

Towards a Strategy for Kirkgate Market: the evidence base.

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Executive Summary

Kirkgate Market is the oldest and largest retail destination in Leeds. It has survived and prospered through World Wars, the Depression and even a major fire in 1975. It is a central feature in the retail landscape in the city, and its importance goes beyond the historic to include a very significant impact on the economic life of the city. With over 2000 people employed and more than 400 businesses it is a major contributor to the success of the city centre and the broader economy of Leeds.

However there is increasing evidence that whilst some traders are continuing to trade well, others are struggling. Moreover, these difficulties cannot simply be attributed to the well publicised downturn in the economy, but rather reflect a broader historic decline in markets traditional role as key retail destinations. The evidence supporting this view is drawn from both empirical and anecdotal sources. The figures indicate that over the last 10 years the market has suffered from decreasing footfall of 16%, and over the last 4 years its income has fallen on average 5%.

As a widely known and much loved public institution its apparent decline has also received significant attention and debate (much of it negative) on the importance of the market to the city. Recognising this strength of feeling, the city council has undertaken research on the issues and options with the aim of facilitating a more informed debate concerning the market's future. This will assist with the formulation of a strategy for a more sustainable future for the market.

The information presented here is in the form of an evidence base which sets out the key challenges to be addressed in determining the way forward for the market. This structure is based on the type of analysis required for a typical retail investment business plan. It provides the sort of information that investors would look at in deciding whether or not to invest.

Some of the conclusions are not surprising. More investment is clearly required to address the market's problems, but just as important in the face of intense competition is the need for appropriate decision making structures to give the expertise and flexibility needed to become the best market in the best city in the UK. This in turn raises more fundamental issues concerning both ownership and size.

In seeking to address the very best opportunities for the market, this study has looked at alternative forms of market ownership and considered what effect these may have on its potential future performance. There will be many different opinions about how best to ensure the long term prospects of Kirkgate Market. The evidence assembled here is important in distinguishing between myth and reality and determining an effective future strategy.

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1.0 Purpose of this report

- 1.1 This report provides the evidence base for developing options for a new strategic direction for Kirkgate Market, and gaining full stakeholder support for the future vision and direction of the market.
- 1.2 The previous strategy for Kirkgate Market was published and approved by the Council's City Centre Committee in 1996. That report examined a number of options for Kirkgate Market based on its position as a viable retail offer under threat at that time.
- 1.3 It is vital now to reflect on where Kirkgate Market stands in providing a first class market facility and determine the direction to take in order to maintain its relevance as an important retail destination. Of equal significance is the need to strike a balance between the financial return on the Market asset and the Council's wider economic and social objectives.
- 1.4 The current state of, condition and the future direction of Kirkgate Market has been the subject of significant recent media and public discussion. A deputation received in April from the Kirkgate market branch of the National Market Traders Federation called for a number of immediate actions from the council to improve footfall and conditions. The council has responded to these actions and has committed to developing a strategy to ensure a sustainable future for Kirkgate Market.
- 1.5 Issues raised by traders about Kirkgate Market include: a lack of investment in the markets; the recruitment of a permanent Markets Manager with experience of turning around struggling markets; low levels of footfall; high rents, service charge and business rates; and expensive car parking facilities. Traders believe these factors are contributing to the failure of Kirkgate Market.
- 1.6 The performance of Kirkgate Market has to be viewed in the context of increasingly aggressive competition and changing consumer behaviours. Only once the broader

picture is understood can options for moving forwards be fully considered. This report begins the process of scoping out these issues.

- 1.7 It is important to clarify what exactly we mean when talking about Kirkgate Market. Kirkgate Market covers both the indoor and outdoor market, and the shops on George St. It does not however, include the shops on Vicar Lane (Boots etc), or the shops on New York St, or the NCP car park.

2.0 National picture - UK Retail Sector

- 2.1 There has been considerable investment in, and growth of shopping venues around the UK in the last 10 years. There are currently a total of 819 shopping centres in the UK and a total of 1,340 retail parks. Over 2.4 billion visits are made to shopping centres across the UK every year.¹
- 2.2 Many of the goods traditionally sold at markets are now available at discount prices at supermarkets and discount stores like Primark. In the case of supermarkets and retail parks, this comes with the added convenience of free parking, 'pleasant' surroundings and card transaction availability.
- 2.3 A further major trend which is **restructuring** the retail sector is the continued strong growth in non-food merchandising by leading supermarkets, predominantly the big four: Tesco, Asda, Sainsbury's and Morrisons. The share of non-food spending achieved by supermarkets has more than doubled over the last decade. 14% of non-food sales are expected to be via supermarket outlets in 2010 (source: Verdict), adding further pressure on many comparison and bulky goods retailers, especially electrical and entertainment specialists.²
- 2.4 UK Grocery retail value currently stands at £146.3bn. Of this, £105.8bn is Hypermarkets, Supermarkets and Superstores. Discounters take up £5.9bn of the sector value, with online grocery retailing taking £3.7bn share. Tesco's share of the market alone is 30.8%.³
- 2.5 The discount stores sector has seen significant growth over the past two years with the UK's top ten cities seeing an increase of some 60% in discount store numbers. Future prospects for the discount sector also look good. Keynote forecasts the entire UK discount retailing market to be worth £24.9bn by 2011, with expected growth each year of around 9% (this includes a wider definition of discount retailers including food stores such as Aldi & Lidl, the non-food parts of Asda and Tesco and clothing discounters like Primark.) A report in 2009 identified 24 discount stores in Leeds, compared to 25 in Manchester, 21 in Birmingham, 17 in Glasgow, and 13 in Bradford.⁴
- 2.6 The composition of the customer base for discount centres is also changing. Traditionally, the target demographic has been female, and drawn from the C2, D and E socio-economic groups. This has changed during the recession with Poundland, for example, seeing a 22 per cent increase in the numbers of shoppers

¹ 'The Retail Review: Consumer Insight into changing habits and shifting patterns', 2009, Deloitte

² 'UK Retail Outlook', June 2010, CB Richard Ellis

³ IGD, 2010 www.igd.com

⁴ 'Discount Stores Report', 2009, Local Data Company

from the AB group. This underpins the move to prime pitch and to locations such as Stratford upon Avon.⁵

2.7 The retail landscape has significantly changed in the last 10 years. Gone are the big high street names of Woolworths, Safeway, and Dixons, and in their place a new shopping landscape with names such as Superdry, Hollister, and Clas Ohlson, many of whom are international retailers. Many of the retailers who failed on the high street have adapted their business model and re-launched as online only retailers, Zavvi and Dixons being two examples. This just serves to demonstrate how dynamic the retail sector is.

2.8 Increasingly independents struggle to compete with the low cost competition from the likes of Primark and the rise of internet shopping. E-bay also provides a low cost alternative, and online retailers such as Amazon provide relatively low cost products with an easy returns facility. Instead independents need to compete on customer service and the quality or uniqueness of their products. It is inevitable, therefore, that some more marginal independent traders will not be able to survive in the current economic climate – indeed some were struggling even during the retail boom.

