



# The Importance of the Local High Street

A Post-Pandemic Outlook



SEPTEMBER 2022





Before the pandemic, there were serious concerns about the diminishing importance of the local high street. With the rise of out-of-town retail and online shopping, many small businesses and shops on local high streets experienced a decline in footfall and customers. So uncertain was the future of the local high street, many suggested they might **become extinct**.

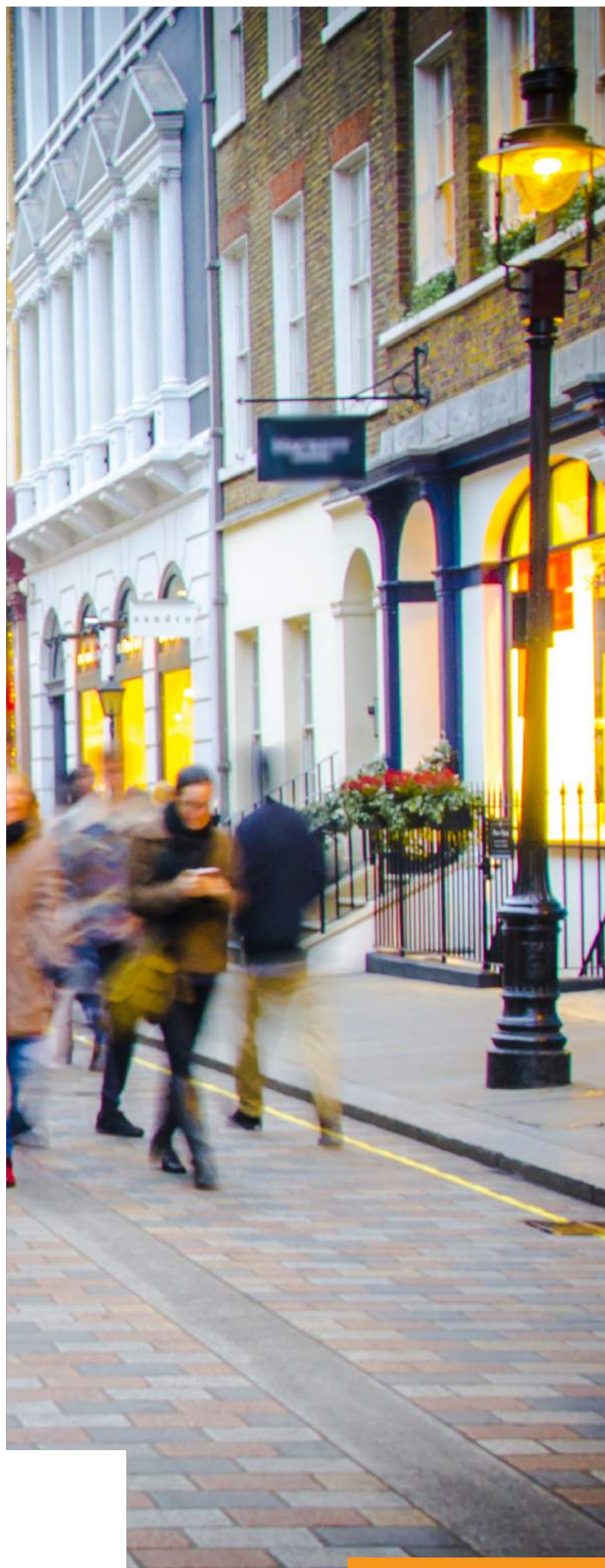
Set against this already testing backdrop, Covid-19 struck. Since March 2020, local high streets have had to stay afloat through a global pandemic, which forced them to shut up shop, play by new social distancing rules, and implement novel health and safety measures.

The impact was immediate. In March 2022, data showed that a record **16%** of shops were vacant (an increase of almost 4% from pre-pandemic levels), with one in 20 units having been empty for more than three years. Further hard times have followed.

No sooner was life returning to something resembling normality than war in Europe and a cost-of-living crisis threw up new, serious challenges. Inflation has risen above 10%, and is expected to increase further still. The damage of soaring inflation is two-fold: it means rising costs for businesses on local high streets as well as diminished spending power among consumers.

Clearly, local high streets are under the microscope, as long-term shopping trends converge with turbulent trading conditions. What is the outlook then of our local high streets, and what role do they have in consumers' lives and their choices of where to live?

To provide timely insight into the health and outlook of local high streets, Market Financial Solution's (MFS) commissioned an independent, nationally representative survey of 2,000 UK adults. Revealing the findings of this research, this report dives into how the pandemic has affected sentiment towards local high streets and their position in the UK's homebuyer and rental markets.



