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R3

2018 sees level of Yorkshire retailers at risk rising to almost a half



Amid a number of high profile retail insolvencies in recent months, the latest research from insolvency and restructuring trade body R3 shows that, in Yorkshire and the Humber, the level of physical shops at higher than normal risk of insolvency has risen over the last nine months from 30.2% to 44.3% last month.

The figures for the region are slightly worse than the national picture which shows 42% of high street retailers with an elevated insolvency risk, up from 29.3% in November 2017.

According to the figures for September 2018, of the 9,945 physical stores in Yorkshire and the Humber, 4,410 were at higher than normal risk. Across the UK, 58,031 of the 138,094 active retail businesses were deemed to be at elevated risk.

In the region, the breakdown of different types of shops reveals that home furnishings stores face the toughest challenges with 47% in the elevated risk bracket, followed by shoe shops (43.3%) and clothes stores (41.6%).

Looking at high streets nationwide, of the 12 regions surveyed, London put in the strongest performance with 38% of shops at above normal risk, followed by Northern Ireland with 38.9%. In contrast, the South West had the highest proportion of physical retailers at risk with 48.6%, while Wales had 45.4%.

However, the latest ONS report for August shows a slightly more optimistic picture with a 0.3% increase in sales since the previous month and strong growth at both non-food and household goods shops although clothing sales fell by 1.9% month on month.

Eleanor Temple, chair of R3 in Yorkshire and a barrister at Kings Chambers in Leeds, said: “With September seeing a six-month high in inflation, consumer spending is likely to slow further as real earnings remain under pressure. This, together with the subdued housing market and the uncertain political picture as we enter the final six months before Brexit, may well result in many households being more cautious in their spending.

Ms Temple continues: “With the high street suffering from rising rents and wage costs as well as fierce competition from the internet, physical retailers have some tough challenges ahead. Whatever type of business you have, if you are experiencing signs of financial distress, do seek advice from a qualified professional as soon as possible when the most tools are available to help you.”

Picture shows: Eleanor Temple, Chair of R3 in Yorkshire