

Report of the Strategic Director of Place to the meeting of Regeneration and Economy Overview and Scrutiny Committee to be held on 8th March 2017

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Subject:

City Centre Markets

Summary statement:

This report will update Members on the city centre markets

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Portfolio:

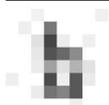
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Overview & Scrutiny Area:

Regeneration & Economy



1. SUMMARY

- 1.1. This report provides Members with an update on the two City Centre Markets.

2. BACKGROUND

2.1 The Council's Markets provision comprises the management and operation of indoor markets in Bradford, at the Oastler Centre and Kirkgate Market, and Keighley; a Horticultural Wholesale Market and outdoor markets at Shipley and Bingley. In addition, the markets service delivers one off themed market events as well as licensing others to deliver commercial or charitable markets across the district.

2.2 This report will focus on the two city centre markets, namely, Kirkgate Market and the Oastler Centre.

2.3 KIRKGATE MARKET

2.3.1 Kirkgate Market was built in 1974 and is one of the key anchor tenants of the Kirkgate Shopping Centre. The market is located on the 1st floor of the shopping centre with access from the shopping mall and via a pedestrian ramp on Westgate.

2.3.2 Kirkgate Market comprises the following sections;

- 184 stalls comprising of retail sales area of 18,872 sq. ft.
- 44 basement and 1st floor storage rooms
- Management/ Staff Offices
- Underground unloading area
- Ground floor public toilets and 1st floor trader toilets

2.3.3 The market is open from 9.00 a.m. to 5.00 p.m. Monday to Saturday.

2.3.4 The product offer is traditionally non-food, mainly unbranded clothing and household wares. This commodity group has been hit hardest by the many discount outlets in the City Centre. The Market is well known for its café offer with 4 large cafés

2.3.5 The Council occupies the Market on an under lease from the Head Landlord on a peppercorn rent for a term of 125 years from 1st January 1976.

2.3.6 The Council is both a tenant to the Head Landlord and a Landlord to the various tenants that occupy stalls on individual occupational leases.

2.3.7 In 2003, the Markets Service commissioned a detailed building survey/architects feasibility study to examine the building condition and to recommend to the Council the extent of the essential and enhancement works needed to upgrade the Market and bring the building up to a modern



retailing environment. The costs were estimated at that time to be in the region of £1.5 - £2 million.

2.3.8 Whilst small scale routine maintenance has been carried out by the Council such as the installation of new lighting and repainting of the interior of the market, there has been no planned modernisation programme to enhance the physical internal environment.

2.4. OASTLER SHOPPING CENTRE

2.4.1 In 1989, as a result of serious Health & Safety concerns and inadequate trading facilities in the Rawson Market, it was considered necessary to carry out major redevelopment works. A temporary market was constructed and tenants were relocated to provide continuity of trading.

2.4.2 In 1997, the old Rawson Market was demolished however, due to insufficient capital resources to rebuild the Rawson Market it was decided to refurbish the under-occupied John Street Market and relocate those tenants that were occupying the Rawson Temporary Market and Fish Market.

2.4.3 The refurbishment work to the John Street Market, which was later renamed as the Oastler Shopping Centre, commenced in April 2001 and was completed in June 2002 at a cost of £4 million.

2.4.4 The Oastler Shopping Centre comprises the following sections

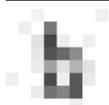
- 177 stalls comprising of retail sales area of 25,538 sq. ft.
- 23 external shops
- 26 storerooms
- Management/ Staff Offices
- Service Delivery area
- Public toilets

2.4.5 At the rear of the centre is a servicing area for tenants, which is available during retailing hours as well as over 25 individual storage units. The Centre's refuse removal and recycling facilities are located here.

2.4.6 The Centre is open from 8.30 a.m. to 5.00 p.m. Monday to Saturday.

2.4.7 The product offer differs from Kirkgate Market as it has a vibrant fresh food offer and did have a strong retail anchor in Morrisons, before they vacated in April 2016.

2.4.8 The Council owns the freehold of the site as well as being Landlord to the various tenants that occupy the internal units on individual periodic tenancy agreements. In addition, the Council, through its Estates Management, also manages the letting of the shops on the exterior of the Oastler Centre on John Street, Northgate and Rawson Road.



