



Lutterworth Market Report

Prepared for TEP

To Assist with the Preparation of Lutterworth Town Master Plan

In Accordance with HDC 230 Town Centre Master Plan Consultancy Brief

Intali

February 2019



Remit

1. To provide professional input towards the preparation of a new Master Plan for Lutterworth town centre and specifically to provide:
 - a) Supporting data for a “health check” of the current town centre.
 - b) An assessment of retail demand and retailer perceptions.
 - c) Analysis of the current retail stock
 - d) Identification of “blockages” to the growth of the town.
 - e) An assessment of retail rents and values.
 - f) Analysis of current values, value trends and issues that may impact on future values.
 - g) Stakeholder interviews to identify key issues relating to the prosperity and growth of the retail core.



Key Points to Date

Intali Town Analysis

Competing Retail Centres

- KP 1** Lutterworth has very significant retail competition from Fosse Park (Leicester) and Elliot's Field (Rugby).

Retail Unit Sizes

- KP 2** Although there is very significant competition from local retail centres, unit sizes within the town are not sufficient to attract national retailers.
- KP 3** There is insufficient vacancy to combine existing retail units to create larger spaces, and fragmented ownership also prevents proactive development by landlords.
- KP 4** Future retail development should aim to provide retail space suitable for national and larger local retail operators.

Ownership

- KP 5** We are aware of the owners of 50% of retail space in the town centre.
- KP 6** Apart from local authorities and the owners of the large retail units identified, there are five key owners with more than 5% ownership.
- KP 7** Unidentified owners are likely to be private individuals with a minor proportion of total ownership.

Occupiers

- KP 8** National retail representation in Lutterworth is minimal.
- KP 9** The vacancy rate is very low indicating that local retailers are meeting resident's demands.

Large Retail

- KP 10** Large retail space makes up almost 50% of total retail offering in Lutterworth.
- KP 11** Large retail space provides 50% of total car parking in the town centre.
- KP 12** Access to large retail from the south is through the town centre via Church Street and George Street.

Retail Uses (Excluding Supermarkets)

- KP 13** The relatively low proportion of A1 retail use and relatively high proportion of leisure uses indicates that the retail centre is transitioning towards providing leisure facilities for local residents.
- KP 14** Existing retail is generally complimentary to the town's two supermarkets.
- KP 15** The town would benefit from larger leisure uses units and will need to provide these to attract national leisure operators.



Fragmentation

- KP 16** The only connection of the retail areas is the crossroads of Church Street/High Street/Market Street.
- KP 17** This crossroads is blighted by heavy traffic and a single crossing point.
- KP 18** The draw of large retail space suggests that the West half of town offers the most immediate opportunities to improve connectivity

Traffic Congestion

- KP 19** There is no alternative HGV route from the M1/A5 in the south to the industrial estates in the north.
- KP 20** 34% of former retail units on High Street are now occupied by financial services or office users.
- KP 21** The development of Lutterworth East is not forecast to ease current congestion through the town centre.

Car Parking

- KP 22** Current car parking provision is inadequate. Up to 200 additional spaces are needed.
- KP 23** Pedestrianisation will reduce on- street parking and the Station Road car park is an ideal re-development opportunity.
- KP 24** There are no obvious sites for the provision of additional/alternative car parks to serve the town centre.

Lutterworth East Proposals

- KP 25** The proposals, design and construction of Lutterworth East should integrate, respect and enhance Lutterworth Town centre and proposals for its improvement.



Market Analysis

Summary

- KP 26** Based on our estimates of rental value and yield we calculate that the approximate capital value of all retail units for which area data is available (excluding large retail units and public houses) to be just under £14m.

Rental Value

- KP 27** Rental levels of overall retailing space are circa £15/sq.ft.
- KP 28** Rental levels for individual locations within the town are likely to range from £10/sq.ft to £17.50/sq.ft.
- KP 29** National rental levels are predicted to have negative growth over the next 5 years. We consider that the fundamentals of the town are likely to prevent significant rental decline.

Vacancy rate

- KP 30** The tenant vacancy rate in Lutterworth is currently low and has a history of being low.
- KP 31** Low vacancy rates reflect high tenant demand. At present this demand is only from local tenant retailers.
- KP 32** Based on this additional supply of a suitable size may attract national retail/leisure operators to the town.

Yields and Capital Values

- KP 33** We consider the appropriate yield for retail units in Lutterworth is 7.5%.
- KP 34** The yield may vary to reflect the risk of a specific property investment.
- KP 35** Using the yield and rents adopted, the baseline capital value for retailing space only (excluding ancillary areas) in Lutterworth is £200/sq.ft.



Progress

Research and Analysis

2. The conclusions in this report are based on data from Co-Star, a subscription-based property data service which collates information from its own research and from active agents across the UK. Analysis is then provided on that data.
3. However, the data is not comprehensive, and we have therefore carried out our own survey of the town to ensure that we have a comprehensive view of the make-up of the retail offering.
4. Our research is based on:
 - a) Physical inspection.
 - b) Photographic record.¹
 - c) Land Registry data.
 - d) District Valuation Office floor area data.
 - e) Retail rental values, sales prices and investment yields.
5. This survey has enabled us to provide a fully up-to-date picture of the nature of the current retail offering, including:
 - a) Total retail floor areas (or areas not currently in retail use but within the town centre).
 - b) A breakdown of current retail stock by use and use class.
 - c) The relationship of large retail units (supermarkets) to general retail units.
 - d) Occupier analysis.
 - e) Average unit sizes.

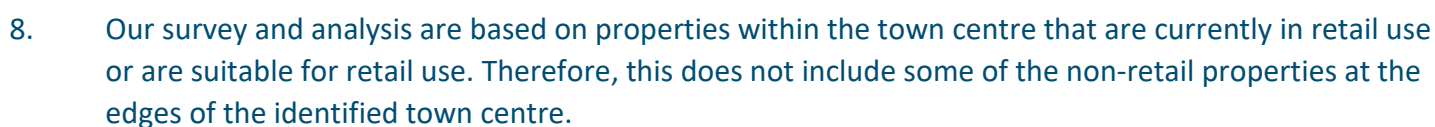
Stakeholder Interviews

6. We have conducted three telephone interviews with local retail agents to obtain their views on the current town centre, demand from local and national retailers and to determine any specific issues which they considered detrimental to the future success of the town as a retail location.

