

Rent Reviews at Covered Market

There are 52 rent reviews due on 25th March 2012 at the Covered Market. The leases are all similar and set out the procedure for activating and agreeing the reviews and the basis on which the rents are to be assessed. The leases require the determination of the open market rental value of the individual units as at 25th March 2012.

In August 2011, the council invited tenders from five surveying firms (including two local firms) to act on its behalf in respect of the 52 reviews. Five tenders were received and each firm was interviewed before it was decided to appoint Marriotts, a firm of Chartered Surveyors based in Oxford

Marriotts provided the most competitive tender. They were also appointed because (a) the person carrying out the reviews is a Chartered Surveyor with 23 years experience of carrying out rent reviews in central Oxford (b) the surveyor has extensive experience of preparing Expert Witness evidence in rent review disputes and (c) the surveyor has acted for the Council on previous reviews at the Covered Market and consequently has a thorough understanding of the Market.

Marriotts provided their report in January 2012. It was agreed they should delay reporting until the letting of 84, 85, 86, 87 and part of 55 to Cards Galore had completed as this would provide the best evidence on which to assess the new rents for the 52 reviews.

Following discussions with Marriotts it was decided we should obtain updated pedestrian flow counts as this would help to further inform their view on the appropriate rents for the different units. The issue of pedestrian counts was discussed with the Covered Market Traders' Association (CMTA) as they had also been obtaining their own counts and there was the potential for both parties to jointly commission the work. However, this was not possible and the counts were commissioned by Marriotts and carried out in March.

Meetings were held with the CMTA and we attempted to set up a meeting between the respective agents to discuss the reviews and the evidence on which Marriotts would be relying when assessing the new rents. A meeting did take place in March but the agent acting for the CMTA did not attend as he did not feel it was appropriate to do so.

Marriotts provided a further report following completion of the pedestrian counts in May.

The reports from Marriotts set out the principle evidence they were referring to when assessing the rents. This includes the abovementioned letting to Cards Galore and also the letting of unit 16 to The Creperie and an open market letting in September 2011 of unit 15-16 Golden Cross Walk.

The reports consider the other issues affecting value including the shape and size of the units, the user restrictions and the position of the units.

The reports make reference to the Covered Market Zoning Plan that has prevailed in previous rent review negotiations to form the basis of adjustments to rental value based on the position of the various units.

The Zoning Plan is an historic plan that divides the Covered Market in to five different zones, each zone reflecting the relative strength of the different trading positions within the Covered Market. The units have increasingly larger reductions applied to the rent depending on which zone they are located within.

For the purpose of serving the rent review notices, the reports confirmed a rent figure for each unit.

A meeting was held at the end of May 2012 with CMTA representatives and the Council (Cllr Cook, Cllr Price, Steve Sprason, Chris Wood). The council explained it wanted to try and instigate discussions between Marriotts and the tenants' appointed agent before serving rent notices so that the two sides could try and find common ground before the formal rent review procedure was commenced.

There was reluctance from the CMTA and their advisor for such discussions to take place and so formal rent notices were served on the tenants in July 2012.

Since serving the notices, Marriotts have had detailed dialogue with the agent acting for the CMTA which we believe encompasses 43 reviews. A different agent is acting on 4 other reviews and the other tenants are representing themselves in the negotiations.

The negotiations between the relevant parties are on going.

Chris Wood
Property Manager
12 November 2012