3. FOOTFALL

- 3.1 Both markets have seen a decline in the number of customers over the last few years. The Oastler Centre attracted 2.9 million customers in 2013 which has fallen to 2.4 million customers in 2016. Kirkgate Market attracted 1.6 million customers in 2013, which has fallen to 1.5 million in 2016.
- 3.2 The fall in footfall can be attributed to many factors and in part reflects wider national retailing trends and increasing competition from supermarkets and discount stores. In addition, consumers are now demanding online alternatives, including 'click and collect'.
- 3.3 Unlike some of the market's competitors very few markets have responded to changing working and shopping patterns by opening later in the day or on Sundays. For instance, only a few markets in the UK are open after 5.30pm.
- 3.4 At a local level, traders in the Oastler Centre have indicated that the number of customers has fallen considerably as a result of the closure of the Morrisons Westgate store. In addition, traders also consider that the number of vacant shops on Darley Street has been a barrier to encouraging shoppers to visit the markets from the lower part of town.
- 3.5 Table 1 & 2 below show the monthly footfall at both markets and compares this against the same month in the previous year.

TABLE 1 - Oastler Centre

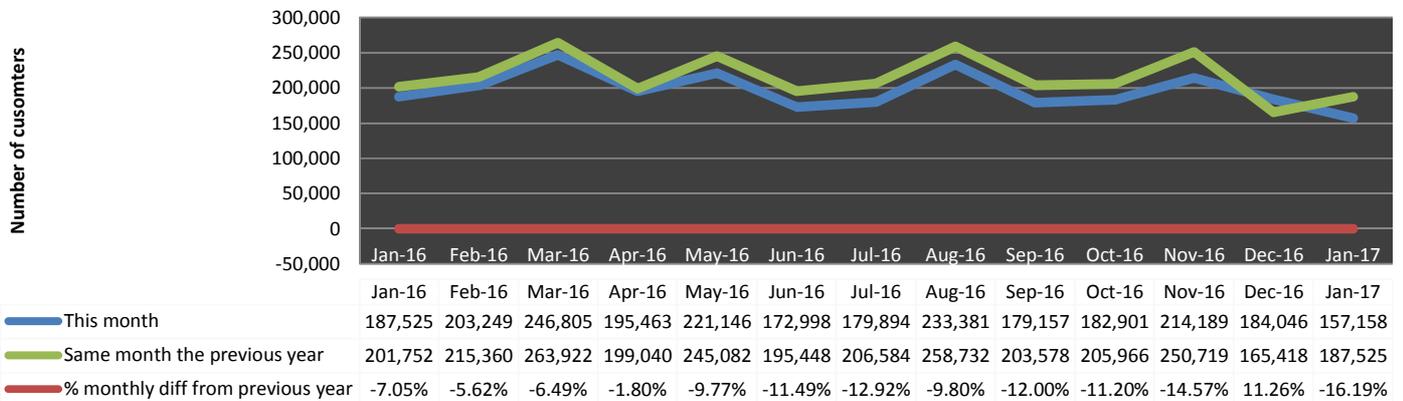
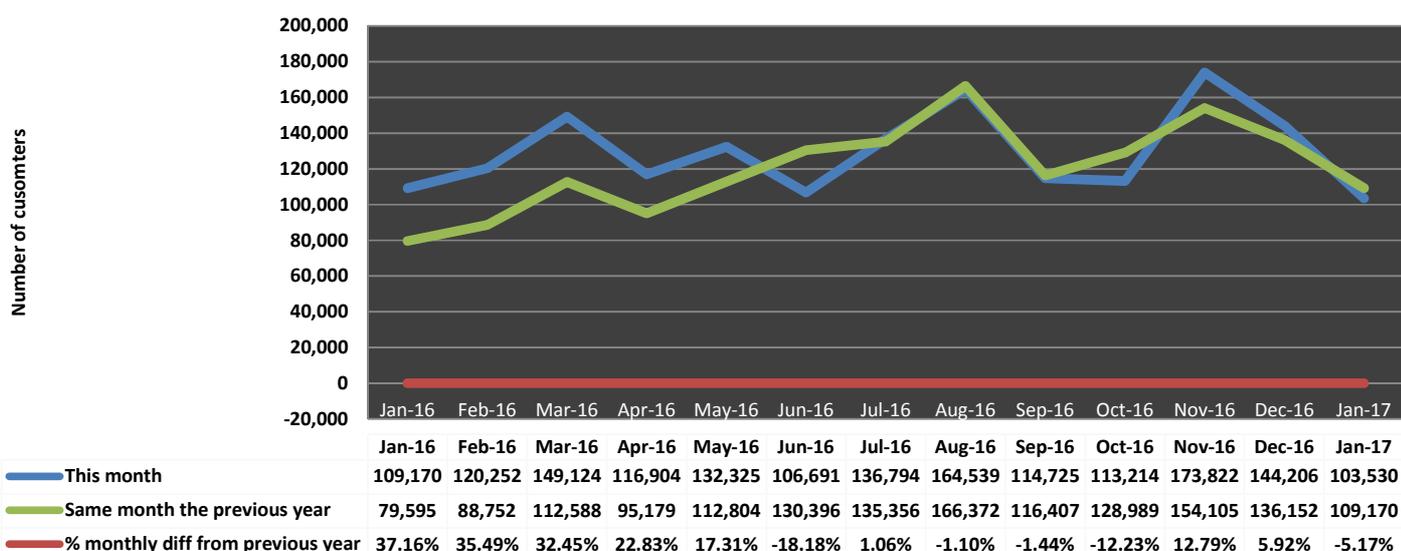


