

Kirkstall Bridge Retail Park, Leeds



A joint paper by Capital Economics and Columbia Threadneedle Investments

The case for UK retail parks



Retail parks are uniquely positioned at the intersection of three structural forces: value-oriented consumer behaviour, demand for convenience, and a constrained supply pipeline. We assess the outlook for one of the UK's most structurally supported real estate sub-sectors.

Retail parks: Key takeaways

- **Aligned with consumer trends.** Household demand continues its shift towards value and convenience, both of which are structurally supportive of the retail park sub-sector.
- **Highly restricted development pipeline.** Retail park development averaged under 250,000 sq ft per annum between 2020 and 2025, far below the 4.1 million sq ft on average between 1990 and 2000. Overall vacancy is around 3.5%.
- **The combination of structural demand and a limited development pipeline** is expected to support superior rental growth and total returns over the medium term, positioning retail parks as one of the top performing UK commercial sub-sectors between 2026 and 2030.

~3.5%

Retail park vacancy rate

+1.4%

Retail park footfall increased by 1.4% in the 12 months to June 2026, outperforming shopping centres and high streets

2x

Discount variety and discount grocery segments have doubled their footprint over the past decade

The UK retail sector has undergone a decade of structural change, with retail parks emerging as one of the sub-sectors most closely aligned with the resulting structural shifts in consumer behaviour and occupier requirements.

Two long-term trends now define UK household spending: a heightened focus on value, and a preference for low friction, convenience-oriented purchasing. Retail parks are well-positioned to benefit from both given their car accessible edge-of-town locations, tenant composition and physical

configuration. In parallel, planning constraints and elevated construction costs continue to limit new supply, sustaining a tight market for existing assets.

Together, these dynamics should support rental growth and total returns above those of most other real estate sub-sectors over the next five years.

Here we examine the underlying drivers in three areas: the consumer environment; the functional relevance of retail parks; and the outlook for returns and performance.

1 Consumer behaviour: The shift toward value and convenience

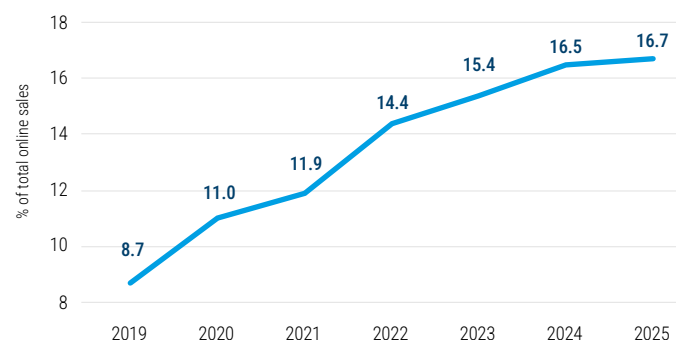
UK consumer spending totalled £1.8 trillion in 2025, equivalent to approximately 60% of GDP. Within this, two long-term trends are increasingly influential in shaping retailer strategy and occupier demand. Both are structurally supportive of the retail park sub-sector.

Convenience. Consumer prioritisation of low-friction, time-efficient purchasing has intensified in recent years. PWC survey data indicates that 41% of UK consumers are willing to pay a premium for greater convenience, while Click & Collect sales, which avoid delivery frictions, have almost tripled since 2019 (Figure 1) from £8.9 billion to £22.3 billion.¹ Retail parks are structurally advantaged in this context. Out-of-town locations, free on-site parking and larger unit configurations reduce the operational cost and complexity of fulfilling Click & Collect orders and omnichannel activity. As a result, retail parks have become an integral part of occupier fulfilment strategy, supporting demand from both traditional in-store retailers and those with a growing digital presence.

Value. Real household disposable income growth has averaged less than 1% per annum since 2020, approximately half the rate of the preceding decade. In 2022, 57%² of UK consumers identified cost-of-living as the primary factor influencing their retail choices, the highest share among major economies surveyed (Figure 2) – while more current data is not available, subsequent growth among value-focused retailers is consistent with continued consumer sensitivity to price. This backdrop has supported the continued expansion of value-focused operators whose formats favour low occupancy costs, efficient large format stores and accessible catchments. Retail parks are well aligned with these operational requirements, evidenced by value operators accounting for 86% of new out-of-town grocery openings in 2024, up from 57% in 2020.³ Occupier demand within the sub-sector is therefore closely tied to the retailers currently gaining share in the UK market.