¹ [Photographic Record – January 2019](#)



- Image 1: Lutterworth Town Centre*





Summary

9. We set out a summary of our research of the town centre as at February 1st, 2019.

Table 1: Summary of Town Centre Units and Uses

Use	Units	m2	sq.ft	% Whole
Large Retail	3	6,396.07	68,847	47.63%
General Retail (A1)	56	4,238.30	45,621	31.56%
Food Related (A3/4/5)	23	1,417.92	15,262	10.56%
Financial Services (A2)	13	654.81	7,048	4.88%
Office (B1)	11	603.18	6,493	4.49%
Sui Generis	1	119.70	1,288	0.89%
	107	13,429.98	144,560	

10. The output demonstrates that almost 50% of floorspace of the 107 units in town are represented by just three large retail units, all of which are situated to the north. ²
11. We have therefore analysed retail units excluding the three large retail units.

Table 2: Use Class Analysis Excluding Large Retail

Use Class	No	m2	sq.ft	%
A1	56	4,238.30	45,621	60.26%
A2	13	654.81	7,048	9.31%
A3	10	956.48	10,296	13.60%
A4	6	26.40	284	0.38%
A5	7	435.04	4,683	6.18%
B1	11	603.18	6,493	8.58%
D1	0	0.00	0	0.00%
Sui Generis	1	119.70	1,288	1.70%
	104	7,033.91	75,713	

12. Based on our analysis we report below on:

- a) Competing Retail Centres
- b) Retail Unit Sizes.
- c) Occupiers.
- d) Large Retail
- e) Retail Uses Excluding Large Retail
- f) Fragmentation.
- g) Traffic Congestion.

² See Large Retail



Competing Retail Centres

13. Lutterworth benefits from excellent road networks. The M1 provides easy access to Leicester in the north and Rugby in the south, both of which have large retail parks adjacent to their respective motorway junctions.
 - a) Leicester – Fosse Park - 688,000 ft² of retail space and 3,340 car parking spaces. The park is anchored by Marks & Spencer, and all other 45 tenant occupiers are national retailers.
 - b) Rugby – Elliott's Field - 380,460 ft² of retail space and 1266 car parking spaces. The park is anchored by Debenhams and there are 18 other national retailers represented.
14. These two shopping centres are both within a 20-minute drive of Lutterworth and given that they are easily accessed, provide all forms of retailing and have ample car parking, they represent significant competition for Lutterworth.

Key Points

- KP 1** Lutterworth has very significant retail competition from Fosse Park (Leicester) and Elliot's Field (Rugby).



Retail Unit Sizes

15. Apart from the three large retail units and public houses, the remaining 86 units currently in retail use are relatively small.

Table 3: Average Size of Retail Units

Street	Units	m2	sq.ft	Ave Retail (sq.ft)
George Street	9	612.09	6,589	732
Bank Street	3	300.54	3,235	1,618
Church Street	26	1,699.37	18,292	704
Market Street	8	652.79	7,027	875
High Street	26	1,554.92	16,737	630
Bell Street	8	450.98	4,854	607
Station Road	6	318.00	3,423	567
	86	5,588.69	60,157	819

16. There are only three units over 200 m².
17. There are a further 10 units over 100 m² and five of those are occupied by national operators. This would indicate that the average unit size of retail space in Lutterworth is not sufficient to attract national retailers.
18. To increase unit sizes, it would be necessary to combine existing units. This has taken place at units 2/3 Bell Street (occupied by Coral Bookmakers), but current ownership analysis indicates that there are not sufficient numbers of retail units in the same ownership to allow landlords to create larger retail space more attractive to national retailers.³

Key Points

- KP 2** Although there is very significant competition from local retail centres, unit sizes within the town are not sufficient to attract national retailers.
- KP 3** There is insufficient vacancy to combine existing retail units to create larger spaces, and fragmented ownership also prevents proactive development by landlords.
- KP 4** Future retail development should aim to provide retail space suitable for national and larger local retail operators.

³ See Ownership



Ownership

19. We have analysed ownership of all retail units in the town centre to enable us to identify key stakeholders.
20. As we are aware of the ownership of the three large retail units in the town and car park areas, these have been excluded from our analysis.
21. We have only identified units owned by limited companies and local authorities as identifying individual owners would require individual Land Registry searches at a cost of £3.00 per search (£132) and is most unlikely to reveal large numbers of units in single ownership.

Table 4: Summary of Registered Titles

Title Status	No	m2	%
Known Owners	47	3,127.03	50.28%
Unknown Owners	44	2,735.36	43.98%
Unregistered	7	356.88	5.74%
Total	98	6,219.27	

22. Of the known owners we have identified the following that own more than 100 m² of retail space in the town centre.

Table 5: Main Owners of Retail Space

Owner	No	Size	%
CSW Properties	10	556.03	8.94%
Central Midlands Co-Op	3	389.89	6.27%
MW Trustees	4	336.49	5.41%
MY Aziz	5	336.30	5.41%
Craven Builders LTD	1	250.20	4.02%
The Official Custodian for Charities	4	191.82	3.08%
Oval Trustees Ltd	4	187.60	3.02%
David Booler SIPP	4	141.69	2.28%
A&E Sharpe Properties Ltd	1	109.50	1.76%
David Liddington Ltd	1	106.50	1.71%
Highcross Commercial Investments Ltd	1	105.60	1.70%
DPSK Ltd	2	103.73	1.67%

Key Points

- KP 5** We are aware of the owners of 50% of retail space in the town centre.
- KP 6** Apart from local authorities and the owners of the large retail units identified⁴, there are five key owners with more than 5% ownership.
- KP 7** Unidentified owners are likely to be private individuals with a minor proportion of total ownership.

