

# PROJECT: Basildon Town Centre Development

## MARKET RELOCATION – ISSUE 2, Version 6



Quarterbridge Project Management Ltd.  
2 West Stockwell Street  
Colchester  
Essex CO1 1HQ  
T: 01206 761000  
[www.quarterbridge.co.uk](http://www.quarterbridge.co.uk)

Author: Raymond Linch  
[raymond.linch@quarterbridge.co.uk](mailto:raymond.linch@quarterbridge.co.uk)

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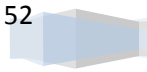


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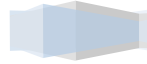
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## Introduction

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Basildon Borough Council has selected Barratt Homes and Wilson Bowden Developments as their development partners for the regeneration of Basildon Town Centre, They will form a new regeneration company called Basildon Regeneration (Barratt Wilson Bowden) Ltd.

Quarterbridge has been appointed by Barratt Eastern Counties to provide the Basildon Town Centre Regeneration Development Team with professional advice concerning the re-location, form, structure and sustainability of Basildon Market which will enhance the interest and vitality of Basildon Town Centre, post-development.

The early relocation and improvement of Basildon Market will promulgate early redevelopment opportunities for the existing market site with respect to the train station, bus terminus and eventual new college building.

Quarterbridge is the UK's leading development manager for all retail and wholesale market related schemes. See [www.quarterbridge.co.uk](http://www.quarterbridge.co.uk)

This is an initial outline briefing report including preliminary findings concerning a limited number of relocation issues; the arguments for each will be developed in the fullness of time.

The report makes recommendations for consideration and outlines a step by step approach to progress the market relocation.

## Executive Summary

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The development team has studied a number of relocation possibilities resulting in two market relocation sites being St. Martin's Square and Town Square worthy of most consideration. The do-nothing scenario has been briefly considered but will not contribute to the Basildon Town Centre Development Plan. There is also a Hybrid option which could be developed at a later stage as an expansion to the St. Martin Square proposal.

St. Martin's Square provides a good working solution for the market and dovetails into the future development plans for Basildon. Town Square, despite initial advantages will prove to be congested and will restrict future market expansion plans. The market consultants recommend St. Martin's Square as the preferred location for Basildon Market.

The relocation of the market can happen promptly save for dealing with a number of legal issues resulting in a realistic time scale between 12 and 24 months.

We recommend the market be operated by a joint venture legal structure between Basildon Borough Council and an experienced market operating company and that the land in St. Martin's Square is leased to the JVC specifically for the purpose of holding markets to a pre-agreed form and nature



A high-level costing analysis indicates a relatively low capital investment circa £740K to relocate the market and an initial return on capital investment of 18%, subject to verification by the development teams Quantity Surveyor.

## Executive Summary Action Required

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In order to progress the relocation of Basildon Market the following steps should be undertaken:

- Progress the design, specification and costings of a relocated market to a suitably detailed level providing adequate cost certainty.
- Design the aspirational Basildon Market Tenant Mix and user clause policy
- Update the market business case to continue to test operational and investment viability
- Consult the relocation proposals with Basildon Council and BTCM and engineer a legal ownership and operational model
- Public Consultation
- Serve section 25 notices on current market traders and freeze future 'long-term' trader recruitment and replace with short-term tenancies avoiding the potential of further statutory compensation. Prepare for the eventual receipt of section 26 counter notices and adjust the programme accordingly
- Co-ordinate planning applications, statutory approvals and lodge as appropriate
- Negotiate new tenancy agreements for market traders.
- Document new legal status of operating company and lease to designated space within St. Martin's Square. Include the rights to hold all market events within Basildon.
- Tender the building works packages and instruct the preferred contractor.
- Relocate Basildon Market



## Background and Relevant Experience

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Quarterbridge Project Management Ltd. is delighted to submit a proposal for the re-development and relocation of Basildon Market.

Quarterbridge is the UK's leading market development manager, founded in 1997 by Raymond Linch and Jonathan Owen; the firm has expanded to a multi-discipline practice specialising in all market related tasks.

Over recent years; Quarterbridge developed markets have won the acclaimed NABMA (National Association of British Market Authorities) 'Best Market in Britain', including

- Bolton Ashburner Street Markets
- Bury Food Hall
- Accrington Market Hall
- Doncaster Fish Market
- Birmingham Bull Ring

Quarterbridge is the only UK firm to regularly develop successful new markets from start-up ranging in size from 4,000 – 20,000 sq.ft. Duties include design and specification, business planning and sourcing finance, procurement and project management, pre-letting, promotions and marketing, short-term operational management and business plan monitoring.

Quarterbridge acts for Local Authorities, Shopping Centre landlords and Asset Managers both in UK and abroad.

Quarterbridge has extensive knowledge of Market Charter Rights and has advised many Local Authorities how best to manage the rights and serve the community.

Quarterbridge has close links with all the Industry trade bodies, Westminster and Business organisations. It is a regular speaker at industry conferences and Parliamentary inquiries and a contributor to the trade press. All work is backed by full Professional Indemnity insurance underwritten at Lloyds of London and data is held in accordance with the Data Protection Act. Clients are offered a formal confidentiality agreement and references are available on request.

Further information can be obtained from [www.quarterbridge.co.uk](http://www.quarterbridge.co.uk) or by downloading our e-brochure at [www.quarterbridge.co.uk/e-brochure](http://www.quarterbridge.co.uk/e-brochure).



## Multi-Disciplinary Team

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All work relating to this project will be undertaken by experienced Quarterbridge personnel, namely:

### Raymond S Linch – Joint Managing Director

Raymond will deal with the design of the working part of the market offer, business planning and expansion / privatisation opportunities and take a strategic approach to develop a market relocation project in Basildon. Raymond has an extensive background preparing market service business plans which have and are being successfully implemented. Raymond has a long and successful track record in developing new start up market ventures.

### Jonathan Owen – Joint Managing Director

Jonathan is widely considered to be the UK's leading professional advisor in matters concerning Market developments; construction issues, market related legal issues, market charters, funding and grants where applicable. Jonathan is a chartered surveyor and has unrivalled experience in specifying market development projects.

### Andy Morris – Retail Operations Director

Andy will assess the regional market operations from both an efficiency and retail strength perspective. Andy has considerable experience in identifying and implementing market operational plans ranging from tenant mix design to cost cutting. Coming from a retail background; Andy understands how to make a market appealing to the shopping public.

### Hayden Ferriby – Letting Agency Director

Hayden will advise on commercialisation and let ability of the scheme and will in due course head up the pre-letting programme. Hayden has a track record of pre-letting markets and is involved in a number of start-up schemes.

### Nick Owen – Project Manager

Nick is a chartered surveyor who has specialised in market schemes over the last 3 years. He brings a wealth of experience and typically project manages schemes up to £5m.

### Leanda Hoyland – Marketing Manager

Leanda has developed, promoted and launched countless Quarterbridge markets over the last few years. Leanda has a background as a graphic designer mostly working within the advertising sector before joining Quarterbridge in 2006.

### Administrative Staff

The firm also employs a full complement of administrative staff to support senior members.





## “Making Markets Work”

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Quarterbridge is the UK’s foremost professional consultancy to the Markets industry.

The company was established in 1997 in response to a need for the professional valuation, appraisal and financing of an increasing number of market halls and street markets being refurbished, optimised or relocated as part of a town centre redevelopment. The Company now has an enviable Client list and prides itself upon offering innovative design and business development solutions based on proven retail management techniques. It undertakes several Best Value service reviews for Market authorities each year and is managing the majority of the UK’s current market redevelopment projects. The Company offers unrivalled practical experience from the UK, Ireland and Europe on how to “Make Markets Work”.

- Revenue valuation and development costing
- Development appraisal
- Market design and contract procurement
- Operational management analysis
- Best Value and CPA service reviews
- Business improvement planning
- Financing and joint venture partnerships
- Shopper and trader consultation
- Marketing and promotion and events initiatives

Quarterbridge has close links with all the Industry trade bodies, Westminster and Business organisations. It is a regular speaker at industry conferences and Parliamentary inquiries and a contributor to the trade press. All work is backed by full Professional Indemnity insurance underwritten at Lloyds of London and data is held in accordance with the Data Protection Act. Clients are offered a formal confidentiality agreement and references are available on request.



**Federation of Small Businesses**  
*The UK's Leading Business Organisation*



### Capital savings and revenue improvement

We pride ourselves that our background in mainstream retail development enables us to deliver solutions that ensure *best value* and delivery *on time* and *within budget*. Central government cutbacks and pressure on Market Authorities i.e. Councils to achieve cost savings makes this more important than ever for 2010 and beyond.

