

Revo

**Retail.
Property.
Community.**

**The Forces Driving Retail
and Leisure Places in 2034**

Executive Summary

This report was produced using the recognised futures technique of scenario planning – a foresight approach that enables organisations to consider the long-term impacts of change, and which is well suited to times of uncertainty. You can learn more about the approach in the About the Scenarios section.

The scenarios in this report are not intended to be perfect predictions. Instead, they're designed to help us imagine different possible, plausible futures and consider their impacts on retail and leisure spaces.

There are three scenarios in this report, each describing a different landscape for the year 2034. The first, **The Next Normal**, is the core scenario, or the one most likely to transpire. The second, **Rescuing Retail and Leisure in Polarised Britain** and third, **Green, Good, Smart Places** are 'wildcard' alternative scenarios – one of clear challenge and one of clear opportunity. We think these two scenarios are less likely to happen, but are still plausible depending on the direction of certain trends.

The Next Normal

Core Scenario: The Next Normal

In The Next Normal, Retail and Leisure spaces have been shaped by three forces above all: a **decade of political stability and modest economic growth, greater adoption of AI and the impacts of climate change.**

Some of these are positive. Political stability has enabled the sector to plan for the future and the government has realised ambitions of policy reform.

Far greater adoption of AI is leading to more efficiencies and higher productivity for both real estate and retail and leisure operators.

But there are challenges from the impacts of climate change. Extreme weather is affecting business continuity and many assets are not yet properly adapted, meaning outdated legacy systems and lower resilience.

The population has also changed: it is both older and larger, with population growth driven by net migration¹, and as a result it has become more diverse. This is driving polarisation, with persistent inequality between the 'haves and have nots', manifesting in the quality of retail and leisure environments in different locations.

Overall retail floorspace has declined significantly, and the purpose of traditional retail spaces has changed. There is a wider blend of uses, with pure retail less central. Variation across the country is wide, exacerbating polarisation.

Successful retail and leisure spaces have become more dynamic, with more emphasis on community engagement and closer owner-occupier relationships.

The many examples of strong recovery and adaptation are building investor confidence again. There's variation in investor profile by location and use mix, but critically, debt providers and institutional investors are returning to the sector.