TABLE 2 - Kirkgate Market



4. VACANCY RATES

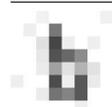
4.1 The current vacancy rate at the end of January 2017 at the Oastler Centre is 23% which represents 40 vacant stalls out of a total of 177 stalls. In Kirkgate Market the current vacancy rate is 22% which represents 40 vacant stalls out of a total of 184 stalls.

Table 1 – Oastler Centre

| Year | Number of vacant stalls | % vacancy |
|---------------------------|-------------------------|-----------|
| 2013 | 31 | 18% |
| 2014 | 16 | 9% |
| 2015 | 29 | 17% |
| 2016 | 38 | 22% |
| 31 st Jan 2017 | 40 | 23% |

Table 2 – Kirkgate Market

| Year | Number of vacant stalls | % vacancy |
|---------------------------|-------------------------|-----------|
| 2013 | 44 | 24% |
| 2014 | 29 | 16% |
| 2015 | 35 | 19% |
| 2016 | 35 | 19% |
| 31 st Jan 2017 | 40 | 22% |

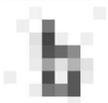


5. THE NATIONAL PICTURE

- 5.1 In 2016, the National Association of British Market Authorities (NABMA) and the National Market Traders Federation (NMTF) undertook the biggest survey of the retail market sector ever seen in the UK. The Markets Service led the research on behalf of NABMA by preparing and issuing the online questionnaires and compiling a report analysing the responses.
- 5.2 The research identified there are 1,127 retail markets in the UK comprised of 305 indoor markets, 171 street markets, 80 covered markets and 516 outdoor markets. 55 operators described their markets as “other” (e.g. combination of indoor/outdoor markets).
- 5.3 In total, 733 are markets operated by local authorities, 203 are privately operated, 56 are operated by social enterprises, 23 are trader operated markets and 112 are other management models such as joint venture arrangements or limited liability partnerships
- 5.4 The survey showed that vacancy levels across the market sector are around 23% and this demonstrates there is an oversupply of stalls based on the current demand. The occupancy levels are consistently similar across all regions in the UK. The largest fall in stall take-up is on outdoor markets where there is an average of 29% of stalls vacant. Indoor markets are performing better with an average vacancy factor of 14%.
- 5.5 Capacity figures from NMTF, gathered by a team who visit markets every day of the week, provide further evidence for this figure. Taking into account visits to markets from 1 January 2014 to 31 July 2016, markets in England are 71 per cent occupied, markets in Wales are 94 per cent occupied, and markets in Scotland are 76 per cent occupied. No data for Northern Ireland was gathered in this period.
- 5.6 The NMTF routinely collects data about the number of members on markets visited by its Field Support team and identified there are over 32,000 market traders in the UK.

6. OCCUPATIONAL COSTS

- 6.1 The rents payable by traders in the Oastler Centre are an average of £17.52 per square foot (£188.56 per square metre). The rents payable by traders in Kirkgate Market are an average of £16.51 per square foot (£178.82 per square metre).
- 6.2 In addition to the rent, traders are also liable for the payment of annual service charges to covers such items as cleaning, lighting, heating, security, repairs & maintenance and other services provided for the benefit of their customers. The details of the services that the Council provides are set out in the traders’ lease or tenancy agreement. The costs are recovered from traders by either calculating their floor area as a proportion of the overall floor area as in the case of the Oastler Centre or in Kirkgate Market by dividing the total costs by the actual number of



stalls. Individual traders do not necessarily derive equal benefit from the services provided. For example, a fruit & veg trader will derive more benefit from waste removal measures than a jewellery trader.

- 6.3 At the Oastler Centre, traders are liable for payment of service charge which is currently £12.20 per square foot (£131.33 per square metre) and at Kirkgate Market the service charge is £14.16 per square foot (£152.41 per square metre)
- 6.4 The Markets Service continually reviews service charge expenditure to ensure it offers value for money for traders and provides detailed expenditure accounts each year.
- 6.5 From 1st April 2017, small businesses that occupy properties with a rateable value of £12,000 or less will receive 100% rate relief. This means that all traders that have stalls in Kirkgate Market or the Oastler Centre, and have no other property, will pay no business rates.