⁴ See Large Retail



Occupiers

23. As a result of retail competition and unit sizes available in Lutterworth town centre, the representation of national retailers within Lutterworth is very low.

Table 6: Proportion of Local and National Retailers

Local	71	82.56%
National	11	12.79%
Vacant	4	4.65%

24. Of the 11 national retailers, only four are general retailers (A1) and of those, two are charity shops.
25. Remaining occupiers are local retailers providing services to complement large retail units in the town centre and competing retail centres in Leicester and Rugby.

Key Points

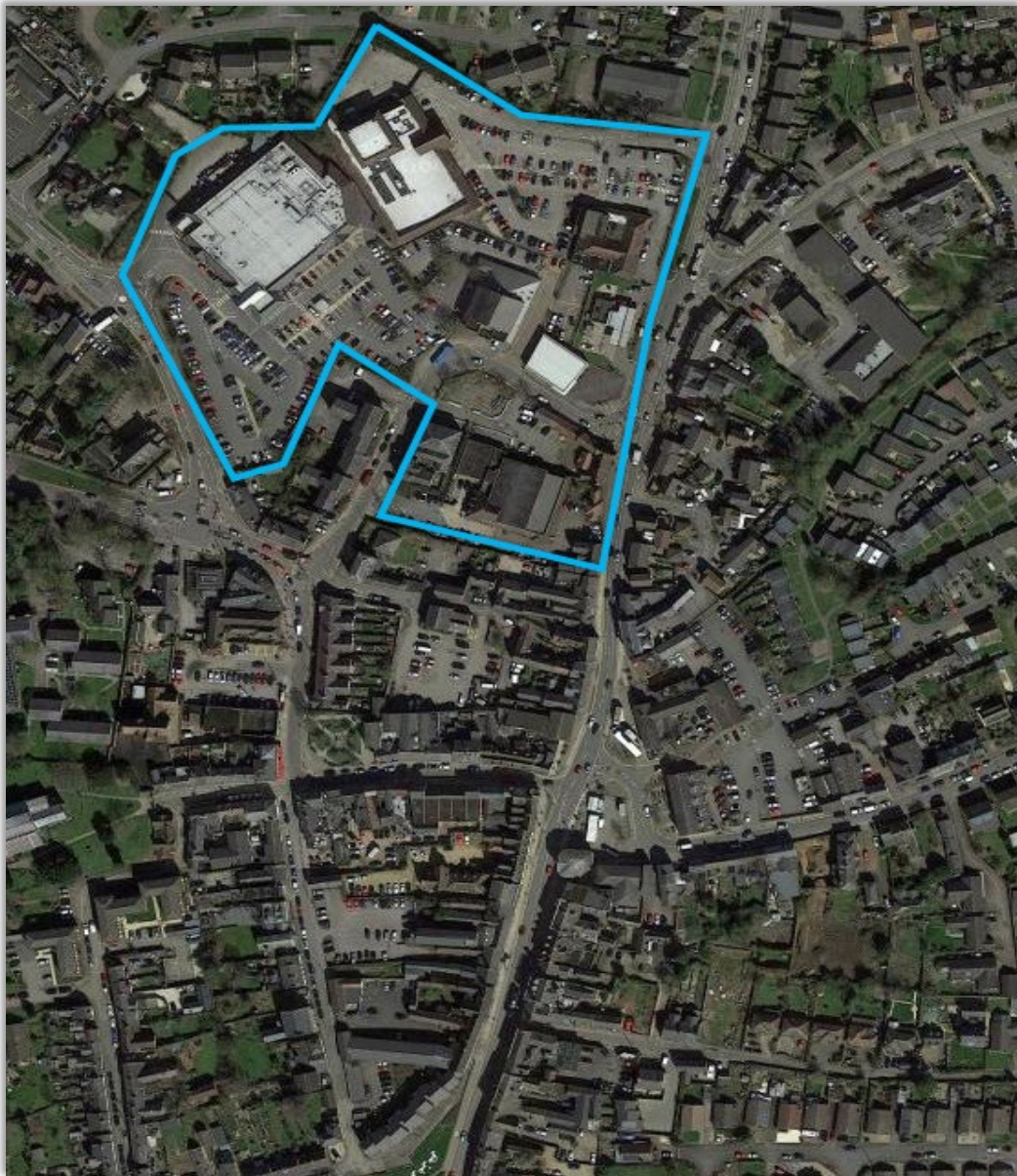
- KP 8** National retail representation in Lutterworth is minimal.
- KP 9** The vacancy rate is very low indicating that local retailers are meeting resident's demands.



Large Retail

26. Large retail space is concentrated to the north of the town centre comprising three units occupied by Waitrose, Morrisons and Factory Shop (formerly Co-op).

Image 2: Large retail Concentration



Key Points

- KP 10** Large retail space makes up almost 50% of total retail offering in Lutterworth.⁵
- KP 11** Large retail space provides 50% of total car parking in the town centre.⁶
- KP 12** Access to large retail from the south is through the town centre via Church Street and George Street.

⁵ See Retail Unit Sizes

⁶ See Car Parking



Retail Uses Excluding Large Retail

27. Our analysis of current occupation of existing retail units is summarised as follows:

Table 7: Analysis of Existing Uses (Excluding Large Retail)

Use	No	m2	sq.ft	%
A1	56	4,238.30	45,621	60.26%
A2	13	654.81	7,048	9.31%
A3	10	956.48	10,296	13.60%
A4	6	26.40	284	0.38%
A5	7	435.04	4,683	6.18%
B1	11	603.18	6,493	8.58%
Sui Generis	1	119.70	1,288	1.70%
	104	7,033.91	75,713	

28. Ordinarily, we would consider that the proportion of A1 retail space in the town centre is low.
29. However, analysis shows that A3/4/5 uses account for almost 20% of the retail space indicating that the town is providing a greater proportion of leisure facilities.
30. Given the structural changes in the retail market resulting from online selling, we consider this to be a healthy mix of uses, albeit limited to local operators due to the size of available units in the town.

