ESSENTIAL TRENDS

BID MARKET INTELLIGENCE

ISSUE 9 JUNE 2011

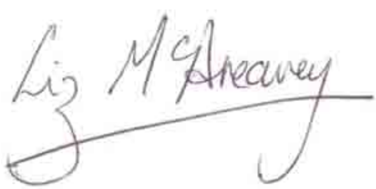
Introduction

Since our last Essential Trends there has been much concern and debate about the future and ongoing work regarding the Tram project. Essential Edinburgh has been very much at the centre of discussions, collecting views from the key stakeholder groups for business within the city centre. Nine groups form part of the 'Business and Tram Group', which will be represented by Essential Edinburgh and Edinburgh Chamber of Commerce, providing a united voice to the City of Edinburgh Council on how the city can mitigate disruption and damage to trading during the planned work schedule.

The City of Edinburgh Council has been very welcoming of our contribution to the Mitigation Plan and very forthcoming with details and communication and we feel positive that many lessons learned from previous work will be considered and built into proposals. We will keep you informed of progress.

Some very good news to report is we now have our BID Liaison Officers on board. Cassandra and Grant will be walking the BID meeting all levy payers on a regular basis, ensuring you are updated on all elements of the work we do and more importantly to listen to your views and concerns and make sure we understand what you would like from us. We are here to help.

Finally to bring some much needed sunshine to the city centre, Essential Edinburgh has commissioned a floral project to enhance both Rose Street and George Street over the summer months.
Edinburgh will be blooming by early July!



Liz McAreavey
Interim Chief Executive

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CACI Report

If you sell items for kids, a target market for you is young parents who recently had their first or subsequent child. The annotated map reveals where to find this clientele within a one hour driving zone from Edinburgh city centre

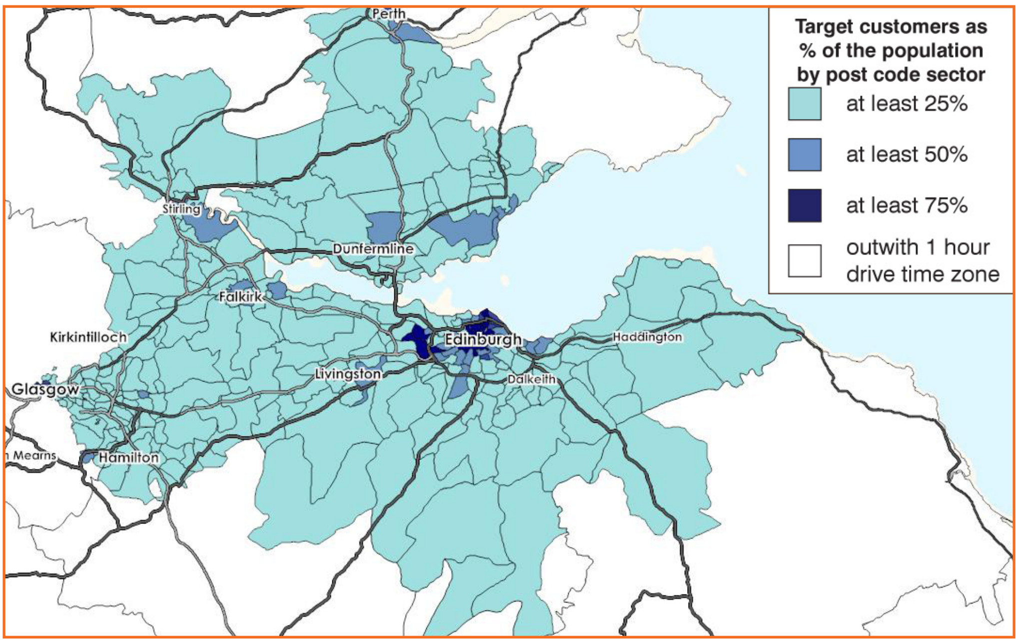
Most of your potential customers are living within Edinburgh's city centre, according to ACORN. The dark blue areas indicate neighbourhoods where more people than the UK average have recently had their first or subsequent child. The largest share of these are well-educated and mostly prosperous people; ACORN classifies a few of them as "Comfortably Off", i.e. people who are not exactly wealthy, but with few financial worries.

Alongside neighbourhoods in the city centre, people who recently had a child can also be found in Fife (Dunfirmline and Kirkcaldy in particular); they can also be found in Livingston, Falkirk and Stirling.

The map also reveals that residents in West Glasgow, Blythswood Hill, are within the 1 hour drive time zone to Edinburgh's city centre. People living in G2 7 would also belong to the above mentioned target market.

If you sell items for this market, the postcode sectors in Edinburgh with the highest potential for use in unaddressed door drop mailing campaigns are EH12 0 and EH2 3 where, according to ACORN, 231 people live – all of them are from the above mentioned profile. Other areas within Edinburgh's wider region who comply with your target market are EH3 7, EH1 3, and EH2 4.

