

APPENDIX D
Tenant Mix and Trader Recruitment Strategy

Source:
Putting the Market back into Harborough
Quarterbridge, October 2012

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Tenant Mix and Recruitment Strategy

Tenant Mix and Suitability of Existing Legal Arrangements

The gross internal area of the market hall extends to 13,000 sq.ft. and the 75 stalls occupy 6,485 sq.ft. resulting in 50% net/gross ratio.

Market Harbourough Areas				
Unit Number	Length	Depth	Area /M2	Area/ft2
F1	4.4	2.4	10.56	114
F2	6	2.4	14.4	155
F3	4.5	2.4	10.8	116
F4	6	2.4	14.4	155
F5	6	2.4	14.4	155
F6	6	2.6	15.6	168
F7	4.3	2.6	11.18	120
F8	2.8	2.6	7.28	78
F9	4.3	2.6	11.18	120
F10	3.2	2.4	7.68	83
F11	5.9	2.4	14.16	152
F12	5.9	2.3	13.57	146
F13	5.8	2.3	13.34	144
F14	4.3	4.9	21.07	227
F15	2.8	2.4	6.72	72
F16	2.8	2.4	6.72	72
F17	5.8	2.4	13.92	150
G1	3	2.3	6.9	74
G2	2.75	2.3	6.325	68
G3	2.9	2.3	6.67	72
G4	2.9	2.3	6.67	72
G5	3	2.3	6.9	74
G6	2.9	2.3	6.67	72
G7	2.8	2.3	6.44	69
G8	2.9	2.3	6.67	72
G9	2.6	2.3	5.98	64
G10	2.85	2.4	6.84	74
G11	2.9	2.4	6.96	75
G12	2.9	2.4	6.96	75
G13	2.8	2.4	6.72	72
G14	2.9	2.4	6.96	75
G15	2.9	2.4	6.96	75
G16	2.9	2.4	6.96	75
G17	2.9	2.4	6.96	75
G18	2.9	2.4	6.96	75
G19	2.9	2.4	6.96	75
G20	2.8	2.4	6.72	72
G21	2.9	2.4	6.96	75
G22	2.9	2.4	6.96	75

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G23	2.85	2.4	6.84	74
G24	2.85	2.4	6.84	74
G25	2.9	2.4	6.96	75
G26	2.9	2.4	6.96	75
G27	2.8	2.4	6.72	72
G28	2.9	2.4	6.96	75
G29	2.9	2.4	6.96	75
G30	2.9	2.4	6.96	75
G31	2.9	2.4	6.96	75
G32	2.9	2.4	6.96	75
G33	2.9	2.4	6.96	75
G34	2.8	2.4	6.72	72
G35	2.9	2.4	6.96	75
G36	2.9	2.4	6.96	75
G37	2.85	2.4	6.84	74
G38	2.85	2.4	6.84	74
G39	2.9	2.4	6.96	75
G40	2.9	2.4	6.96	75
G41	2.8	2.4	6.72	72
G42	2.9	2.4	6.96	75
G43	2.9	2.4	6.96	75
G44	2.9	2.4	6.96	75
G45	2.9	2.4	6.96	75
G46	2.9	2.4	6.96	75
G47	2.9	2.4	6.96	75
G48	2.8	2.4	6.72	72
G49	2.9	2.4	6.96	75
G50	2.9	2.4	6.96	75
G51	2.9	2.4	6.96	75
G52	2.7	2.3	6.21	67
G53	2.9	2.3	6.67	72
G54	2.9	2.3	6.67	72
G55	2.9	2.3	6.67	72
G56	2.9	2.3	6.67	72
G57	2.9	2.3	6.67	72
G58	2.9	2.3	6.67	72

Total Lettable space	6485
GIA	13000
Net / Gross	50%

The current tenant mix is typical of a municipal market with little or no promotional activity or proact management. There are a number of professional traders within the market, however the majority l professional sophistication in keeping with a poorly promoted part-time market operation.

If HDC decide to re-develop the market, all existing traders should be given the opportunity to trade wit the revamped facility subject to fulfilling a number of quality related criteria and landlord approval.

From experience, we expect a number of existing traders to fall away for various reasons but princip owing to the regular trading pattern extending to a compulsory 6-day trade. The antique market sho continue to operate on Sundays as it proves to be popular.

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Notional Market Rents based on UK Anecdotal Evidence

Typical gross rents excluding business rates for re-developed UK market halls range between £50 - £70 p.s.f. / p.a. depending on the level and quality of investment and location.

For the purpose of business plan projections we have used a lower rental aspiration as a cautious approach being £44 p.s.f. per annum if adopting redevelopment option 1 and £50 p.s.f. per annum if adopting option 2.

These levels are considered achievable.

Long-term Aspirational Tenant Mix – Indoor Market

The definitive aspirational tenant mix should be designed once an approved layout is produced which will identify each user clause in a prescribed location.

The tenant mix will include a wide variety of user-clauses and a strong bias towards food retailing and catering. Although user clause exclusivity should not be given to any one business, a pragmatic commercial approach should be adopted and replication of user clauses used only where potential demand exists to create a critical mass offer.

The long-term aspirational tenant mix should include the following user clauses and Quarterbridge has already identified a number of companies who should be contacted as part of a pro-active letting strategy.

The following table captures the majority of independent businesses to be contacted as part of a pre-letting strategy for Market Harborough Market within a one-hour drive.