We see increasing emphasis on exploiting market assets to the fullest extent to improve revenue streams. Markets have traditionally represented an important revenue stream for Councils but in recent years this has been challenged by capital restrictions on modernisation and retail consolidation into supermarkets which has drawn shoppers away. There are some bright spots e.g. the popularity of Farmers markets and “Continental” markets but these are no substitute for the core income generated by a regular General market. There is little prospect of this trend being reversed but despite it we still see considerable potential to develop Market services. Many may be characterised by out-dated management practices but Quarterbridge delivers the ideas, finance and implementation to meet the challenges.

A Quarterbridge service review identifies key factors and constraints controlling the business development of a Markets service. It offers a technical analysis and a range of practical solutions based upon our unrivalled experience of best practice elsewhere. Some improvements may simply require changing management practices but for those that require capital investment as well we can deliver external funding when prudential borrowing is not an option. The third and arguably most important outcome is to identify opportunities to develop additional new revenue lines. A Quarterbridge service review illustrates all three and the practical solutions that will deliver improved returns on a sustainable, long-term basis.

Our service reviews are based on straightforward commercial appraisals – analysis of costs, revenue and undeveloped potential. Findings are summarised as reasoned recommendations with costed designs and capital projections where necessary. The review generates a set of trading accounts which identifies any discrepancies in cost centres and revenue lines and, crucially trends in performance over time. Recommendations may include potential improvements without significant capital investment e.g. rearranging stalls on an open market to increase occupancy or improved management practice such as reorganised waste management to reduce operational costs. Finally the review will identify the potential for revenue development e.g. seasonal markets or licensing income and recommend methods by which it can be secured.

In our experience many Market services are significantly reversionary and present considerable potential for low-cost improvement. We anticipate our experience in cost reduction and revenue development will be increasingly important in 2010 and beyond.



## Quarterbridge Market Letting Agency

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Quarterbridge operates the UK's most effective market letting agency; matching high quality retailers and caterers to existing and new market and food hall ventures.

With a vast data base continually expanding and being updated, Quarterbridge has the function to locate every trader from any user clause group within a 100 mile radius of a site within the hour and issue full property details the same day - a tool that helps us delivery high levels of occupancy.

For more information please visit <http://www.quarterbridge.co.uk/quarterbridge-lettings.html>.

The following enclosures are examples of bespoke letting leaflets design and published by Quarterbridge.



**Bull Ring Indoor Market, Birmingham: Market relocation**

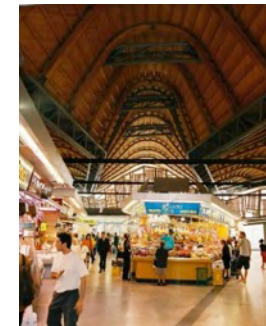


Quarterbridge negotiated the surrender of 84 statutory leases in the old Bull Ring indoor Market Hall, “back to back” with providing stalls in the new market building. This enabling package allowed the City Centre Partnership to proceed with the Bull Ring development without delay. QPM was subsequently engaged by the local NMTF branch to design the new Open Air market.

**Blackburn Market Hall: Market relocation**



The markets industry faces many challenges and needs innovative design and commercial expertise. Quarterbridge is lead consultant on the Blackburn Market redevelopment and can draw on experience from projects across France, Holland and Ireland.



Redditch, Smethwick, Southport and Luton: Interior Design and fitting-out:



Quarterbridge can draw upon specialist sub-consultants when designing interior fit-outs like the refurbished Luton Arndale Market Hall. M&E installations typically represent 50% of the capital cost but much supermarket-quality equipment is not durable enough for a market environment. Quarterbridge experience enables it to suggest pre-approved suppliers of suitable equipment.



Romford Open Market, London Borough Tower Hamlet Street Market Service, London Borough Barking and Dagenham Street Markets: Business Improvement

Quarterbridge was appointed by London Borough of Havering to review the business model for Romford Open Market to improve revenue and reduce operating costs. A new stall layout to increase stall numbers and revised waste handling have greatly improved profitability. A legal strategy was implemented to maximise revenue within the constraints of the London Local Authorities Act. Whilst complying with any constraints by local market charters.



## Bury Foodhall, Bolton Markets: Equipment design and specification and Trader Negotiations



In conjunction with leading retail equipment manufacturers QPM designed a modular range of stalls for Bury's award-winning Fish and Meat Foodhall to allow the Landlord to change between food and non-food uses without structural alterations. The system is highly cost-effective for new build or refurbishments.

## Accrington Markets: Refurbishment and Enterprise Haven



Quarterbridge is designing, specifying and implementing an ambitious refurbishment of Accrington's historic Market Hall and Open Market as the focus for the Town Centre regeneration strategy. A complete refit with new stallage to an English Heritage-approved design is now underway.



Key to the success of the scheme was raising match-funding from the Local Enterprise Growth Initiative to create an Enterprise Haven within the building that supports start-up businesses in conjunction with the NWDA-backed "Creative Lancashire" initiative. The Haven opened in January 2010.

## Chesterfield, Plymouth, West Bromwich etc.: "Best Value" and development plans



Since 2002 QPM has helped many Councils prepare "Best Value" reviews of their markets operations by providing impartial analysis of financial performance and a Business Plan to develop the service. QPM delivers practical guidance on development options, raising finance and revenue diversification.





## Stockport Market: Grant-aid and match-funding



Many market projects involve modernisation of historic listed buildings. Securing support from RDA's and the Heritage Lottery Fund etc. has become a Quarterbridge speciality. Our experience in cost estimating and development appraisals is unequalled.



## Market Charters

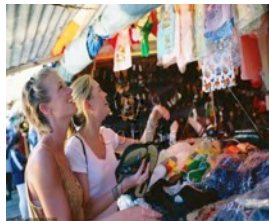
Over the years Quarterbridge has advised Local Authorities and the National Market Trader Federation in many aspects relating to Market Charter Rights including:

- Enforcement of Market Charter Rights
- Challenges to Market Charters
- Granting operating licenses within a Market Charter
- Dealing with overlapping and conflicting Market Charters

Market Charter advice has been given to the following Local Authorities: Worksop, Chester, Blackburn, Bolton, Southport, Luton, West Bromwich, Birmingham, Plymouth, London Boroughs of Tower Hamlets, Hammersmith, Barking and Dagenham.



## Company Policy: Environmental impact and sustainability



Markets play a vital role in fostering economic development. Quarterbridge is committed to environmentally-responsible practices with a unique Environmental Policy to ensure sustainable, low-impact solutions. Responsible development and husbanding scarce resources are compatible.



## Demographic Overview

Basildon is located in South-East Essex; situated 25 miles from London, it was originally created as a New Town after the Second World War to accommodate London overspill. Basildon Market has sustained the local community for over 50 years, almost through the entirety of the town's existence. The market has provided fresh produce from sustainable sources to the people of Basildon.

## Demographic Structure

The population of Basildon currently stands at 165,668. In recent years the town's population has branched out as transport links are constantly improved coupled with decentralisation and inflated London house prices.

The population within a 30 mile drive time of Basildon is 2.9 million, including Chelmsford, Colchester, Southend-on-Sea and East London. Far from being a captive audience, the population density is high, which if developed properly will enhance the future viability of Basildon Market.

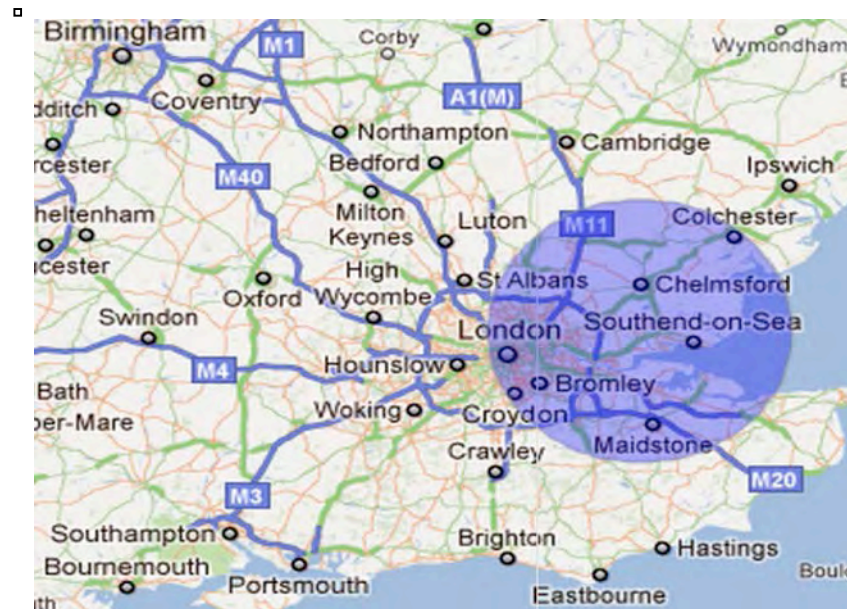


Fig. 1 - 30 Mile Drive Time - Basildon





## What does this mean?

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When evaluating the surrounding population and its impact on the market's profitability and sustainability, it is hard to draw many concrete conclusions. Evaluating the travel radius circle in figure 1 - the nearby area includes many established and famous markets; such as Chelmsford, Romford, Pitsea and Barking Markets. However, this is not necessarily a bad thing as the effect on Basildon Market is that much of its demand will be locally generated. Furthermore, having large and popular markets nearby means that traders can compete in quality, price and reputation- this is always healthy, and offers Basildon Market a chance to assert itself.