Are you interested in further information? What are the further 85 postcodes that are relevant for these purposes? Or have you got another market, sports fashion? Please contact Emily Johnston, Marketing and Communications Co-ordinator on **emily@essentialedinburgh.co.uk** or call 0131 652 5940



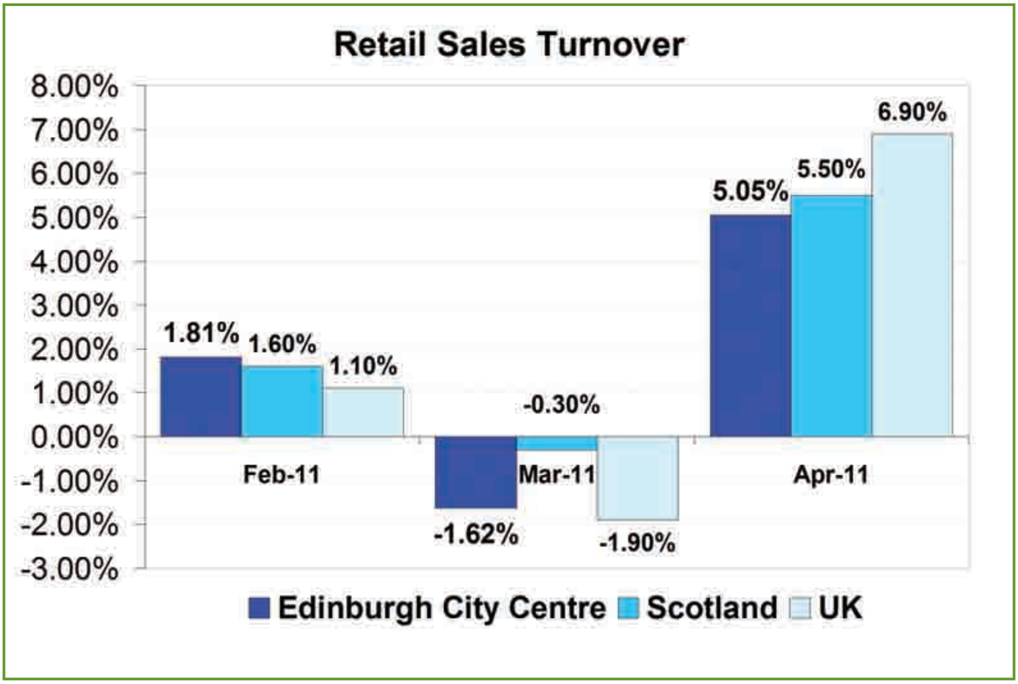
Retail Sales Turnover - April

In Edinburgh's city centre, like-for-like sales in April 2011 were up 5% on April 2010. This compares to the Scottish average of 5.5% and the British average of 6.9%.

Retailers participating in the City Centre Monitoring Project, which is co-organised between Essential Edinburgh and the City of Edinburgh Council, reported these figures for April 2011.

Liz McAreavey, Interim Chief Executive at Essential Edinburgh, said: *"The tough conditions for retailers are continuing. While it is encouraging that footfall was up in May compared with the same month last year, it should also be noted that the poor weather saw footfall figures drop from the previous warm and sunny month. Sales figures were up 5% in April, but that is against a low 2010 figure and has to be set against a general increase in costs such as energy. While there are some general signs of increased optimism in terms of the economy, the recovery is fragile and very bumpy. All of this makes the role of the BID even more important, and our activity continues to focus on helping drive footfall to our levy-payers as well as seeking ways to help them reduce costs."*

Bill Cowan of the Old Town Association and Old Town Community Council said: *"Sales may be up a little, but only up on a poor 2010. However for many retailers, margins must be much reduced, lots of 'sales' and discounting going on, and Council Rates and energy costs are up,*



"...consumer confidence is still lower in Scotland than the rest of the UK and sales of big-tickets items such as furniture struggled as people put off big spending commitments."

and not to mention having had to swallow the VAT increase. So sales might be a little up, but for most earnings will be substantially down. Though it is encouraging that it doesn't look like many businesses have had to close, so maybe things are not as bad as the papers make out"

Fiona Moriarty, Director of the Scottish Retail Consortium, said: *"Unseasonably warm, sunny weather and more bank holidays in the month because of the Royal Wedding and the later Easter meant this April gave customers more opportunities and more reasons to shop than the same period last year.*

"But consumer confidence is still lower in Scotland than the rest of the UK and sales of big-tickets items such as furniture struggled as people put off big spending commitments."

Stephen Robertson, Director General, British Retail Consortium, said: *"These sales figures are a relief after the dire sales falls we saw in March but they are not the full picture. The numbers are being compared with an April last year which was a time of uncertainty ahead of the General Election, and which didn't include the main Easter trading period.*

"Considered together, the results for March and April largely cancel each other out and the overall trend is flat. The underlying pressures on the retail sector of climbing costs and depressed consumer spending will be problems for many months to come.

The Bank's decision to maintain the freeze on interest rates was the right one and it's important we see the economy performing much more strongly before there is any change in future."

You can receive this information around 3 weeks before publication in Essential Trends if you agree to participate in the City Centre Monitoring Project. Contact Dr Tom Mathar, Market Research Executive at the Economic Development Unit in the City of Edinburgh Council, on 0131 529 4962 or **tom.mathar@edinburgh.gov.uk** to participate in the City Centre Monitoring Project.

"Sales figures were up 5% in April, but that is against a low 2010 figure and has to be set against a general increase in costs such as energy. While there are some general signs of increased optimism in terms of the economy, the recovery is fragile and very bumpy."

Edinburgh footfall index, May 2011

In May 2011, average footfall in some of Edinburgh's main streets was up 5.9% in comparison to May 2010. As in previous months, this figure is significantly higher than the UK average which was 1.3% lower than in May 2010.

