

Oxford Covered Market Leasing Strategy – January 2015

1. Background & Introduction

- 1.1 The aim of this Leasing Strategy is to set out the Council's direction and ambition for the leasing activity and tenant mix management for the Oxford Covered Market over the next 5 and 10 year periods. It builds on the previous 2007 Leasing Strategy, by referencing and including the conclusions and recommendations of the 2013 Future Retail Strategy and Business Plan Report, which was developed with extensive trader engagement and underwent a public consultation process.
- 1.2 The Oxford Covered Market is a major asset for Oxford City Council. Whilst it generates income through rents from the tenants, it is also recognised as an asset on a variety of levels. It is part of the heritage and history of Oxford City Centre. It is part of the city centre core retail offer and has the potential to help extend footfall across the city centre post the redevelopment and extension of the Westgate Centre. The market appeals to local shoppers, residents, tourists and visitors and provides essential retail, catering and services to the thousands of workers, residents, visitors and students in the city centre. Furthermore it is a shared asset for all those traders that operate within and near it.
- 1.3 The Council is committed to maintaining its unique and historic character through adopted planning policies, and is also committed to enhancing its future performance and that of the tenant traders through maximising its appeal to all potential customer groups.
- 1.4 The ability to manage the tenant mix through a clear Leasing Strategy is a key element of maintaining its appeal and improving performance. Other initiatives and actions being completed by the Council to enhance the collective performance include appointing a dedicated Markets Manager, developing a Signage Strategy, proactive new tenant recruitment, introducing a Tenants Handbook and others as identified in the Retail Strategy Report.

2. Current Mix & Leasing Structure

- 2.1 The following four paragraphs are carried forward from the 2007 Leasing Strategy as they effectively set the historic context for the current unit sizes and retail offer provided.

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 sqft and 1,167sq ft. With a total ground floor retailing area of around 25,000 sqft, 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.

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2.2 The current offer, summarised by retail product group, is as follows.

Product Group	Indicative Products	Number of units	Mix Composition
Comparison Goods - Clothing	Apparel and personal accessories (footwear, leather goods, jewellery)	15	45%
- Home	Home fashion, gifts, stationery and souvenirs	12	
Service	Florist, barber, cobbler, charity	6	10%
Convenience Food	Convenience; butcher, fruit & veg, cheese, etc.	12	20%
F&B / Catering	Cafes Takeaway	7 units 6 units (+ 2 vacant)	25%

- 2.3 The 2013 Future Retail Strategy and Business Plan Report research identified a broad mix at that time of 48.5% comparison goods, 20% convenience foods, 20% F&B / catering and 11.5% service providers. An earlier detailed analysis of the balance of traders completed at the end of 2012, and based on unit sizes, identified a broad split of 59% non-food and 41% as food. It is clear therefore that even over a short period of three years that the overall mix of core groups flexes and changes slightly.
- 2.4 The ability to proactively flex and manage the ongoing mix of offers and use of trading space within the Covered Market is a key element of the future trading strategy and therefore a requirement of the Leasing Strategy.
- 2.5 Whilst there are 60 retail units overall, certain categories have a visual dominance; including butchers, footwear, F&B and clothing. This is either as a result of multiple representation, high-profile locations, or visual impact.
- 2.6 The current 60 trading fascias offer over 25 different product categories and even some of these are easily broken down into subcategories. The diversity of offer is a recognised strength of the Market, however there is also a need for a consistent and collective quality and market positioning so as to help traders benefit from linked trips and critical mass.
- 2.7 The 2013 Future Retail Strategy and Business Plan Report has identified the need for more anchor status stores, more destination traders to drive footfall, more choice and variety in both food and non-food categories and improvements to the catering offer in terms of variety and customer appeal.

3. Leasing Strategy Framework

Purpose and Vision

- 3.1 The Leasing Strategy is part of the “toolkit” that the Markets Manager will utilise in order to deliver the defined vision and strategic objectives as set out and adopted in the 2013 Oxford Covered Market Future Retail Strategy and Business Plan report. That report defined the Vision for the Covered Market as:

Oxford Covered Market will be a very visible, relevant and integral part of the city's retail landscape.

It will host high quality, best in class independent retailers and innovative caterers in an outstanding and memorable environment and building.

It will be a must visit experience, with a local, national and international reputation that will have multiple attractions and be focussed on the needs of all key Oxford consumer groups.