3.0 Retail Trends

3.1 UK consumer spending contracted sharply in 2009 but retail sales volumes held up remarkably well and have continued to show positive year-on-year growth over the early months of 2010.⁶

3.2 Year on year, the volume of retail sales in June 2010 was 1.3 per cent higher than in June 2009. Predominantly food stores decreased by 0.2 per cent while predominantly non-food stores increased by 4.4 per cent. Within predominantly non-food stores there were rises across all sectors apart from other stores which decreased by 0.2 per cent. The largest rises were non-specialised stores at 10.3 per cent and household goods stores at 6.1 per cent, driven by an increase in electrical stores. This was the largest rise in household goods since May 2008 when it was 6.5 per cent. Non-store retailing increased by 14.8 per cent.⁷

3.3 However, Retail sales fell for the second month in a row in September 2010, reinforcing evidence of an economic slowdown as consumers steel themselves for cuts in government spending and tax rises. Growth in the economy, which had bounced back strongly this year from an 18-month recession, is expected to slow as the government tackles a record budget deficit.⁸

3.4 According to research in retail trends, the balance of power has shifted from government, to manufacturer to retailer in the last 50 years, but now the customer has 'reclaimed the crown'. Control is back with the 'smart shopper' and retailers will

⁵ 'Discount Stores Report', 2009, Local Data Company

⁶ 'UK Retail Outlook', June 2010, CB Richard Ellis

⁷ 'UK Retail Outlook', June 2010, CB Richard Ellis

⁸ 'Retail sales fall as economy weakens,' October 2010, Reuters

need to adjust the way they interact and serve this empowered person and the multi dimensional communities that these people live in.⁹

- 3.5 Shoppers today may be interested in a retailer's carbon footprint, ethical supply chains or simply local product, and may demand this before they make a purchase decision. Such consumers are demanding good corporate citizenship from the retailers they shop with and want to know that the retailers values align with their own. Retailers need to be mindful of how they interface with the 'smart' shopper be it in the market place or market space.¹⁰ In relation to the Kirkgate market this is particularly relevant in attracting new customers as research shows that the market's existing customers are less concerned about these issues (see paragraph 8.6.2)
- 3.6 Running alongside this behaviour 51% of consumers agree that they have changed their shopping habits to buy cheaper or non branded products during this recession,. Changes in behaviour like this has resulted in some grocers changing their strategies and even developing additional ranges to their portfolios, for example, Tesco's discount brand, making it even harder for independents to compete.¹¹
- 3.7 Customer expectations over recent years have also risen. Most consumers today expect clean, pleasant surroundings and excellent customer service. The expectation to be able to use debit/credit cards has become the norm, to return goods without quibble and to try goods on before buying.
- 3.8 Town centre vacancy rates in Great Britain have risen from just over 12% at the end of 2009 to 13% at the end of June 2010. Research highlights the weak state of the retail markets in many large northern and Midland cities with only three southern centres in the top 25 highest vacancy towns and cities: Watford in at number 17 with a vacancy rate of 16.70%, Bristol at number 23 with a vacancy rate of 14.35% and Reading at 24 with a vacancy rate of 14.17%.¹²
- 3.9 In terms of northern cities, Blackpool ranks number one with a vacancy rate of 28.93%. Bradford comes in 2nd with 24.64%. Manchester is in at 9, with a vacancy rate of 20.39%, with Leeds following at number 10 with 19.48%.

4.0 Retail Markets

- 4.1 A national survey carried out by the Retail Markets Alliance in 2004 found that there were over 1,150 retail markets with over 150,000 stalls available each week in the UK. There were over 46,000 retail traders and an estimated 95,000 people employed in the retail markets industry, however average stall occupancy rates were around 75% and falling. There were over 435 million shopping visits per year, with over £1.1b spent each year.¹³
- 4.2 A further survey by the Retail Markets Alliance in 2009 found a decline of 17% in the number of traders standing on traditional retail markets in the past 5 years. However, despite the decline in trader numbers, traditional retail market businesses account

⁹ 'The Retail Review: Consumer Insight into changing habits and shifting patterns', 2009, Deloitte

¹⁰ 'The Retail Review: Consumer Insight into changing habits and shifting patterns', 2009, Deloitte

¹¹ 'The Retail Review: Consumer Insight into changing habits and shifting patterns', 2009, Deloitte

¹² A Gathering Storm: Shop Vacancy Report', 2010, Local Data Company.

¹³ 'Markets 21', 2009, The Retail Markets Alliance.

for 83.6 % of all market businesses, and 93.5% of the market business turnover.¹⁴ In the same year, the Retail Markets Alliance found there were 1124 retail markets in the UK, 109 of which were in Yorkshire and Humber.¹⁵

- 4.4 In addition their research has looked at how retail markets have performed during the recession in comparison with the 'High Street' in general. The results suggest that for nine large urban markets (taking part in the customer footfall study), 3 in Bradford, 2 in Birmingham, 1 in Manchester, 2 in Sheffield and 1 in Stoke, they have largely out-performed the High Street during the recession.¹⁶
- 4.5 However, consideration of 'snap-shot' results from other markets across the country showed a much more mixed response, with a number of markets performing significantly worse than the national average.¹⁷
- 4.6 Newcastle and Coventry were the only two to report an increase with both identifying a 10 percentage point increase. Burnley (-0.4%), Wakefield (-10.2%), Nottingham (-1.3%), Derby (-14.6%), and Maidstone (-19.1%) all reporting a (sometimes significant) decrease in footfall. So according to The Retail Markets Alliance, retail markets do not appear to have capitalised as much as they could have on the opportunities created by the economic downturn.¹⁸
- 4.7 A sample of market managers/operators was asked by the Retail Markets Alliance for their impressions about current trends on their markets since the start of the economic downturn in September 2008. The figures reveal that 28% reported a decrease in trader numbers; 42% reported a decline in shopper numbers and 53% reported a decline in average spend.¹⁹
- 4.8 Between 2004 and 2009 there was a 14% reduction in the number of traders operating from traditional retail markets. In contrast, over the past decade, there has been a steady growth in the success of specialist niche markets: farmers' markets, craft markets, Christmas markets, French and German markets, and, in London, Borough Market (*The Economist*, 2003). For example, it was reported that from 1998-99 to 2003-04 there was a 250% increase in farmers' markets and a 233% increase in stalls, and that shoppers visiting these events increased by 574%.²⁰
- 4.9 A survey in 2008 by the National Association of British Market Authorities showed that across a range of 13 items, markets are on average 6% cheaper than supermarkets, and in relation to fresh produce, markets are 32% cheaper than supermarkets.²¹ These figures back up a survey by the New Economics Foundation in 2005, which found that in Lewisham a shopping basket of food cost £4.74 from the market compared to £7.18 from a supermarket.²²

¹⁴ 'Markets 21', 2009, The Retail Markets Alliance.

¹⁵ Julie Smith in 'Markets 21', 2009, The Retail Markets Alliance.

¹⁶ 'Markets 21', 2009, The Retail Markets Alliance.

¹⁷ 'Markets 21', 2009, The Retail Markets Alliance.

¹⁸ 'Markets 21', 2009, The Retail Markets Alliance..

¹⁹ Julie Smith in 'Markets 21', 2009, The Retail Markets Alliance.

²⁰ 'Markets as sites for social interaction', 2006, Joseph Rowntree Foundation.

²¹ 'Markets 21', 2009, The Retail Markets Alliance.

²² 'Trading Place', 2005, New Economic Foundation.