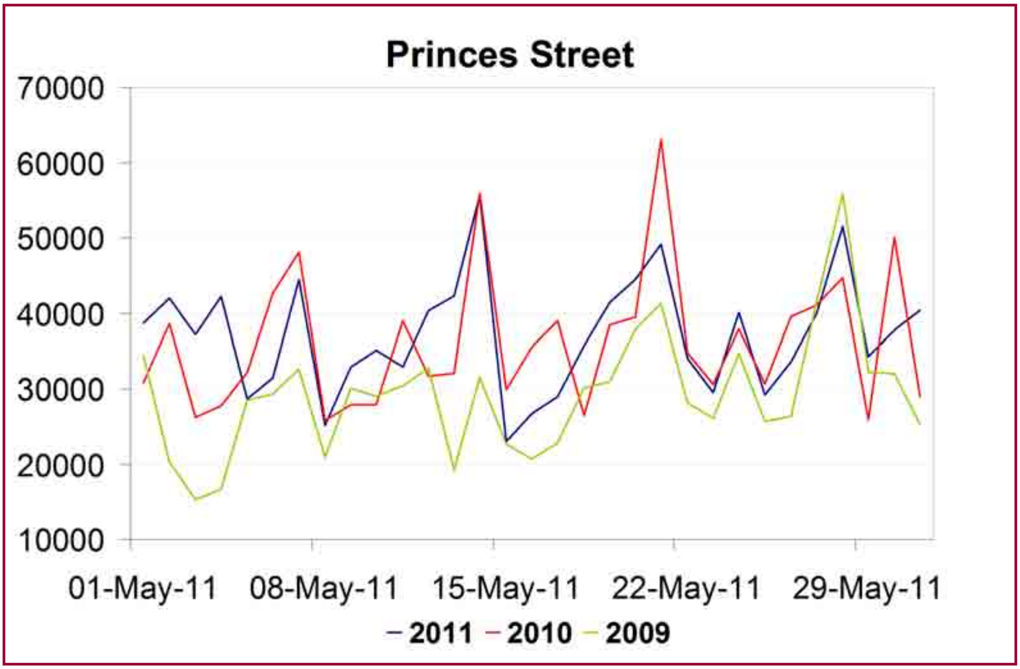
In total, 2,401,617 pedestrians passed five counters installed at different sites in the city centre. This is down 7.7% from April 2011 – when Edinburgh bucked all UK trends (see Essential Trends 8). More importantly, current figures are higher than in May 2010.

As in previous months, Edinburgh bucks the UK national trend: According to Experian, footfall in UK High Streets in May 2011 was down by 1.3% to May 2010. It is down 3.9% on April 2011. Experian anticipates that the fall on last year can partly be explained with the

Last 6 Month Breakdown Edinburgh City Centre*

	Month-on-Month	Year-on-Year
Dec-10	9.74%	-8.91%
Jan-11	-12.92%	7.30%
Feb-11	6.22%	15.70%
Mar-11	19.90%	14.10%
Apr-11	17.80%	24.50%
May-11	-7.70%	5.93%

* Average figure from 5 counters (see article)



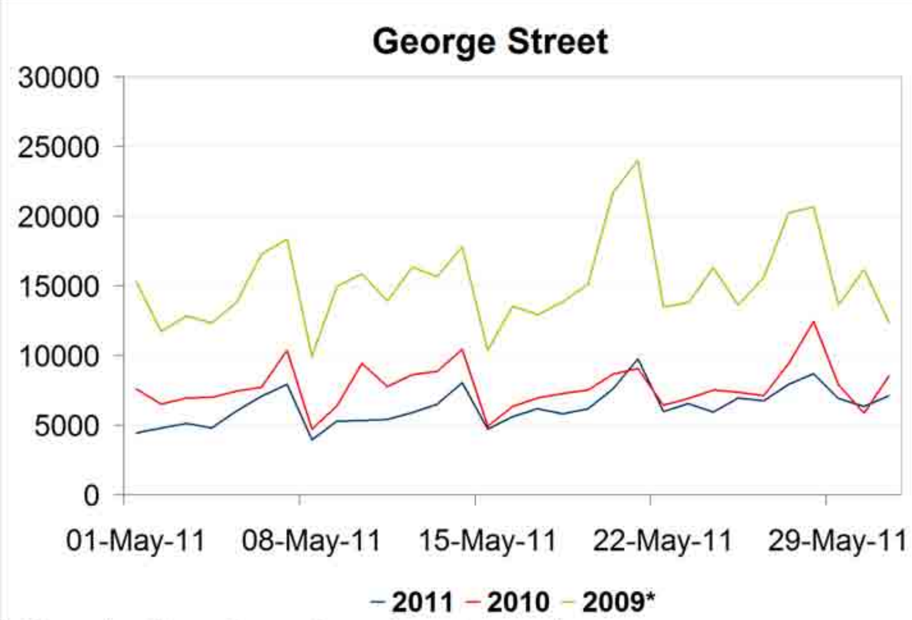
World Cup which was due a year ago; consequently, retailers then were "offering an array of England merchandise to attract footfall in to their stores."

Last 6 Month Breakdown United Kingdom*		
	Month-on-Month	Year-on-Year
Dec-10	19.00%	-3.10%
Jan-11	-25.80%	1.80%
Feb-11	5.50%	-1.80%
Mar-11	-0.40%	-2.30%
Apr-11	-1.50%	-2.10%
May-11	-3.90%	-1.30%

* Experian Footfall National Index

As in the previous months, the counter installed at Bella Italia, the restaurant located at the South Bridge/High Street crossroads, saw the most impressive increase of all: 396,287 people passed this site – up 56.8% from May 2010. A similar trend was observed at Shandwick Place: 421,974 people passed the counter installed at Specsavers – up 30.4% from a year ago.