Key Points

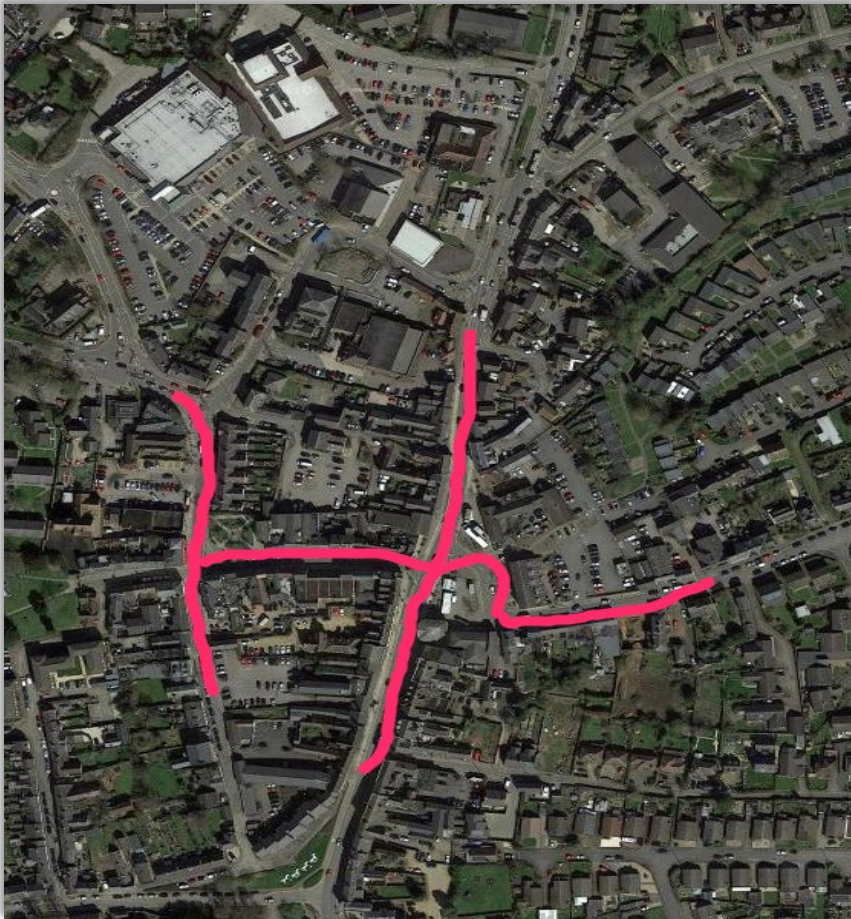
- KP 13** The relatively low proportion of A1 retail use and relatively high proportion of leisure uses indicates that the retail centre is transitioning towards providing leisure facilities for local residents.
- KP 14** Existing retail is generally complimentary to the town's two supermarkets.
- KP 15** The town would benefit from larger leisure uses units and will need to provide these to attract national leisure operators.



Fragmentation

31. The town centre is fragmented and has poor connectivity.

Image 3: Fragmentation of Town Centre



32. The drawn lines show the main retail streets within the town, and it can be clearly seen that there is no connectivity.
33. High Street/Market Street sever the town and given the presence of large retail space and associated parking to the west side, we consider the West half of the town offers the most promising opportunities to create a retail “circuit”.
34. There is potential for the East half of the town to develop and improve although this may be more dependent on Lutterworth East coming forward.

Key Points

- KP 16** The only connection of the retail areas is the crossroads of Church Street/High Street/Market Street.
- KP 17** This crossroads is blighted by heavy traffic and a single crossing point.
- KP 18** The draw of large retail space suggests that the West half of town offers the most immediate opportunities to improve connectivity



Traffic Congestion

35. High Street/Market Street is the main vehicle route through the town leading from the M1/A5 in the South to the town centre and the town's industrial estates to the north
36. There is no alternative route for HGV vehicles and their presence causes considerable congestion in the town centre, especially at the junction of High Street and Church Street. This is exacerbated by the positioning of the pedestrian crossing.
37. Given the nature and volume of the traffic, mainstream retail has graduated away from the High Street and the prime retailing pitch is considered to be Church Street.
38. A particular problem reported from Stakeholder interviews was traffic noise. Proceeding from South to North on High Street is uphill. Traffic congestion forms along the uphill stretch from the pedestrian crossing and turn into Church Street. This leads to HGV's performing "hill-starts" causing significant noise and air pollution to occupiers on this part of High Street.
39. Stakeholders also reported that narrow pavements on Church Street and George Street were a drawback and suggested pedestrianisation or traffic calming.

Key Points

- KP 19** There is no alternative HGV route from the M1/A5 in the south to the industrial estates in the north.
- KP 20** 34% of former retail units on High Street are now occupied by financial services or office users.
- KP 21** The development of Lutterworth East is not forecast to ease current congestion through the town centre.



Car Parking

40. Car parking provision for the retail centre comprises:
- a) 4 Council car parks (LCCC/HDC) provide 205 spaces.
 - b) There are approximately 80 car space “on-road”.
 - c) 380 spaces are provided by Morrisons and Waitrose for their customers.

Table 8: Car Parking Provision Comparison

Area	Parking Spaces	Retail m2	Ratio
Town Centre	286.00	7,033.91	1:25
Waitrose	130.00	2,196.95	1:17
Morrisons	250.00	3,141.68	1:13

41. We consider that parking provision in the town is inadequate and that up to 450 spaces would be required to reach an acceptable parking ratio of 1:17.
42. Existing car parks occupy prime space for future retail/town development. This is especially so at Station Road
43. Car park which offers the potential to create retail development and open/community space for the town.
44. In addition, any pedestrianisation would reduce on-street parking. Stakeholders have reported narrow pavements as being an issue, especially on Church Street. Widening pavements would mean removing on-street parking placing additional pressure on car parking provision in the town.
45. Until recently the town’s car parks had two hours free parking. This has been replaced with a small number of “short-stay” spaces providing free parking for 20 minutes but all other spaces being chargeable.
46. Anecdotally, retailers claim this has affected trade and reduced shoppers, but we cannot identify any evidence of this in terms of vacancy rate or rental values.