- 4.10 International markets such as Barcelona's La Boqueria market is an example of a very successful retail market, a covered market with hundreds of stalls devoted to nothing but food. "In the age of big box stores, where stores...are a short metro ride away and many grocery stores dot the city centre, the market not only persists, it thrives."²³ The market attracts a broad range, from tourists to well known chefs stocking up on produce. The market has achieved a role as the 'heart of the city', a destination in its own right.
- 4.11 Borough Market is an example of a successful UK market. Open only 3 days a week, its focus is on a quality food offer. It's not just the quality food on offer, its also about the people and the place. The market is populated by individuals from all over the UK, Europe and the rest of the world, who care deeply about the food and drink on offer. As a result, the market has become a place of specialist culinary knowledge. The market promotes itself as a place to explore, to ask questions, to discover new flavours and to savour a unique atmosphere.
- 4.12 In September 2010, DCLG published 'Retail Markets: A Best Practice Guide,' which identifies examples of good practice from markets which have made them more relevant and attractive to their customers and the local community.²⁴ Examples include engaging with key partners, supporting new entrepreneurs, supporting communities by, for example having demonstration kitchens to encourage healthy eating, re-investing surpluses back into the market, allowing schoolchildren and students to sell items they have made on the market, improved marketing and promotion through for example good websites, TV advertising local campaigns and by excellent layout and design of stalls and the market overall, Its sister document, 'Retail Markets: Management models'²⁵ was published at the same time, and a series of training modules for market traders will be launched in October 2010. Retail Markets and their future success is an issue gaining more attention at a national level.

5.0 Management and Ownership models

- 5.1 Markets are unique in retail and wholesale trading terms in that they are still predominantly managed by the public sector; 669 (60%) of traditional markets are run by the public sector, although 321 (29%) are now run by the private sector.²⁶
- 5.2 There are currently three common forms of market management in the UK: local authority run markets; privately operated markets; and markets run in some form of partnership such as a joint venture, or contracted out operational management. There are also a number of models, which are not currently common, but offer scope for the future. These are: trader-operated markets; social enterprise operated markets; markets run by an arms-length company; and sharing management

²³ http://www.businessweek.com/innovate/content/mar2006/id20060324_577101.htm

²⁴ 'Retail Markets: A Best Practice Guide', 2010, Department for Communities and Local Government

²⁵ 'Retail Markets: Ownership models', 2010, Department for Communities and Local Government

²⁶ 'Markets 21', 2010, The Retail Markets Alliance.

between a number of local authorities.²⁷ The prevalence of these models is listed below:

Public Sector	669
Private Sector	321
Privately Managed for the public sector	91
Public sector partnership	2
Public Private Partnership	10
Charity	1
Community Association/ other	4
Cooperation	19
Membership	3

5.3 Local Authority. The majority of markets, like Kirkgate Market, are still directly provided and managed by local authorities. This model offers the advantage of accountability, linking markets to wider policy strategic goals, and by understanding the ‘public good’ that markets provide.

5.3.1 The profits generated by successful markets are generally taken by the local authority and used to support other service provision within the authority, which has resulted in a significant lack of reinvestment in markets in general.²⁸ Bradford City Council recently agreed to ringfence the profits of the market for reinvestment, something which Leeds City Council has also previously done.

5.4 Private. Many markets are operated directly by the private sector, either licensed by the local authority under its market rights, with their own charter rights, or in some instances, completely outside the licensing framework. This model offers the advantage of faster, streamlined decision making, an increased focus on the core business, and the opportunity for directly raising investment capital.

5.4.1 For example, Town & Country Markets Limited is a 100% owned operating subsidiary of Wellington Market Company and is the leading private sector retail market operator in the United Kingdom. Currently it operates markets at 35 locations throughout England and Wales from its own freehold premises, leasehold premises and licensed locations providing around 5000 stalls each week, at markets from Aldershot to **Morley** through to Worthing. The company offers money back on faulty goods and hold regular events and competitions etc to draw in customers.

5.4.2 Wellington Market Company also operates Spitalfields Market in East London which is now home to a flourishing creative community, having secured, over the last 14 years, a place at the forefront of interior design, fashion, the arts and food. Open on Thursdays, Fridays and Sundays, and with a different focus for each day, it currently attracts 25,000 visitors per week.

5.5 Partnerships. These can range from the local authority retaining the strategic management of its markets but outsourcing the operational management, to a formal medium to long-term joint venture between the public and private sector. These models are useful where the local authority lacks the in-house capacity and

²⁷ ‘Markets 21’, 2010, The Retail Markets Alliance.

²⁸ ‘Markets 21’, 2010, The Retail Markets Alliance.

capability to effectively manage the markets, and where external capital investment is required.

5.5.1 Geraud Markets UK Ltd works in partnership with local authorities over an extended period of time to develop, expand and invest in markets. The company currently runs markets on behalf of Liverpool City Council, Allerdale Borough Council, South Derbyshire District Council, Clevedon Town Council, Ipswich City Council and New Covent Garden Sunday market.

5.5.2 Geraud Markets Liverpool Ltd is the biggest and probably the best example of Public Private Sector Partnerships. Geraud Markets Liverpool Ltd in partnership with Liverpool City Council runs over 1,200 regular market days each year. In addition to this there are over 100 Speciality Event Market days, providing residents and tourists with access to choice, value and quality.

5.6 Other Options

5.6.1 **Traders.** There are a number of traditional street markets and farmers' markets that are directly managed by the traders themselves. This offers the advantage of reduced bureaucracy and costs, and an increased sense of 'ownership' by the traders. However these are only operated as street markets and therefore are not comparable to a large scale indoor market like Kirkgate.

5.6.2 **Trust.** Borough Market – the only fully independent market in London – is owned by a charitable trust, the Borough Market (Southwark) Trust, run by a board of volunteer trustees. According to the formal objectives laid out in its Charity Commission registration, the trust's commitments are to provide a market as a public amenity and, once a year, to pass any surplus to the London Borough of Southwark for the benefit of residents in the parish of St Saviour's. In addition to these registered objectives, the trust has extended its formal charitable commitments to include running community events, providing food related health education and contributing to local community projects and schemes.

5.6.3 **Arms length.** In 2008, Glasgow City Council became the first UK local authority to establish its markets as an arms-length limited liability partnership (LLP). This model offers the advantage of more responsive, streamlined decision making; lower costs; an increased focus on the core business, and the opportunity for directly raising investment capital. City Markets (Glasgow) LLP are responsible for the overall management of the market, for property maintenance, cleaning refuse removal and security. The profits generated by the markets are ploughed directly back into the markets.

5.7 These examples of successful markets have one key factor in common: they all provide a quality customer experience which ensures residents and tourists alike keep visiting.

5.8 Opening days and times of these markets vary considerably. Spitalfields is open on Thursdays, Fridays and Sundays, and with a theme for each day. Similarly Borough market opens only three days, Thursdays (11am-5pm), Friday (12pm-6pm), and Saturday (8am-5pm). Barcelona's La Boqueria market, however, is open everyday

except Sunday, from 8am through to 8.30pm. The St John's Indoor Market in Liverpool trades Monday to Saturday 8.30 through to 5pm.