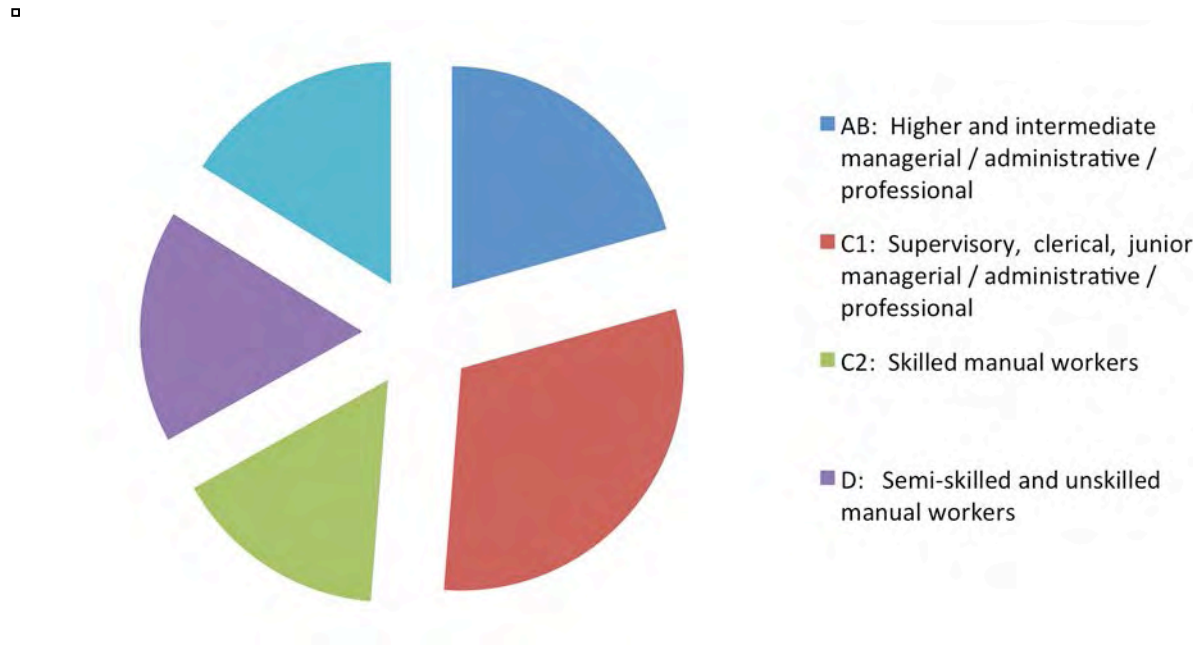


Fig. 2- Social Categories - Basildon



## Social Categories and Deprivation

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Figure 2 shows the demographic of Basildon is split relatively evenly into the 5 categories in the legend above, with the modal category being C1.

The social grades are not spread evenly throughout the town. Within the 14 wards that make up Basildon, 6 rank in the bottom 20% nationally for Income Deprivation, whilst one (Billericay East) ranks within the top 20%. A mixed demographic will help underpin a wide market offer catering for price-conscious shoppers as well as more affluent shoppers looking to buy fresh, high-quality local produce. Shopping basket surveys demonstrate a 20% saving on goods purchased at a market when compared to supermarkets. Yet the diverse income spread within the town means that the market would be able to sustain a full spread of products and retailers tailored to both high-end and low-end clienteles.

Figures 3 and 4 show how Basildon's social grade, determined through employment and claimants is typical with that of the English average, albeit marginally behind the average of East Anglia (shown in fig. 4). The absence of striking anomalies means forecasting and planning for Basildon Market historical data from markets with a very similar, typically British demographic can be used.

Note: Assuming other factors such as age structure and transport are not atypical.

As well as the demographic split of social grade resembling that of the UK's quite closely, the age structures follow a similar trend. Basildon's age structure is fairly youthful with the 30-39 year old bracket appearing most frequently. This may be explained by those frequently commuting to London; furthermore Basildon is not regarded as a retiree hotspot. This means that the market may struggle for footfall during the weekdays and may have to tailor its stalls towards the younger markets. It would be too much of a generalization to simply state Basildon is youthful and the market will have to remodel accordingly as 19% of the population is aged 60 and above.



# Basildon UK

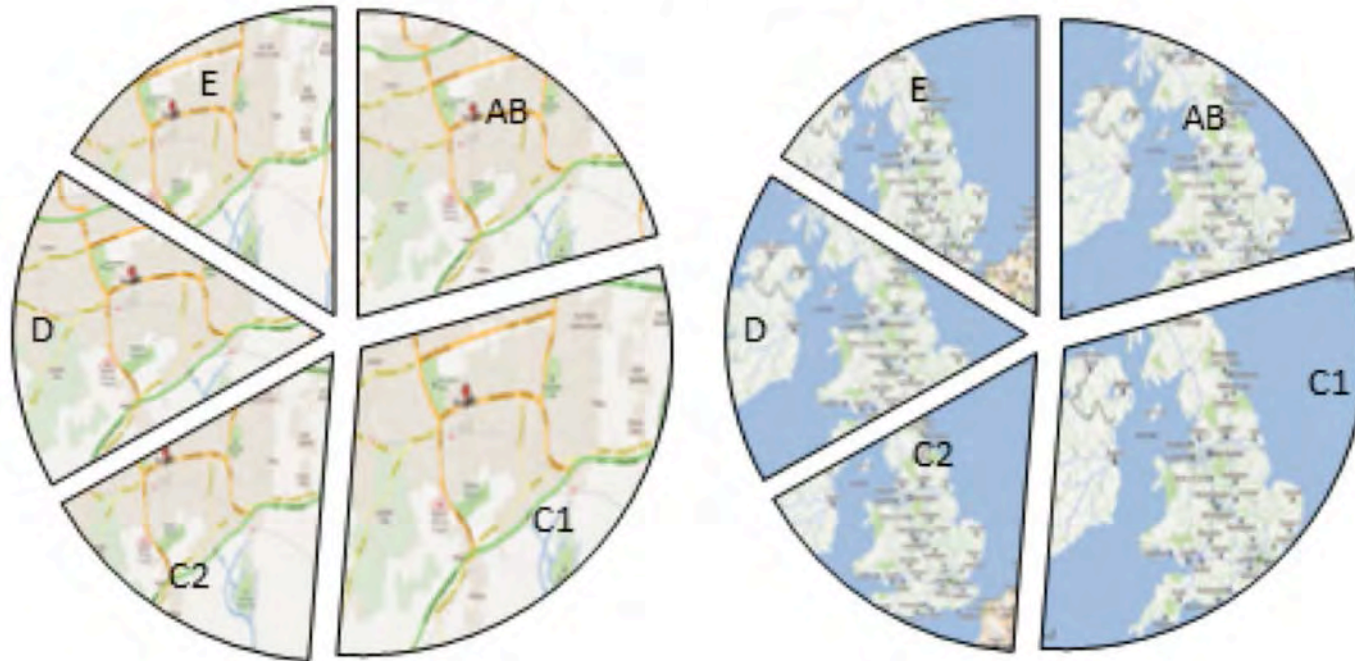


Fig. 3- Comparing Social Grades between Basildon and UK.



Fig. 4 – Comparing Claimants between Basildon and UK

□

		<b>Basildon</b> Non-Metropolitan District	<b>East of England</b> Region	<b>England</b> Country
<b>All People of Working Age Claiming a Key Benefit</b>	%	16	13	15
<b>Jobseeker's Allowance Claimants</b>	%	4	3	4
<b>Incapacity Benefits Claimants</b>	%	6	5	7

## Issues Relating to Juvenile Population

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As examined within the age structure, Basildon has a significant youthful population. One of the most significant problems related to this is the lack of social provision to cater for their needs.

A figure relating to this is the lack of youth clubs. Currently Basildon only has three venues where children from less fortunate backgrounds can have access to pool tables, games consoles etc.

Whilst Basildon Leisure Centre is comprehensively equipped with weights, badminton courts, squash courts etc. their opening hours do not best suit the overall needs of the community. Being open on weekdays 5pm-10pm disrupts basic evening tasks such as dinner, completing homework and relaxing for the next day

The problem of poor social amenities is not widespread but is more prevalent in certain wards. Craylands Estate, South-East Basildon is a prime example whether one entailed the other it is not sure but this area has high criminality and poor social provision for youths, albeit work is currently

underway to regenerate this area. This pattern is expressed again when looking at the Vange ward in Basildon, not only is it the most deprived its only leisure facility is a recreational ground. Despite this the future looks more promising as 4,000sq m is to be regenerated for community use.