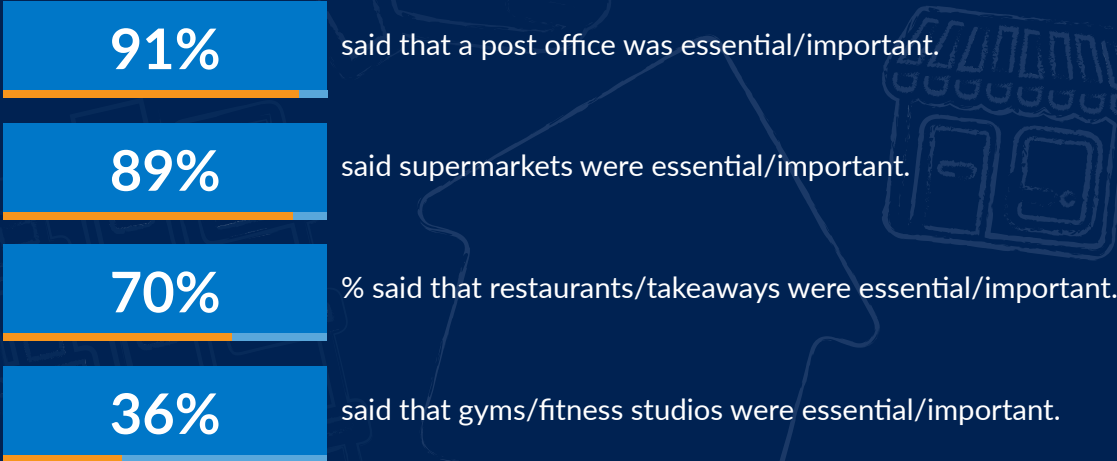
# Key findings at a glance...

In early September 2022, MFS commissioned an independent and nationally representative survey of 2,000 UK adults that looked into people's attitudes towards local high streets. Here are some of the key findings:

## Sentiments towards the local high street:



## Services on the local high street:







## Britons still love their high street, despite Covid decline

With lockdowns, travel restrictions, social distancing regulations and now a cost-of-living crisis, local high streets have had a very difficult three years. Indeed, many thought these challenges would be the death of the local high street – but MFS's research shows there is plenty of life in them yet.

For one, it found that the quality of local high streets is still an important factor for many people deciding where to live (whether renting or buying), despite the impact of the pandemic.

In fact, for almost half (46%) of respondents, having a vibrant local high street is important when choosing where to live, underlining their continued relevance in the UK's property market.

Indeed, landlords should take note, as more than a quarter (27%) of UK adults would pay a premium (whether renting or buying) if there was a great local high street nearby. If one extrapolates this figure nationally, that equates to 14.3 million people.

Tellingly, almost a fifth (19%) of people admitted the decline of their local high street over the course of the pandemic prompted them to move property or start looking for a new home. Further, almost half (46%) say that their local high street has changed notably since the start of the 2022.

As 20% of people said their local high street is better now than it was before Covid, perhaps the pandemic has reinforced Briton's love for their local high street and impacted their attitudes towards local businesses. Indeed, 31% of adults say they are shopping on their local high street more now than they did pre-pandemic.

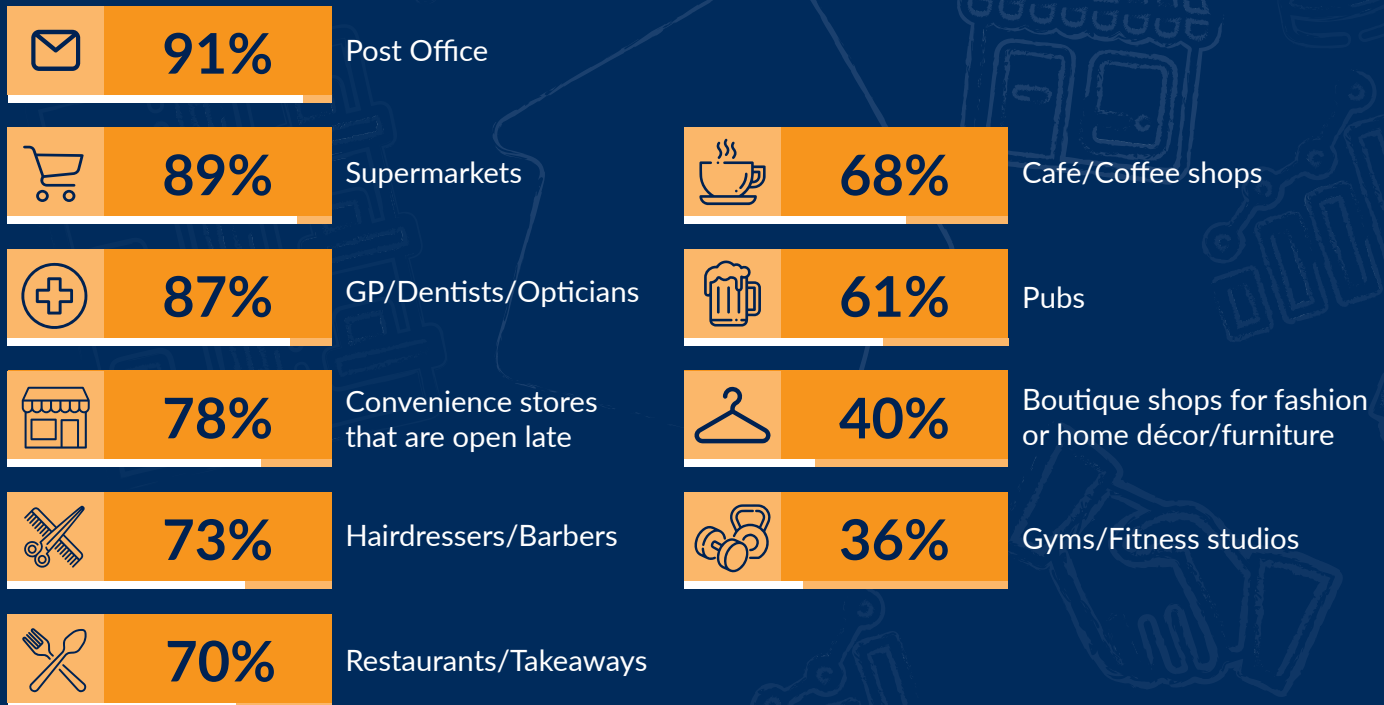
The desire to support local high streets is also evident by the fact that exactly half (50%) of respondents say they prefer independent shops or hospitality venues over chains. Moreover, 71% of UK adults want the government to do more to support local high street businesses – there is a clear appetite for their survival.