Michael Apter, Chair of the West End Trade Association said: "Whilst we appreciate that this captures a positive trend on previous years, I am not convinced that this is due to an increase in visitors to the West End or the City Centre. The significant works undertaken by Scottish Gas Networks on Shandwick Place resulted in buses and bus stops being moved, and roads and pavements being closed. Ultimately, this led to



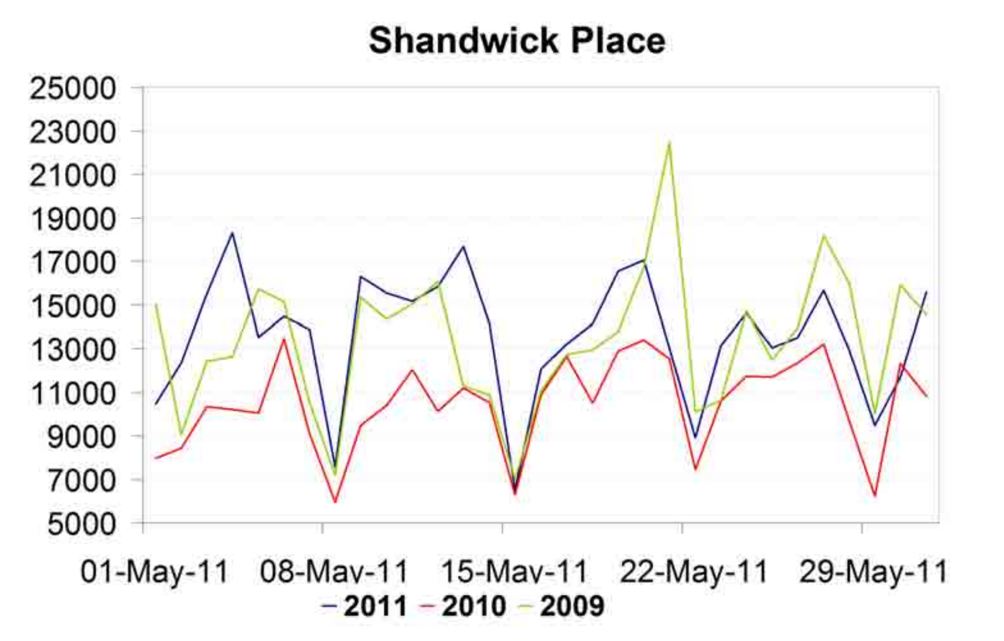
* Diverted traffic on George Street due to tram works

Footfall Continued...

pedestrian movement patterns which are not really comparable to previous years".

The counter installed at Vittoria on Leith Walk was passed by only 238,572 people, down 22.3% from May 2010.

The picture for the New Town is mixed: whilst The Dome on George Street was passed by 195,553 people in May 2011 (down 19.5% from this period 2010), Marks & Spencer on Princes Street was passed by more than 1 million pedestrians for the third time this year: 1,149,231 people were counted there, 0.7% more than in May 2010.



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Parking Index - May 2011

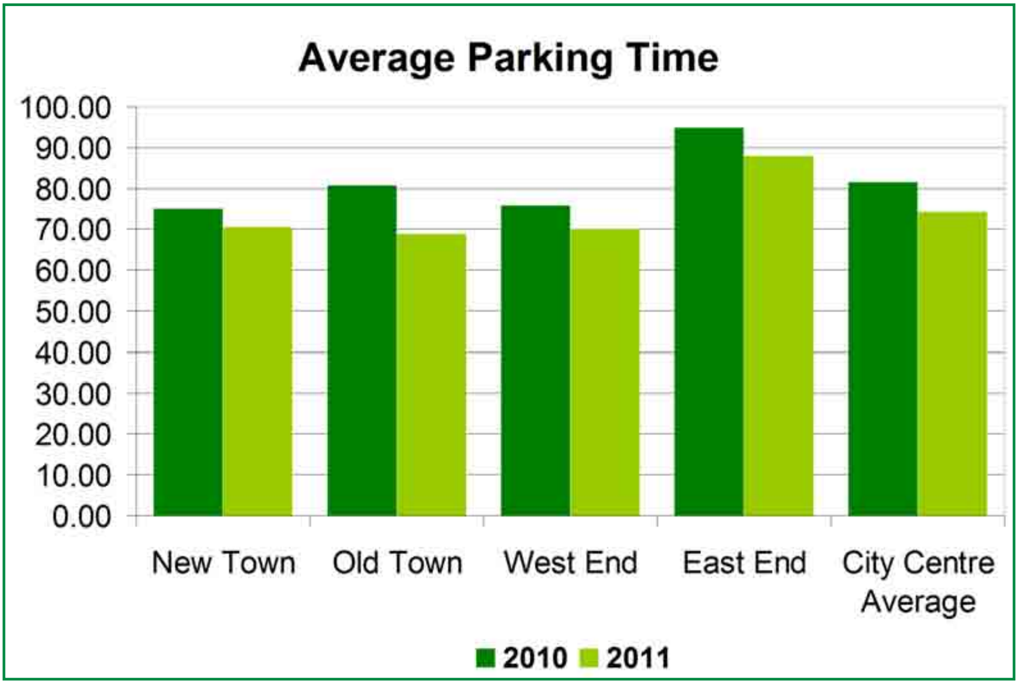
The average utilisation of the 1,796 parking bays in the city centre was 37.7%. The busiest area of the city centre was the New Town, with 51.2% of parking bays occupied on average, while the quietest area was the East End, with 20.95% of bays occupied on average.

As in previous months, the New Town is the busiest area in the city centre in terms of occupancy rates – the average utilisation rate there was 51.2% which is down 7.9% from this period in the previous year.

