



Market Consultancy Report

Bristol City Council

Report – October 2018

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1. Introduction

In June 2018 Nabma Market Place (NMP) were appointed by Bristol City Council to provide an appraisal on the current market offer and in particular a review of the market rents at St. Nicholas market.

Listed below are the key elements identified in the brief.

The brief to include:

- A review of the market rents at St. Nicholas market
- A review of the market service
- To engage with identified key stakeholders
- Assess current health, vitality and performance of St. Nicholas Market

Methodology

In order to carry out the review, the following project methodology was adopted:

Desktop review

This stage of the review used a combination of web-based and documentary research that included a social media search. This included strategic and operational information and data provided by Bristol City council markets team.

Site visits

Several visits were made to St. Nicholas market and visits made to other markets within the city centre.

Stakeholder engagement

In addition to the site visits NMP also engaged with the following key stakeholders. These were:

- Ward Councillors
- Market Manager and Operational Team
- Markets Directorate
- Property Team
- Economic Development
- Finance
- Bristol Culture
- Destination Bristol
- Food Development officer for St. Nicholas market

2. Background Information

The Markets Industry

The Retail Market Industry in the UK has experienced mixed fortunes over the last 25 years reaching post maturity as a retail model in the mid 1990's over the same period, geographical differences in the UK (in terms of format) amplified the pace and direction of change in the industry.

The economic downturn brought change in the retail landscape of the Country coming at a time when online sales were still relatively small. The almost instantaneous loss of disposable income saw retailers dealing with customers who were now predicating purchase decisions on value for money. At the same time, many High Street names ceased trading (Woolworths, TJ Hughes, Brantano, British Home Stores and more recently Toys R Us leaving large gaps in frontages at shopping centers and in the High Street. With Marks and Spencer, House of Fraser and Homebase announcing the closure of some of its less profitable stores and New Look considering closing up to 60 stores it appears to be a continuing trend. In addition, as Amazon enters the Grocery market more pressure will be put on existing grocers. Experts predict that by 2021 Amazon will be the third largest retail grocer.

Concurrently the market industry (retail and wholesale) began to see a reduction in the number of professional tenants and traders nationally. The National Market Traders Federation has seen their membership of regular and traditional market traders fall by 30%.

In response to the demise of the town centre high street, the Government commissioned Mary Portas to undertake a review of the issue, she produced 28 recommendations for reform. Whilst the success (or otherwise) of the Portas Pilots and other interventions is still the subject of debate, recommendation No 17, a national market day, was grasped by the retail market industry. In May 2012, the first 'Love Your Local Market Fortnight' (LYLM) was rolled out as an annual national celebration of all things positive about retail markets in the UK.

Markets are increasingly faced with external competition and in particular the growth in online sales. In March 2017, Next reported that their Next Directory sales have been rising every year for the past 10. This year they rose by 4% to £1.7bn but sales in the stores - pretty much flat for the past 10 years - fell by nearly 3% to £2.3bn.

Retail Markets, however, continue, to make a meaningful contribution to Towns and Cities across the UK. The successful markets we see today are those which have embraced change and adapted alongside the town in which they trade, as the demographics of a town change a successful market will reflect this change and continue to cater for and attract the residents, creating a vibrant and successful market, this will in turn attract visitors from outside the district and increase the value of the market.

There has been some recent research undertaken to support the benefits of Markets.

In 2005 the First National Survey of Market was undertaken. The survey, often referred to as the Rhodes Report after its author, found that there are over 1,150 retail markets operating in the UK, providing approximately 150,000 stalls each week. However, the average stall occupancy rates are about 75 per cent and falling. In terms of economic outputs, the Survey found that there were 46,000 market traders and that the industry offers employment to more than 96,000 people across the UK.

The Rhodes Report concluded that general markets across the UK are in decline, with falling customer numbers, stall occupancy rates and a perceived decline in the markets' turnover. However, alongside a general decline in the fortunes of traditional retail markets there has been a significant growth in the provision and popularity of specialty markets, particularly farmers' markets. Indeed, the report found that there had been a 250 per cent increase in farmers' markets between 1998 and 2004.

Since then further reports in 2009 from the Communities and Local Government Committee Inquiry into traditional markets and 2009 survey work undertaken for the Retail Markets Alliance both indicate that the general decline in traditional retail markets, coupled with a then increase in farmers' markets.

Today it is generally accepted within the industry that the heyday of markets is well and truly over and the future success of markets is dependent on a strong food offer with reduction in the general trading space supplemented and enhanced by an increase in the specialty offer, such as Artisan and Makers markets.

The general decline in the performance of general retail markets across the UK can be attributed to several factors including:

- Consumers now have higher expectations from their shopping experience.
- Increased competition from supermarket chains
- Online shopping
- Bargain basement shops now on the High Street
- The demise of the High Street
- Ageing market shopper base
- Ageing market trader base
- In some cases, unsympathetic city centre redevelopment has served to marginalise the market.
- General lack of investment and/or operator expertise by the local council
- The slowness of the market industry to adapt to change

Despite the national decline, however, traditional markets still dominate the markets sector as a whole in terms of turnover. Of the total turnover generated by markets across the UK (£3.5 billion), approximately 93.5 per cent is from traditional retail markets by 83.6 per cent of total traders.

NABMA has undertaken an annual retail survey since 2011 and when comparing the trends from these surveys it is important to note the incremental trends that are reflective in the findings.

In 2011 some 24% of Markets reported that they were trading better than the previous year. In 2016 only 17% reported that they were doing better and looking at the year on year figures there is a small decrease reflected each year. In September 2016 Nabma announced its latest annual results. The survey was based on over 310 returns from market operators across the UK.

The relevant findings applicable to this report are as follows:

Core Performance Measures

	Decreased	Same	Increased
Number of stall lettings	39%	36%	25%
Number of traders	39%	36%	25%
Number of market days	1%	96%	3%
Footfall	43%	40%	17%
Stall income	38%	40%	22%
Operational/management staff employed	20%	73%	7%
Market profit/loss	40%	42%	18%
Trader Turnover	42%	45%	13%
Market investment	12%	64%	24%

This table shows how each market has performed comparing 2016 data to 2015.

