

Note: Figures are from 2005

COVERED MARKET LEASING STRATEGY 2006

1.0 BACKGROUND

1.1 OWNERSHIP

The Oxford Covered Market is the Council's single most valuable investment property asset, generating a gross rental income of £711,000 per annum exclusive of business rates. The next review of rents (upwards only) is due in March 2007.

However the Council's ownership of the Covered Market extends beyond pure investment purposes. It is also perceived as an asset to the wider Community, fulfilling a primary retailing function, but also acting as a tourist destination. In this respect, it serves needs at several levels – local, regional and national/international through student and tourist customers. The Council is committed to maintaining its unique and historic character through planning policy COM9 of the Local Plan.

Notwithstanding the diverse objectives of the various stakeholders with interests in the building, the Council requires sufficient financial return from the Market to justify the costs of holding, maintaining and enhancing the asset so that the long term community objectives can also be met. Examples of recent and proposed investment made by the Council include new fire alarm systems, new lighting and paving in the Avenues, external decoration and the resurfacing of the Yard.

1.2 PRESENT LEASING STRUCTURE

The present building was rebuilt and enlarged throughout the 19th century and is now listed Grade II. Designed on a grid basis with 4 cross-sectioned north-south avenues, the Market comprises 152 individual shop units. These units are the subject of 55 separate leases, under which the tenants are responsible for the internal repair of their units and shop fronts.

The Council provides all other cleaning, maintenance and repair services to the avenues and structure, as well as providing porters who deal with housekeeping and low level security issues.

Many of the units have been extended beyond their original building line into the Avenues and a large number have been annexed to form larger units. The result of these changes has produced a range of shop sizes ranging between 65 sq ft and 1,167 sq ft. With a total ground floor retailing area of around 25,000 sq ft, the average size of unit in the Covered Market based on its current configuration is 450 sq ft.

The small size of the units provides space for many smaller, locally based, independent traders who would otherwise find difficulty in obtaining a retailing presence in the centre of Oxford. Originally designed as a meat market, the Covered Market now contains a highly diverse range of traders, from the traditional services such as butchers, florists, fishmonger, cobbler and jeweller to the more modern retailing trends of fashion, home products and cafes and sandwich bars.

At present there are only two units in the Market leased but unoccupied, representing 1.7% of floor area.

1.3 BALANCE OF TRADES

An analysis of the Market as at November 2005 based on floor area (and including the vacant units on their current permitted users ie ignoring approvals for change of use given but not yet implemented) shows the balance of trades as follows:-

Sector whole	Area (Sq ft)	% of
Fashion - Clothes	3,687	14.77
Fashion - Shoes & Accessories	3,023	12.11
Traditional Services	4,531	18.15
Literary, Arts and Crafts	370	1.48
Home Products, Gifts and Toys	1,785	7.15
Non Food Total	13,258	53.11
Raw Foods	3,802	15.23
Food Products	2,495	9.99
A1 Food Outlets	846	3.39
A3 Food Outlets*	4,425	17.73
Food Total	11,706	46.89

* Includes those units that would now be classed as A5 following the revisions to the Use Classes Order in 2005.

This analysis shows that the traditional uses, which once dominated the market, are now in a minority, reflecting the general trend in retailing. Butchers, fishmongers and greengrocers now occupy only 15% of the floor space, whilst fashion (clothes and shoes/accessories combined) comprises the biggest sector at nearly 27% of floor space. The fastest growing sector is home and gifts, most of whom have taken space in the market comparatively recently, although there is continuing pressure from food retail outlets, both A1 and A3, for more space.

2.0 BROAD STRATEGY FRAMEWORK

The following reflects the principles.

2.1 MISSION

The Council wishes to see the Market remain a destination retail centre, fully occupied and trading to its full potential.

2.2 BALANCE OF TRADES

The Council considers that there is a reasonably healthy balance of trades at present, with no one sector dominating to the exclusion of others.

The Council would broadly like to see the current balance of trades maintained, particularly as between food and non-food uses, with a further shift towards non-food uses, say up to 60%, acceptable.

The Council would like to maintain and enhance further the variety and diversity of the retail offer that exists at present.

2.3 TRADING STYLE

The Council wishes to encourage the continuation of the boutique style of the market, with the emphasis on specialist or otherwise high quality products, which differentiate the trader from normal high street operators.

The Council recognises that there has been a trend in the Market towards dominance by individual traders, some of whom occupy more than one (enlarged) unit. Generally, it is felt that further domination by existing traders beyond the present levels is to be discouraged, in favour of new tenants not already represented in the Market.

2.4 UNIT SIZE

The Council wishes to ensure that the Market continues to offer a range of size of units, both larger and smaller. The trend towards greater annexation of individual stalls needs to be closely managed, and only permitted in exceptional circumstances where clear benefits will accrue to the Market overall. Single units within blocks are particularly vulnerable and should generally be protected.