- 5.9 Research in 2004 found significant variation in the frequency of operation of traditional retail markets. 369 markets are open for just 1 day, 224 for 2 days, 117 for 3 days, 54 for 4 days, 38 for 5 days, 209 for 6 days, and 29 for 7 days.²⁹

6.0 Leeds City Centre – The Regional Shopping Centre

- 6.1 Leeds is the regional shopping centre for Yorkshire and the Humber with an estimated 1.9 million people living within 30 minutes drive of the city centre and a total shopping catchment population of nearly 3.2 million people. In 2009 over £1.7bn was spent annually in Leeds retail centre.³⁰
- 6.2 Leeds City Centre is ranked the 6th UK retail shopping destination by industry favourite Venuescore (8th by Experian). Excluding London's West End, number one is Glasgow, followed at number two by Manchester. In at three and four are Birmingham and Liverpool respectively, with Edinburgh at number five. For a regional comparison, Bradford City Centre comes in at 98th, The White Rose Centre at 171st, and York City Centre at 22nd. However Venuescore 2010 predicts that with the planned new developments of Trinity Leeds and the Eastgate Quarter, Leeds ranking will rise to three from six, only below Manchester and Glasgow.^{31 32}
- 6.3 30% of retail spend by Leeds City Region residents is spent in Leeds Centre, compared to 11.5% at the White Rose Centre, 6.9% in Bradford Centre, and 6.7% in York Centre.³³
- 6.4 Leeds residents contribute to 52% of the retail spend in Leeds, whilst Kirklees and Wakefield residents contribute 13% each in Leeds. Bradford contributes 11%, whilst Calderdale and Barnsley contribute 4% and 2% respectively.³⁴
- 6.5 In 2008, almost 133,000 people were employed in Leeds City centre, 31.8% of the metropolitan district's 417,618 employees, a 9.7% increase from 2002. During the same period, those employed in retail in the city centre fell by 5.6%, from 10,320 to 9,735. This is partially down to new developments such as Trinity, where buildings have been demolished in preparation for new developments.³⁵
- 6.6 The percentage of people entering the prime retail quarter on a Sunday between the hours of 10-6 has increased by 84.6% between 2000 and 2009; this is despite a 3% fall between 2008 and 2009.³⁶
- 6.7 There are six managed shopping centres in Leeds City Centre, which account for 41% of the total floor space in the City Centre, including: The Merrion Centre (500,005 sq ft), Leeds Shopping Plaza (314,898 sq ft), St John's Centre (89,997 sq

²⁹ 'Markets 21', 2009, The Retail Markets Alliance.

³⁰ '9th Leeds City Centre Audit', 2010, Leeds City Council.

³¹ 'Venuescore 2010', 2010, Javelin Group

³² 'Venuescore 2010', 2010, Javelin Group

³³ Yorkshire Forward Economic Seminar August 2010

³⁴ Yorkshire Forward Economic Seminar August 2010.

³⁵ '9th Leeds City Centre Audit', 2010, Leeds City Council.

³⁶ '9th Leeds City Centre Audit', 2010, Leeds City Council

ft), The Core (200,000 sq ft), the Victoria Quarter (217,753 sq ft), and The Light (346,124 sq ft).³⁷ Average weekly footfall in the St John's Centre is around 250,000 people, and 220,000 people in the Merrion Centre.

- 6.8 Most of these currently benefit from high pedestrian flows due to their gateway locations around the central area. Indeed the Merrion Centre reported in September 2010 its fifth consecutive year of growth: "its focus on discount retailing continues to beat the downturn."³⁸
- 6.9 In addition, The White Rose Centre outside of the city centre offers over 680,000sqft of indoor retail space and is home to over 100 retailers in addition to 23 retail merchandising units.³⁹ For the year to March, footfall at the White Rose shopping centre rose by 1.5% to 13.0m. Shoppers are spending around £75 each on non-food per visit, up £17 on last year.⁴⁰
- 6.10 Leeds City Centre also faces stiff competition from an extensive retail warehouse provision. Major concentrations include that at Birstall to the south of Leeds, which includes the Birstall and Junction 27 retail parks plus a number of freestanding stores, including IKEA, and enjoys excellent access to the motorway network. Other key retail warehouse parks include the Crown Point, Tulip, Junction 1 retail park to the south of the City Centre, with further substantial provision to the east, including the Colton and Killingbeck retail parks. Estimates from 2006 suggested that there was approximately 3,282,992 sq.ft. of retail warehouse floorspace serving the Leeds area.⁴¹

7.0 Leeds City Centre - Eastgate Quarter Development

- 7.1 Together with the indoor and outdoor market, the Eastgate Quarter constitutes the eastern retail quarter of the city and the future of Kirkgate must be considered in the context of proposals for the Eastgate redevelopment scheme.
- 7.2 This area currently consists mainly of open surface car parking, a significant amount of which has lain undeveloped since the 1960s, and a number of buildings that are underused and in a state of disrepair. Typically the area lacks a 'sense of place', activities which attract visitors, public open space and pedestrian integration into the rest of the city centre.
- 7.3 The objective of this development is to regenerate the Eastgate Quarter of Leeds City Centre through the provision of a retail led mixed use scheme which combines appropriate features of the historic environment with a series of new streets, squares and public spaces as a seamless extension to the city, rather than in a conventional "shopping centre" format. The development will provide new retail, café, and restaurant uses alongside new primary and secondary anchor department stores which will act as the main anchors of the scheme on both sides of Eastgate.

³⁷ 'Eastgate Retail Statement', 2006, CB Richard Ellis.

³⁸ 'Town Centre Parent hails resilience of retail mall', 15/09/10, Yorkshire Post.

³⁹ 'White Rose Centre Study Guide', White Rose Shopping Centre

⁴⁰ 'Leeds Economy Bulletin', Autumn 2010, Leeds City Council

⁴¹ 'Eastgate Retail Statement', 2006, CB Richard Ellis.

- 7.4 The new shopping streets of the Eastgate Quarter will reinvigorate and revitalise lost routes to the area, increase levels of activity, and promote new connections between northern, southern and eastern retail quarters. Proposals for Quarry Hill, the emerging cultural quarter, will see large scale development help re-establish it as a major focal point east of the city centre.
- 7.5 The Council is also working towards the enhancement of the 'Kirkgate quarter' and has developed an expression of interest for the Leeds City Region Partnership to consider a future Regional Growth Fund (RGF) bid for this area. The aim of the bid is to, *"...redevelop the area surrounding Kirkgate Market and Cloth Hall Street in Leeds City Centre into a thriving independent retail quarter, with quality public realm linking the area to the re-launched Corn Exchange.... (the) project will that ensure that Kirkgate Market and the surrounding area can differentiate itself as a destination for unique independent retailing in the city centre."*
- 7.6 The Heritage Lottery Fund has already earmarked funding under the Townscape Heritage Initiative (THI) to help renovate the Lower Kirkgate area of Leeds City Centre. As a result of the THI extensive repairs will be carried out to various heritage buildings through the reinstatement of lost architectural features and refurbishment of vacant buildings. The scheme will also bring wider training and work placement opportunities to communities within Richmond Hill. It is also hoped that the redevelopment will help to stimulate pedestrian activity in and around the adjacent Kirkgate markets area.
- 7.7 The redevelopment of the Kirkgate Quarter area will create significant improvements in the public realm and will improve the connectivity between the Market, Lower Kirkgate, Eastgate Quarter and the improvements planned for the Riverside. The initiative will also generate inward investment, business creation and employment opportunities for the city centre whilst providing a real boost to the Market (and its traders) which has been in decline in recent years. It will also contribute significantly to tourism, building on Kirkgate Market to create Kirkgate Quarter as a destination in its own right.
- 7.8 It is important that the level and quality of retailing in Leeds City Centre enables it to act as a regional anchor.⁴² It is also essential to ensure that the "offer" of the city centre – including Kirkgate Market - matches the needs and wants of users otherwise shoppers will choose to go elsewhere to cities with a broader retail offer. It is anticipated that these two developments both significantly increase footfall in the eastern area which will have a beneficial effect on Kirkgate Market.
- 7.9 However, whilst the developments in the Eastern part of the City Centre will be significant and positive for Kirkgate Market in the long term, in the short term there will be a significant amount of disruption to the area and a risk that due to this and the uncertainty this will generate, footfall and the number of traders in the market may actually fall further during this development phase. The City Council will work closely with traders, customers and the developers to minimize the impact.
- 7.10 Views are divided as to the impact which the Eastgate development will have on Kirkgate Market; in reality it probably presents both opportunities and challenges.