Key Points

- KP 22** Current car parking provision is inadequate. Up to 200 additional spaces are needed.
- KP 23** Pedestrianisation will reduce on- street parking and the Station Road car park is an ideal re-development opportunity.
- KP 24** There are no obvious sites for the provision of additional/alternative car parks to serve the town centre.



Lutterworth East Proposals

47. The proposed Lutterworth East development is being promoted by Leicestershire County Council⁷ to provide:
- a) 2,750 new homes
 - b) Community hub (neighbourhood centre)
 - c) Schools
 - d) Green space
 - e) Footpath's and links
 - f) Spine Road
48. These proposals offer considerable opportunities to assist with the growth of Lutterworth town centre, but also carry some threats. We summarise these as follows:

Opportunities

49. Increased catchment population within walking distance of the town centre.
50. Pedestrian access via existing and improved bridge over the M1 leading into the East side of the town via Station Road.⁸
51. Potential to provide increased parking to serve the town centre to the east side of the M1.
52. Potential to provide north-south bypass to High Street/Market Street. Given the likely high level of HGV traffic by passing the town this may impact the development proposals.

Threats

53. We consider it vital that the community centre proposed provides complimentary rather than competitive uses with the retail offering of the town centre.
54. Increased town centre traffic during construction of Lutterworth East

Key Points

- KP 25** The proposals, design and construction of Lutterworth East should integrate, respect and enhance Lutterworth Town centre and proposals for its improvement.

⁷ [Link to LCC Web Site](#)

⁸ See Paragraph 33

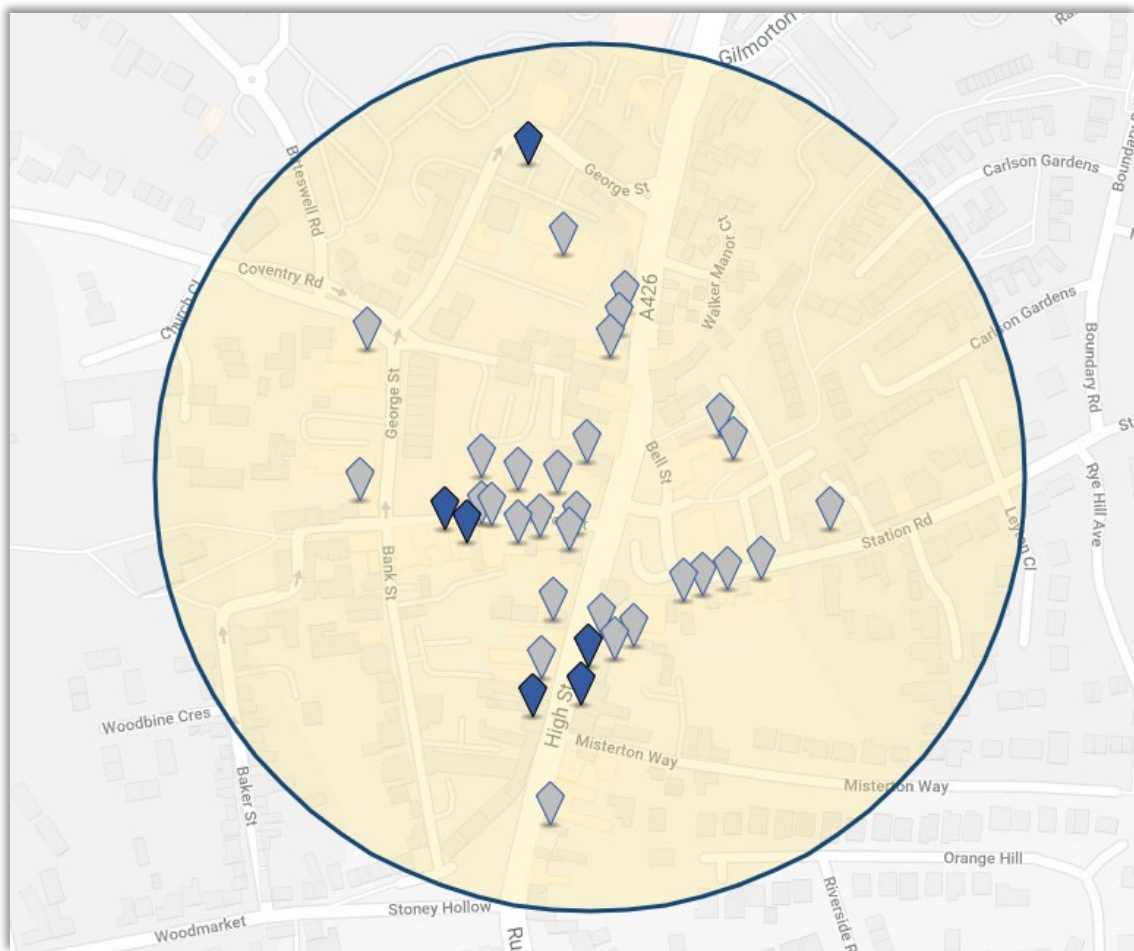


Market Analysis

Background

55. Our analysis of market rents, yields and capital values is based on Co Star research. The area of search is shown below

Image 3: Co Star Area of Search



56. The search is based on letting and sale transactions reported to or researched by Co Star during the last 5 years. However, it does not include deals that are not reported to Co Star and we consider that the results from Co Star should be considered for guidance only.
57. Further research with local agents will be necessary to produce a more accurate analysis of rental and capital values.
58. Rental results are based on retail areas of properties only and are reported in terms of price/square foot.



59. It should be noted that this is based on gross areas not retail zoning. Retail agents usually report rental levels “In Terms of Zone A” (ITZA) whereas the District Valuation Office areas used for our research and Co Star data report on rents per “overall” square foot.
60. Different rates apply to non-retail areas such as storage, kitchens, upper floors. These are not analysed for the purposes of this report.