Markets need to be more attractive to younger generations from both a retailing and educational and recreational engaging perspectives.

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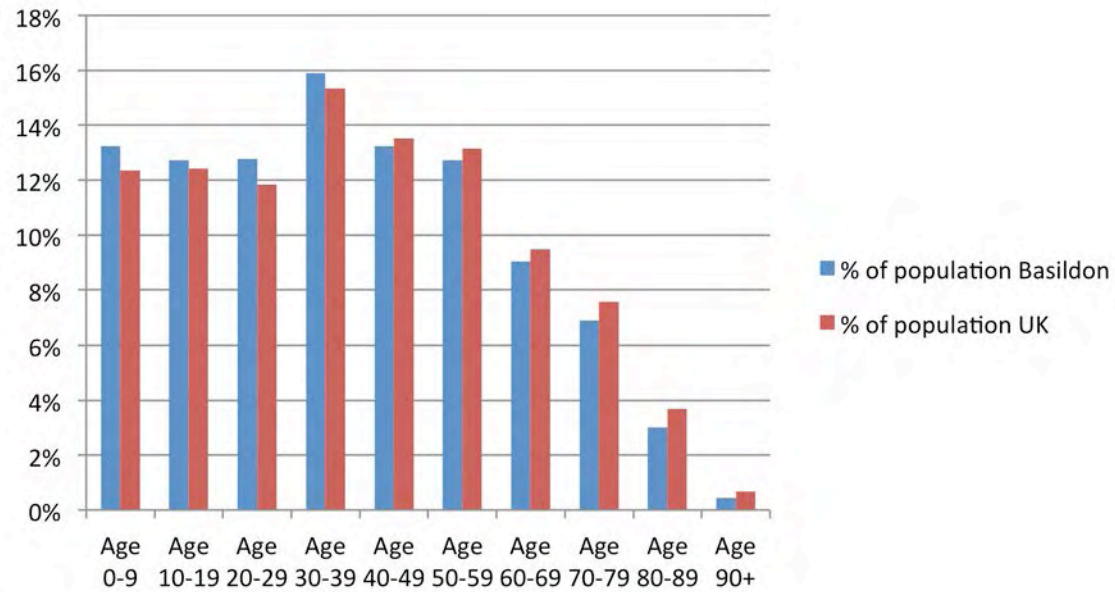


Fig. 5 – Basildon vs. UK Age Structure



## Criminality

Overall, crime rates in the Basildon district are above average for both the region but also for England. Highlighted in red in fig. 6 are the figures that particularly stand out, burglary in a dwelling at 7.08% is amongst one of the most worrying.

Fig 6. - Criminality	Basildon		East of England		England	
	Percentage of Total	District	Percentage of Total	Region	Percentage of Total	Country
Violence Against the Person	<b>17.15%</b>	2567	<b>16.87%</b>	70197	<b>16.96%</b>	810831
Wounding or Endangering Life	0.51%	77	0.41%	1726	0.46%	21851
Other Wounding	8.13%	1217	7.20%	29962	7.41%	354017
Harassment	2.91%	435	3.63%	15113	3.86%	184658
Common Assault	4.60%	689	4.37%	18188	4.09%	195311
Robbery	0.99%	148	0.89%	3709	1.54%	73409
Theft from the Person	<b>1.21%</b>	181	<b>1.41%</b>	5883	<b>1.70%</b>	81036
Criminal Damage Including Arson	<b>16.33%</b>	2444	<b>17.74%</b>	73820	<b>15.69%</b>	749791
Burglary in a Dwelling	<b>7.08%</b>	1060	<b>5.30%</b>	22047	<b>5.41%</b>	258500
Burglary Other than a Dwelling	4.76%	712	5.88%	24464	5.36%	256449
Theft of a Motor Vehicle	<b>3.24%</b>	485	<b>2.29%</b>	9523	<b>2.32%</b>	111051
Theft from a Motor Vehicle	<b>7.63%</b>	1142	<b>6.99%</b>	29075	<b>6.67%</b>	318656
Total Fire Service Incidents	<b>15.24%</b>	2280	<b>16.74%</b>	69660	<b>17.58%</b>	840219
Primary Fires	2.61%	390	2.90%	12048	2.73%	130491
Secondary Fires	4.61%	690	3.63%	15087	4.22%	201936
Special Services	2.85%	426	3.00%	12471	3.20%	152952
Fatal Casualties	0.00%	0	0.04%	147	0.01%	1926
Non-Fatal Casualties	0.14%	21	0.72%	2991	0.78%	37095



# Transport

Established as a New Town, Basildon has unsurprisingly good transport connections to London and surrounding towns. Figure. 7 shows, the extensive bus routes are commonly used, mostly the Chelmsford route. Basildon Bus Terminus is conveniently located to the current market site.

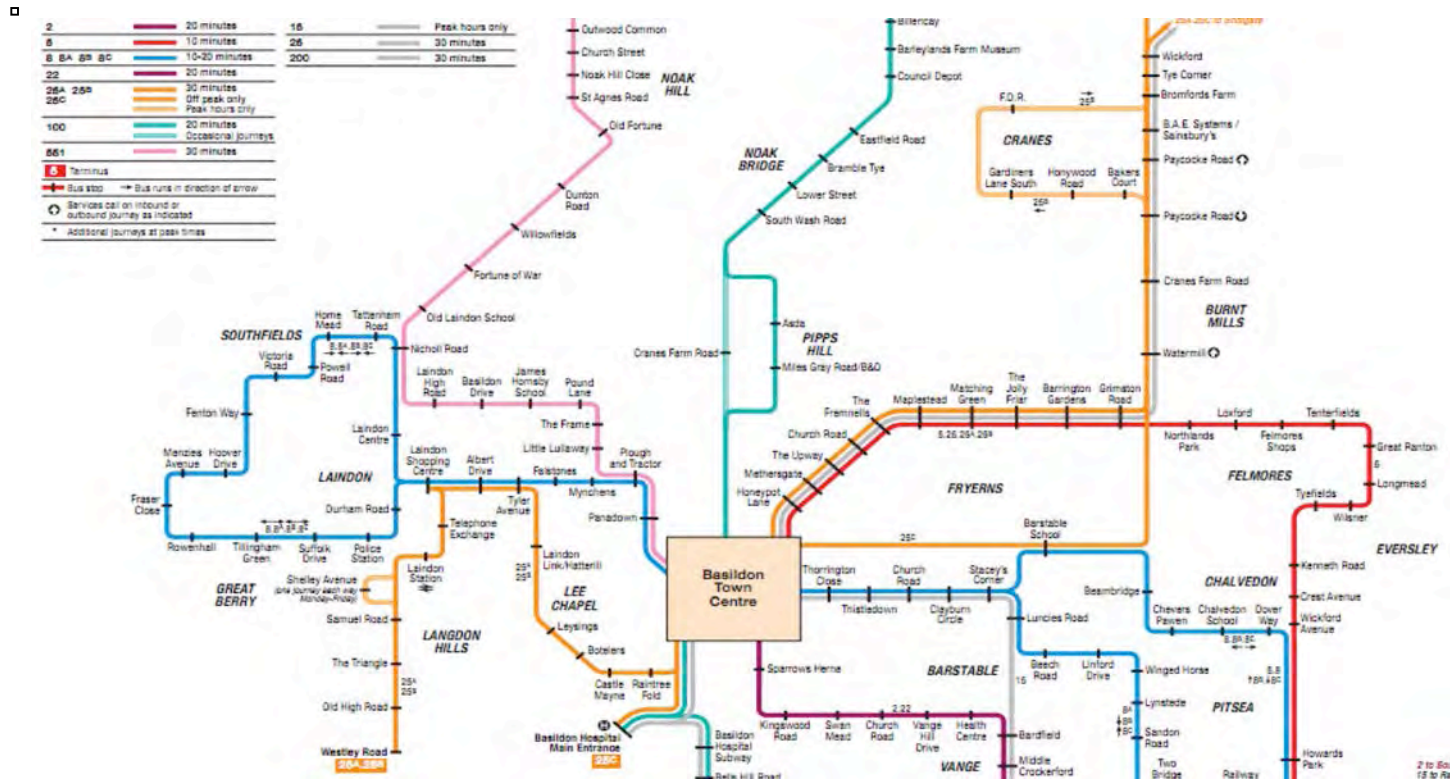


Fig. 7 Basildon Bus Routes





Fig. 8 – Basildon Train Routes

Basildon Town Centre is served by Basildon Station, with regular connections into London Fenchurch Street Station.