- 3.2 The Vision section also stated that aims for the Covered Market are for it to have more anchors, more destination retailers, more eat-in food, and more best in class retailers; but with a retained focus on independent operators.

Balance Of Trade

- 3.3 In order for the Covered Market to improve its performance, individually and collectively, it is vital that the offer becomes and then remains in balance with consumer demand. Whilst the historic nature of the building is an asset, it would be inappropriate to retain outdated and historic offers that are no longer appealing to consumers, commercially viable and sustainable. The Covered Market tenants need to stimulate customer usage and footfall for their own business as well as for the collective good of the market. Therefore the Market Management are committed to proactively manage and improve the market mix and offer.
- 3.4 There is currently a healthy mix across the four core groups and the Council wish to continue this. Section 9.6 of the 2013 Future Retail Strategy and Business Plan Report set the broad targets of:
- 40% comparison goods
 - 25% fresh food
 - 25% catering
 - 10% services.
- 3.5 As previously stated a small degree of flexibility across these groups will be essential as at any one time. However the Council is clear in its intention to maintain and enhance the variety and diversity of the retail offer; and to actively manage the offer at all times.
- 3.6 The Markets Manager will identify priority target uses to expand the offer, complement existing uses and to optimise customer appeal, in response to the evolving and changing retail and customer trends. The priority targets list of uses and types of operator, but not the detail of any specific applicant or application, will be agreed with the Markets Board on a periodic basis.

Trading Style

- 3.7 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 or mainstream high street operators.
- 3.8 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.
- 3.9 The trading style and trading activity of tenants will be influenced by the guidance and direction contained in the accepted Retail Strategy Report. It is recognised that there are opportunities to improve the collective standards of presentation and service to meet those delivered by the better retailers in the Market. The effective use and presentation of shopfronts is a particular area to improve upon. This will help to attract footfall into the Market and to disperse it more effectively throughout the Market.
- 3.10 The Council is committed to providing a high-quality trading environment and location for best in class “independent” retailers that can demonstrate that the Covered Market is the right place for them to trade and that they are right for the Covered Market.

Unit Size

- 3.11 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.

Planning Uses

- 3.12 The Leasing Strategy will support Section 12.3.7 of the Adopted Local Plan 2001-2016, which briefly sets out the Council’s aims for the Covered Market.
- 3.13 Many of these have already been referenced and used in this Leasing Strategy. It is also clear that A1 uses should not dominate the Market and that A3-5 uses (food & drink) should not result in A1 uses falling below 80%. Note that some take away F&B uses are classed as A1. For ease of reference the relevant class types are described below:
- A1 uses relate to shops including comparison, convenience, many service providers and sandwich shops
 - A3 uses relate to restaurants and cafes (sale of food and drink for consumption on the premises)
 - A5 uses relate to hot food takeaway.
- 3.14 These are guides and the Oxford City Council Planning Department will determine which uses fall into a specific class type.
- 3.15 In regard to the Oxford Covered Market Leasing Strategy and the balance of trade set out in Section 3.2; comparison goods, fresh foods and most services will be within the use class A1. Catering will be within A3 and A1/A5 dependent on the level of on-site cooking from fresh and the level of on-site or off-site consumption.
- 3.16 The stated broad group targets in Section 3.2 remain the key objectives.

4. Guidelines

Products

- 4.1 Section 8.14 of the 2013 Future Retail Strategy and Business Plan Report identifies a selection of target new uses.
- 4.2 A core principle for the ongoing management of the Covered Market offer is that new uses should complement and enhance the existing character, mix, quality and offer of the Market offer. Whilst existing anchor offers should be retained, flexibility is encouraged to facilitate the offer and appropriate unit sizes/trading style of new entrants.
- 4.3 There are opportunities to enhance the comparison goods offer with more handmade, artisan, quality goods; as there is for more variety in convenience food goods including a delicatessen and other grocery specialists. The future F&B requirement has already been identified. The Markets Manager will regularly (annually) produce a priority target category list to direct leasing activity, advise agents and help existing traders. This list will be approved by the Markets Board
- 4.4 Uses which detract from the Market's special character will be discouraged, for example, electrical/white goods, mobile phones, travel agents, estate agents, nailbars and other 'high street' type operators.
- 4.5 No one category should exceed 20% of total floor area.
- 4.6 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.
- 4.7 Catering including 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 circa 25% 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%.
- 4.8 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.