The trend demonstrates that 39% of markets have both lost traders and seen a fall in stall occupancy rates. This also correlates to a fall in stall income and a decline in an annual market surplus. One of the most notable statistic is that 43% of all respondents suggest that footfall into the markets has declined while a further 40% claim it has remained the same.

There is little evidence of growth across the UK. Where there is growth it is in periodic niche markets e.g. Shrewsbury and Ludlow.

There has been no significant investment (over £50,000) made in any of the outdoor markets in 2016.

Market Finances

The tables below show the regularity of Local Authorities reviewing their market rents and the results of the review. In 2016 out of 310 Local Authorities, just over half 167 reviewed their rents in the last year and from those only 71 Authorities increased the rent.

Rent Review of Income	Leased Rents	Daily/Weekly Tolls	Licence Fees
Last Year	54%	58%	58%
In the Last 5 Years	26%	28%	24%
Over 5 Years	20%	14%	18%

Result of Rent Review of Income	Leased Rents	Daily/Weekly Tolls	Licence Fees
Increased	43%	43%	41%
Decreased	9%	6%	24%
Same	48%	51%	18%

* Mission for Markets Survey 2016

In addition, the survey found that 20% of operators had not reviewed their market rents in the last five years and of those that did, an overwhelming majority, either increased or retained the level of rent. Few reduced the rent.

Market Traders

NMP believe that over the last ten years there has been a significant shift in the type of person that trades on our markets.

Market traders traditionally would trade on one or two markets within a week and often trade at markets held within a 15 mile radius of their base. They would trade generally between 3 and 7 days a week and it would be their sole income. These traders built up a strong business and generally when retiring looked to pass the business on to the next generation in the family.

This provided great continuity for the market.

Since the mid 1990's market trading has not been so appealing to the next generation and so now when traders look to retire often there is little interest for the business and the stalls subsequently are handed back to the operator for them to source a new occupant or they remain vacant.

This is an increasing problem across the UK as there is a clear drop in career traders who see market trading as a viable sole source of income.

However, there is the new generation of market trader that has a more fluid and transient way of trading. These traders are looking at a market as a base from which to operate their business. They are looking for markets that offer a competitive rent, good footfall and free Wi-Fi. This enables the trader to generate face to face sales at the market but more often they complement their market turnover by trading online and maximise the use of social media to promote their business. The added value that this gives makes the option of a market stall more viable as it is a base for face to face trading, gives online customers the confidence of buying from a business that has a physical presence and allows cross pollination of online customer to market customer and vice versa.

Market Traders historically used to start life trading on outdoor markets progressing into a leased indoor market unit and then possibly on to the high street over a period of time as the business matured. Businesses such as Tesco, Dunelm, Red or Dead and Poundland all started life in the market industry. This has changed in line with the changing face of retail with many entrepreneurs now seeing the market as a testbed for the viability of their product. From this they are then moving the business not onto the high street but straight to online retailing in order to grow and reach maturity, meaning there are fewer life career traders around. With this comes the opportunity to keep the market refreshed with different new products and ideas as the market becomes an incubation unit for future online retailers. Big names such as Boohoo started life on a market stall and are now solely internet retailers.

Free Wi-Fi across the markets is becoming an essential requirement and undoubtedly helps to recruit and retain new traders and increases customer dwell time.

The Changing High Street

Historically market trading was the one thing that a budding entrepreneur could afford to fail at. The easy terms and conditions alongside low set up costs reduced the risk. As town centres throughout the UK continue to report high vacancy rates, and with big brand names leaving the High Street, property owners are offering, cheap rents with flexible terms, giving first time business owners an alternative way to market test their product. Rather than use the market as a pathway to the high street, many new businesses are moving straight onto the high street. This needs to be kept in mind when reviewing market rents as it is another factor affecting the value of market stalls in less vibrant Town Centres.

More than ever, consumers are going online as part of their decision making process, the first port of call before visiting a venue is the internet, so this is an essential tool for engaging with potential customers and selling the market. The next generation of trader will be media savvy and as such will be looking to trade at a market that has a marketing strategy that they can piggyback onto to increase the exposure of their business, the website needs to be informative to both potential traders and market customers.

3. Findings

3.1 The Market

St. Nicholas market is open 6 days per week and is in the heart of the old city. The market began trade in 1743. The market area is in a conservation area with the Exchange building a Grade 1 listed building.

The market is split into 3 different trading areas. The Exchange, Covered market and the Glass Arcade. Each market has its own unique feel and houses around 50 trading units per site.

The Exchange and Covered market traders principally sell dry products and each area has their own cafeterias. The Glass Arcade offers 50 trading units principally for the sale of fast food.

The market is operated by Bristol City Council who employ an operational team of 7 full time and 4 part time staff. The markets management also employ a food coordinator who supports the team in the delivery of food markets.

NMP have assessed St. Nicholas market and conclude that apart from some London markets it is quite unique. The market building, particularly the Exchange and Arcade are splendid buildings. The markets are accessible and easy to navigate. The traders in the Exchange and Covered markets offer specialist items and are more likely to attract their own type of clientele. The Arcade offers a superb lunch time offer. A variety of hot and cold foods in a pleasant airy environment is without doubt the core offer of the market. The Arcade market bucks the national trend with traders, employees and customer being much younger than you would normally see at a more traditional market. Most of these visitors however do not shop in the Exchange or Covered markets.

The markets appear to be operated well with high stall occupancy rates. When vacancies do occur, there is strong demand for empty stalls. St. Nicholas market is without doubt in the top quartile of the Country's markets.

A SWOT analysis of St. Nicholas market provides an overview.