Common perception is that Basildon folk have excellent connection from Basildon in particular towards London, however little has been achieved to attract visitors into Basildon, despite the adequate transport network.

Regenerating Basildon and the market in particular will be made simpler using the existing high quality networks.

Good road connection (Fig. 9) leading to ample affordable car parking spaces within Basildon Town-Centre and although some of these may be subject to replacement or removal as part of the town-centre scheme, there appears to be little justifiable concern of a lack of spaces.

Fig. 9 Link Roads

Nearest M roads	From/to	Distance from Basildon
M25	Ring road London	12.7miles
M11	London/Cambridge	21miles

Nearest A-roads	Major/Minor	Distance from Basildon
A127	Major	0.4miles
A13	Major	2.4miles
A130	Major	4.1miles
A176	Minor	0miles



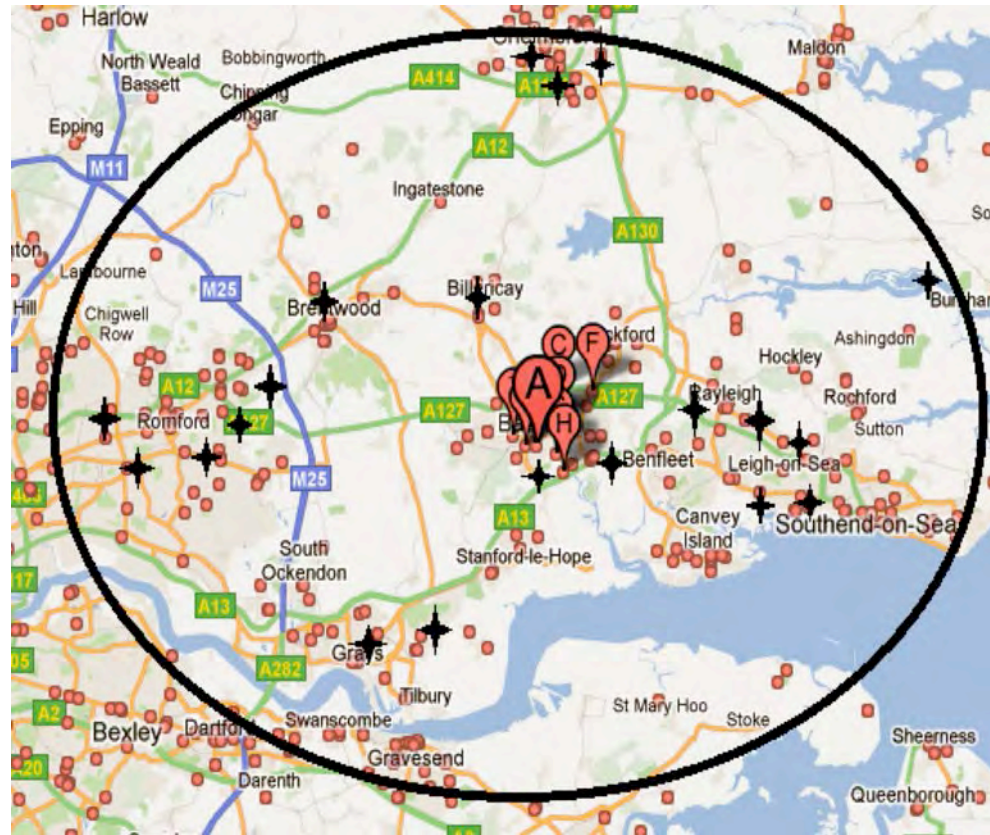


Fig. 10 – Supermarkets (red dot) and Markets (black star) within a nominal 30minute drive time of Basildon



Market Name	No. of stalls	Trading Days	Market Name	No. of stalls	Trading Days
Basildon Market	108	T, T, F, Sat	Lakeside Farmers Market	n/a	1st Sun/Month
Barley Lands Farmers Market	n/a	2nd/last Sat/Month	Leigh-on-Sea Market	n/a	Fri, Sat
Brentwood Farmers Market	n/a	1st Sat/Month	Pitsea Market	200+	Wed, Sat, Sun
Burnham Farmers Market	n/a	3rd Sun/Month	Pitsea Second Market	200+	Fri, Sun
Chelmsford Market	103	T, W, T, F, Sat	Rayleigh Chartered Market	n/a	Wed
Chelmsford Farmers Market	n/a	1st Sun/Month	Rayleigh Lanes Indoor Market	n/a	2nd and 4th Sun/Month
Chelmsford Gourmet Food Fair	n/a	Fri	Romford Market	270 outdoor	Wed, Fri, Sat
Dagenham Sunday Market	300+	Sun	Romford Farmers Market	n/a	2nd and 4th Sun/Month
Greys Market	60	Fri, Sat	Southend Farmers Market	n/a	2nd and 4th Sat/Month
Gants Hill Farmers Market	n/a	4th Sun/Month	Roots Hall Stadium, Southend	200	Thurs

Fig. 11 – Markets near Basildon

Figs 10 and 11 highlight competition from ever – present supermarkets and traditional markets, the closest and most popular being Pitsea which is well-established and operated by Charfleet Markets having been granted a lease by London and Cambridge Properties.

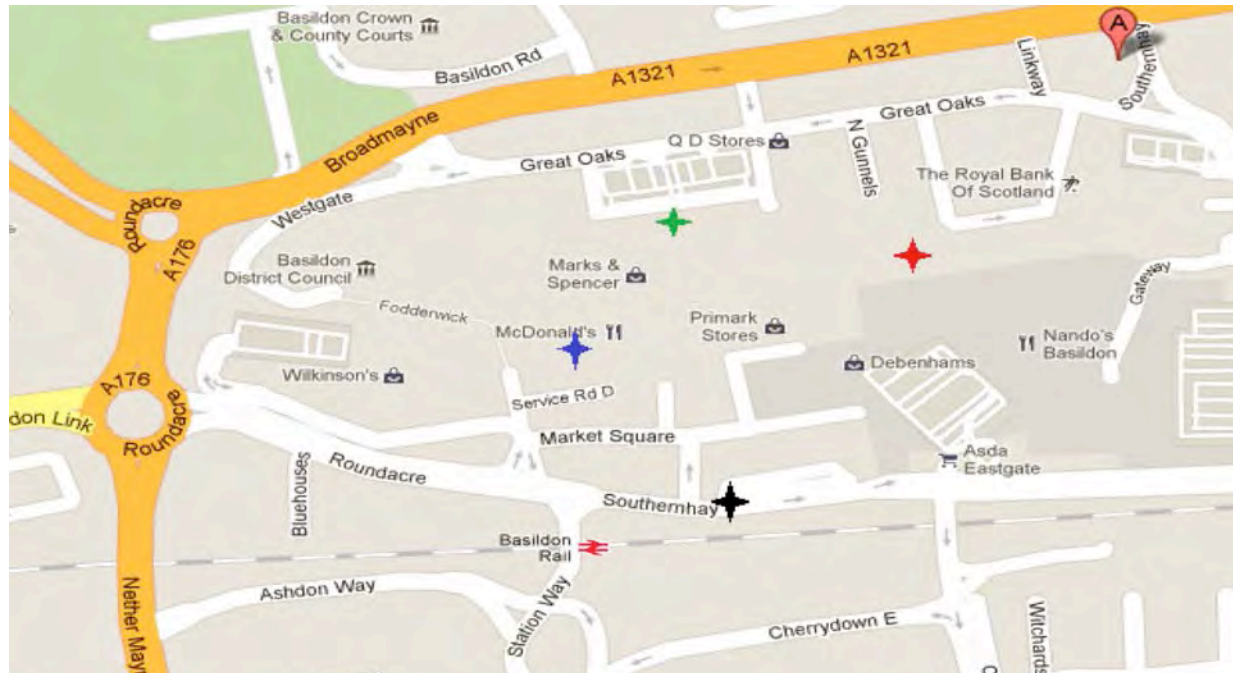


The first observation to be made regarding figures 10 and 11 is that there is considerable competition to Basildon Market. A like-for-like experience would be Pitsea or Romford Markets. Whilst there are a number of other markets within the region, Pitsea Market, located in Basildon, is well established and successful. This success means two things: firstly, Pitsea is likely to take up some of the footfall Basildon Market would otherwise have secured and secondly, there is scope and a customer base for markets in Basildon, despite its youthful population.

As ever, the dispersion of supermarkets in the region is very dense. The market should compete and possibly out-compete the supermarkets within the grocery sector offering good quality and variety of products at cheaper prices with a shorter supply chain. Whilst this may be the case a well-structured advertising campaign will need to be used to attract customers away from the 'Big Four', highlighting the market's benefits.



