

## Intu positive as retailers in UK 'more confident'

Amid stagnant economic growth, UK-focused Intu Properties has been repositioning itself and will be substantially better placed in the market as and when the economy picks up, according to management.

By [Nick Hedley](#) 6 Sep 2013



Chief operating officer Mike Butterworth said on Tuesday (3 September) there were indications that confidence was coming back among UK retailers.

Intu, which owns 10 of the UK's top 25 shopping centres and has a South African shareholding of about 30%, has been undertaking a substantial re-branding and repositioning exercise.

The company, which is the largest listed real estate investment trust (Reit) on the JSE and is also listed in London, recently changed its name from Capital Shopping Centres and introduced a nationwide consumer-facing shopping centre brand, "Intu".

It has also introduced a single transactional website for its centres and is in the process of rolling out free Wi-Fi in its malls.

Butterworth said while retailers remained cautious and it had been difficult to drive rentals, the company has avoided temporary lettings, instead focusing on a number of strategic lettings with key retailers, some of which were taking larger spaces.

"The outlook for the retail sector is now more positive," he said.

Intu was also introducing catering and leisure components into its malls, and was repositioning its centres in preparation for improvements in the economy. "A lot of the groundwork has been, and is being, done," Butterworth said.

### UK sales volumes

According to research by Barclays Capital released last month, UK retail sales volumes grew faster than expected in July, with total sales growing 1.1% month-on-month. This brought the year-on-year growth rate to 3%, the highest since January 2011.

"Retail sales values had grown ahead of sales volumes since the onset of the economic crisis, showing the extent to which high inflation in the UK has damaged consumer purchasing power," said Barclays Capital economist Blerina Uruçi.

She said retail spending improved steadily in recent months, as generally positive news on the UK economy was released and this was consistent with the pick-up in consumer confidence.

Intu finance director Matthew Roberts said the re-branding of the company had gone really well, with the physical exercise almost complete. "The transactional website had been operational for about six weeks and about 60 retailers were represented on the site, although this number was expected to grow," he said.

Last month, Intu reported an unchanged 5p interim dividend per share for the six months ended June and a 2.9% drop in like-for-like net rental income - as positive rental growth was offset by the effect of tenant failures.

Earlier this year, the company acquired Midsummer Place in Milton Keynes, as well as Charter Place in Watford. Kagiso Asset Management analyst Justin Floor said in August Intu's holding of mostly high-quality centres, which had healthier vacancies and shopper footfall characteristics than the average market, would set-up the company for any improvement in the UK market.

Source: Business Day via I-Net Bridge

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