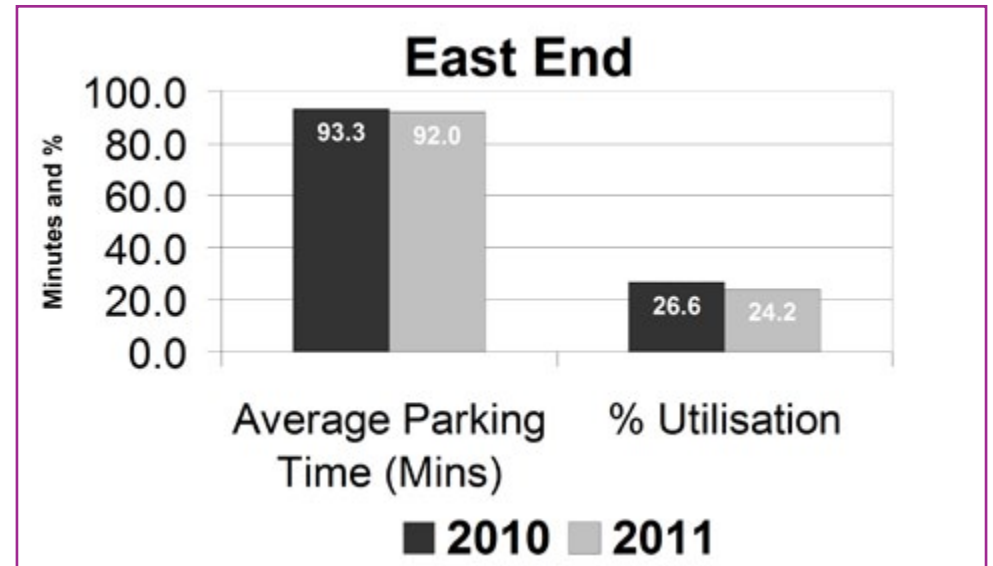
Parking utilisation in the East End was lowest compared to other areas of the city. In 2011 the East End average was 24.2% compared with 26.6% in 2010. The average parking time in the East End was however much longer than in the other areas of the city, increasing the City average. In 2010 the average parking time was just over 93 minutes but in 2011 this was slightly lower at 92 minutes.

West End

Parking utilisation and average parking time in the West End was below the City average. In 2011, the utilisation rate was 31.5% in the West End. This is a decrease of 4.5% on the 2010 figure. The average parking time decreased slightly from 75.5 minutes 2010 to just over 75 minutes in 2011.

Please note: Both occupancy rates and average parking time are derived from transactions at parking ticket machines, the number of which varies throughout the year and thus are not directly comparable.

“The average utilisation rate in the city centre was 35.7%. This is down 4.6% from the 40.3% utilisation rate in 2010.”



Retail Market Review

by Dr. Mark Robertson, Partner, Ryden

Overview

Consumer expenditure is faltering as high price inflation and low wage growth are compounded by weak employment growth and an overhang of personal debt.

Like-for-like retail sales in Scotland fell by 2.1% in the 12 months to November 2011¹. Food sales improved marginally, but non-food sales fell across clothing & footwear, homewares and furniture.

Retailer demand for new shop units has fallen. Aside from selected city blocks and supermarkets, new development has stopped. Many high profile retailers have shut up shop or are consolidating. The retail sector is now clearly in a watershed period following the growth of the 2000s.

Leisure outlets such as cafes, restaurants, bars and hotels remain active, but service outlets such as

banks and travel agents are being lost as their customers migrate online. Where both service outlets are being lost and major retailers are also pruning their branches, vacancies are rising. Some major shopping locations are however performing much better as retailers concentrate on operating larger outlets in these destination centres rather than sustaining large branch networks.

Edinburgh

Edinburgh city centre continues to prove attractive to retail and leisure operators. The most notable trends in 2011 were the continued growth of George Street for quality fashion shopping and the long-awaited re-use of upper floors along Princes Street, typically by hotels.

On Princes Street/ Rose Street the flagship 6,970 sq.m. Primark opened late 2011. New Look has taken a unit on Princes Street. Within the Princes Mall shopping centre Cult has opened a 1,068 sq.m. store. Early in 2011, Austin Reed, Country Casuals and

Viyella relocated to 102-104 George Street. Joules, the White Company and Anthropologie have also opened on George Street.

New hotels completed or underway along Princes Street include EasyHotel, Premier Inn and Travelodge. Travelodge has also opened on Queen Street and Motel One has invested at both West Register Street and Market Street/ Cockburn Street.

Retail rents in Edinburgh peaked in 2008 and have since declined; this is part of a wider national trend where

retail rents have been in decline for the past three years. Prime Zone A retail rents continue to be established at £180 per sq.ft. for Princes Street. This has however been exceeded at headline level for a single

George Street transaction. Edinburgh city centre sits third in the Scottish retail rental hierarchy, behind Glasgow city centre (Buchanan Street) and Braehead.

Edinburgh city centre's retail vacancy rate is 8.3%, an increase from the most recent low point of 6.3% in 2008 but still below the peak of 9.7% in 2006. The vacancy rate compares favourably with the UK and Scottish rates of around 15% and 13% respectively.

Property investors are currently risk-averse and prefer prime locations let on long leases to blue-chip retailers. Notable investment transactions in

Outlook

In common with most UK shopping centres, Edinburgh's retail rents have decreased and vacancies have increased over the past three years. However the city centre is proving more resilient than all UK centres bar London, improving both its absolute and relative turnover while

Indicator	2009	2010	2011	Trend
Retail turnover (UK ranking)	18th	15th	13th	▲
Vacancy rate	6.60%	7.80%	8.30%	▲
Prime retail rent	£210	£180	£180	▼
Retail rent trend (portfolio)	-7.30%	-0.20%	-	▼

Sources: CACI, Essential Edinburgh, Ryden, IPD

the city centre during 2011 included the purchase of units let to Edinburgh Woollen Mill, JD Sports/ Virgin Media, All Saints, Schuh/ Dune, Lush and Monsoon, Paperchase, Next, Levi Strauss and in the leisure sector the Gourmet Burger Co. and La Tasca.

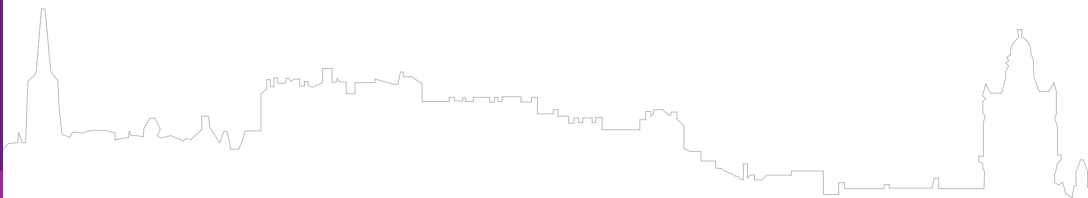
CACI's Retail Footprint for 2011 estimates retail turnover for centres across the UK. Edinburgh city centre is 13th in the 2011 rankings. This is an improvement from 18th in 2009 and 15th in 2010. CACI further identifies Edinburgh as the 6th most resilient UK retail centre based upon strong demographics; all five more resilient centres are in London.

also attracting new retailers and leisure operators, particularly hotels. This resilience is critical as the retail sector's challenges are not short term, but increasingly can be seen to reflect structural changes in both shopping and leisure habits and in the wider economy.

¹Source: SRC/KPMG Scottish Retail Sales Monitor

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