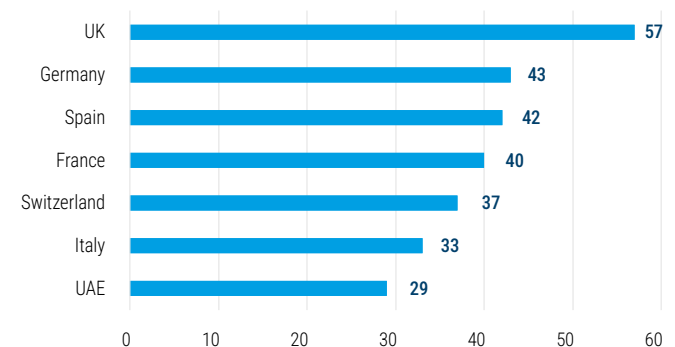
Available survey evidence suggests these behavioural changes are structural rather than cyclical. Only 14% of UK consumers indicate they would revert to previous shopping patterns in the event of an easing of the cost-of-living.⁴ The associated demand tailwind for retail parks is therefore expected to persist beyond the current cycle.

Figure 1: UK Click and Collect sales as a share of online sales



Source: Capital Economics and eMarketer, 2025

Figure 2: UK consumers who say cost of living is the primary factor influencing retail choice (%)



Source: Retail Economics, 2022

¹ PWC, Frictionless retail: The future of shopping, November 2022

² Retail Economics, Changing Consumer Values & Behaviour, June 2022

³ Savills, 'Spotlight: UK Grocery Report 2020', July 2025

⁴ Paragon, The great supermarket switch – over half of consumers change shopping habits in the face of rising prices, 21 August 2023

Fountains Retail Park,
Tunbridge Wells



2 Retail park characteristics: Functionally relevant to the modern occupier

Retail parks exhibit a combination of physical, operational and financial attributes that support resilient occupier demand.

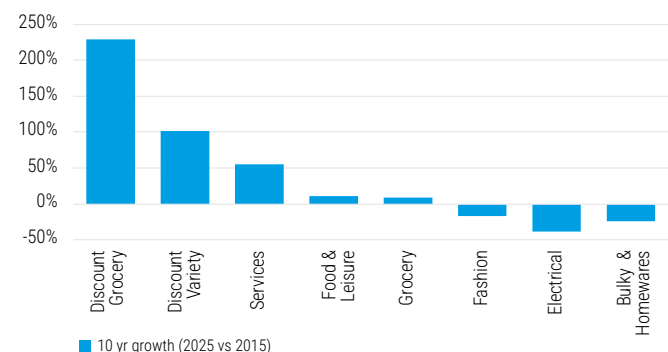
The relative outperformance of retail parks reflects a strong alignment between the physical characteristics of the sub-sector and the operational requirements of the retailers currently expanding in the UK market. Three attributes are particularly notable:

- 1. Ease of access to consumer.** Peripheral, car-accessible locations reduce the incidental cost and time associated with a shopping trip, consistent with observed consumer preferences for efficient, single-purpose journeys. From the occupiers' perspective this reduces the frictional cost of 'acquiring' a consumer.
- 2. Occupier affordability.** Rent as a proportion of retailer sales has moderated from 8% in 2019 to 5.3% in 2025, improving trading economics for occupiers.⁵ Typical service charges of less than £2 per square foot are competitive relative to alternative physical formats, and average rents of £17.50 per square foot position retail parks as the most cost-effective format within the spectrum of UK physical retail.⁶ Improved occupier profitability is typically associated with stronger tenant retention, greater capacity for expansion and firmer rental growth.
- 3. Omnichannel utility.** The scale, accessibility and household proximity of retail park assets support cost-effective fulfilment of online orders and Click & Collect

activity. With pure logistics rents up approximately 40% since 2019, retail parks are increasingly being used within occupier distribution networks as proxy last-mile logistics hubs for retailers looking to deliver on the ever-shorter delivery times demanded by consumers.

The attributes of retail parks are underpinning robust demand from a range of occupiers. Discount variety and discount grocery operators represent 22% of retail parks floorspace, more than double their 2015 share (Figure 3). Aldi and Lidl's combined UK grocery share has risen from 14% to 18% since 2020.⁷ Continued market share gains among these operators translate directly into sustained space requirements within the sub-sector. There is also

Figure 3: Growth of retail park floorspace by category



Source: Capital Economics and Savills Research, 2025

⁵ British Land, Full Year Results 2025/26, May 2026 (based on British Land's portfolio).