The picture is more diverse for different sites in the New Town: average utilisation rate on George Street, the busiest site, was 76.5%. St Andrew Square was next with 56.2% and Queen Street at 48.2%. Heriot Row and Abercromby Place had the lowest utilisation rate in the New Town with 25.9% and 27% respectively.

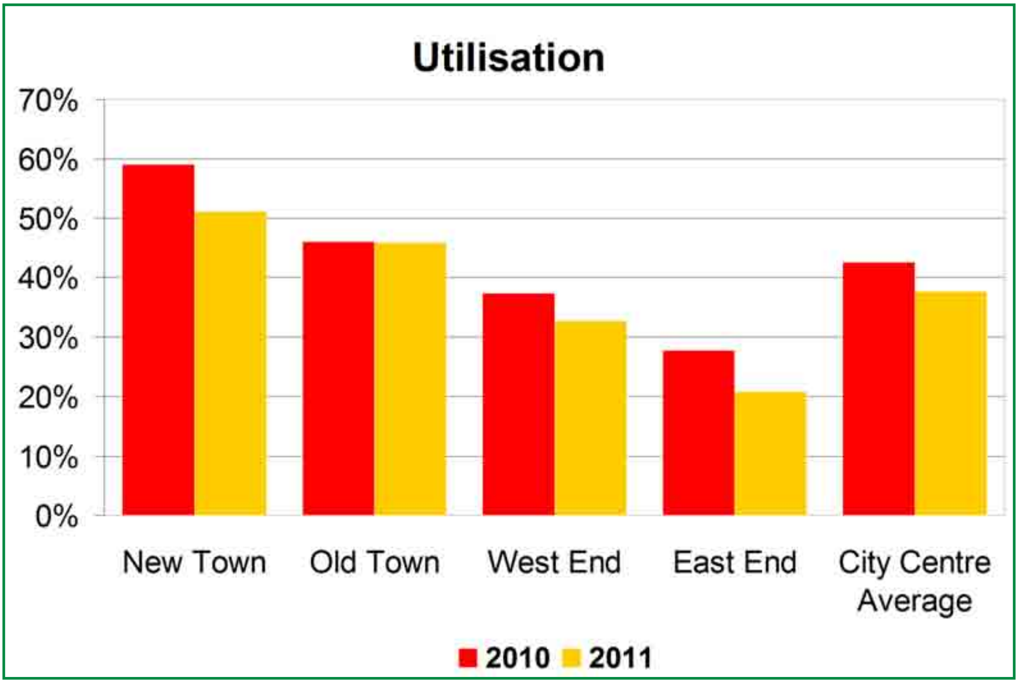
In the Old Town, average utilisation of on-street parking bays was 45.6%. This is almost congruent with levels from May 2010. Utilisation rates in the West End and East End were 32.7% and 20.9% respectively (down 4.7% and 6.7% respectively).

As in the previous months, the longest average length of stay was in the East End where, in May, car owners parked for an average of 1 hour and 28 minutes. In the New Town, car owners, on average, returned after 1 hour and 10 minutes to their vehicles.



Parking Index - May 2011 Continued...

If you are interested in further detail on utilisation rates for individual sites in the Old Town/West End/East End, please contact Dr Tom Mathar, Market Research Executive in the City of Edinburgh Council at **tom.mathar@edinburgh.gov.uk**



Essential Trends Readers' Survey

Essential Trends intends to provide detailed information on the performance of the city. The first issue was published in October 2010. Since then, we are regularly reporting the latest footfall index, parking index, sales index, and more.

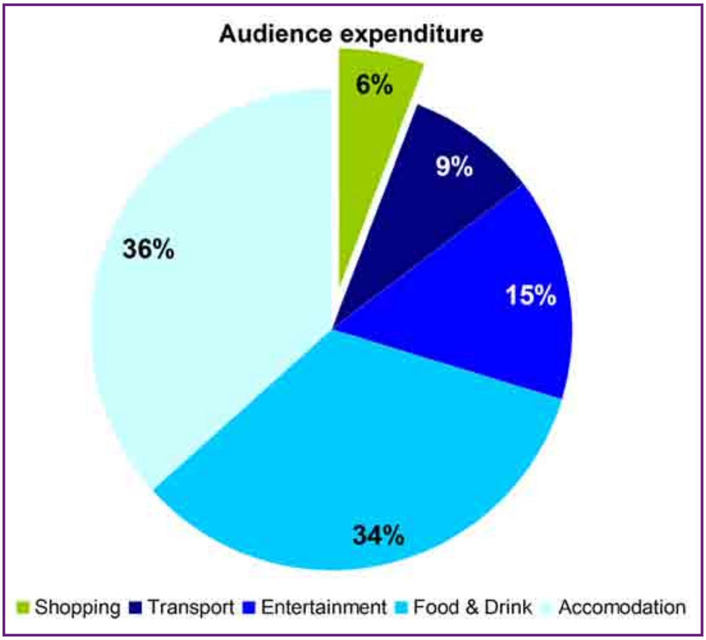
We are currently carrying out a readers' survey to get your feedback on Essential Trends and improve the bulletin. We would like to know what you think of Essential Trends's current format, content, and the frequency of publication. All information collected will be used to update the magazine and meet your needs. If you could spare 2 minutes to participate in the poll, we would greatly appreciate it.

You can leave your feedback by following this link: **www.surveymonkey.com/s/EssentialTrends**

Edinburgh Festivals Impact Study

Attracting more than four million visitors each year, Edinburgh's 12 principal festivals are generating over a quarter of a billion pounds for Scotland, according to the Edinburgh Festivals' Impact Study, published in May. The economic impact figure for Edinburgh is £245 million.