# High Street Commercial Rent Prices



Address	Zone	Price/ sq. ft.	Near
45-49 Market Square	A/B	£30.85	M&S, McDonald's, Primark
West Pavilion, Town Square	A/B	£40.94	M&S, Qdstores
40-42 East Walk	A	£37.06	Nando's, Debenhams, Primark, RBS
8-9 Southwalk	B/C	£18.91	Debenhams

Fig. 12 - Commercial Rents - Basildon



The patterns in retail rents within Basildon are typical of a mid-size town. Close to the town's centre, near to the major retailers is where rent is at its highest. Both West Pavilion and East Walk are populated with well-known High Street retailers that generate good footfall reflected in rental prices. Compared to other towns the Basildon; rent prices are above average, this infers that the state of Basildon's high street is in good health but more importantly not dwindling as the price of the rent is correlated to the commercial demand.

Despite being slightly dated, figure 13, produced by Basildon council clearly shows the demand for floor space within the district. More recent data should be considered since economic difficulties within the UK since 2008 – data to be supplied by the development team specialists.

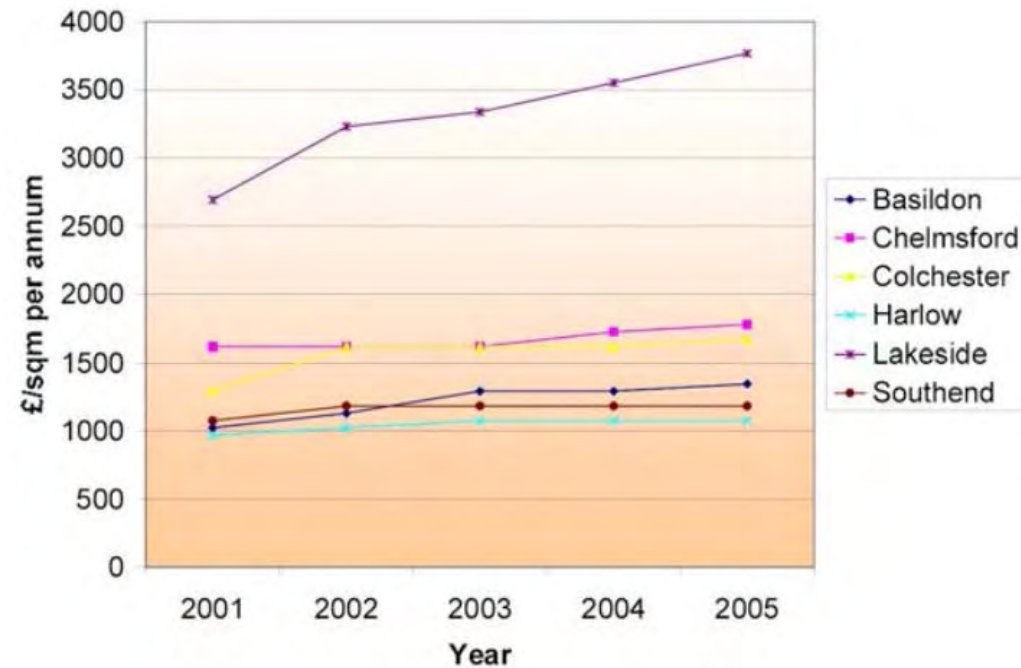


Fig. 13 – Basildon Retail Space Prices compared with others' in region.



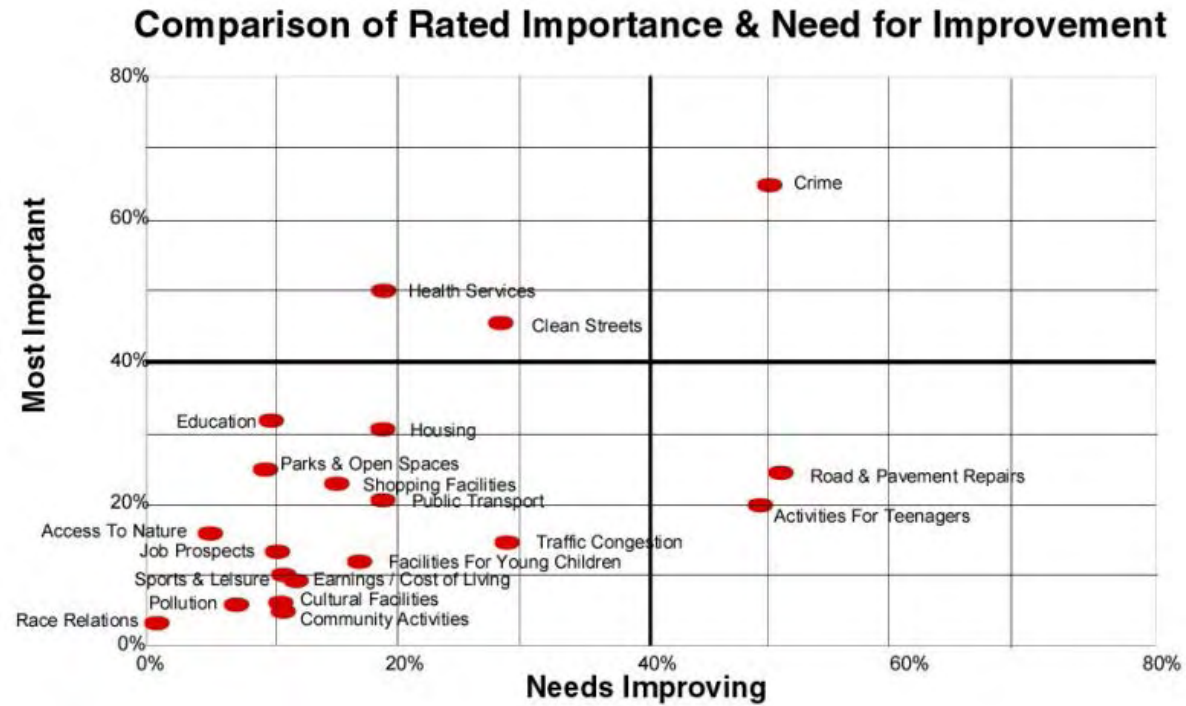


Fig 14 – Public Consultation



“Improve the quality of life for the people of the District, now and for future generations”; this theme of sustainability has been at the forefront of Basildon’s regeneration plans and is fundamental in reaching their future goals.

The plan outlines objective, including “developing a ‘retail core’”. Basildon’s CBD and commercial district are already quite distinct. Retailers including M&S, Debenhams and British Home Stores are all located within minutes’ walk of one another.

Market redevelopment would only contribute to this ‘retail core’. Not only are markets compact and structured in their set up, but Basildon Market is located right alongside the retailers listed above and sits alongside Eastgate shopping centre.

### Basildon’s Sustainable Community Strategy 2008-2033

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#### Objectives

This long-term report has certain broad aims including:

- “To build [Basildon’s] strengths as one of the most competitive business locations in the UK”
- “To improve the living environment for our residents”

These two objectives carry numerous connotations. The first objective is to be expected by most councils across the UK, but in order to improve its competitiveness we may see increased investment into infrastructure and aesthetics within the town’s centre. This has already been seen in part through the continuing improvement of transport links. If not, The Council may decide to offer tax breaks to new firms, or to lower the incumbent firms’ rent. Assuming this objective is upheld then the market is likely to see increased footfall.

The second objective regarding living environment is a widespread concern within Basildon. In answer to the statement: “What the Borough needs”, estate renewal, enhancement of the green belt and general clearing up of the area were the most frequent hits.

Despite being generally regarded as common goals, these are actually quite specific to a potentially thriving outdoor market. Litter, debris and general waste are often associated with outdoor markets, particularly with food stalls; as a result Basildon Market would need an efficient clear-up strategy that suits the traders. This would not only make the market more appealing but would be in keeping with the council broader objectives.

Stevenage Borough Council provide containers to the traders that are convenient and easy resulting in a clean environment, further to this if complaints are made about the cleanliness then the council are quick to act.



One of the main challenges to 'Basildon's Sustainable Community Strategy' is the state of the local economy.

Enterprise within Basildon is very much dependent on "workers from outside the area"; the report highlights the unsustainable nature of this. The market would serve as a support to local firms and a source for local improvement, this can help steer Basildon's reliance away from outside labour. This is coupled with a recent downturn in the town's "thriving financial and IT sector" creating an appeal for grassroots industries.

## Other Reports and Commentaries

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Within the Basildon District there are four food superstores. A superstore is defined as being larger than 25,000 sq. ft. This means that the trend is moving towards "bulk" shopping trips rather than "top-up" shopping trips which are appropriate for a market. This could potentially undermine the success of Basildon Market.

Further to this, there are plans for Tesco Extra to expand which could threaten the market's customer base, however a report commissioned by the council entitled "Leisure, Arts, Culture and Tourism Accommodation in Basildon District"; it is recommended that the expansion does not take place.