Summary

61. Based on the Co Star data we summarise values as follows:

Table 8: Summary of Values

Rental Value/sq.ft	£15.00
Capital Value/sq.ft	£105.00
Yields	7.50%

62. Having undertaken a detailed survey of the town centre we consider that value levels vary according to the location of each property.
63. Therefore, Church Street is considered to be the preferred retail location in the town and units there will command higher rents than Station Road. Further rental refinement could be applied dependant on the exact property position within each location, but we do not consider that level of refinement is necessary for the purpose of this report.
64. Similar variances would apply to both yields and capital values.

Key Points

- KP 26** Based on these estimates of value we calculate that the approximate capital value of all retail units for which area data is available (excluding large retail units and public houses) to be just under £14m.



Rental Value

65. Rental data from Co Star can be summarised as follows:

Table 9: Summary of Rental Statistics

Availability	Survey	5-Year Avg
Rent Per SF	£15.17	£16.25
Vacancy Rate	2.3%	2.5%
Vacant SF	2,650	2,881
Availability Rate	5.3%	3.6%
Available SF	6,152	4,158
Sublet SF	1,769	0
Months on Market	4.0	6.7

66. The above statistics are based on the following data:

Table 10: Rental Comparables Lutterworth – 2014-2019

	Property Name - Address	Rating	Lease				Rents	
			SF Leased	Floor	Sign Date	Type	Rent	Rent Type
1	35 Station Rd	★★★★★	705	GRND,1	01/01/2018	New	£11.28	Asking
2	6 Church St	★★★★★	1,171	GRND	07/12/2017	New	£15.37	Asking
3	13 Weston Ct	★★★★★	751	GRND	01/12/2017	New	£15.98	Asking
4	1 Market St	★★★★★	2,529	1st	05/09/2017	New	£7.91	Effective
5	17 Market St	★★★★★	1,081	GRND	16/07/2017	New	£11.56/fri	Asking
6	4 Station Rd	★★★★★	1,238	GRND,1	22/05/2017	New	£12.20	Asking
7	11-17 Church St	★★★★★	1,536	GRND,1	06/05/2017	New	£13.02/fri	Asking
8	10 High St	★★★★★	816	GRND	03/04/2017	New	£14.71/fri	Asking
9	23 Church St	★★★★★	766	GRND	17/02/2017	New	£16.91	Asking
10	16A High St	★★★★★	919	GRND,1	01/02/2016	New	£14.69	Asking
11	14a Station Rd	★★★★★	818	GRND	01/02/2016	New	£11.31	Asking
1	35 Station Rd	★★★★★	705	GRND	01/02/2015	New	£11.28/iri	Asking
10	16A High St	★★★★★	919	GRND,1	01/12/2014	New	£9.79	Asking

67. Based on this we consider the adoption of an overall rental rate of £15/sq.ft is appropriate.



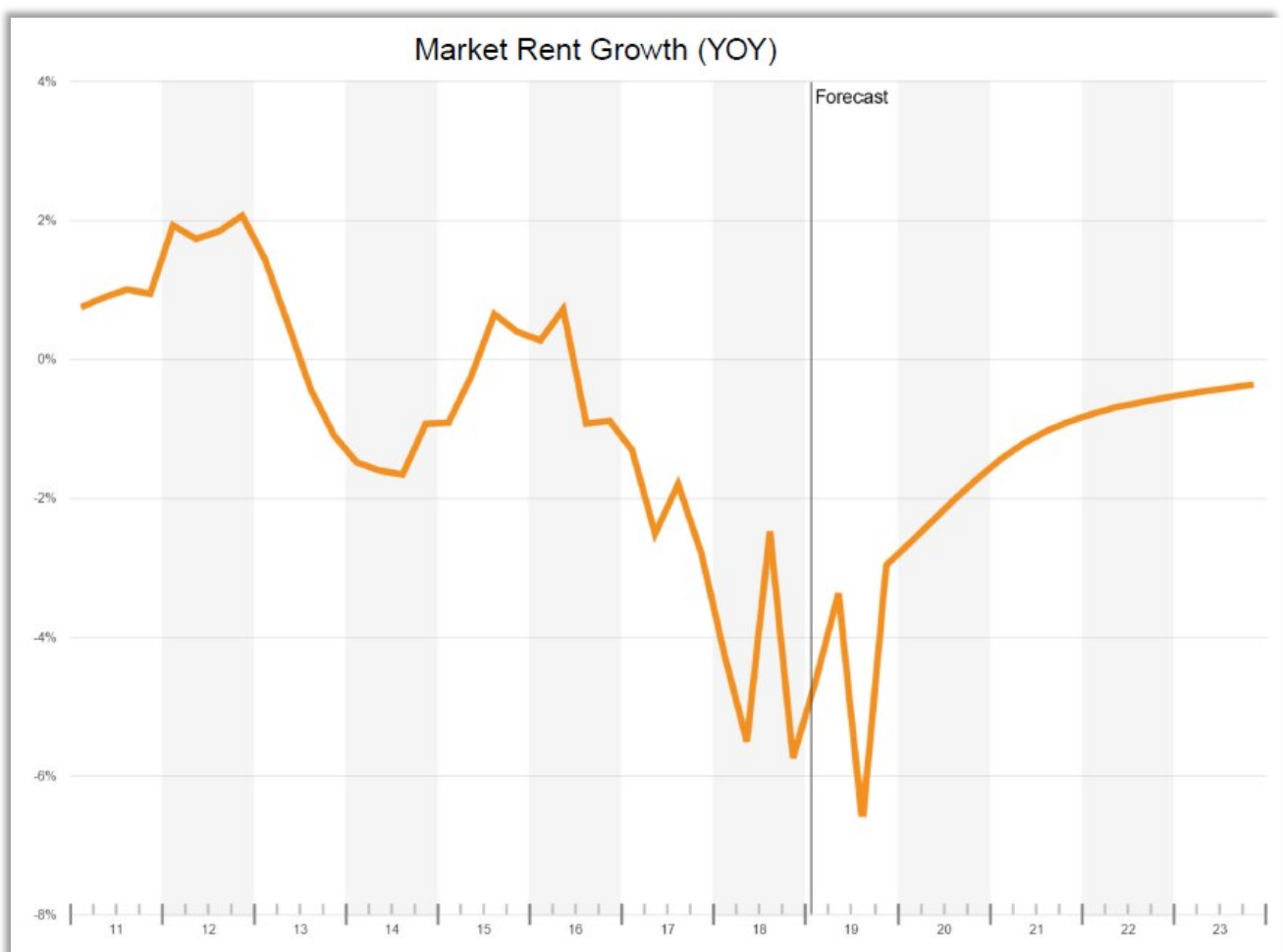
68. We referred above to variance in value dependant on location⁹ and summarise our views on rental values for each of the main retail streets as follows:

Table 11: Rental Value by Location

Location	Rent/sq.ft.
George Street	£12.50
Bank Street	£10.00
Church Street	£15.00
Market Street	£10.00
High Street	£12.50
Bell Street	£17.50
Station Road	£10.00
Shambles Court	£10.00

69. According to Co Star data, rental levels have been in decline since 2016 and are predicted to have negative growth until at least 2023.

Graph 1: Rental Growth Forecast



⁹ Paragraph 63



70. This analysis is based on both local and national data, particularly on retail demand across the UK where the impact of Internet retailing, business rates and minimum wage are impacting the general retail market. The forecast decline is therefore based mainly on national rather than local data.
71. We consider that this decline is unlikely to materialise in this specific local market for the following reasons:
- a) The town enjoys an extremely low vacancy rate.¹⁰
 - b) There are very few national operators in the town.
 - c) Demand for vacant units is likely to come from local tenants.¹¹
 - d) Units are generally small and therefore total rental outgoings are also relatively small.¹²
 - e) Small business rate relief means that many of the properties Lutterworth will not be liable to rates making the overall cost of occupancy more affordable.

Key Points

- KP 27** Rental levels of overall retailing space are circa £15/sq.ft.
- KP 28** Rental levels for individual locations within the town are likely to range from £10/sq.ft to £17.50/sq.ft.
- KP 29** National rental levels are predicted to have negative growth over the next 5 years. We consider that the fundamentals of the town are likely to prevent significant rental decline.

¹⁰ Paragraph 74

¹¹ Paragraph 23

¹² Paragraph 15

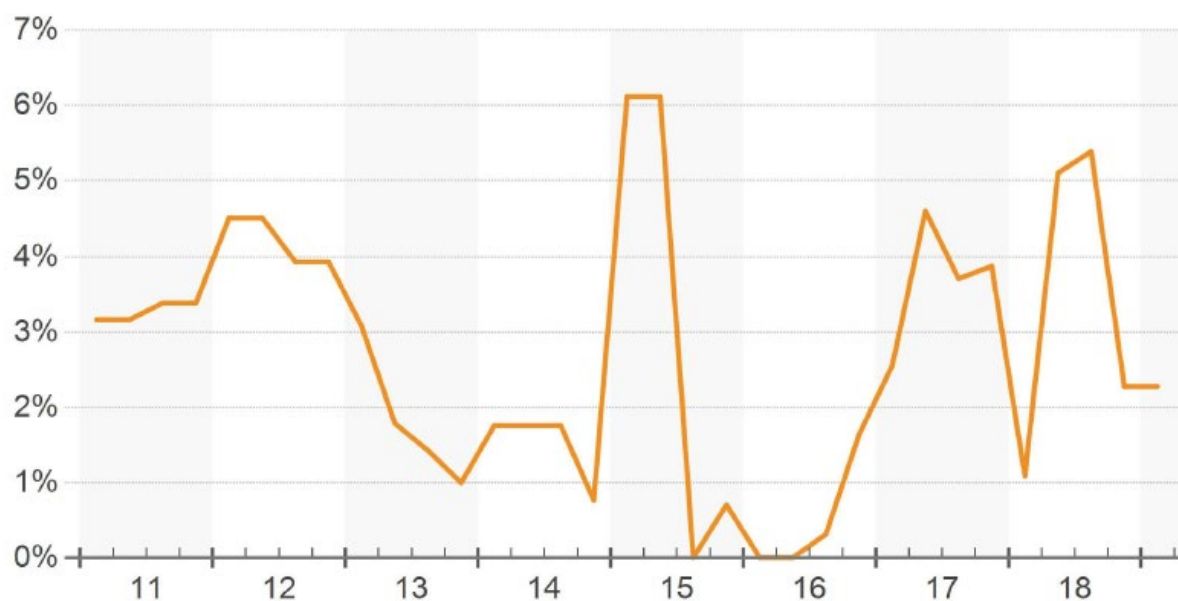


Vacancy Rate

72. Vacancy rates in Lutterworth were noted to be very low.
73. Co Star data assesses the rate to be less than 2.5% but this is based on a limited sample of data.

Graph 2: Co Star Vacancy Rate

VACANCY RATE



74. Our own survey of all retail units in Lutterworth indicates a vacancy rate of just under 5%.
75. This is a very acceptable level of vacancy in the current retail climate and is as close to full occupancy as could be expected.
76. In addition, the vast majority of occupiers in Lutterworth are local rather than national tenants. This indicates that the town is short of retail space and, as identified above, needs additional but larger retail units to add national retail/leisure operators to the town's tenant profile.
77. To re-enforce this point, if Costa Coffee were looking for a unit in the town in 2019 there would be only 15 units of sufficient size and only two would be in the best retail pitch on Church Street. However, all suitable units are currently occupied.

Key Points

- KP 30** The tenant vacancy rate in Lutterworth is currently low and has a history of being low.
- KP 31** Low vacancy rates reflect high tenant demand. At present this demand is only from local tenant retailers.
- KP 32** Based on this additional supply of a suitable size may attract national retail/leisure operators to the town.