The study found that most of audiences' expenditure is spend outside of the cultural and events sector, and is made on items such as accommodation, food and drink, shopping and transport (see chart for further detail).



Retailers in the city centre know about the significant impact of the summer festivals in particular: Footfall figures from the last 3 years indicate that, unlike many other cities in the UK, pedestrian movements peak twice a year: firstly, over the Christmas period and secondly, during the height of the summer Festival period in August (see Essential Trends 4).

Apart from the economic impact, the study conducted by BOP also stressed the cultural and social impacts of the festivals: the study found that the festivals are boosting local pride – according to 89% of the study's respondents – as well as enhancing the profile of the capital to incoming festival-goers; 93% of whom state the festivals are part of what make Edinburgh special as a city.

The study was commissioned by the Festivals Forum in partnership with Scottish Enterprise, Festivals Edinburgh, City of Edinburgh Council, EventScotland, The Scottish Government, and Creative Scotland.

The whole report can be downloaded from: **www.festivalsedinburgh.com/downloads.**

Chart: Breakdown of non-ticket net expenditure for Edinburgh, from audiences to the Edinburgh Festivals, 2010 (Source: BOP)

Edinburgh Shopper Survey

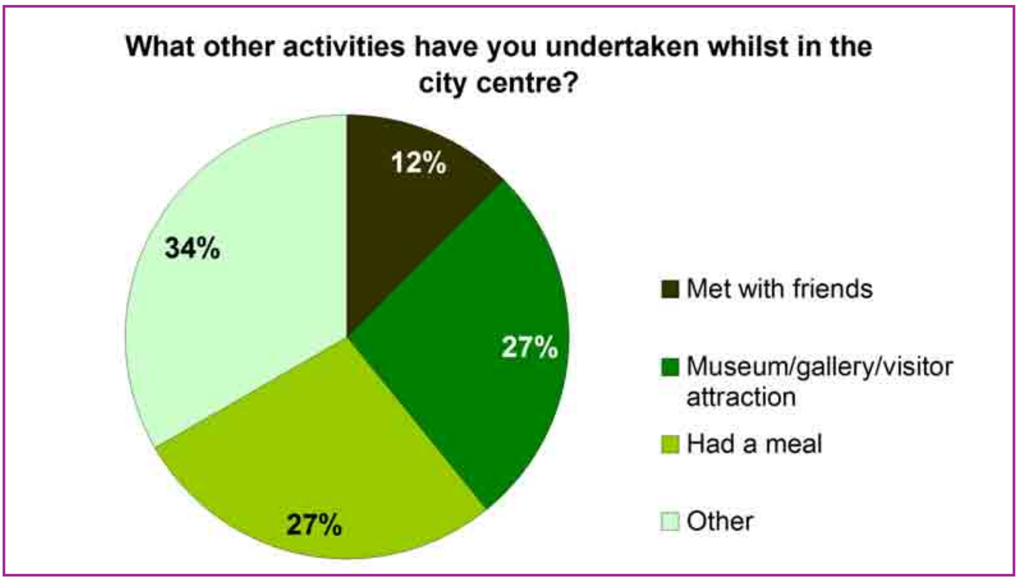
Edinburgh's city centre has a diverse mix of UK multiples, strong medium-sized firms and niche independents. In all parts of the city centre, retailers work hard to contribute to Edinburgh's reputation as a centre with this highly distinctive character. The latest survey among Edinburgh residents reveals what shoppers regard as hot - and what not.

Most importantly, the vast majority of 1,500 people surveyed stated that the retail mix in Edinburgh's city centre is either good or very good. The average score from a 1 to 5 rating scheme (1 being poor; 5 being excellent) was 4.1. This is the most significant and indeed very positive indicator of the performance of Edinburgh's high streets.

More than 60% of the respondents were perfectly happy with the retail mix and didn't wish to see any further type of shop in the city centre. The remainder, some 597 people, stated they would like to see more affordable fashion shops (14.9%), further department stores (14.9%), or other independent retailers (13.7%).

Primark should expect massive demand once it opened its doors to customers on Princes Street (which is due to happen before Christmas this year). Some 234 (or almost 1 in 3) of those who wanted to see a specific shop in the city centre named this particular clothing retailer. Primark can be expected to be a real footfall generator boosting business throughout Princes Street.

Other specific shops respondents would like to see were Selfridges (11.7%) – the London based high-end department



store, Harrods (8.1%) and the Apple Store (8.1%). Interestingly the majority of Edinburgh residents (59.4%) said there are too many souvenir shops for visitors to Scotland in the city centre.

The survey was conducted in December 2010 (shortly before Christmas) and in February and March 2011 and was answered by 500 respondents respectively. Because the December survey included many Christmas shoppers, results from then differ compared to February and March 2011.