Research group ICG estimates that within the next five years online grocery sales will double to £9.9bn in the UK. This could seriously threaten not only the long term viability of Basildon Market but markets throughout the UK. This said; an increase in online grocery sales comes a louder call for sustainability efforts, shoppers may change their shopping habits out of principle. However, no matter how large the backlash against online sales may be, it would be safe to conclude that the increasing prevalence of online sales will threaten markets' business and markets will need to modify their form and structure, proposals of which are embedded within this report.

In the report commissioned by the council entitled "Leisure, Arts, Culture and Tourism Accommodation in Basildon District" it states that "markets are allowing shoppers to access locally sourced fresh produce from a variety of farmers in the same location... these should be encouraged for their contribution to local enterprise and employment and their sustainability benefits". This shows that the benefits of markets are becoming more publicised and the council can now push to reinforce them.

The established Pitsea market serves as a good reference point on how the market will impact on retail in the area. In Pitsea, certain shops only open on market days. Whilst this will not be true of the multi-nationals such as M&S it may well be true of local, family run businesses.





## Opinion Poll on Local Amenities

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Figure 15. shows the need and importance of tackling delinquency and street cleanliness. Rather interestingly a large proportion of the sample thought that roads and pavement repairs needed improving, this could prove vital and indeed necessary in securing the objective of becoming “one of the most competitive business locations in the UK” as outlined in Basildon’s Sustainable Community Strategy.

The need and importance of improving shopping facility ranks mid to high. Despite being 79<sup>th</sup>/7000 shopping venues in the UK, just outside the top 1%, there is a demand for improvements. This indicates that the current retail may not be appropriate to the needs of the local population.

## Demographic Synopsis with relation to Basildon Market

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The market currently provides an important function for a reasonably important sector of the elderly and financially challenged community, in the face of strong High Street discount retailers.

Basildon enjoys good public transportation links, a strong road network and an abundance of car parking spaces.

A market that is engineered to attract a larger demographic including more affluent shoppers should be considered for Basildon Town Centre.



## History of Basildon Market

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Basildon Open Market opened 6<sup>th</sup> October, 1958 and despite shifts in retail patterns and the emergence of the supermarket groups over the last 40 years, remains a popular and well used retail attraction in Basildon and is particularly supportive to the less well-heeled members of the local community.

The original market was somewhat smaller and operated by the Commission for New Towns following which stewardship passed to Basildon District Council in the 80's and finally to Basildon Town Centre Management Ltd in the early 90's.

The current market consists of 18 traditional stalls, 41 log cabins, 48 shuttered stalls and three mobile units.

The market benefits from adjacent surface parking; excellent links to the bus station and newly refurbished public toilets.

Market Operating Days:

Tuesday & Thursday, 8.30am - 4.00pm

Friday, 8.30am - 4.30pm

Saturday 8.30am - 5.00pm

Closed on Sundays & Wednesdays

Second hand Market:

Monday, 8.30am - 2.00pm



## Additional Market Activities in Basildon

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Basildon town-centre hosts a regular Friday Farmer's Market situated in the Town Square. The Farmer's market is a Basildon Council initiative and co-ordinated by the Basildon Town Centre Partnership.: [Basildontowncentre@basildon.gov.uk](mailto:Basildontowncentre@basildon.gov.uk) or contact Community Services on 01268 294303.

There are also eight pitches in Basildon town centre that companies can hire for promotional work.

The following eight pitches in Basildon Town Centre can be hired by companies for promotional work.

- St Martin's Square
- Outside Marks and Spencer's
- Costa Piazza No.1
- Costa Piazza No.2
- Mother and Child Fountain
- Roaming the Town Square for leafleting etc.
- Primark corner site

To hire a promotional pitch in Basildon Town Centre

The hiring of promotional pitches in Basildon Town Centre is entirely handled by Basildon Council.

For prices and hire information please contact the Council's Sustainable Community Services:

Phone - 01268 294 561

Email - [basildontowncentre@basildon.gov.uk](mailto:basildontowncentre@basildon.gov.uk)

The regular open market operated by BTCM Ltd. and periodic specialist markets operated by Basildon Community Services appear occasionally conflicting and embody overlapping aspirations.



Current Market Location

Fig. 16 Basildon Market Current Location - Market Square, Basildon, SS14 1DD





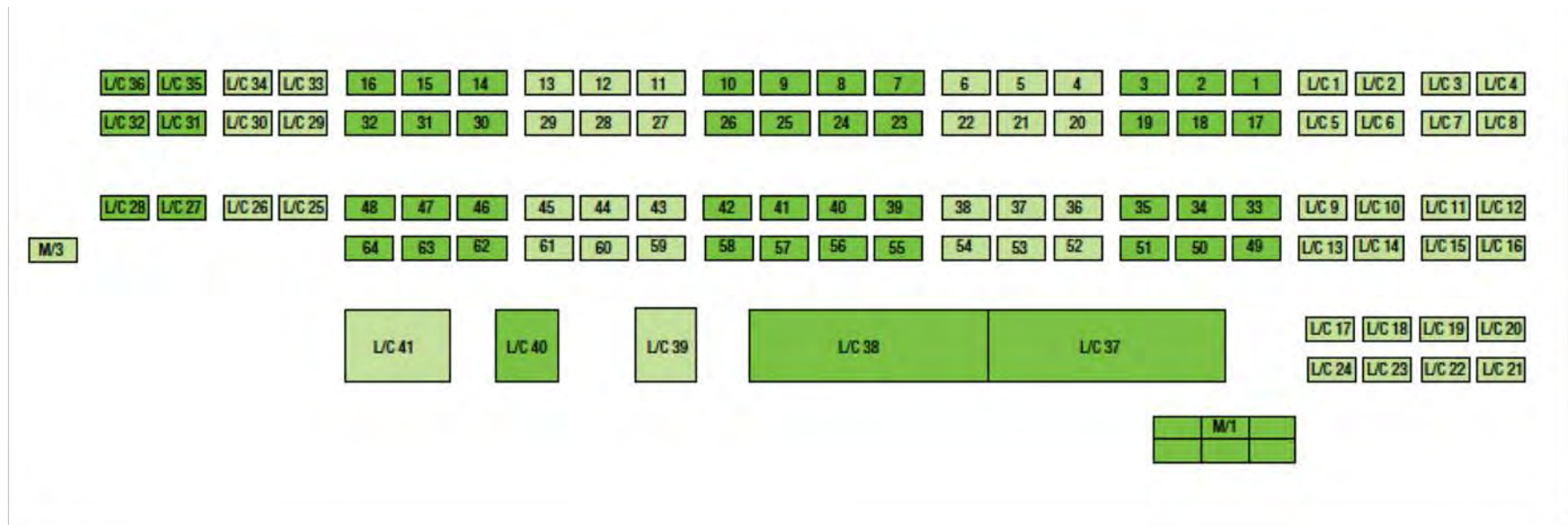


Fig. 17 Current Market Schematic Layout

Basildon Market trades 5 days a week and not Sunday and Wednesday.

With the exception of the Monday morning Antiques market, the remaining trading days of the week are designated as a general market and user clauses include:

- FOOD: Delicatessen, Cafes, Fishmonger, Greengrocer, Fruiterer, Butcher, Eastern European Foods, Sandwich Bar, Sweets, Ice-creams and Waffles.
- NON-FOOD : Jeweller, Blinds, DVD's, CD's and Console Games, Lingerie, Rugs, Books, Ladies Fashion, Baby Fashion, Luggage, Toys and Fancy Goods, Magazines, Carpets and Wood Flooring, Greeting Cards, Mobile Phones, Costume Jewellery, Smoking Accessories, Housewares, Haberdashery, Watch Batteries and Straps, Nurseryman, Silk Flowers, Printed T Shirts, Pet Foods and Florist

- LIFESTYLE: Eyebrow threading and waxing, Reiki Massage and Homeopathic Remedies, Tattooist,

The market is operated efficiently by the on-site management and the asset is maintained to a reasonable standard. A lack of capital investment over recent years has seen only limited investment in market branding, structured related retail marketing and letting campaigns, which we understand have recently been commissioned.

In our opinion the tenant mix should be improved to offer wider independent food retail and catering offer to a high standard. The new market once relocated should facilitate a more relevant tenant mix to cater for existing and to attract a wider demographic catchment.

The market consists generally of

41 Log Cabins being wither detached or semi-detached.



Detached Log Cabin



Semi-detached Log Cabin

48 Lock Up Market Stalls



Terrace of Lock up Market Stalls

There are also a number of areas designated as areas for day-traders and 2 mobile stall locations.



During April / May 2011 we counted 25 units that appeared to be vacant and we have simply calculated that 34% of lettable space is un—let.

The Market Square extends to approximately 30,000 sq.ft of retail space. The spatial market layout is in a traditional grid format and the eastern side of the square has higher levels of footfall owing to its closer proximity to the bus station and Eastgate shopping centre. The net / gross lettable area is somewhat less than 40% of the market demise, which although denser than this at the eastern side reduces further west of the site. An outside market would normally demonstrate a 50% net / gross lettable area.