⁶ Columbia Threadneedle Investments' analysis, 2026

⁷ Worldpanel, 'Grocery Market Share', September 2026

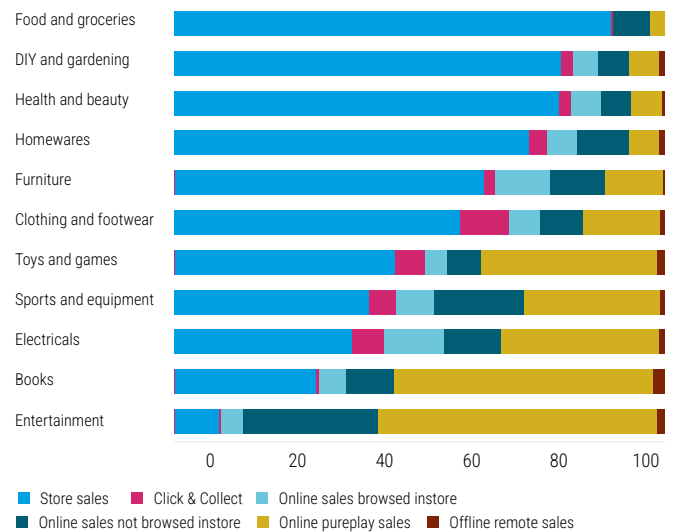
Flowerdown Retail Park, Weston-super-Mare



a notable broadening of the tenant mix on retail parks with traditional high street retailers (for example, Next and Marks & Spencer) taking space to offer convenience to their consumers as retailers seek to build consumer brand loyalty.

Retail parks are also well insulated from online substitution due to the composition of their occupier base. A significant proportion of retail park floorspace is allocated to categories with high in-store engagement, including food and grocery (approximately 90% of sales in-store) and DIY, homewares and furniture (between 75% and 86% of sales involving a physical touchpoint). Around 15% of floorspace comprises food and leisure, which includes coffee operators and restaurants as well as cinemas, gyms and sports facilities, which all necessitate a physical presence. This reduces the sub-sector's exposure to substitution risk from pure online formats (Figure 4).

Figure 4: In-store share of retail sales by category



Source: Capital Economics and CBRE, 2025

Occupier economics of retail parks

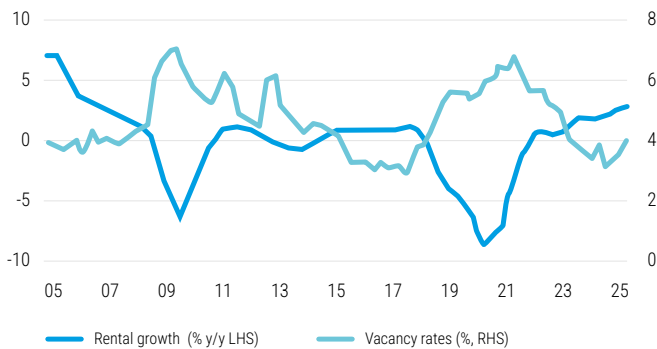
- Rent as % of sales:** Fallen from 8% (2019) to 5.3% (2025), helping to improve retailer trading margins.
- Service charge:** <£2 per square foot provides a competitive operating cost base.
- Pure logistics rents:** are up approximately 40% since 2019, giving retail parks a comparative cost advantage as a fulfilment location.

Collectively, these dynamics position retail parks as the most cost-effective physical route to the UK consumer.

3 Market outlook: Structural demand meets constrained supply

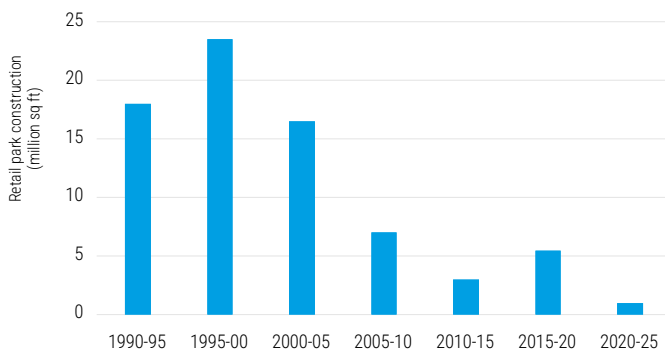
The combination of resilient occupier demand and limited development pipeline (Figures 5 and 6) is expected to support rental growth and total returns over the medium term.