Occupiers

- 4.9 The Council has identified a variety of criteria that future tenants will need to satisfy a selection of in order to successfully trade in Oxford Covered Market. The criteria include:
 - Be an identified target use
 - Complement existing uses, and / or expand the choice / offer. Provide additional "retail theatre".
 - Established and proven, either as operators or for the proposed use
 - Best in class status, either proven or by design and delivery of shop fit/environment
 - Award winners
 - "Independent" with limited (typically less than 10) other shops
 - Supply a quality business plan and sustainable trading forecast, and have a clear marketing plan
 - Trade in accordance with the guidelines of the Retail Strategy Report.
- 4.10 The Council wishes to encourage occupation by sole traders, independents and local retailers. Proposed tenants, who meet these 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 always be sought from incoming tenants before consent is given in principle.
- 4.11 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.

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- 4.12 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.
- 4.13 The Council will seek to market any vacant units that revert to its control in a timely manner.

Assignment

- 4.14 Whilst the Leasing Strategy is set out to assist the continued improvement and performance of the market the principles and guidelines are equally applicable to the Assignment of Leases from existing tenants to new tenants.
- 4.15 It is the responsibility of the Assignor tenant to ensure that the prospective Tenant complies with the priority target tenant list as set out by the Market Manager. The Assignor tenant will need to contact the Markets Manager to ensure that a prospective new tenant meets the criteria for new occupiers.
- 4.16 Having established that the incoming tenant is suitable and appropriate in terms of trading style, offer, skills, permissions (planning or change of use etc) and experience, the assignor is then able to follow the existing and detailed procedure for assigning the lease, in conjunction with the Councils Corporate Assets team. For ease of reference the process is summarised below and further described in the Appendix of this document.
- 4.17 Assignor tenant applies to assign their lease, in full or in part with appropriate permissions from the Markets Manager; they then complete the Assignment Proforma and provide solicitors contact details.
- 4.18 On receipt of the completed Proforma, and any other required information such as undertaking to meet all costs etc, the Corporate Asset team then complete the assignment process and instruct solicitors to issue a draft Licence to assign and a Rent deposit Deed if required.
- 4.19 Solicitors are instructed to contact each party, references and / or guarantees are secured as appropriate. Once the legal documentation is agreed, the assignment can be completed.
- 4.20 The council is committed to enabling the swift and efficient assignment of leases from outgoing tenants and will make every effort to facilitate the process. It is the outgoing tenant's responsibility to ensure that the incoming tenant is of suitable calibre to meet the tenant and trading requirements of the Covered Market.

Physical Considerations

- 4.21 The annexation of adjoining units and/or the amalgamation of adjoining units to create large footprint retail premises will not be permitted other than in exceptional circumstances that offer a premium benefit to the balance of traders and the overall performance of the Market. The provision of new anchor status units and/or a shop with multi departments that are visibly different would be considered.
- 4.22 The splitting / redivision of large units to form small individual units will be considered providing that the resultant units are of sufficient size to be commercially viable.
- 4.23 Tenants will be encouraged to have more open and active trading frontages to the units so as to create stronger visible retail activity throughout the Market.
- 4.24 Tenants will be expected to comply with the direction of their lease at all times.

General

- 4.25 The Markets Manager is the primary contact for all matters relating to the Leasing Strategy.
- 4.26 The Council is committed to helping the traders to improve their performance and the performance of the Market as a whole.
- 4.27 The Markets Manager will prepare, annually as a minimum, an up-to-date list of priority target categories for the Market. To be agreed by the Markets Board. Target categories and types of operator will be agreed with the Markets Board, individual applicant details will not be put before the Markets Board.
- 4.28 The Market mix will be managed in accordance with the broad group targets set out in Section 3.2. Individual lease use clauses will more closely define what each trader is committed to sell.

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- 4.29 Individual exclusivity of products cannot be provided as the Market already contains multiple tenants selling similar products.
- 4.30 The Leasing Strategy is expected to be valid for 10 years, although it should be updated after 5 years.
- 4.31 This Leasing Strategy will replace the 2005 version upon formal adoption.

Appendix: Oxford Covered Market Assignment Process

This diagram summarises the Assignment process detailed in July 2011, and brings it up to date with the overarching Leasing Strategy guidelines.