Strengths	Weaknesses
<p>Markets operate in a proven location</p> <p>The market is the heart of the City</p> <p>Good atmosphere</p> <p>Wide retail offer</p> <p>Local transport nearby</p> <p>Car parks nearby but expensive</p> <p>History and heritage</p> <p>Protected by charter</p> <p>Traditional traders</p> <p>Good loyal and stable trader base</p> <p>Good mix of diverse traders</p> <p>Personal service/expert knowledge</p> <p>Product knowledge</p> <p>Variety of choice</p> <p>Loyal customer base</p> <p>Competitive prices</p> <p>New markets being introduced</p> <p>University City</p> <p>Tourist Attraction</p> <p>Stable occupancy rates</p>	<p>Little or no investment</p> <p>Very dated image - needs updating</p> <p>No Wi-Fi</p> <p>Not strong social media presence</p> <p>No CCTV</p> <p>Inability to free up space</p>
Opportunities	Threats
<p>Better food offer</p> <p>Food court</p> <p>Improved signage</p> <p>Promote what we have</p> <p>Greater use of Social media</p> <p>Increase income</p>	<p>Early closing</p> <p>Selling things, the same for many years</p> <p>Online shopping/product comparison</p> <p>Lack of investment</p> <p>Exchange / covered market falls away</p> <p>VAT on stall rents</p>

3.2 Other Markets

In addition to St. Nicholas market the market management team operate the Farmers Market, Nails market, Wine Street Food market and the new Vegan market. All these markets seem to be well supported by traders and the public alike and trader numbers are reasonable and fairly static.

The markets on Corn Street do support St. Nicholas market. NMP believe there is a reluctance from the Wine Street traders to be relocated into Corn Street. However, it is felt that the market would trade equally well in Corn Street if there was an insistence to relocate it.

3.3 Market Finances

The market team have an operating budget that incorporates the whole service. The Council currently generates a surplus of approximately £315,000 per annum. None of this surplus is reinvested back into the service.

The bulk of the Income is generated by St. Nicholas market with other income coming from events, filming, market charter fees.

3.4 Market Franchise Rights

St. Nicholas market is a charter market and therefore the Council hold the statutory powers.

Bristol City Council do have a market policy and thus can derive income from licensing markets/car boots sales held within a 6 2/3rds mile boundary of its own market. The current policy provides that any such market shall pay the markets management £2 per day per stall.

It was clear in NMP's visits to Bristol that rival markets are being operated across the City. The Harbourside, Temple Quay, Easton to name but a few and new markets e.g. Finzels Reach are being established on an almost frequent basis. In addition, pockets of street traders, some in clusters, are located within the city boundary.

NMP understand that the policy governs some of these markets however the policy is not enforced consistently. As a consequence, the Council is not only potentially losing income (possibly up to £30,000 per annum) but more importantly any legal action against unwanted markets is weakened due to an inconsistent approach.

NMP believe that £2 per stall per day is relatively cheap, particularly to the commercial operator, however to increase the fee charge now and strictly enforce maybe politically sensitive. In time, a revised policy which treats commercial operators and charitable organisations differently (separate fee structure) maybe more politically palatable.

Possible structure:

Commercial fee £100 per day or £2 per stall whichever the greater

Non commercial fee £1 per stall per day

3.5 Market Licences

The Market management have been reviewing the existing market licences and their terms and conditions. NMP have been shown a draft document and changes have been made in line with current activity and the licence looks fit for purpose.

3.6 Other Facilities

The market is still very much a retail facility and could potentially offer the facilities such as Wi-Fi and On-line delivery lockers. In addition, tenants should be encouraged to maximise the use of wi-fi by introducing innovation and interacting with their shoppers, particularly the young.



One very notable issue is the use of A boards or noticeboards. There are several A boards around the market and most noticeably in Corn Street. There is not anything unduly wrong with allowing a trader an A board however when there are 8-10 clustered in an area it should be questioned whether they are causing an obstacle in the street and secondly how much of an impact does any sign have as they all appear self-defeating.

4. Market Rent Review

4.1 Market Rents

Within St. Nicholas market there are three individual segments – The Exchange, Covered Market and the Glass Arcade. Each area has 50 trading units. All traders are issued a licence which is operated on a rolling weekly basis.

The rent for each stall has historically been determined based on the square meterage within each unit. The square metre charge is not the same across all 3 markets and indeed there are numerous examples where the square metre charge is different even within the same market area. In addition, there is no premium given to the location of a stall so NMP can only conclude that the rents have been agreed without any long term structure or strategy.

Such anomalies are historic and are a result of several years rent negotiations with individual traders. This situation is not uncommon in markets around the UK and especially in markets that have needed to be rebranded and remodelled such as the case with the Glass Arcade.

In addition to the stall rent, each unit has a separate business rate which most licensees currently do not pay as they are eligible for small business rate relief.

The Glass Arcade, Covered market and Spice Up Your Life also pay electricity. Each unit being separately metred.

In undertaking a rent review NMP analysed each traders individual rent and the size of their selling space. Furthermore, each trading day (Monday to Saturday) has been observed so that the volume of trade can be forecast.

With regards to the existing rents NMP have taken each traders total rent and calculated the price per square metre and considered the cost of a weekly rent per trading unit. (See Appendix 1).

The Appendices details in chronological order which traders are paying the most per square metre. The charges range significantly not only across the market but also within each market. For example:

Glass Arcade	ranges from £237.00 to £535.71 per square metre
The Exchange	ranges from £214.38 to £364.91 per square metre
Covered Market	ranges from £203.22 to £352.39 per square metre

What seems more relevant however is how the weekly rents compare across all three markets. The weekly rent within each trading area fluctuates greatly Stall rents from each area ranges as follows:

Glass Arcade ranges from £24.19 to £35.86 per stall
 The Exchange ranges from £35.96 to £94.63 per stall
 (Also, in the Exchange the two cafes Royce Rolls pay £145.00 per week/Be Natural Café £157.48 per week)
 Covered Market ranges from £31.26 to £100.50 per stall

Market Gate's two traders stall rents range from £55.38 to £61.54 per stall.

What is strikingly clear is that the traders from the Exchange and Covered market are nearly all paying more stall rent each week than the Glass Arcade. This is because they have a larger trading area.