⁴² 'Eastgate Retail Statement', 2006, CB Richard Ellis.

For example during the construction period car parking in the area will be reduced but construction workers will undoubtedly use the Markets' takeaways and cafes. Current proposals place the anchor store John Lewis opposite to Kirkgate Market potentially bringing new customers right to the market's doorstep.

- 7.11 The Council is working closely with the developers Hammersons and anchor tenant John Lewis to ensure that the Eastgate development ultimately benefits the market. Indeed some changes to the configuration of the layout of John Lewis and the positions of pedestrian crossings have already been made to help ensure greater cohesion between Eastgate and the market. In respect of the car parking it is important to remember that the NCP car park at the back of the market was built to replace the temporary George Street car park some years ago when the Council was working on an earlier scheme to redevelop this area, which never came to fruition. In terms of the overall development and the wider eastern area of the city centre the NCP car park and the new proposed car park will provide parking at both sides of the Kirkgate/Eastgate area and clearly John Lewis wants its customers to be able to park very close to its store.
- 7.12 The redevelopment of the Eastgate quarter is expected to commence in 2012 at the earliest and will take approximately three years to be complete. Close working between all parties will be essential during this period.
- 7.13 The delay in the Trinity Quarter development has meant that city centre retailers (including traders in Kirkgate Market) have had the advantage of competing with a reduced amount of retail space (due to demolition of existing units in preparation). With Trinity Quarter now on site with a scheduled opening of 2013, this additional retail space will increase competition and potentially draw footfall away from the eastern quarter.

8.0 Kirkgate Market - Financial and Operational Performance

- 8.1 Kirkgate Market is Europe's largest indoor market and unique in its sheer size and scale. However, if action is not taken it could become a liability rather than an asset. As illustrated above, Kirkgate Market is certainly not alone in its predicament. The evidence shows that with the exception of niche markets, this is a struggling industry. Compounding this situation is Kirkgate's extensive capital requirements.

8.2 Capital Improvements

- 8.2.1 The indoor market covers four distinct sections – the 1904, 1875, 1976 and 1981 sections. Completed capital environmental improvements to the value of around £11.5m have been made to Kirkgate Market during the last 12 years. This has included the refurbishment of the open market, the 1875/1904 markets, the relocation of the fish market and installation of CCTV.
- 8.2.2 Ongoing routine, planned and reactive maintenance is undertaken each year throughout the indoor market and other improvements since 2000 have cost a further £1.4m.

- 8.2.3 The 1976/81 structures were erected as temporary buildings following the market fire in 1975. Both buildings have now exceeded the fifteen to twenty year life expectancy for buildings of this type. Kirkgate Market now has extensive maintenance requirements, the extent of which means that 'doing nothing' is not a viable option. For example a significant and essential requirement is to strip and recover the 1976/81 roof – not to do this work will continue to result in periodic water ingress into the market which, in addition to having serious health and safety implications, will continue to impact negatively on customer footfall.
- 8.2.5 Recent condition surveys identified works totalling approximately £2.4m of which £0.6m is deemed to be for imminent works and £1.2m for essential works to ensure the indoor market complies with legislation. Whilst there is no provision in the capital programme for these works, up to £200k is available from the corporate property maintenance budget. If the market remains in the council's sole ownership then a provision for the additional funding required will need to be made available.
- 8.2.6 However, this spend of approximately £2.4m on improvements to the fabric of the buildings will not address the long term issues within the building. Most are 'hidden' improvements and will not address the sloping floor, the cold in winter and the lack of adequate ventilation in the summer, which affects both the life of products and the length of dwell time people are prepared to spend in the market. These improvements will make no impact on consumer perceptions.
- 8.2.7 In terms of comparisons, works have started on refurbishing Accrington Market Hall. The £2.6 million project is jointly-funded by owners Hyndburn Borough Council and the Government's Local Enterprise Growth Initiative (LEGI) and the first phase of repairs to the roof is now well underway. The second phase to convert former storage space at balcony level into an Enterprise Haven started in August followed by the refurbishment of the sales floor in January 2010 after Christmas trading has ended. This refurbishment is for 70 stalls, and 11 kiosks. Traders are currently in dispute with the local council which, following the refurbishment, is seeking 6 days a week opening.
- 8.2.8 Glasgow markets are spending £6m on refurbishing their wholesale market. This is a predominately business to business market, with a small footfall and customers who have no expectations of 'experience.'
- 8.3 Rents.** Rents for market stalls in Leeds Kirkgate Market vary from £28.75/sq.ft. plus £11.15/sq.ft. service charge in the 1976 building to £52.50 sq.ft plus £11.15 service charge in parts of the 1904 building. It is extremely difficult to compare rental levels between markets as markets have different charging systems with some, like Leeds, separately charging for rent, service charges and Business Rates and others making a global charge for a stall. Rents in Nottingham for example range from £42.31/sq.ft. to £51.57/sq.ft., however these figures are inclusive of service charge and rates. This compares with £153.85 per sq ft for a Kiosk in the St John's Centre (not including service charge).
- 8.3.2 Trying to judge whether the cost of having a stall in Leeds is fair compared to the cost of having a stall at other markets is difficult. Independent rent reviews in 2002 and 2005 compared Leeds with a number of Markets in the UK and concluded that it was difficult to draw any conclusions because of the lack of common

denominators - the Markets were all of different sizes; the types of leases varied considerably; some occupied prime positions and some poor secondary; and some towns were stronger retail centres than others. The only conclusion that the valuer could draw was that Leeds Kirkgate Market was the largest indoor market in the U.K. and that the retail market in Leeds City Centre was extremely vibrant. As a consequence he believed it must be capable of generating greater rents per square foot for its market stalls than other towns or cities.

- 8.3.3 The Valuation Office Agency (VOA) was instructed in Summer 2010 to undertake an independent Rent Review. The VOA recommended rental increase in the 1904 Hall from £52.50 per sq ft per annum to £55.00 per sq.ft in Zone 1 and from £47.50 to £50 in Zone 2 for those tenants on ordinary leases. There are a number of tenants who opted to go onto contracted out leases who are outside the scope of this review as they pay an annual increase based on inflation. The VOA has also concluded that a rental increase is justified for the George Street Shops from £28.75 to £30 but that no change is justified for any other area of the market (1975/81 and 1875). The VOA also advised that there was no evidence to either increase or decrease the rents in the remainder of the market. At the time of writing the Council had not made a decision on whether to implement the recommendations.
- 8.3.4 As an interesting aside, it is worth noting that similar issues being raised by traders today were raised by traders back in 1904. "A deputation from the Tenants Association was received at the next committee meeting. They argued vociferously for a massive reduction in rents for the fixed stalls, and complained about the poor ventilation in the new market hall."⁴³
- 8.3.5 Kirkgate Indoor Market rental income levels in 2009/10 were £3.2m. This compares to £2.7m in 2000/01, up half a million pounds during the ten year period. Income for the indoor market peaked at £3.5m in 2006/07, however since then there has been a steady decline. This, together with the rising maintenance costs and the required capital improvements, means that the market's profitability is reducing, so current levels of income cannot be guaranteed in the future.
- 8.3.7 Any move to decrease rent levels will clearly decrease the levels of income received by Leeds City Council from the markets. It could be expected that this option would increase the number of traders wanting to trade in the market, or at the very least increase the survival chances of some of the stalls. However this could have a negative impact on the sustainability of the market, if income starts to fall below costs.
- 8.3.8 Recently, some traders have relied on business grants from the Council to pay their rent, improve their premises, undertake marketing or take advantage of the additional stall scheme whereby they can rent an additional stall for 10% of the full rent. These arrangements are not a long term sustainable solution to the issues some tenants face.
- 8.3.9 A move to increase rent levels along the lines recommended by the independent valuer could result in a smaller but stronger market with a greater focus. This consolidation of offer may encourage a more vibrant, bustling market. A smaller market with a waiting list would also strengthen the influence of the landlord:.