Market Harborough Aspirational Tenant Mix Summary

Total Entries	11316
Audio-vis	115
Baby Shops	54
Bags	43
Bakeries	69
Barbers	234
Beauty Therapist	678
Book Stores	115
Butchers	245
Cafe	426
Cakes	143
Camping	62
Candles	20
Carpets & Rugs	275
Record Shops	317
Chinese Restaurants	88
Computer repairs	207
Confectionary	77

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Cosmetics & Toiletries	165
Dairies	40
Dancewear	19
Delicatessen	30
Dry Cleaners	112
Fancy Dress	63
Farm Shops	49
Fashion Retailers	369
Fish & Chips	268
Fishmonger	14
Florists	358
Framers	99
Frozen Foods	45
Green Grocers	53
Greeting Cards	246
Grocers	658
Haberdashery	57
Hair Accessories	20
Hairdressers	1031
Hardware	104
Health Foods	90
Herbal Medicine	35
Ice Cream Parlour	5
Indian Restaurants	298
Ironing & Laundry	226
Jewelers	264
Ladies wear	361
Lingerie	61
Mobile Phone Accessories	203
Musical Instruments	52
Nail Bar	264
Newsagents	224
Opticians	334
Pawn Shop	28
Pharmacy	490
Photographic Equipment	27
Pizza	252
School Wear	32
Shoes	455
Comic Shops	6
Take out Restaurants	13
Tattooist	102
Teeth Whitening	115
Toy Shops	48
Travel Agents	281
White Goods	23
Work Wear	59

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Market traders- impact on incumbents

If HDC decides to redevelop Market Harborough Market in one of the outlined options, existing traders will need to be either asked to vacate the market during development works or relocate to a temporary location within the market if a phased development is adopted.

Although a legal opinion will be required, an occupational tenancy termination process will need to be implemented. For traders who have been in occupation for longer than one year in the same stall and do not periodically remove their stock overnight, the Council may need to issue section 25 notices under grounds (F) for substantive redevelopment, terminating their occupational agreements. Traders who periodically vacate their stalls (remove stock) should prove simpler and when required new weekly agreements should be withheld.

In order to deal sympathetically to existing traders, all should be offered the possibility to trade within a re-developed market subject to fulfilling certain quality based criteria and in line with the approved letting strategy and new market regulations.

A phased building contract will enable traders to continue to operate within part of the building, however phased developments tend to add 20-25% to the build cost, which in this case will be prohibitive.

If possible, a temporary trading location should be identified to house traders during the building works and failing this traders will need to vacate the market between 6 – 10 months dependent on HDC's development preference.

Existing traders should be dealt with equitably however there will be a proportion that always feel poorly treated and the council's public relations department should be briefed to deal with negative press strategically with a full understanding of the Council's objectives.

New Trader Recruitment Strategy

Traditionally, market trader recruitment has always been reactionary and relies on market visitors seeing vacant units and making enquiries with market management, resulting in new traders from a generally ageing cohort group of limited retail experience.

There is little thought given to which user clauses are required and where they should be located, resulting in an adhoc and sub-standard market offer.

Contemporary trader recruitment should be proactive to tailor to a carefully conceived letting strategy including an aspirational tenant mix and specific market units assigned with associated user clauses.

New traders will be sourced from independent business broadly situated within a 30-mile radius of Market Harborough including but not exclusively existing market traders.

Quarterbridge has established a database of 11,316 businesses that should be contacted once the new space plan and associated letting schedule has been developed to take space available once existing traders have agreed positions within the redeveloped market subject to landlord approval.

A business-to-business letting based web site and social media tools to be designed, coded and launched and letting leaflets designed and printed, ideally in a 6-page DL colour format.

Units should be advertised using the following methodology:

- Business to business letting based web-site

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- All contacts within the database to be contacted by letter including stall specific details including a letting leaflet.
- Letting banners to be fixed to the exterior of the market
- Design adverts and advertise space within local press

The letting agent should perform all the above function and to include:

- Handling all new trader enquiries
- Site visits
- Agreeing heads of terms in an agreed format with HDC legal service
- Monitoring progress of new tenant legal process relating to new leases

The letting agent will require a project establishment fee in the order of:

Design, develop and code a business to business letting and shoppers' website and social media including first 12 months hosting	£3,200.00
Design and print 12,000 DL Market Harborough DL letting leaflets	£ 900.00
Design and print 2 number letting banners	£ 850.00
Design press adverts	£ 600.00
Place letting based adverts within local press	£ 5,000.00 BUDGET as and when required

Pre-letting commission will be charged at 15% of the first year's gross annual rent excluding incentives upon successful completion of new leases.

A trader inducement budget will be agreed between the letting agent and HDC used at the agent's discretion to attract suitable new tenants.

Quarterbridge operates the UK's leading market trader recruitment agency.

Market Occupational Agreements – Proposed

In order for a retail market to establish a worthwhile presence, shoppers require consistency of offer. A successful market redevelopment needs to attract a broad shopper base from as wide a demographic as possible. A stable collection of high-quality traders is essential, supported by a variety of daily speciality markets.

In order to attract high quality independent traders; we propose offering all traders in fixed stalls a lease including the following important contingent elements:

A lease excluded from the landlord and tenant act 1954. This is standard practice nowadays as it prevents the lease from automatically renewing and provides the landlord with exit strategy options in the event a change of use is required and/or desired.

The lease term should be decided by the incoming tenant ranging from 6 months – 7 years.

The lease should be assignable for both the landlord in the event of privatising the market and for the tenant enabling them to sell their business.

A tenant side 6-month rolling break clause for leases over 12 months long.

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A recoverable service charge

The lease should refer to the market management regulation, which can be changes from time to time at the sole discretion of the landlord or its agent.

A daily license should be introduced for temporary units required inside and adjacent to the market hall.