In compiling the daily rents in chronological order (see below) out of the 50 individual traders across the three markets the first trader to appear from the Glass Arcade is ranked 32nd out of 50 whilst Chilli Daddy is paying £24.19 per unit per week which equates to £4.03 per day.

		Rent Per unit Per Week
		£
Royce Rolls	EX43A	145.66
Instant Services	CV57	100.50
Stalhelm	EX09-10	94.63
Chaos Cycles	EX06 / EX07A	90.21
Phone Junkies	CV76	82.76
New Flower	EX03 / EX04-05	66.83
Beware of the Leopard	CV66-69, 77	64.00
Rules of Play (LPS Games)	CV72-73	62.98
Hot Sauce Emporium	EX02	61.74
Avon Textiles	MG01-02	61.54
Matina	MG03-04	55.38
The Bong Shop	CV58-60	55.26
Midtown	EX17-18 / EX19-20	53.83
Market Bargains	EX25-26	52.67
Be Natural Café	EX13 & EX14 Seating / EX15 cafe	52.50
Exchange Stamps	EX16	51.55
World Fossils	EX08 / EX39-40	51.10
Spice Up Your Life	EA7	48.81
The Rock Shop	CV79-81	48.49
Aardvark	EX11-12 /27-28/33-36	47.76
Memories	EX31-32	44.96
Quadrant Trading	EX37-38	43.98
Orient Express Silver	EX41-42	43.98
Hugs	CV64-65	41.68
Sew & Sew	CV51-54	39.68
A & P Jewellery	CV55-56	39.68
Face the Dawn	CV78 and 84-85	38.34
Gravel Pit	CV82 - 83	36.15
Wanted Records	CV86, 96-100 storage	36.02
Payback Records	EX45 / 48	35.96
Over Here	EX43 / 44 / 49 / 50	35.96
Portuguese Taste	GA31-32	35.86
The Juice Bar	GA21-22	35.86

Grillstock	GA33-34	35.86
The Moorish Café	GA23-27	35.86
Bristol Sausage Shop	GA28-30	35.86
Kalahari Moon	CV74-75, 88-91	34.59
Pure Pasta	GA35-39	34.48
The Olive Company	GA40-42	34.48
Vicbric Art	EX46 / 47	31.47
Studio 7	CV61-63	31.26
Caribbean Wrap	GA47-50	30.34
Beast	EX21-23 / 22-24 / 29-30	29.18
Zak's Café	CV92-95	29.12
Lucy Anna Flowers	GA13-15	26.74
Pieminister	GA43-46	26.21
Brozen	GA16-20	25.55
Chilli Daddy	GA09-12	24.19
Aah Toots	GA04-08	24.19
Eat A Pitta	GA01-03	24.19

Blue – Glass Arcade Traders

Orange – Covered Market

Green – Exchange and Market Gate

4.2 Observations

NMP observed the trading activity at St. Nicholas market across the whole week. Customer flows, spending and general activity was observed. While the observations were undertaken during a 4 week period, and it is understood that there may be seasonal trends, however NMP believe they have a good understanding of a typical trading week.

On reflection the business activity did not differ greatly from day to day. The market opened at 09.30 with few shoppers visiting. The Glass Arcade traders generally use the time between 09.30 and 11.30 to prepare for the lunch time trade.

The Exchange and Covered market customer numbers are generally low. The footfall peaks at lunchtime but it remains relatively small with little circulation. Shoppers who are visiting both markets generally do so with a purpose to buy. Footfall either side of 12.00-14.00 is no more than 200 shoppers per hour.

The Glass Arcade however is extremely successful. The Arcade trades well from 12.00 to 14.00 and much longer into the day on a Saturday. Visitors are looking for fast take away foods and during peak times there are queues at each fast food stall. The popular stalls could very often have a queue 20 deep.

The Glass Arcade generates most of the footfall with the Exchange and Covered markets enjoying the spinoffs. Without a successful Glass Arcade St. Nicholas market would not be as popular as it is, and stall vacancy rates would surely increase.

Comparing footfall and the level of trade in each area it is clear that the daily rents are not a true reflection of activity.

The Exchange and Covered market traders are paying a far higher daily rent than those in the Glass Arcade. Trade in these two areas is minimal. NMP would suggest that some of these traders are using St. Nicholas market as a base and will be trading online or alternatively have other retail outlets. It is difficult to see that the traders in these two areas could sustain a business without other outlets.

With trading volumes low and trade fragile, it is difficult to recommend any rent increase in the Exchange or Covered market for the short to medium term. Only if trading levels increase would a rent increase be

recommended. Any rent increase could increase pressure on existing businesses which may lead to some stall units becoming vacant. Thus, defeating the object.

In reviewing the Exchange and Covered market rents there is no consistency in the fees and charges. The logical approach would be to leave the rents as they are however in time consideration maybe given to work towards some parity within each area.

Excluding the cafes in these areas, NMP have calculated the average square metre charge and applied this evenly across the two markets - there are some wide parameters.

4.3 Covered Market

Existing meterage ranges from £203.22 to £352.39 per square metre

Apply average meterage £277.90 per square metre.

Hugs would receive a 21.13% reduction (£916.88) while Kalahari Moon would see a 143% increase (£7,117.41)

4.4 The Exchange

Existing meterage ranges from £214.38 to £364.91 per square metre

Apply average meterage £334.19.

Payback Records would receive a 9.75% reduction (£364.99) and Hot Sauce Emporium would see a 35.32% increase (£1134.03)

By calculating the average square metre and applying the rate evenly the income remains the same however there are significant winners and losers which in the short term would be unpalatable and unsustainable increases for some.

In view of the level of trade and the inconsistency in the rents it is recommended not to amend the rents in either market and if in future the rents were to be increased then a percentage increase would be recommended.

4.5 Glass Arcade

With regards to the Glass Arcade this is clearly the most successful area of the market and underpins the viability of the whole market operation. Historically the rents appear to have been set low and possibly deliberately to kick start life into the market. Without doubt this strategy has worked well and it maybe timely to review the rents and activity in this area whilst also however being mindful not to damage existing business for local traders or the popularity of the market.