⁴³ Kirkgate Market: An Illustrated History by Steven Burt and Kevin Grady

However, a smaller market would inevitably result in the displacement of some of the existing businesses and could alienate existing users leading to a loss of valuable trade.

8.4 Asset Value. A reduction in the markets profitability inevitably has an impact on the value of Kirkgate Market as an asset, which is significant for Leeds City Council moving forwards. Valuations completed since 2004 show that the whilst the value of the outdoor market has increased over time, the value of the indoor market has decreased. Based on rental figures, the indoor market was valued at £16,750,000 in 1994, £16,250,000 in 2001, £18,500,000 in 2006, and £15,430,000 in 2009; meanwhile the outdoor market was valued at £2,440,000 in 2004, £2,100,000 in 2001, £2,500,000 in 2006, and £3,116,264 in 2009. The impact of the current rent review is at yet unknown.

8.5 Occupancy.

8.51 Occupancy for the indoor market is approximately 85%, whilst the open market and districts vary from day to day/week to week. Currently the 1976 section has the highest vacancy rate at 21%, followed by the 1875 section at 19%. The 1981 and 1904 sections both have a current vacancy rate of 8%. This compares with a city centre vacancy rate of 19.48%.⁴⁴ In the 12 months to 31st March 2010 more new traders joined Kirkgate Market (39) than left (37).

8.5.2 The market does actually receive enough trader applications to fill the vacant stalls. Up to five applications a week are received for nail bars, hairdressers and mobile phone stalls. However there are already a number of stalls trading these products and adding more is not a sustainable way forward for the market. The challenge is to fill the market in a sustainable way through attracting more traders with a wider variation of product.

8.6 Footfall and Customer base. There were over 10m 'visitors' to the indoor market last year and approximately 160,000- 180,000 a week at present. This is down from 12m a year 10 years ago. This compares with weekly pedestrian flow in and out of the retail quarter in 2009 of 1,402,040, and with average weekly footfall in the St Johns Centre of around 250,000 people, and 220,000 people in the Merrion Centre.

8.6.1 Kirkgate Market is open Monday to Saturday from 9am-5pm, with a new outdoor market on a Wednesday. Wednesday afternoon opening is a recent initiative and is still gaining momentum and footfall on Wednesdays is now around 14,000. A farmers' market operates the 1st and 3rd Sunday of every month, however despite this, there has still been an overall downward trend in terms of footfall.

8.6.2 Earlier this year a number of postgraduate students from Leeds Metropolitan University undertook some research about the Market and produced a report "Shopping at Kirkgate Market". As part of this research they undertook surveys involving traders, existing customers, and people who did not use the market. The surveys were of a valid size for statistical purposes and reflected the diverse population of the City. The key findings were:

⁴⁴ A Gathering Storm: Shop Vacancy Report', 2010, Local Data Company.

- The majority of shoppers in the market were over 50;
- the busiest day of the week is Saturday (as identified by 60% of vendors), followed by Friday, (by 18% of vendors); throughout the week, the busiest time of day was identified as being between 12pm and 1.30pm;
- the main reason why people liked to shop at Kirkgate was to 'have a look', followed by supporting local business. The lowest reasons were for 'ethical' reasons and the relationship to seller;
- those interviewed chose to use the market because it was cheaper (top answer in all age groups), followed by product selection and the convenience of everything being in one place.
- 78% of people who were interviewed who don't shop at Kirkgate Market answered that they are aware of Kirkgate Market, and 91% stated that they would shop there. 58% of non shoppers had found out about Kirkgate Market through friends, family and word of mouth, rather than through any marketing or advertising.
- Of the non shoppers aged between 18 and 34, the main reason for not shopping was cleanliness at 35%, followed by accessibility of the market at 15%. General appeal and opening times came in at 12%, with product offer being insufficient and price of products coming in at 7%.
- Of the non shoppers aged between 35 and 54, the product offer being insufficient came in as top reason why people didn't shop at Kirkgate Market at 37%, followed by cleaning and quality of products both at 21%. Opening times and general appeal came in at 7%.
- a third of people questioned were not aware of Kirkgate Market or where it was and anecdotal evidence from the Leeds Loves Food stall on Briggate also indicated a surprising lack of awareness of the market. The Markets Service is currently working with both the Universities on further research focusing on patronage of the market by students and on understanding why city centre shoppers who know about the market choose not shop there. This information will help to inform our marketing strategy.

8.6.3 One of the reasons cited in national surveys for people using a market is its vibrancy, its sense of experience. Some people argue that Kirkgate has lost this over the years and that this is one of the reasons footfall has declined. Clearly as footfall has declined the market is likely to feel less lively; many of the comments about its lack of vibrancy originate from traders and customers who remember the market from twenty or thirty years ago. Interestingly, however, new visitors to market often comment on how vibrant it is.

8.7 Parking Facilities. In terms of car parking, there is both a council owned surface level car park and an NCP multi-storey car park adjacent to the Market (purpose built for the market), plus adjacent on street parking. With respect to the Council's car park, a discount is given to drivers who shop in the market on Wednesday afternoons and the car park is very well used throughout the week – it is frequently

at full capacity. However this car park will be redeveloped as part of the Eastgate Quarter. The NCP car park was in fact created some years ago in anticipation of when the surface car park on George Street was redeveloped.

8.7.1 Daily NCP Car Park tariffs range from £4.90 for 2 hours, £9.90 for between 2 and 4 hours, and £15 for between 4 and 15 hours. On a weekday and Saturday the council car park charges £1.00 for 30 minutes, £1.70 for 1 hour, £2.60 for 90 minutes, £3.40 for 2 hours, £5.00 for 3 hours, and £7.80 for 5 hours. Sunday parking is free.

8.7.2 It is not clear that a global reduction in parking charges would in any case guarantee that more drivers would use the market as the car park is well used by city centre shoppers. It should be noted that at both Kirkgate Market and Bradford market (which has a large council owned car park adjacent to its market), the majority of market customers travel on foot or by bus. One of Leeds' main transport hubs, the bus and coach station, is adjacent to the market.

8.7.3 Further, given that the Council car park is often full, it is questionable what the rationale would be for lowering prices in this car park. This would likely lead to even more competition for spaces and more congestion. Of course, any reduction in parking charges would impact negatively on the Council's budget.