2.5 USES

Recognising that the traditional uses which underpin the Market's historic characteristics as a market rather than a shopping centre – butchers, fishmongers and other fresh produce retailers – are generally declining, the Council wishes to support and encourage the remaining traditional uses, and to seek new/replacement tenants within this sector group into the Market.

A3/A5 uses are already limited by planning policy (RC.7) to 20% or less of the ground floor area of the Market. However, it is felt that limits also need to be set in relation to A1 food outlets (where food is sold for immediate consumption), in order that the number of food outlets overall can be controlled.

3.0 GUIDELINES

3.1 USE

- Food Uses (as a broad category) should not be permitted to exceed 50% of the total floor area.
- Only uses within Classes A1 (retail), A3 (restaurant and cafes) and A5 (Hot food takeaway) of the Use Classes Order 2005 will be permitted.
- New uses should complement and enhance the existing character of the market/retail offer. Trades not already represented in the Market, which add to the variety and diversity of the retail offer and which meet this criteria are to be encouraged. Literary, arts and crafts are particularly unrepresented as a sector following the closure of some units when the majority of leases were renewed in 2002.
- Uses which detract from the Market's special character will be discouraged, for example, electrical/white goods, mobile phones, travel agents and other 'high street' type operators.
- No one sector should exceed 20% of total floor area.
- No one defined trade should represent more than 10% of ground floor area, except where sufficient diversity is able to exist within a trade e.g. clothes.
- A1 (meaning food outlets for immediate consumption) and A3 food uses taken together, should not exceed their present levels of total ground floor area occupancy, currently just under 22% including outstanding approvals not yet implemented. Within this limit, A1 food and A3 uses can generally be interchangeable, subject to the proposed use satisfying the other criteria of diversity of trade and specialist offering etc and the upper limit on A3 of 20%.
- New specialist food product shops in trades not already represented would generally be welcomed subject to the wider balance of trades issue between food and non-food uses. Such use would generally be preferable to an A1 or A3 food outlet use.
- Traditional market uses (Butchers, fishmongers and greengrocers) are unlikely to be permitted to change the use of their units unless they can reasonably demonstrate that they are unable to find

another tenant who complies with the existing user clause to take over the lease and therefore show that it is unviable for them to continue trading.

3.2 OCCUPIERS

- The Council wishes to encourage occupation by sole traders, independents and local retailers. Proposed tenants who meet this criteria, will generally be accepted on assignment, subject to receipt of satisfactory references/financial investigations and completion of the necessary Licences. The provision of acceptable surety (i.e. guarantors and/or rent deposits) will almost always be sought from incoming tenants before consent is given in principle.
- Applications for change of use where the lease is to be assigned to a high street multiple will generally not be permitted unless there is a real and positive benefit to the balance of trades/diversity.
- No Tenant (including family members) should own or control more than 3 separate leases/units within the Market, nor more than 10% of ground floor area.
- Where a change of use is approved, the new use will be substituted in place of the previous use.
- Applications to enlarge an existing user will be subject to the same criteria as a change of use proposal.
- The Council will seek to market any vacant units that revert to its control in a timely manner

3.3 PHYSICAL CONSIDERATIONS

- Further amalgamation of adjoining units will not be permitted other than in exceptional circumstances and unless the proposed use is perceived to offer a particular benefit in terms of the balance of trades or unless it is required to support or retain a traditional market use.
- The re-division of larger units will generally be encouraged and permitted, especially where the proposed user offers a positive contribution to diversity of trades.
- Tenants with larger units to be encouraged through shop-fitting to create the illusion of separate units.
- Alterations, decoration and signage should conform to planning and conservation requirements and should generally be sympathetic to the special character of the Market.

3.4 AVENUES

- Further requests for licences for encroachments in the Avenues will be considered on their merits, and particularly having regard to health and safety/disability issues.
- No Licence will be granted for encroachments in the centre of Market Square, or in the centre of any other avenue or cross avenue, other than those already existing.

4.0 GENERAL

- Following the adoption of an agreed leasing strategy, the Council should review the consultation arrangements with the tenants on proposed changes of use.
- The Council's constitution should be amended to allow all changes of use to be determined at officer level, instead of requiring Executive Board approval, (except where officers propose a substantial departure from the guidelines above).
- The Council should continue to support the concept of Sunday trading or Bank Holiday opening, if desired by the tenants, providing that any additional costs incurred by the Council are recouped from the traders.
- The Council should take a more pro-active role in marketing the Covered Market, with an allocated budget, and to making environmental/marketing improvements, such as improving the entrances, a floor plan display, contributing towards Christmas decorations etc.
- This strategy should have an approximate 10 year life, but it should be reviewed and re-assessed, if appropriate, within 5 years of adoption.
- The adoption of this strategy would replace the existing 10 year plan approved by the Estates Committee in March 1998.