The Glass Arcade is predominantly a fast food outlet except for Lucy Anna Flowers and Aah Toots (cakes)

Most traders occupy more than one unit and trade on the line (or beyond) of the stall frontage. Several offer seating for customers within their units. Some traders offer seating outside their unit and others have an external facility although only Eat A Pitta pays for this privilege.

In reviewing the rents NMP have also considered the rentals for Bristol City Council's outdoor food markets and the unit occupied by Eat A Pitta in the Broadmead.

These rents are as follows:

Food connections (Farmers Market)

£30.00 per day

Vegan

£37.00 per day

Nails

Friday £25.00

Saturday £30.00

Wine Street Food Market

Friday and Tuesday

£37.00 per day

Broadmead – Eat A Pitta

£25,000 to £30,000 per annum or minimum £480.76 per week

The outdoor market rents (Farmers, Vegan, Nails and Wine Street) are reasonably priced and in line with most street markets across the UK. In accounting for footfall, potential spend and consistency in trader numbers the rents support a sustainable business and are more commercial.

Compare these rents with the Glass Arcades highest weekly rent of £35.86 per unit per week or an average daily rent of £7.50 per unit it clearly demonstrates the Glass Arcade rents are undervalued.

The Glass Arcade weekly rent ranges from £24.19 to £35.86 per unit. This is largely due to stalls 1-20 being smaller in depth than stalls 21-50 however this appears not to detract from business as the frontage is the key selling area.

Comparing rents, there is little consistency. Eat A Pitta, for example, probably one of the most successful businesses pays £24.19 per unit per week while The Bristol Sausage Shop, also with 3 units, pays £35.86 per unit per week. A difference of £1820.69 or £35 per week.

Eat A Pitta also have a fixed unit in the Broadmead paying a minimum £480 per week and having observed the unit across trading hours does not appear to trade any better than their Glass Arcade business.

Add to the mix, Matina who operate very successfully from 2 units in Market Gate, directly adjacent to the Glass Arcade paying £55.38 per unit per week, £1986.21 per annum more than Eat A Pitta. Matina are sustaining a very successful business at £55.38 per unit per week which could be used as a benchmark for other fast food outlets.

Brozen on the other hand pay the highest fee per square metre however on observation NMP believe they are the least successful food business in the Arcade. They are not fast food and NMP believe their trade is fragile.

Even the seating is ad hoc with some traders offering seating within their paid unit, others pay for external seating while it appears some traders make external seating available without any charge.

Given that it is recommended that the Exchange and the Covered market rents remain unaltered it is acknowledged that it maybe sensitive to highlight one particular area of the market for a rent increase. However, the rents at the Glass Arcade appear heavily undervalued.

NMP are also aware of the sensitivity of increasing the rents for take away food traders and consequently have provided several options for consideration. It should be noted that these options do not include non-fast food traders (Aah Toots, Brozen and Lucy Anna Flowers) as trade volumes are not comparable.

The options are as follows:

- A. All fast food units to be charged the same weekly rent in line with current highest payer.
- B. 10% increase based on square metres
- C. 20% increase based on square metres
- D. Commercial footing each business paying £50 per unit per week

A. All Units to be charged the same weekly rent

This option provides for the same unit price to be applied across all units irrespective of the square meterage. Given the inconsistency of the rents across the Arcade NMP are mindful that certain trades would receive a large increase and consequently it is proposed to take a sensible approach and bring all rents in line with the highest payer.

Trader	Current Weekly Rent Per Unit	Same Rent	Difference annum	per	% Difference
Eat A Pitta	24.19	35.86	1820.30		48.23
Chilli Daddy	24.19	35.86	2427.15		48.23
Pieminister	26.21	35.86	2007.84		36.83
Carribbean Wrap	30.34	35.86	1147.15		18.17
The Olive Company	34.48	35.86	214.85		3.99
Pure Pasta	34.48	35.86	358.08		3.99
The Moorish Café	35.86	35.86	0		0
Bristol Sausage Shop	35.86	35.86	0		0
Portuguese Taste	35.86	35.86	0		0
Grillstock	35.86	35.86	0		0
The Juice Bar	35.86	35.86	0		0

Additional income generated £7,975.37 per annum

NMP comments:

This approach certainly simplifies matters and provides a clear rental structure to the Arcade. This will provide greater transparency for any future percentage increases. NMP believe that these increases are easily affordable.

The £35.86 proposed increase still does not reach the rent charged to Matina £55.38 per unit.

B. 10% increase based on square metres

To apply an even 10% rent increase across all fast food traders

Trader	Annual Rent	10% Increase	Proposed Rent
Eat A Pitta	3773.80	377.38	4151.18
Chilli Daddy	5031.73	503.17	5534.90
Pieminister	5451.04	545.10	5996.14
Carribbean Wrap	6311.73	631.17	6942.90
The Olive Company	5379.31	537.93	5917.24
Pure Pasta	9108.97	910.89	10019.86
The Moorish Café	9324.15	932.41	10256.56
Bristol Sausage Shop	5594.49	559.44	6153.93
Portuguese Taste	3729.66	372.96	4102.62
Grillstock	3729.66	372.96	4102.62
The Juice Bar	3729.66	372.96	4102.62
Matina	5760.01	576.00	6336.01
Spice Up Your life	2537.93	253.79	2791.72

Additional income generated £6,946.16 per annum

NMP comments:

A simple solution is to increase all existing rents by an agreed percentage. A 10% increase is the minimum increase and again NMP believes that their rents are comfortably sustainable.

Matina and Spice Up Your Life have been added for this exercise.