Figure 5: Low vacancy rates



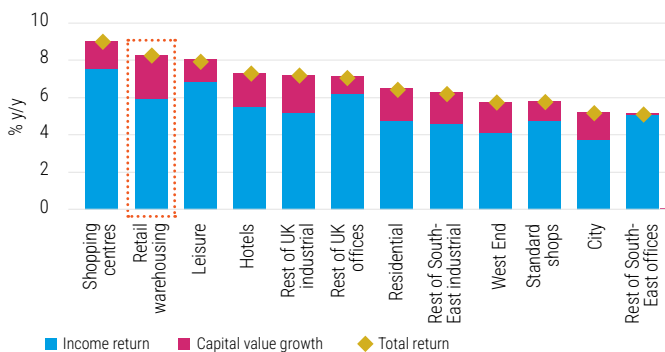
Source: Capital Economics and MSCI, 2026

Figure 6: A shallow development pipeline



Source: Capital Economics and CBRE, 2025

Figure 7: Total return forecasts by real estate sub-sector, per annum 2026-2030



Source: Capital Economics, 2026

The UK retail market has passed an inflection point. Rental values have re-based, occupier trading economics have improved and expansionary demand is concentrated among retailers whose operating models favour retail parks. Against this backdrop, the sub-sector's supply response is – and is expected to remain – limited, with the resulting demand supply imbalance now feeding through into positive rental growth.

Supply is unlikely to respond over the forecast horizon. Two structural factors are expected to keep the pipeline shallow. First, UK planning policy prioritises town centre uses, with out-of-town retail schemes subject to sequential and impact assessments, resulting in a limited consented pipeline. Second, development viability has deteriorated: build cost inflation and constrained labour capacity have raised delivery costs, while prevailing rental levels do not support speculative development at scale. In combination, these factors are expected to sustain a demand/supply imbalance that supports rents in existing stock.

The combination of structural demand and constrained supply also feeds into an attractive forecast return profile. Retail parks benefit from both a high income return, reflecting yields that remain elevated relative to industrial and other core real estate sectors, and improving capital value growth, driven by rental recovery. On the basis of Capital Economics forecasts, retail parks are expected to generate a total return of approximately 8.3% per annum from 2026-2030, higher than all other main real estate sub-sectors barring shopping centres, which benefit from a higher income reflecting higher risks.

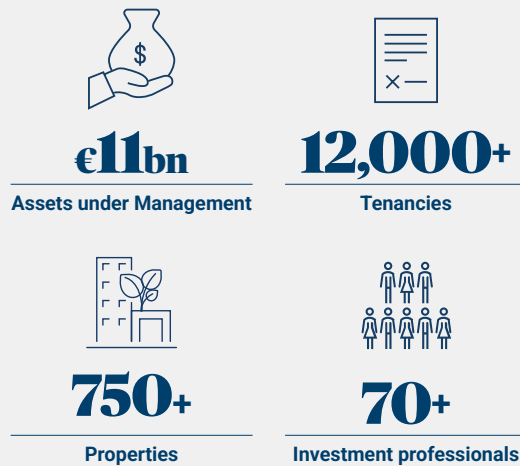
The bottom line

Retail parks offer a rare combination of structural consumer relevance, improving occupier economics and constrained future supply. Their alignment with value, convenience and omnichannel retailing means they remain well placed to capture resilient demand from both expanding value operators and traditional retailers adapting their store networks.

At the same time, planning restrictions, elevated build costs and challenged new development viability should keep new supply muted. This demand/supply imbalance supports rental growth, while relatively attractive yields provide a strong income base. Together, these factors position retail parks to deliver resilient, attractive, income-led returns over the medium term.

Real Estate at Columbia Threadneedle Investments

We are a full-service real estate equity manager with investment offices in London, Munich and Paris, which enable us to invest in all core European markets. Our local market experts are supported by the extensive resources of our global fund management platform.



Capital Economics

An independent macroeconomic research firm since 1999, with more than 60 economists across 100+ economies. They provide market analysis, forecasts, proprietary data, and direct access to their economists to help clients make critical decisions in a rapidly changing world.

Source: Columbia Threadneedle Investments, as of June 2026. Columbia Threadneedle Investments is the brand name of the Columbia and Threadneedle group of companies, which is reflected in the above statistics.

Contacts



Tom Elviss

Fund Manager, Columbia Threadneedle Investments



Joanna Tanno

Head of Research, European Real Estate, Columbia Threadneedle Investments

To find out more visit columbiathreadneedle.com



Important Information

For use by professional clients and/or equivalent investor types in your jurisdiction (not to be used with or passed on to retail clients). For marketing purposes.