Even with the rise of online shopping and so many delivery services, MFS's research fundamentally illustrates that a vibrant local high street is important in many people's decision about where to live. A sense of community and greater convenience remains highly valuable – trends that were widely reported as becoming more important throughout the pandemic.

### **But what do people look for in their local high street?**

# What makes a good local high street?

MFS's study of 2,000 UK adults reveals what people want most on their local high street:



The list above demonstrates that high street essentials and practicalities reign supreme.

For 91% of respondents, a post office is an “essential” or “important” aspect of a local high street – the highest score attributed to any high street establishment. The demand for a local post office is likely a result, in part at least, of their declining numbers. Between 1981 and 2021, the number of post office branches across the UK fell from **22,400 to 11,400**.

Coming in a close second are supermarkets, which 89% of people see as important or essential, followed by GPs, dentists and opticians (87%).

Elsewhere, just over three quarters (78%) of people say convenience stores that are open late are essential or important. A further, 20% feel they are nice to have but not essential.

Similarly, hairdressers and barbers are seen as essential or important by 73% of people, with a quarter (25%) saying they are nice to have but

not essential.

As for hospitality venues, restaurants and takeaways are considered as important or essential by 70% of UK adults, while less people say the same of cafés and coffee shops (68%), and fewer still when it comes to pubs (61%).

The second least essential aspect of a local high street was boutique fashion or furniture shops, with just 40% of respondents labelling them as essential or important. Gyms come bottom of the list (36%).

Again, landlords and property investors should take note. MFS's research not only shows that many homebuyers and renters will consider the quality of a local high street when selecting a property - with a sizeable number willing to pay more if it is a good one - but the data also underlines the types of establishments that are priorities, which could again prove useful for investors when it comes to letting or selling a house or flat.

## The view of our CEO

“After a difficult few years for Britain’s local high streets, in which they have had to contend with a global pandemic and soaring inflation, there has naturally been much speculation about their survival. Importantly, our new research shows they remain popular among Britons; the fact that 27% of people would pay a premium for a property if there were a great high street nearby reflects that they are still a critical factor in people’s decision about where to live.

So, for landlords or investors who are looking for a new asset, they would do well to spot the demand for properties in close vicinity to a good high street.

However, we cannot ignore that there are issues that must be confronted. Government intervention – favoured by 71% of UK adults – might be required to help high street businesses whether the cost-of-living crisis, and with so many vacant retail units, there is also a role for private investors to play in revitalising local communities.

These two factors are interlinked. The Government can help encourage private investment into local high streets. Examining fiscal policies around business rates and VAT could prove a boon to the owners of high street businesses, which could also tempt more investors to consider commercial and semi-commercial assets. This would ensure fewer vacant units and more vibrant high streets.

For investors, whether looking for new residential or commercial opportunities, forward planning will be crucial. Having financial products in place and a flexible lender on hand will ensure an investor they can move quickly and with confidence. This, in turn, will improve their chances of being successful in a competitive market.

At MFS, we are passionate about supporting both investors and the UK property market as a whole. Ensuring fast, flexible finance can find its way into local high streets is a perfect example of this – and we are on hand to work with any prospective buyers, whether they are seeking a new buy-to-let property near a vibrant local high street, or they are pursuing commercial units to create a vibrant high street themselves.”

- **Paresh Raja**, CEO, Market Financial Solutions

*MFS are a bridging loan and buy-to-let mortgage provider, not financial advisors. Therefore, Investors are encouraged to always seek professional investment advice.*











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