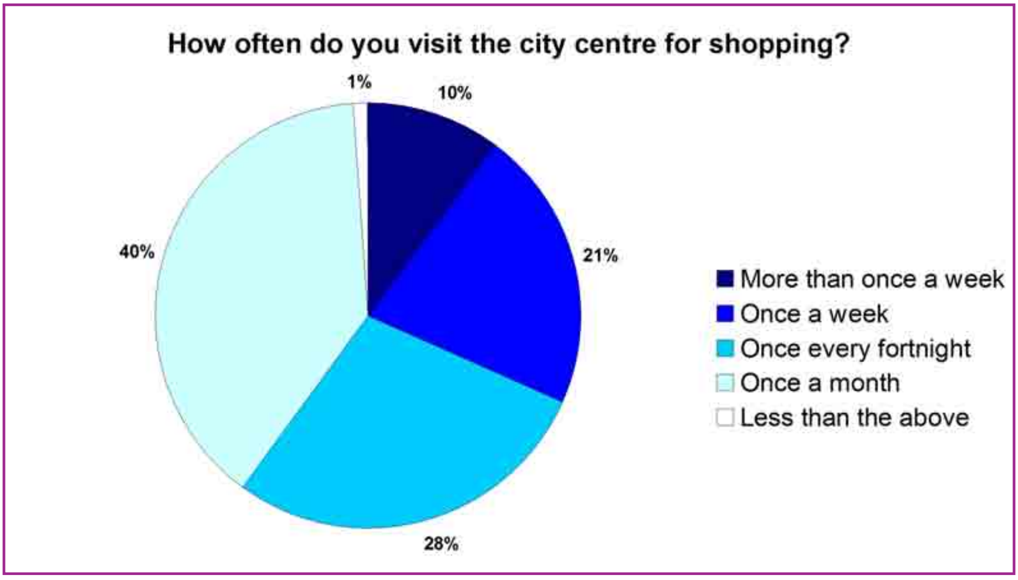
In December, people's shopping bags were fuller: the vast majority of respondents (79.2%) stated they spent (or were likely to spend) more than £100 on this shopping trip. In February and March, however, most respondents spent between £10 and £50 and only 24% said they would spend more than £100.

In December, many shoppers came from Edinburgh's wider catchment zone (see Essential Trends 4 for further info). This is reflected in the higher number of shoppers who arrived by train (some 37% did so) and by a vast majority (81.4%) who stated they come to Edinburgh city centre once in a month.

In February and March, only 15.7% of shoppers arrived by train. Some 57.9% arrived by bus, followed by car (27.5%) or people who walk in (19.8%). In February and March, a majority of respondents stated they visit the city centre for shopping once a week.

Typically, people bought "clothes and shoes" and "books, CD's, DVD's and videogames". In December, people were more likely to buy "items for households" and, unsurprisingly, gifts.

The survey, which was conducted on



Edinburgh Shopper Survey Continued...

Princes Street and in Princes Gardens in particular, also included questions on areas people were likely to visit whilst being in the city centre (allowing more than one answer). The vast majority of shoppers visited St James Centre (82.9%), George Street (82.3%) and Multrees Walk (66.5%). Outside the New Town BID, people visited the Grassmarket (45.8%), the West End/ Shandwick Place (29%), and the Royal Mile (19.7%).

People surveyed were also asked if there was anything that was detracting them from their shopping experience. Most respondents (56.1%) stated they found charity collectors detracting; these were followed by beggars (46.4%), street performers (19.9%) and street traders (8.7%).

The findings suggest that people shopping in Edinburgh are satisfied with the capital's retail offer and mix.

According to the respondents, there is some demand for fashion products that can be bought from upmarket department stores (like Selfridges or Harrods). Equally, however, respondents highlighted they would like affordable fashion and independent shops.

If you've got further questions on this survey, please contact Dr Tom Mathar, Market Research Executive in the Economic Strategy & Research Team from the City of Edinburgh Council: **tom.mathar@edinburgh.gov.uk**

Findings from Edinburgh Sparkles Evaluation

Edinburgh Sparkles, the city's winter campaign, was launched for the second time last year, aiming to bring more people into the city to shop, spend and stay. Despite an early and spectacular cold blast that affected business dramatically, feedback on the campaign (co-funded by Essential Edinburgh) showed it had a positive impact during a difficult time.

Including billboard advertising throughout the Central Belt, Aberdeen, Inverness and various cities in England, the Edinburgh Sparkles campaign also promoted the city's leisure retail offer through media trips, UK-wide promotions, advertorials and over £756,751 worth of press coverage.

Findings suggest that visitors spent £19.6million in November and December 2010 whilst shopping. Encouragingly, this is up 4.3% from 2008, the year before Edinburgh Sparkles was launched – a positive statistic given the increasingly competitive nature of other city promotion during the same period, such as Glasgow and Dundee.

The vast majority of retailers who participated in a survey confirmed that Edinburgh Sparkles offered everyone from families to couples a magical seasonal experience; they also agreed that Edinburgh Sparkles attracted visitors from the Central Belt and the UK to come to Edinburgh for shopping.

One retailer commented that Edinburgh Sparkles "is a great way to promote our business through different channels and I think it hits the correct target market for us". Another retailer stated that the campaign "encouraged more locals and

visitors to extend their time in the city."

Other retailers who participated in the poll, however, stated that because of the dramatic weather conditions it was difficult to assess the impact of the campaign. "Our business was severely affected by the weather conditions in December". More robust evaluation techniques will be investigated by the Edinburgh Sparkles team for the upcoming 2011/12 campaign.

Edinburgh Sparkles wasn't just designed to attract shoppers and visitors from throughout the country – it was also very well known amongst residents of Edinburgh. A survey conducted in December by an independent market research firm found that 87% of respondents had heard of the campaign. The same survey conducted in Glasgow found that 41.2% of Glaswegians had heard about Edinburgh Sparkles. Likewise, 42.2% of residents from Newcastle stated they heard about Edinburgh Sparkles.

PR and Marketing events related to Edinburgh Sparkles that resonated best with those surveyed included Mr Snow, a 4-metre tall machine that fired artificial snow 3m high in the sky. Mr Snow was installed at St Andrew Square; it was created by students from the Edinburgh

Between 5 November 2010 and 5 January 2011 visitors to Edinburgh spent 4.3% more on shopping compared to this period 2 years ago.