8.8 Current Initiatives. It is important to note when debating future options, the recent initiatives introduced to support new and existing businesses, increase footfall and revive the market. These include:

- A new free website has been developed for traders and customers at www.leedsmarkets.co.uk which provides news and updates for customers and traders. Each trader will eventually be profiled on the website.
- Traders have been encouraged to participate in the Leeds Loves Food festival in July, and in the October Leeds Loves Shopping week, and Festive Leeds. Participation by traders has been variable.
- Jamie Oliver recently opened his Ministry of Food venture in the indoor market.
- A new weekly Asian market, The Bazaar, has opened on Wednesday at the open market and now features 130 stalls. This has steadily increased from 100 at the opening.
- A marketing strategy is being developed to promote the market to a wider audience.
- A regular newsletter is being produced to keep traders up to date with the latest news, developments and initiatives.
- The How Bizzar stall for new start up businesses has been set up with LEGI assistance.
- A temporary Business Support Scheme to which tenants can apply for assistance was introduced providing independent business support, advice and financial assistance on a case by case basis for those businesses which have suffering from the economic downturn and need assistance to continue to trade.
- The vacant stall initiative offering a 90% rent reduction
- Traders are offered rental discounts for contracted out leases.
- Rent free start up period for new tenants.
- Full assignment rights on all leases
- Yellow lines. The cost of space in front of stalls were reduced by 50% in July
- Stall transfers anywhere in the market

- Cash point machine with free withdrawals
- Police surgeries and regular patrols by PCSOs around the market
- Wednesday all day opening in 1904 market hall.
- Free car parking for Wednesday afternoon market customers
- The council has signed up to the Real Deal national markets charter, which is gained by councils and markets that demonstrate a commitment to keeping their market as fake-free zones and by barring anyone found to be trading in counterfeit and other illegal products.

9.0 Economic Impact of Kirkgate Market

- 9.1 Kirkgate Market currently has a significant economic impact on the locality. Operating in the future at optimum performance, it has the potential to have a much greater impact.
- 9.2 **Employment.** There are over 600 stalls at Kirkgate Market, 434 indoor and a further 200 outside: there are approximately 211 businesses inside (as many traders take more than one stall).⁴⁵ This compares with 980 retail outlets in the city centre.⁴⁶ It is estimated that the market generates employment for approximately 2000 people, not including indirect jobs such as product logistics. This is 22% of the estimated 9,000 retail employees in the city centre. The markets are supported by a dedicated markets team of 45 full time employees.
- 9.3 **Income Generated.** Projected income from Kirkgate Market for the year 2010/11 is expected to be c£4.4m. Expenditure and other charges are expected to come in at £2.1m, leaving £2.3m to support City Development/ Leeds City Council budgets and other priorities.
- 9.4 **Business Rates.** For the year 2010/11, Kirkgate Market is expected to generate over £825,000 in Business Rates. Furthermore, Leeds City Council only pays Business Rates on the parts of Kirkgate which are occupied by LCC staff. No charges are levied on the council for empty stalls. Some stallholders have recently won an appeal to the Valuation Office and secured a partial refund of 3 years business rates.
- 9.6 **Multiplier effect.** Research commissioned by the London Development Agency (LDA) in November 2005 to inform the Mayor's Food Strategy found that customers shopping for food at street markets spend between £3,000 and £15,000 a day (on days when a market operated), on nearby shops, and local retailers were almost universally supportive of markets.⁴⁷
- 9.6.1 Economic impact studies have been commissioned in relation to Christmas markets in Belfast and Manchester. These showed net additional expenditure of £5.3 Million and £22.4 Million respectively into the local economy.⁴⁸

⁴⁵ Leeds City Council website <http://www.leeds.gov.uk/page.aspx?pageidentifier=81b4b48c-67ea-4a91-9029-9a78124145a0>

⁴⁶ '9th Leeds City Centre Audit', 2010, Leeds City Council

⁴⁷ 'Markets 21', 2009, The Retail Markets Alliance.

⁴⁸ 'Markets 21', 2009, The Retail Markets Alliance.

10.0 Other roles of the Market

10.1 Leeds as a city is thriving in many areas of business, retail and leisure. Retention of a successful Market provides a major opportunity to support small businesses and start ups, particularly for under represented groups, in a city centre location. The difficult question to pose is whether the market really is the best place for those on low incomes to shop. As identified earlier, there are a wealth of alternative discount and supermarket offers located within the city centre and communities, many of which offer cheaper alternatives.

10.2 Healthy Eating Agenda. Markets connect with a number of important local and national policies including healthy eating. The new Ministry of Food stall at Kirkgate Market, offering cookery courses and tips for a small fee, and using ingredients sourced from the market itself, can help to drive forward this agenda.

10.3 In addition, tours of the market organised by the Primary Care Trust have begun to encourage people to make informed, healthy eating choices. Groups of people referred by their GP are taken around the market and educated about ingredients in an attempt to change lifestyles. Feedback to date has been very positive.

10.4 Environmental Impact. Markets have a key role to play in reducing environmental impacts, through sourcing local produce, reducing carbon footprint and eliminating excessive packaging and waste. In May 2008, the Local Government Association (LGA) published a food packaging study, 'war on waste19', that showed that retail markets produced the lowest weight of waste and the highest proportion of recyclable waste, compared with supermarket and independent high street retailers.⁴⁹

10.5 Social Inclusion and Cohesion Role. Research has found that markets have a significant social inclusion role, as places to linger, particularly for older people and young mothers. For markets to function well as social spaces, various factors are significant. Essential attributes include a diverse range of products fitting well with local needs and tastes; cafes or food vans on site or nearby; good access to the site, especially by local transport; an active and engaged community of traders; and a sense of the unexpected.⁵⁰

10.5.1 Research by the Joseph Rowntree Foundation identified the single most striking finding about who uses markets is how crucial they are in the daily life of older people – more than for any other group: 'We've missed a generation. The young generation aren't using the market. They go down to Next and whatever. And a lot of our customers are the elderly. They still come faithfully to Preston market, come rain or shine. They'll be here every Friday morning at nine o'clock, come what may. And when they die, nobody is going to replace them. But that type of person is now literally on their last legs.' (Preston Council Official).⁵¹

10.5.2 The economic success of a market bears some relation to its success as a social space. Here, the notion of dwell time is important, because, if there is not much in a

⁴⁹ 'Markets 21', 2009, The Retail Markets Alliance.

⁵⁰ 'Markets as sites for social interaction', 2006, Joseph Rowntree Foundation.

⁵¹ 'Markets as sites for social interaction', 2006, Joseph Rowntree Foundation.

market, it is unlikely to keep its customers on site for long. As one trader in Preston put it: 'You need to have the people, you need to have the stalls, the influx of general public to come and look round the stalls. You know, without one, you can't have the other.' The strength of this relationship is not easy to quantify, but it clearly underpins the market's operation.⁵²

10.6 Tourism. Kirkgate Markets as a destination in itself to tourists is an aspect that can and should be further capitalised on. Leeds Visitor Centre, which is the travel and tourist information centre located at Leeds City Station has seen strong improvements in visitor figures year on year, with 496,125 visitors in 2008. This is an increase of 38,383 on the 2007 figure of 457,742,⁵³ and an opportunity for Kirkgate Market, particularly with its relative position to the bus and train station.

10.6.1 However currently, the impact of tourism is limited due to the state of the immediate vicinity. The surrounding area does not have a strong 'draw' for tourism, and this coupled with the dereliction and disrepair of some of the buildings deters visitors before they have even stepped foot inside the market itself. Considered in comparison with an area such as The Light with a strong setting it is unlikely to be a destination of choice for a visitor.

10.7 Heritage: The history of the development of Leeds like many other towns cannot be understood without an appreciation of the role of its Market. As the City Centre has evolved and expanded, and new retail concepts have emerged, its morphology has shifted accordingly. The market moved from Briggate to the Kirkgate area in the 1820s and into purpose built accommodation on the present site in 1857.

