KPMG

LONDON RETAIL CONSORTIUM
for successful and responsible retailing

BRC-KPMG London Retail Sales Monitor - July 2008

Covering the four weeks 6 July – 2 August 2008

Strictly Embargoed until 00.01 hrs – Monday 18 August 2008

LONDON SALES SLOWER BUT OUTPERFORM UK

- Retail sales in central London in July were 6.2% higher than a year earlier, on a like-for-like basis. This was much weaker than the 12.9% in July 2007 but stronger than the 0.9% decline in the UK as whole.
- Retail footfall was slightly weaker than in June and in May, but remained above its year-earlier level.
- The usual summer increase in visits by Middle Eastern tourist shoppers helped sales, while the strong euro continued to attract Western Europeans.
- Food sales held up – partly reflecting the impact of higher food prices – but clothing and footwear, homewares and other more discretionary items suffered. Big-ticket items such as furniture and large electricals remained tough for many, hit by housing market weakness and the squeeze on household budgets.

JULY Central London, Like-for-like % change on year ago	MAY – JULY Central London, Like-for-like % change on year ago
6.2%	8.0%
UK -0.9%	UK 0.3%

Stephen Robertson, Director General, British Retail Consortium, said:

“London retailers continue to outperform their UK counterparts, buoyed in July by tourists, discounts and the central London economy holding up better than the rest of the country. But factors affecting other parts of the UK, such as falling house prices and the squeeze on incomes, are starting to impact on the capital, hitting sales of more expensive house-related goods.”

Helen Dickinson, Head of Retail, KPMG, said:

"Central London has once again outperformed the rest of the UK, but by a lower margin that we have seen in the previous two months. There continues to be considerable variation in performance of individual retailers in the capital and significant swings in individual retailer performance on a week by week basis as they move into and out of promotional activity - highlighting how important such activity has now become in order to drive sales."

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The July 2008 Monitor covers the four weeks 6 July – 2 August 2008 and provides the most up-to-date reflection of recent retail performance in London.

The August 2008 London RSM will be published on 15 September 2008. The data is collected and collated for the BRC by KPMG.

NOTES

The London Retail Sales Monitor (LRSM) measures changes in the actual value of retail sales from a sample of retailers. The Monitor measures the value of spending and hence does not adjust for price changes. If prices are rising, sales volumes will increase by less than sales values. In times of price deflation, sales volumes will increase by more than sales values. Retailers report the value of their sales for the current period and the equivalent period a year ago.

'Like-for-like' sales growth is the percentage change in the value of comparable store sales compared to the same period a year earlier. It excludes any spending in stores that opened or closed in the intervening year, thus stripping out the effect on sales of changes in floorspace. Therefore like-for-like sales growth will usually be lower than total sales growth.

The like-for-like measure is often used by retailers, the city and analysts to assess the performance of individual companies, retail sectors and the industry overall, without the distorting effect of changes in floorspace.

In its role as administrator of the London Retail Sales Monitor, KPMG is responsible for the aggregation of the retail sales data provided by the retailers on a monthly basis. This data consists of the relevant current month's sales data and comparative sales figures for the same period in the prior year. The accuracy of the data is entirely the responsibility of the retailers providing it. The administrator role has been performed by KPMG since 2 November 2003. The commentary from KPMG is intended to be of general interest to readers but is not advice or a recommendation and should not be relied upon without first taking professional advice. Anyone choosing to rely on it does so at their own risk. To the fullest extent permitted by law, KPMG will accept no responsibility or liability in connection with its administration of the LRSM and its aggregation work to any party other than the LRC and its parent company the BRC.

Central London includes the following areas: Oxford Street, New Oxford Street, Tottenham Court Road, Soho, Covent Garden, Knightsbridge, Kensington High Street and parts of Chelsea.