C. 20% increase based on square metres

To apply an even 20% rent increase across all fast food traders

Trader	Annual Rent	20% Increase	Proposed Rent
Eat A Pitta	3773.80	754.76	4528.56
Chilli Daddy	5031.73	1006.34	6038.07
Pieminister	5451.04	1090.20	6541.24
Carribbean Wrap	6311.73	1262.34	7574.07
The Olive Company	5379.31	1075.86	6455.17
Pure Pasta	9108.97	1821.79	10930.76
The Moorish Café	9324.15	1864.83	11188.98
Bristol Sausage Shop	5594.49	1118.89	6713.38
Portuguese Taste	3729.66	745.93	4475.59
Grillstock	3729.66	745.93	4475.59
The Juice Bar	3729.66	745.93	4475.59
Matina	5760.01	1152.00	6912.01
Spice Up Your Life	2537.93	507.58	3045.51

Additional income generated £13,892.31 per annum

NMP comments:

A simple solution is to increase all existing rents by an agreed percentage. A 20% increase is the minimum increase and again NMP believe that this level of increase is sustainable.

Matina and Spice Up Your Life have been added for this exercise.

D. Commercial footing each business paying £50 per unit per week

NMP believe that the Glass Arcade traders are trading in a very popular retail environment. They have a steady flow of visitors every midweek day between 11.45 and 14.15 and the day trades longer on a Saturday.

NMP would also suggest that the Arcade trades better than, any of the street markets who pay anything from £30-£37 per day and Eat A Pitta's Broadmead outlet £480 per week, consequently it would not be unreasonable to suggest that an increase to £50 per unit per week would move to establish a platform for rents to be on a more commercial footing.

The impact would be as follows:

Trader	Annual Rent	£50 per unit per week	% Increase
Eat A Pitta	3773.80	7800	106.68
Chilli Daddy	5031.73	10400	106.68
Pieminister	5451.04	10400	90.78
Carribbean Wrap	6311.73	10400	64.77
The Olive Company	5379.31	7800	45.00
Pure Pasta	9108.97	13000	42.71
The Moorish Café	9324.15	13000	39.42
Bristol Sausage Shop	5594.49	7800	39.42
Portuguese Taste	3729.66	5200	39.42
Grillstock	3729.66	5200	39.42
The Juice Bar	3729.66	5200	39.42

Additional income generated £35,035.85 per annum

NMP comments:

The increase in the Arcade rents can look high in percentage terms however that is only because the current baseline is so low. These rents are still realistic and very achievable. In our experience when increases are implemented there is always the possibility that traders leave or look to reduce their stall numbers as they do

not think their business would be sustainable. To avoid this problem, NMP believes that Bristol City Council should introduce a policy prior to implementing a rent increase that traders with multiple units can only terminate their agreement by terminating two or more units unless the Council agrees otherwise.

This policy should be introduced to eliminate an Arcade trader terminating one out of their multiple units that would leave the Markets team with one spare unlettable unit.

Matina has not been added to the table as they are already paying over £50 per unit per day.

4.6 Seating

The seating in the Glass Arcade is ad hoc with some traders offering seating within their paid unit, others pay for external seating while it appears some traders make external seating available without any charge. It appears that the seating requirements are not controlled and management should be mindful that external seating can cause problems amongst traders and block main alleyways.

To provide a structure to seating it is suggested that:

1. All traders providing seating within their units do so to provide a service. This should be allowed to continue.
2. All external seating to be charged. Eat A Pitta currently pay £1817.77 per annum for their seating area which is adjacent to their unit. This offers 10 covers. This equates to £181.77 per cover per annum.



It is recommended that all external seating in the Glass Arcade should be charged in the same way.

4.7 Glass Arcade - Non-Fast Food Traders

In the Glass Arcade there are three non-fast food traders. NMP would suggest that these traders would not be able to afford a commercial rent applied to the fast food traders and a non-fast food rate should be introduced. Currently Lucy Anna Flowers pays £26.74 per unit per week, Brozen £25.55 per unit per week while Aah Toots pays £24.19 per day. Consideration maybe given to apply an even £25 per unit across the non-fast food businesses (half the fast food rate).

In applying this charge Lucy Anna Flowers would see a reduction of £271.04, Brozen a reduction of £143 and Aah Toots an increase of £210.33 per annum. The net reduction of £203.71 per annum.

4.8 Café's

With regards to the café's located in the Exchange and Covered market these do not perform as well as the Glass Arcade traders. The café's, Be Natural, Eatchu and Zaks Café add value to areas of lower footfall and in NMP's opinion the rents for these café's should remain unchanged.

4.9 Market Gate and Spice Up Your Life

The remaining tenant on Market Gate, Avon Textiles, is paying £61.53 per unit per week. This is obviously a historical charge and the trader has occupied those units for some time.

It is recommended not to change the rent and if and when it becomes available to let it to another food outlet and review the charge in line with the other 2 units in Market Gate currently occupied by Matina.

With regards to Spice Up Your Life, located between the Exchange and Glass Arcade, trade volumes are good but not as high as the Arcade. Spice Up Your life currently pay £48.81 per week (£8.13 per day) for their unit. Consequently, they are already paying higher than option 1, option 2 and 3 are applicable and achievable while option 4 provides for a premium rate for being in the Arcade.

4.10 Specialist Street Markets

As part of the review NMP also visited the street markets. These included the Farmers Market, Vegan Market, Nails Market and Wine Street Food market.

Each market is located in Corn Street and Wine Street near to St. Nicholas market. The rents for these days are:

Farmers Market Wednesday £30.00 per day

Vegan market Monday £37.00 per day

Nails Market Friday £25.00, Saturday £30.00

Wine Street Food Market Tuesday and Friday £37.00 per day

The traders are provided with a good trading location, market umbrella, waste removal and electric and NMP believe the rents are at the right level and in keeping with a popular street market scene in a city the size of Bristol.



4.11 Other

In undertaking this exercise NMP explored the possibility of introducing a service charge however such would be the difficulties of pinpointing exact costs from the service accounts to the traders that it was felt unpracticable.

Rent increases are always a sensitive issue however as part of the fees and charges report part of the additional monies could be used to reinvest back into the service and maintain and improve building maintenance.

It is strongly recommended that a fees and charges report on any future market rent increase is approved at committee level before implementation.

5. Benchmarking Rents

Market operators adopt benchmarking to compare relevant performance data against other markets. Subjects typically measured are stall occupancy rates, income, trading expenditure and market rents. In comparing this data, it is possible to learn from each other and establish best practice.