10.7.1 The Market has traditionally been crucial to the City as a centre for trading activity, a source of employment (most famously as the founding location for Marks and Spencer) and for its contribution to the City's sense of civic identity. Leeds has been considered a market town since 1207, with Medieval documents dating as far back as 1258 that note which fairs and markets were held and when.

10.7.2 Leeds Kirkgate Market is considered one of Leeds most treasured historical assets. In its current form it has evolved over the last 133 years with the oldest components being the 8 'Block Shops' dating from 1875. The Edwardian roofline of the 1904 Kirkgate Market hall façade wraps around and enclosed a vaulted hall that provides a unique shopping area. At its opening in 1904 the Kirkgate Market Hall was described as being "so beautiful, so dignified, and so well suited to its purpose."

10.8 Emotive Value. Furthermore, it is worth considering the emotional attachment that people have to Kirkgate Market. It has a certain emotive value which is hard to quantify, but strong nevertheless, and which is seen through the recent media and press coverage and support for the market traders. This value to Leeds residents is important in contributing to a sense of place and pride of place.

⁵² 'Markets as sites for social interaction', 2006, Joseph Rowntree Foundation.

⁵³ '9th Leeds City Centre Audit', 2010, Leeds City Council

11.0 Summary of key Issues for consideration

11.1 The key issues facing the Council include

- what should be the role of Kirkgate Market?
- How much should the council continue to invest in the 1976 and 1985 buildings given their limited life expectancy?
- Is the market currently selling what a sufficiently large number of people want to buy, when they want to buy it, in the way they want to buy in, in the sort of environment they want to shop and relax?
- How can the Council and Hammersons ensure that the emerging proposals for the Eastgate redevelopment and any changes to the wider Kirkgate/Eastgate area enhance Kirkgate market?
- What would be the best ownership and management arrangements for the market?
- What would be the best size for Kirkgate market?

11.2 Hopefully sections 1-10 will help to answer these questions; nonetheless a number of points are worthy of further consideration and investigation and these are outlined below.

11.3 Is the **role of Kirkgate market** to contribute to the Council's strategic objectives, particularly in terms of narrowing the gap by providing easy entry to the retail and catering trades and by providing low cost goods? The question has to be asked whether Kirkgate Market is actually the best place for people on low incomes to shop. Would low income families be better served through the discount and value sector?

11.4 Some may argue that it would be harder to deliver social objectives without direct control over policy. For example a new owner or partner would have economic gain as a significant key aim. However, despite this, it is possible for social objectives to be met through economic objectives, for example, increasing the quality and value of products can have a beneficial impact on those who are most in need. Earlier examples from other markets with different ownership models have also shown this to be achievable. Furthermore the Council's social objectives cannot be fully met if the market continues to decline.

11.5 Kirkgate Market also has the potential to play the role of 'anchor store' for the city. Should this be its primary role? If so then the market would not be about profit or income, but about providing an anchor for the city centre, drawing people to the city and surrounding areas, dominating the retail offer and proving a specialism which people are prepared to make the effort to visit, in the same way as the introduction of a primary anchor department store in the Eastgate Quarter will provide a "key attractor" for the centre as a whole.

11.6 Despite the immediate need for improvements, investment in the physical alone is not always the magic solution to a market's problems: 'I'm not saying that investment is the be-all and end-all.... People have come to me and said you need to put a new floor in; you need to do this, that and the other. And I've been to some of the grottiest markets possible, but they are the busiest.... And I have been to markets

which have spent millions of pounds on the flooring, and new escalators and you name it, and it's made no difference.' (Preston Council Official)⁵⁴

- 11.7 The changing retail landscape means that Kirkgate Market will only be successful when it “sells the things that people want to buy, when they are able to buy them”, as one commentator posted on the Friends of Kirkgate Market blog.⁵⁵
- 11.8 Regardless of the longer term strategy for Kirkgate Market there are a number of proposals which have been identified through this report which, whilst not being exclusive, are worthy of further investigation in the short term:
- Wednesday afternoon opening by all traders
 - Later contractual opening hours to catch workers leaving the office
 - Sunday opening to take advantage of increased Sunday footfall and trading
 - Enterprise initiatives: training in customer advice and business advice
 - Use of expert ‘consultants’ to advise stall holders on maximising their offer
 - Increased marketing and events to attract new customers - both residents and visitors alike.
 - Further information on the new website for consumers seeking out products and information about the market and traders, and to capture online shopper’s interest – perhaps even online shopping
 - A defined Unique Selling Point.

12.0 Success Measures

- 12.1 In agreeing both short term and longer term strategy it is useful to consider what the Council’s success factors are for any actions it takes. The Retail Markets Alliance has identified several critical success factors for retail markets: critical mass; good management; accessibility & permeability; marketing & PR; safety & security; integration with surrounding retail offer and community; and partnership working.⁵⁶
- 12.2 The success of any new strategy must be judged against how it contributes to these criteria as well as to the following more specific measures: the demand for stall units and the right mix of trades; the number of new business starts; the proportion of traders taking up training packages and business support; the proportion of traders staying in business; footfall across the market; rental income; and customer satisfaction.

13.0 Conclusions

- 13.1 If Kirkgate market is to be more successful in terms of having more successful businesses making more money and giving more potential independent entrepreneurs the opportunity to start a business, then it needs more customers to shop on the market, or for the current number of customers to spend more money or both.

For this to happen stallholders and the Council need to ensure that Kirkgate Market;

⁵⁴ ‘Markets 21’, 2009, The Retail Markets Alliance.

⁵⁵ Friends of Kirkgate Market blog

⁵⁶ ‘Markets 21’, 2009, The Retail Markets Alliance.

- sells what customers want to buy;
- is open when they want to buy,
- accommodates how they want to buy; and
- provides an environment in which they wish to buy good and services.

- 13.2 In the longer term Leeds Kirkgate Market needs something different, and whilst best practice models from elsewhere (both nationally and internationally) are useful as reference material, Leeds Kirkgate Market is unique in both its sheer size and scale.
- 13.3 NABMA (The National Association of British Market Authorities) argues that authorities have two options to deal with struggling markets. They can either allow their markets to continue to decline or they can be decisive and bold. Those deciding to be bold may have to take a hit in terms of income – which is extremely difficult decision to make in the current climate – but the argument follows that authorities would at least be guaranteed an income for a period.
- 13.4 There is no doubt this is a critical moment for both the markets industry and Kirkgate Market, and it is important to appreciate that Kirkgate Market is not alone in its situation. There clearly exists a long term opportunity but short term challenges have to be carefully considered. Clarity and consensus is required on how the market can maximise opportunities and minimise challenges surrounding its offer. This is not about incremental or marginal change - a fundamentally new approach is needed.
- 13.5 There are five key questions which need to be answered in order to move forwards: what is the role of Kirkgate market; is Kirkgate Market the right size; does Kirkgate Market have the right 'offer'; what is the right ownership/management model for Kirkgate Market and finally how can the capital investment needed be financed ?
- 13.6 In relation to management, ownership and investment there are three main options:
- Option 1. Do nothing – the council to retain ownership and control of the market. To do nothing is not a viable option if the future of the market is to be secured. Income and asset levels have been falling and are expected to continue in this direction, and maintenance requirements are increasing.
 - Option 2. Retain control but reinvest some or all of the profits back into the market.
 - Option 3. Consider transferring ownership or entering into a partnership. There are several ownership model options which can be explored, as detailed in this report.