7. CURRENT POSITION – SHORT TERM IMPROVEMENTS

- 7.1 From 1st July 2016 to 31st December 2016, traders in the Oastler Centre were offered financial support in the form of a 10% rent reduction. To qualify for this reduction traders had to be open for business during the centre's core trading times of 9am to 5pm each day.
- 7.2 This was important as stalls that are not open for business during times that customers are shopping in the centre can be one of the major reasons why customers are choosing to shop elsewhere as well as impacting on other traders who are open for business.
- 7.3 Only 30% of traders qualified for this temporary discount with 70% of traders not eligible by failing to open their business during the core trading times.
- 7.4 The Markets Service has increased its marketing and promotional activity to focus on marketing activities aimed at encouraging footfall and supporting traders' own marketing and promotional activities.
- 7.5 Our marketing activities have changed from a reliance on printed advertisements/ material to digital and social media advertising in order to drive traffic to our new website and social media platforms.
- 7.6 To support our digital drive then we have partnered with the Digital Media Academy at the University of Bradford who have videoed 14 traders across all markets including 8 from the City Centre markets. The video footage will form the content for the launch of our Market TV channel which we anticipate will be live by late April.
- 7.7 The channel will focus on a range of topics including 'How to' videos, 'Spotlight on a Trader' and 'hidden Gems in your Local Market'. The Academy have incorporated the video content in a social media campaign for Bradford Markets called 'Shop for Victory' which will be launched in mid-March.



- 7.8 Final year students at the School of Management in Enterprise & Innovation and Entrepreneurial Marketing will support the markets key initiatives through project work as part of their practical assignment.
- 7.9 Bradford Markets amongst other local businesses pitched various projects to students who then selected an organisation to work with. The students will identify, develop and implement key strategies that increase footfall and animate public spaces by occupying units to test trade their innovation and new ideas or utilising them as a platform to engage with traders and members of the public.
- 7.10 Over the coming weeks, traders will be encouraged to register on **shopappy.com**, a new digital platform that promotes local shopping and allows small independent retailers to offer a 'click & collect' service locally and conveniently. The founder of Shopappy.com has visited our city centre markets and a few traders in Oastler Centre have already registered.
- 7.11 The Council is staging the *Creative Streets* free programme of events for young families at the top of town in March and April with the Oastler Centre hosting a number of events.
- 7.12 The city centre markets will participate in the 'Love Your Local Market 2017' national event and will also collaborate with the North Parade retailers to host a two day joint Food & Drink Street Party in July.
- 7.13 The Markets Service updates traders on a regular basis through email newsletters which encourage traffic to our website as well as allowing traders to view news and updates conveniently. Traders in both markets still need to be encouraged to set up email accounts and this is proving difficult with some traders reluctant to use digital communication platforms.

8. CURRENT POSITION – LONG TERM IMPROVEMENTS

- 8.1 Members of this committee have been presented with a number of reports on the progress of the strategic options for the two city centre markets, the last update on 22nd September 2016.
- 8.2 The original plans that were approved would result in a major refurbishment of the Oastler Centre and adjacent public realm. However, these plans were put on hold as a result of Morrisons closing their Westgate store on 3rd April 2016.
- 8.3 The Morrisons store was a key trading partner for the Oastler Centre and its closure has had a major impact on the number of shoppers that use the centre.
- 8.4 As a direct result of the decision by Morrisons to close their Westgate store the Council has been assessing its plans for the redevelopment of the Oastler Centre in order to safeguard its future whilst continuing to liaise with Morrisons in their search to find a new end use in the vacated building.



9. FINANCIAL & RESOURCE APPRAISAL

9.1 The continued or accelerated deterioration in the trading performance of both markets such as increasing vacancies will place budget pressures on the service as a result of reducing income and additional liabilities such as empty business rates and non-recoverable service charge

10. RISK MANAGEMENT AND GOVERNANCE ISSUES

10.1 If there are no significant risks arising out of the implementation of the proposed recommendations.

11. LEGAL APPRAISAL

11.1 There are no legal issues specifically arising from this report.

12. OTHER IMPLICATIONS

EQUALITY & DIVERSITY

There are no specific equality and diversity issues.

SUSTAINABILITY IMPLICATIONS

There are no specific sustainability implications

GREENHOUSE GAS EMISSIONS IMPACTS

There are no specific impacts

COMMUNITY SAFETY IMPLICATIONS

There are no community safety implications.

HUMAN RIGHTS ACT

There are no Human Rights implications

TRADE UNION

There are no Trade Union implications

WARD IMPLICATIONS

None

NOT FOR PUBLICATION DOCUMENTS

None



13. RECOMMENDATIONS

- 13.1 Members are asked to note this report and to recommend that a future report once any regeneration proposals for the City Markets are proposed.

14. BACKGROUND DOCUMENTS

- 14.1 Regeneration and Economy Overview & Scrutiny Committee reports on 31st January 2013, 5th September 2013, 23rd January 2014 and 14th October 2015.