Benchmarking is a valid tool that is often used to compare, however it is noted that benchmarking within the markets industry has been spasmodic with few meaningful outcomes.

NMP have undertaken the exercise of benchmarking Bristol Markets rents against other local authorities' market rents. Benchmarking has been undertaken at a regional level rather than on a national basis. Many market traders live within a 15-mile radius of the market(s) that they trade from. The main driver for them is to trade on markets where they will make the highest return. In choosing their market venue they will consider a combination of rent levels, turnover and distance to travel as deciding factors. Market traders will move to other markets if they feel that it will be beneficial. Consequently, NMP have focussed on markets within this radius.

Benchmarking is a valid exercise enabling market operators to compare the value for money they are offering against local competitors and national influencers. The rent however is not the sole salient factor and it is worth pointing out that market stalls that command less rent, may offer this due to other reasons such as less trade, lower visitor numbers, falling trader numbers or a less proactive markets team. The national trends point to a declining trader base and declining turnover.

Rents are as follows:

Market	Days	Rent
Wells Outdoor	Weds / Fri	£24 / £29
Chichester	Weds / Sat	£30 per day
Worcester	Weds to Fri / Sat	£25 / £30
Oxford Outdoor	Mon- Sat	£30 per day
Ludlow	Mon/Weds/Fri/Sat	£12 - £20
Cirencester	Mon / Fri	£25

Given the examples provided and the population of these towns and cities against Bristol it is suggested that the outdoor markets in Bristol are fairly priced and a further clear indication of the current value of the Glass Arcade rents.

6. Options

The success of St. Nicholas market is undoubtedly the Glass Arcade. Trade volumes are high and the average age of the shopper is far younger than at most UK markets.

Without doubt the core of the markets success is its food offer. Alongside the Arcade is the development of street food markets such as Wine Street, Farmers market, Vegan market and the increasingly successful Night market.

On the flip side the Exchange and Covered market traders are coming under increasing pressure with footfall into these two venues being relatively low. All traders in these locations are provided with a rolling weekly licence and market management are unable to significantly change the offer and are reliant on traders terminating their existing agreements. These vacancies are few and far between and so unless bold decisions are made to close the Exchange or covered market innovation is stifled.

Without doubt is the popularity of food and Bristol City would greatly benefit from having a really high quality food hall. Such a facility, located in the Exchange, would provide a unique facility to the City, enhance the market area and complement all other market activity in and around St. Nicholas market.

A food hall that offered eateries, butchers, fishmongers, delicatessen, bakers etc. would be a fabulous asset to the City. The market would become the central hub for high end food and a place where you can meet and socialise.

The Exchange would become the real 'Jewell in the Crown' and maximise the potential of the fabulous building.

The indoor market could be exceptional. With its stunning architecture complemented by completely overhauling the internal stall layout it is suggested that Bristol could offer a completely new iconic food hall. This aspiration would retain and attract high quality traders and will also provide Bristol with a really strong retail anchor to increase footfall into this area of the City.

Ideas:

- **To remove all the fabric at ground floor level**
- **To remove all the existing stalls in the Indoor Area**
- **To remove all the fittings above the stalls**
- **To increase the natural lighting**
- **To enhance the lighting within the Indoor area.**
- **To introduce a visible and attractive main entrance into the Exchange**
- **To introduce a more spacious market layout**
- **To introduce a high end Food Court**





7. Conclusions

Bristol City Council employ a relatively small operational team to operate St. Nicholas market and other street markets. St. Nicholas market is the core business. This market offers 150 trading spaces 6 days a week in the heart of the old city.

Stall occupancy rates are near 100%, there is very little turnover of traders and in terms of occupancy rates the market is in the top quartile of the country.

The markets team operate the market in a professional and business like manner and all relevant operational information is to hand.

In addition to St. Nicholas market the Council operate several street markets with a strong food emphasis. NMP feel that this is the right direction and each market appears strong.

On visiting the City, NMP noticed several street markets (5 or more sellers) and other street sellers located around the city. NMP understands that the Council do have a Market Rights Policy however this should be adopted consistently so that statutory rights remain protected and in addition it should generate additional income. A revised policy in time, could be introduced.

The main focus of this report has been a review of the market rents. St. Nicholas market has 3 markets, Exchange, Covered and Glass Arcade. There is no baseline rent for the markets and even within each separate market there are many inconsistencies in the rental structure. Such anomalies are historic and are a result of several years rent negotiations with individual traders. This situation is not uncommon in markets around the UK and especially in markets that have needed to be rebranded and remodelled such as the case with the Glass Arcade.

It would appear that the rental structure has not been reviewed for some time and the fees and charges are now out of sync with the trading reality.

The Exchange and Covered markets trade is fragile. Most trades in these markets offer specialist items and therefore have a loyal customer base. General footfall in both markets is low. While the Arcade is exceptionally busy this does not filter out into these two markets. It is suggested that given the footfall levels and static occupancy rates most trades have other outlets or online offerings. That said, rents are not particularly cheap. Under normal circumstances given the static and high stall occupancy rates it would be fair to conclude that rents could be increased however with the apparent volume of business generated on site NMP would urge extreme caution.

The Glass Arcade however is a different situation. The Arcade is extremely popular, especially at lunch time and it trades later into the day on Saturdays. The units in the Arcade are long and linear and as the rents have been historically based on square meterage the unit rents are incredibly low and certainly do not reflect the level of business.

The fast food stalls are the most popular stalls and when comparing their £7.50 per unit per day rent to a trader in Wine Street paying five times as much it emphasizes the imbalance.

NMP are very conscious that to increase the rents to a more commercial and realistic footing maybe initially a step too far however an incremental increase to reach the ultimate goal is recommended.

NMP would recommend a separate rent for the fast food and non-fast food traders in the Arcade that provides a more accurate platform with which to increase rents in future years.

NMP have also recommended that external seating in the Arcade is controlled and a fair and consistent charge applied for this facility.

It is strongly recommended that a Council committee needs to formally approve the new market licences that also incorporates a revised fees and charges structure. This report should be approved prior to implementation coupled with the introduction of a policy that controls the number of units that can be vacated at any one time.

