

BRC Economic Summary - Q4 2021

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Latest (Q4 2021)	2.8% Total sales growth in Q4 2021	-16.4% Fall in footfall in Q4 2021 vs pre-pandemic	0.3% Growth in shop prices Q4 2021	14.4% Proportion of empty shops across GB in Q4 2021
2021	9.9% Total sales growth in 2021	-33.2% Footfall across 2021 compared with its pre-pandemic levels	£422bn Total value of retail sales (excl. automotive) in 2021 (ONS)	46.9% Online Penetration rate for Non-Food (RSM) in 2021

Overview

- 2021 saw a return to growth for the retail industry after a very challenging 2020. This was driven by the strong reversal of fortune in non-food, which saw growth of over 15% (from the lower 2020 base).
- While online sales were down on 2020, they remain well up on 2019 levels as the pandemic continues to disrupt consumers. Shops saw much better performance throughout the year than in the previous one, but the high proportion of hybrid working, including a government work-from-home mandate at points throughout the year, meant footfall remained well down on pre-pandemic levels.

Looking forward to 2022:

- The trajectory for consumer prices is very clear: they will continue to rise, and at a faster rate. Retailers can no longer absorb all the cost pressures arising from more expensive transportation, labour shortages, and rising commodity and global food prices.
- As customers manage rising costs, their remaining disposable income also faces greater competition from a resurgence in tourism, eating out, sport and live music.

All figures are Year-on-Year for the 3m October->December, unless otherwise stated.

BRC-KPMG Retail Sales Monitor

- **Total sales rose 2.8% YoY in Q4 2021.**
 - o Food sales growth of 0.4% YoY
 - o Non-Food sales growth of 4.8% YoY
- Online Non-Food sales were down 13.3%, while In-store sales were up 36.0%.
- Non-Food online penetration was 44.9% for Q4

Where are we now?

Sales remained upbeat in the runup to Christmas, though the spread of Omicron dented consumer confidence. The lockdowns in England in Q4 2020 meant that while online non-food was down on last year (and in-store was up), on a two-year basis, online sales are up by almost a quarter (while in-store sales were down around 5%).

What's next?

There are major headwinds in 2022. The resurgence in tourism, eating out, sport and live music are all likely to compete for customers' wallets this year. Furthermore, the rise in many household costs, from energy prices to National Insurance increases, will force many consumers to tighten their belts.

BRC-SensormaticIQ Footfall Monitor

- **Footfall was down 16.4% in Q4 against pre-pandemic levels (Yo2Y)**
 - o High Streets were down 20.7% (Yo2Y)
 - o Retail Parks were down 5.1% (Yo2Y)
 - o Shopping Centres were down 34.6% (Yo2Y)

Where are we now?

While footfall remains down on pre-pandemic levels, it is more than 60% higher than the same period last year. Footfall improved steadily from July to November 2021 before sliding back slightly in December owing to the spread of Omicron and the Government's 'work from home' guidance.

What's next?

Provided Omicron is brought under control and a new variant does not spread rapidly, it is likely that footfall will improve in the coming months. However, the growth in online sales means that retail footfall may not reach pre-pandemic levels any time soon.

BRC-Nielsen Shop Price Index

- **Shop prices rose by 0.3% in Q4 2021.**
 - o Food inflation was 1.4%
 - o Non-food inflation was -0.4%

Where are we now?

This is the highest quarterly figure since Q2 2019. Food price inflation has been rising fast over the last six months, with fresh food seeing the largest inflation rate of inflation in a decade during December. Meanwhile, the level of non-food deflation has almost fallen to zero. These effects are a result of a multitude of factors including the acute labour shortages, and rising transport costs, throughout the supply chain.

What's next?

Prices will almost certainly continue to rise, and at a faster rate. Retailers can no longer absorb all the cost pressures arising from more expensive transportation, labour shortages, and rising commodity and global food prices. Consumers will already be harder pressed this year, with rising energy bills, the looming hike in National Insurance, and more expensive mortgages.

BRC-LDC Vacancy Monitor

- **Vacancy rate was 14.4% in Q4**
 - o High Street vacancies were 14.4%
 - o Retail Park vacancies were 11.3%
 - o Shopping Centres vacancies were 19.1%

Where are we now?

While the number of empty shops has appeared to have peaked in Q2 and is beginning to come down, there are currently still 1 in 7 shop fronts empty. The North of England has much higher vacancy rates, while they are coming down much faster in Scotland and parts of South of England, including London.

What's next?

As the economy begins to recover from the pandemic, it is likely that the number of empty storefronts comes down. This will be supported by the revival of restaurants, cafes and other hospitality outlets (vacancy rates cannot discriminate between an empty shop and empty restaurant).

Contact

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