This document is intended for informational purposes only and should not be considered representative of any particular investment. This should not be considered an offer or solicitation to buy or sell any securities or other financial instruments, or to provide investment advice or services. Investing involves risk including the risk of loss of principal. Your capital is at risk. Market risk may affect a single issuer, sector of the economy, industry or the market as a whole. The value of investments is not guaranteed, and therefore an investor may not get back the amount invested. International investing involves certain risks and volatility due to potential political, economic or currency fluctuations and different financial and accounting standards. The securities included herein are for illustrative purposes only, subject to change and should not be construed as a recommendation to buy or sell. Securities discussed may or may not prove profitable. The views expressed are as of the date given, may change as market or other conditions change and may differ from views expressed by other Columbia Threadneedle Investments (Columbia Threadneedle) associates or affiliates. Actual investments or investment decisions made by Columbia Threadneedle and its affiliates, whether for its own account or on behalf of clients, may not necessarily reflect the views expressed. This information is not intended to provide investment advice and does not take into consideration individual investor circumstances. Investment decisions should always be made based on an investor's specific financial needs, objectives, goals, time horizon and risk tolerance. Asset classes described may not be suitable for all investors. Past performance does not guarantee future results, and no forecast should be considered a guarantee either. Information and opinions provided by third parties have been obtained from sources believed to be reliable, but accuracy and completeness cannot be guaranteed. This document and its contents have not been reviewed by any regulatory authority.

In Australia: Issued by Threadneedle Investments Singapore (Pte.) Limited ["TIS"], ARBN 600 027 414. TIS is exempt from the requirement to hold an Australian financial services licence under the Corporations Act 2001 (Cth) and relies on Class Order 03/1102 in respect of the financial services it provides to wholesale clients in Australia. This document should only be distributed in Australia to "wholesale clients" as defined in Section 761G of the Corporations Act. TIS is regulated in Singapore (Registration number: 201101559W) by the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289), which differ from Australian laws.

In Singapore: Issued by Threadneedle Investments Singapore (Pte.) Limited, 3 Killiney Road, #07-07, Winsland House 1, Singapore 239519, which is regulated in Singapore by the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289). Registration number: 201101559W. This advertisement has not been reviewed by the Monetary Authority of Singapore.

In Hong Kong: Issued by Threadneedle Portfolio Services Hong Kong Limited 天利投資管理香港有限公司. Unit 3004, Two Exchange Square, 8 Connaught Place, Hong Kong, which is licensed by the Securities and Futures Commission ("SFC") to conduct Type 1 regulated activities (CE:AQA779). Registered in Hong Kong under the Companies Ordinance (Chapter 622), No. 1173058.

In Japan: Issued by Columbia Threadneedle Investments Japan Co., Ltd. Financial Instruments Business Operator, The Director-General of Kanto Local Finance Bureau (FIBO) No.3281, and a member of Investment Management Association of Japan and Type II Financial Instruments Firms Association.

In the UK: Issued by Threadneedle Asset Management Limited, No. 573204 and/or Columbia Threadneedle Management Limited, No. 517895, both registered in England and Wales and authorised and regulated in the UK by the Financial Conduct Authority.

In the EEA: Issued by Threadneedle Management Luxembourg S.A., registered with the Registre de Commerce et des Sociétés (Luxembourg), No. B 110242 and/or Columbia Threadneedle Netherlands B.V., regulated by the Dutch Authority for the Financial Markets (AFM), registered No. 08068841.

In Switzerland: Issued by Threadneedle Portfolio Services AG, Registered address: Claridenstrasse 41, 8002 Zurich, Switzerland.

In the Middle East: This document is distributed by Columbia Threadneedle Investments (ME) Limited, which is regulated by the Dubai Financial Services Authority (DFSA). For Distributors: This document is intended to provide distributors with information about Group products and services and is not for further distribution. For Institutional Clients: The information in this document is not intended as financial advice and is only intended for persons with appropriate investment knowledge and who meet the regulatory criteria to be classified as a Professional Client or Market Counterparties and no other Person should act upon it.

This document may be made available to you by an affiliated company which is part of the Columbia Threadneedle Investments group of companies: Columbia Threadneedle Management Limited in the UK; Columbia Threadneedle Netherlands B.V., regulated by the Dutch Authority for the Financial Markets (AFM), registered No. 08068841.

Columbia Threadneedle Investments is the global brand name of the Columbia and Threadneedle group of companies. © 2026 Columbia Threadneedle. All rights reserved.

CTEA9141452.1 | WF3798950 (09/26)