For St. Nicholas market to develop in the long term some very bold decisions would need to be made. The Exchange and Covered markets are underperforming especially given its city centre location. To change the offer is difficult however as few traders leave the market and if they do only one or two stalls are frequented and not enough to make a significant impact. One of the market halls would need to be cleared for the market to provide a real iconic offer and one that complements the City's retail offer. A high-end food offer would be a fabulous addition.

8. Recommendations

Market Place would make the following recommendations:

Rent Review

- The Exchange and Covered market rents to remain unchanged
- For the café rents in the Exchange and Covered markets to remain unchanged.
- The Arcade rents to be increased with the aim of reaching a realistic commercial value.
- For the Arcade traders a separate rate introduced for fast food and non fast food traders
- Realign the rents in the two categories that provides a platform for more transparent increases.
- For the rents at Market Gate to be unchanged.
- For Fast Food trader Spice Up Your life rent to be increased
- For a seating tariff in the Arcade to be introduced and consistently applied.
- To introduce a lettings policy, prior to any rent increase, where an Arcade trader must terminate at least two of their units
- To obtain Committee approval of any rent increase prior to implementation
- To maintain existing rent levels for all street markets.
- Any additional income generated by a rent increase could be partly used to fund additional maintenance

Other Operational Issues

- To obtain Committee approval of the market licences prior to implementation
- To review and consistently enforce the Council's Market Franchise Rights.
- To continue to build upon the successful and growing food offer.
- The A Boards from the Exchange and Covered markets in Corn Street need to be managed
- To explore the concept of developing the Exchange or covered market into a high-end food hall.

Appendix 1 – Square Metre Charge

		Sq Metres	Annual Charge £	Per sq m.	Per Week £
Brozen	GA16-20	12.4	6642.77	535.71	127.75
Chilli Daddy	GA09-12	10	5031.73	503.17	96.76
Aah Toots	GA04-08	12.7	6289.67	495.25	120.96
Lucy Anna Flowers	GA13-15	8.5	4171.04	490.71	80.21
Avon Textiles	MG01-02	14.9	6400.01	429.53	123.08
Eat A Pitta	GA01-03	9.1	3773.80	414.70	72.57
The Olive Company	GA40-42	14.7	5379.31	365.94	103.45
Over Here	EX43 / 44 / 49 / 50	20.5	7480.63	364.91	143.86
New Flower	EX03 / EX04-05	29.1	10426.13	358.29	200.50
Royce Rolls	EX43A	21.2	7574.14	357.27	145.66
Matina	MG03-04	16.2	5760.01	355.56	110.77
Hugs	CV64-65	12.3	4334.35	352.39	83.35
Vicbric Art	EX46 / 47	9.3	3272.78	351.91	62.94
Chaos Cycles	EX06 / EX07A	26.8	9381.96	350.07	180.42
World Fossils	EX08 / EX39-40	22.8	7971.55	349.63	153.30
Stalhelm	EX09-10	28.4	9841.70	346.54	189.26
Grillstock	GA33-34	11	3729.66	339.06	71.72
Beast	EX21-23 / 22-24 / 29-30	36.1	12139.87	336.28	233.46
Portuguese Taste	GA31-32	11.2	3729.66	333.01	71.72
The Juice Bar	GA21-22	11.2	3729.66	333.01	71.72
Aardvark	EX11-12 / 27-28/33-36	59.9	19866.52	331.66	382.05
Pure Pasta	GA35-39	27.2	8965.52	329.61	172.41
Memories	EX31-32	14.2	4675.39	329.25	89.91
Midtown	EX17-18 / EX19-20	34.8	11195.62	321.71	215.30
The Moorish Café	GA23-27	29.1	9324.15	320.42	179.31
Instant Services	CV57	16.5	5226.12	316.73	100.50
Exchange Stamps	EX16	8.5	2680.56	315.36	51.55
Market Bargains	EX25-26	17.4	5478.00	314.83	105.35
Bristol Sausage Shop	GA28-30	17.8	5594.49	314.30	107.59
Quadrant Trading	EX37-38	14.6	4574.10	313.29	87.96
Face the Dawn	CV78 and 84-85	19.6	5980.70	305.14	115.01
Orient Express Silver	EX41-42	15.1	4574.10	302.92	87.96
Caribbean Wrap	GA47-50	22.4	6311.73	281.77	121.38
The Rock Shop	CV79-81	28	7564.15	270.15	145.46
Phone Junkies	CV76	16.3	4303.45	264.02	82.76
Wanted Records	CV86, 96-100 storage	43.4	11238.64	258.95	216.13
Sew & Sew	CV51-54	32.5	8253.80	253.96	158.73
Rules of Play (LPS Games)	CV72-73	25.8	6549.96	253.87	125.96
Kalahari Moon	CV74-75, 88-91	43.4	10791.73	248.66	207.53
Beware of the Leopard	CV66-69, 77	67.3	16640.02	247.25	320.00
A & P Jewellery	CV55-56	16.7	4126.90	247.12	79.36

Hot Sauce Emporium	EX02	13	3210.44	246.96	61.74
Zak's Café	CV92-95	24.7	6057.94	245.26	116.50
Gravel Pit	CV82 - 83	15.8	3760.00	241.03	72.31
The Bong Shop	CV58-60	36.2	8620.14	238.13	165.77
Pieminister	GA43-46	23	5451.04	237.00	104.83
Spice Up Your Life	EA7	11.8	2537.93	215.08	48.81
Payback Records	EX45 / 48	10.1	3740.31	215.07	71.93
Be Natural Café	EX13 & EX14 Seating / EX15 cafe	38.2	8189.41	214.38	157.49
Studio 7	CV61-63	24	4877.25	203.22	93.79

Be Natural Products	EX1A & 1B		4017.40		
Treasure Island Sweets	CV70-71		4441.38		
Japonica	EX01		5376.70		
Fil Blanc	EX07B		2696.15		

Blue – Glass Arcade Traders

Orange – Covered Market

Green – Exchange and Market Gate