Yields and Capital Values

78. In commercial property, capital values are determined by the rent (income) a property produces.
79. To calculate capital value, the investment method of valuation is traditionally used. This involves the use of an “all-risks” yield which is used to calculate a multiplier which is then applied to the net rent to calculate capital value.
80. The elements reflected in the “all-risks” yield would include
- a) Location
 - b) Condition
 - c) Tenant covenant strength
 - d) Lease terms
 - e) Rent payable compared to current rental value
81. The last investment transaction that we are currently aware of was the sale of 23 Church Street in June 2018. The property was let to two local tenants and we understand it achieved £220,000, reflecting a yield of 7.5%.
82. We consider this to be a reasonable level of yield appropriate to the town and the generally local nature of occupying tenants.
83. To calculate the capital value of the property, the multiplier to apply to the rent is calculated by dividing 100 by the yield. Therefore, based on the selected yield of 7.5%, the multiplier would be:
- $$100/7.5 = 13.33$$
- Rent = £16,500 per annum
X 13.33
- Value = £220,000**
84. The capital value is therefore a function of the rent and the yield.

Key Points

- KP 33** We consider the appropriate yield for retail units in Lutterworth is 7.5%.
- KP 34** The yield may vary to reflect the risk of a specific property investment.
- KP 35** Using the yield and rents adopted, the baseline capital value for retailing space only (excluding ancillary areas) in Lutterworth is £200/sq.ft.



Stakeholder Interviews

85. To date we have conducted stakeholder interviews with the following:
 - a) Trevor Wells – Director at Wells McFarlane
 - b) Martin Herbert – Director at Space Retail
 - c) Ben Moore – Retail Surveyor at Ward Commercial
86. Notes from our conversations are provided below.



Trevor Wells – Director

Wells McFarlane

Commercial agents based in Lutterworth

Property managers for a significant number of town centre retail properties.

- 1) Traffic in the town centre – HGVs especially on Church Street.
- 2) The town has narrow pavements and the pedestrian crossing is considered dangerous
- 3) Inadequate car parking – recent changes to car parking have had an impact on retailers. However, there is little opportunity to create additional car parking within the town centre.
- 4) Church Street needs pedestrian rising – it is possible to make George Street a two-way road to allow Church Street to be pedestrianised. (There may be issues with delivery access)
- 5) Too many charity shops – his clients are not keen on allowing charity shops to take space.
- 6) Very difficult to load and unload for retailers. Car parking on the street is restricted and the town centre is continually congested. This particularly applies to High Street and Market Street.
- 7) Aldi are about to submit a planning application for a new store at Lutterworth South
- 8) Confirmed the competition from Elliott's field and Fosse Park, but considers that Lutterworth needs to offer something different/niche
- 9) Stated that there is a real issue with occupiers on High Street where HGVs are forced to stop/start on a hill which causes noise and pollution problems.
- 10) Not enough fast food outlets
- 11) Look after High Street and make it a destination from morning till night.
- 12) He considers low vacancy rate is down to family ownership.
- 13) Turnover of tenants is quite high but there always appears to be new tenants take their place.
- 14) Retail units are not large enough to attract high quality restaurants. He gave a specific example of an existing tenant who is successful, but who needs more space for tables to make his operation profitable.
- 15) The Fords Discount Store has recently been sold and is to be converted into small kiosk style units. This is exactly the type of space the town does not need. It needs larger spaces. He considers this was a big opportunity to attract and anchor national tenant missed.
- 16) He considers the larger retail units are required – up to 3000 ft², with properly designed access and service yards.



- 17) He is very concerned that any competing retail uses in the new Lutterworth East will have a detrimental effect on the town centre
- 18) The Lutterworth East proposals must concentrate on communications for pedestrians and cyclists



Martin Herbert - Retail Surveyor

Space Retail

National retail agents based in Desford, Leicestershire

Extensive local retail expertise

Act in acquiring retail units across the UK for many national retailers

- 1) Confirmed competition from Elliott's Field and Fosse Park
- 2) Considers that the town should aim for high quality and niche retail as well as additional leisure operators to ensure that the town centre is an attractive place from morning till night.
- 3) He confirmed that the same issues exist in Hinckley and Loughborough as being experienced in Lutterworth
- 4) He accepted that there were very few national retailers in the Lutterworth but did not consider that national retailers will be attracted to the town – quite the reverse – he cited examples of retailers that are closing peripheral stores and focusing just on major town centres (Pandora/HMV)
- 5) He considered that there was no accepted centre to the town and that connectivity was poor.
- 6) He agreed that unit sizes were too small for all but the most local of retail operators
- 7) He suggested traffic calming measures on high Street or preferably a bypass.
- 8) Suggested that leisure operators would like to see café style tables and chairs in external areas.



Ben Moore – Retail Surveyor

Ward Commercial

Residential and commercial agents based in Hinckley

One of the main agents for letting retail space in Lutterworth

- 1) Considers that the town has many issues but confirms that most units that become available do let quickly. However, he has concerns about letting the former NatWest bank unit on High Street due to its size and location.
- 2) He noted that the lower end of High Street is not suitable for retail and is becoming orientated towards professional services. He considers the environment there to be very poor for retail use.
- 3) He confirmed that Costa is a major draw for the town and would like to see more.
- 4) The Shambles provides a niche retail offering although there are only four units.
- 5) His main concern was the removal of the two hours free parking in the town – he considers that this has been a problem and has had a major impact on retailers since its introduction
- 6) He also mentioned the Fords store and its conversion to kiosk units which he believes are unlikely to let well. He would have preferred to have seen a single large retail unit.
- 7) He confirmed that the town generally provides lower end retail operated by local tenants and that units are mainly small. However, he was sceptical about attracting national retailers to the town.
- 8) He considers Church Street to be the strongest retail location.
- 9) He considers that some form of traffic calming measures and/or pedestrianisation of certain retail areas is essential
- 10) He mentioned that there are virtually no clothing stores in the town.