The vast majority of retailers

agreed or strongly agreed

that Edinburgh Sparkles attracts people from the Central Belt and the UK to come for shopping.

"Edinburgh Sparkles is a great way to promote our business through different channels and I think it hits the correct target market for us"

87% of Edinburgh residents had heard of Edinburgh Sparkles.

Edinburgh Sparkles created at least 172,175,055

Opportunities To See.

The campaign promoted the city's leisure retail offer through media trips, UK-wide promotions, advertorials and over

£756,751 worth of press coverage.

Edinburgh Sparkles Evaluation Continued...

School of Arts.

A ‘Tweet Treat’ Bus and the Edinburgh Sparkles Treasure Hunt also offered an incentive to shoppers to come into the city-centre.

Edinburgh Sparkles created at least 172,175,055 Opportunities To See. The overall Return on Investment, based on Advertising Value Equivalent was 1:4.7. Based on an investment of £10,000, ROI was 1:76.

Planning is currently taking place for this year’s Edinburgh Sparkles. If you would like to get involved or would like to let the team know about your activity over the festive period, please e-mail **sharon.duffy@edinburgh.gov.uk.**

Retail Rental Values

For more than 100 years, the Valuation Office Agency is publishing its annual Property Market Report. The latest issue, reporting on the period in the year to January 2011, was published in May.

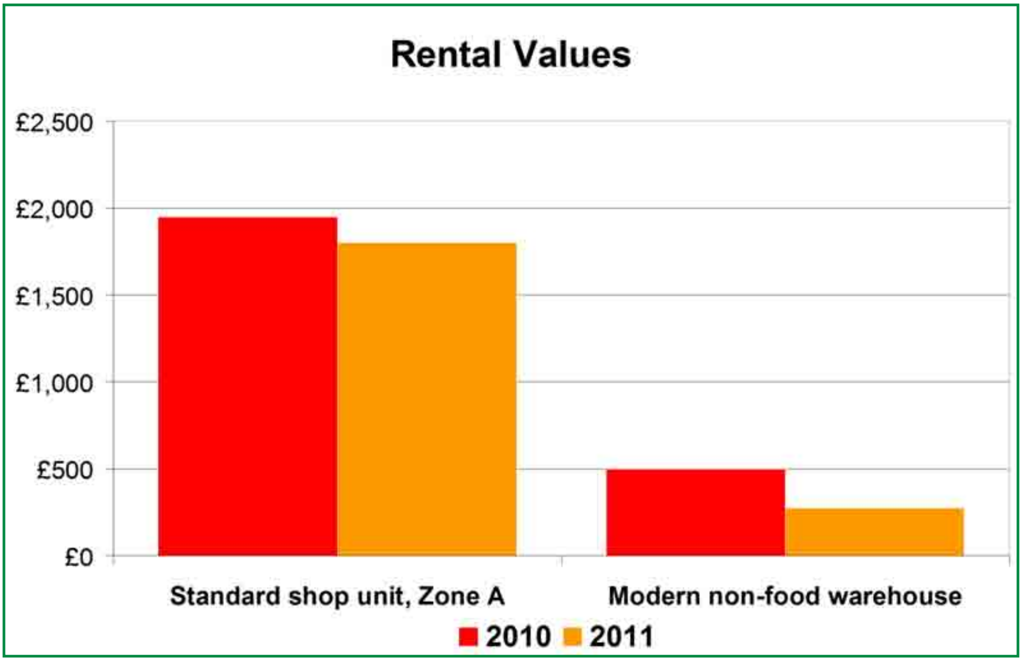
On average, retail headline rent figures for Zone A units in Edinburgh showed an 8.7% fall in the year up to January 2011. This means that the decrease in Edinburgh is worse than in other Scottish towns evaluated. The trend in Edinburgh is more similar to the one from the rest of England.

In January 2010, a standard Zone A shop unit cost £1,950 per square metre. This compares to this type of unit in Glasgow and London's West End at £2,800 and £6,000 respectively. A year later, these units stood at £1,800 in Edinburgh, £2,725 in Glasgow and £6,500 in London's West End (one of the few sites where valuers observed an increase).

The Valuation Office Agency found that in Scotland, non-food warehouses in particular showed a significant reduction in rental values. In Edinburgh, a modern non-food warehouse stood at £500 per square metre in January 2010. Rental prices dropped to £275 in the year to January 2011.

In general, the Valuation Office Agency's valuers reported that incentives (such as rent free periods) were prevalent in the market.

The whole report can be downloaded from the VOA's website: **www.voa.gov.uk/publications/index.htm**



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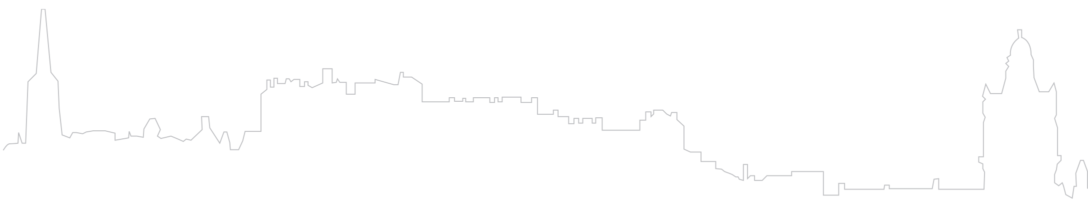
Central Business Improvement District



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