Operationally and promotionally; it will be desirable for all market activities to be controlled by one organisation in order to join up the promotional thinking and avoid duplication and cost.

## Market Success

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Well designed and promoted outdoor markets generate high footfall levels and act as a major asset to any town-centre. Market traders must trade to high retail standards and a market should embrace a shopper's charter guaranteeing shoppers' rights and encouraging confidence.

Market design should blend the traditional with contemporary retail techniques to attract and cater for sophisticated shoppers.

The market offer should be diverse and not be limited to simply 9-5 trade but include a wide and varied offer encouraging visitors to an evening economy as well as being tailored seasonally.

The market should embrace a strong fresh food offer acting as the predominant anchor. Research demonstrates there are a high number of high-quality independent food retailers in Essex who will be attracted to trade in a prominent market location in Basildon.

## Market Management and Structure

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The market management regime should be improved over and above current levels in order to provide a professional approach to retailing including stringent codes of practice for trader retailing and conduct as well as a shopper's charter.

Currently Basildon Market is owned and operated by BTCM and has been for many years with reasonable levels of success, although the current appearance of the market is in need of modernisation. There appears to be insufficient dialogue between BTCM and Basildon Borough Council leading to a less than satisfactory working relationship that is currently failing to deliver the best possible market offer for Basildon. The lack of communication appears to be both ways and symptomatic of similar LA / private market operators in the UK.



BTCM currently freehold the market site and market relocation to St. Martin's Square will involve a fundamental change of occupation. The new site should be offered to the operating company on a leasehold basis and we suggest that the operating company includes as one of its directors; a senior Basildon officer. This approach will ensure the new operating entity has close ties with Council policy and aspiration and also include a strong private sector operating company. The legal structure of such a joint-venture can be explored at a later date and the leasing of the new market site can be embodied within the agreement to further bond the parties together for the benefit of the market and Basildon community.

## Market Relocation Requirements

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Based upon the current user clauses and aspirational user clauses, the net lettable area for the relocated market should be 10,000 sq.ft. In addition to the regular general market space requirement, an additional 2,500 sq. ft. of lettable space should be available for farmer's markets, winter markets, continental markets and similar speciality events.

A total 12,500 sq.ft of net lettable space will require a gross footplate of 25,000 sq.ft. being a mix of static lock-up units, demountable day stalls and an events and al-fresco dining area that shall be developed.

There may also be a demand for an indoor food hall which will house independent food retailers and caterers.

The market currently has and will need to include a back-of-house area for administration, waste and demountable stall storage being 2,000 sq.ft.

A Mechanical and Electrical specification will be issued in due course, however a number of useful points worthy of consideration include:

- Electrical power supplies to all units from underground networks. This will improve the aesthetic of the market and avoid the use of generators.
- Potable water supplies to static lock up units
- Urban Realm design to include an interesting and high quality street lighting design including special attention for the al-fresco dining area and events section.

The majority of stalls will need to have security 'lock-up' in nature.

## Market Relocation Methodology

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In order to secure VP of the current market site for a contractor to commence works in an un-fettered manner; a legal process including serving of section 25 notices under ground (F) for redevelopment will need to be implemented. There is a risk that section 26 counter—notices may be served upon the development partners, however this is a relatively rare tactic in this nature of transaction and of little if any benefit to the trader apart from delaying the project for another 12 months.





In tandem with the section 25 process, traders will be offered the possibility to trade within the new market subject to certain quality standards and codes of practice being achieved.

We estimate the total potential statutory compensation claim could be as much as £206,150 subject to having sight of license and leases details of the current traders, however from our experience and anecdotal evidence we believe that £61K is more realistic for budgeting purposes and I would be surprised that we actually reach this level.

In addition to the statutory compensation exposure; associated legal costs have been estimated at £11,000.

## The Do Nothing Scenario

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Basildon Market like many outdoor markets within the UK suffers from a lack of capital investment and has a number of voids which are undoubtedly affecting market financial performance and which could see an increase of market stall voids over coming years to a critical point whereby Basildon Market will no longer be viable.

The market will probably survive in its present form and ownership for a number of years; however its popularity will continue to dwindle in face of competition from the large supermarket groups and High Street discounters.

The current location of the market sits adjacent to the bus terminus which is due to be re-developed as part of the development plan and to the front of a proposed new college. Train visitors to Basildon will be welcomed by the current market site which is probably not the intention of the development partnership.

## Market Relocation

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As part of the Basildon Town Centre Regeneration; an early relocation of the current market to a more meaningful and eventful location will prove beneficial to the vitality of the market operation and also free up a site adjacent to the new Transport Mall and station square.

This initial report starts to evaluate 3 relocation options, being:

- St. Martin's Square
- Town Square
- St. Martin's Square with some space with Town Square



All three options have their own strengths and weaknesses and this report starts to drill down in an objective manner to derive a well-balanced market relocation preferred option.

## Town-Centre Footfall

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Outline footfall measurements were taken during April and May 2011. Understanding current footfall patterns helps us understand the impact a relocated market will have.

### Basildon Town Centre - Regeneration

#### Footfall Report

Location	Description	Footfall / hour
A	St. Martin's Square between Marks and Spencer and Lloyd's Bank	2803
B	St. Martin's Square outside Pure Party	1818
C	Town Square between Marks and Spencer and MacDonald's restaurant	4099
D	Town Square outside Primark	3114
E	Market Pavement between Cycles UK and The Money Shop	2149
F	Fodderwick between Towngate PH and Moon on the Square PH	821

Footfall surveys were performed 19th April and 6th May 2011.

Figures are an average of readings.

All figures were collected between 11am and 2pm on both days.

Figures were counted for 15 minutes and multiplied by 4 for an hourly average.



Town Centre Footfall – Schematic



Fig. 18 – Basildon Footfall Schematic

# Relocation Options

## Option A. – St. Martin’s Square

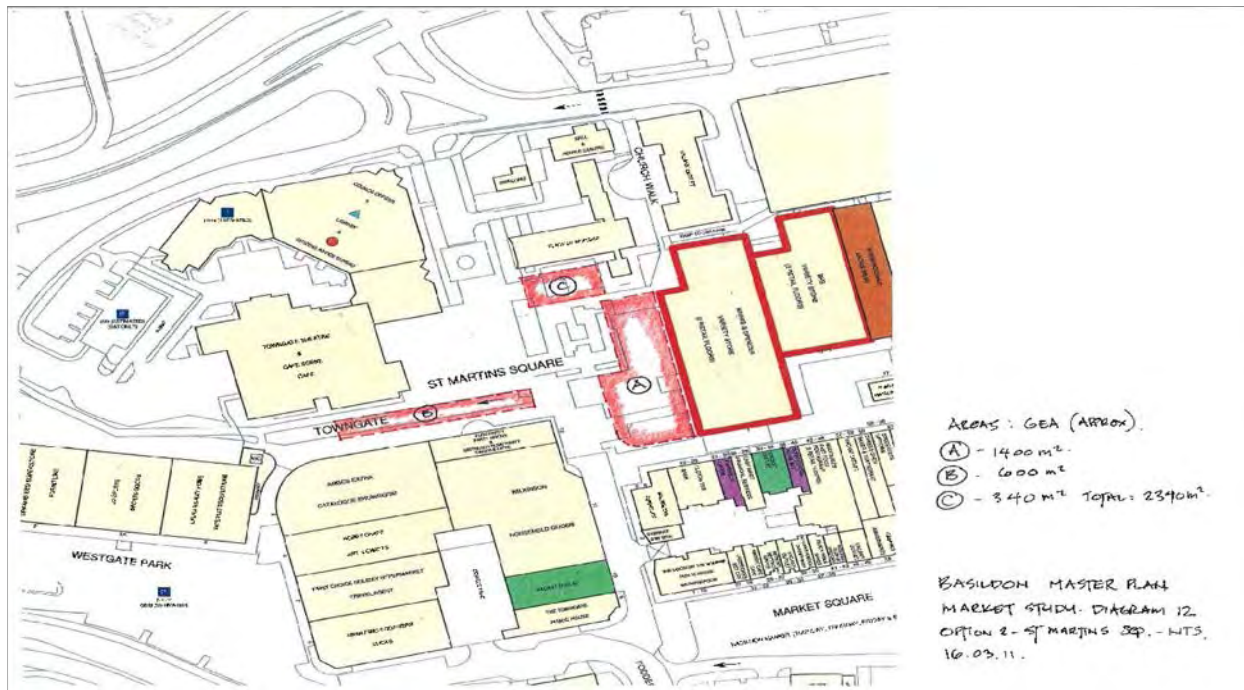


Fig. 19 Option A Schematic







## Option A. – St. Martin’s Square – Advantages and Challenges

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<b>Advantages</b>
A large open square allows for a number of market configurations and future expansion to house specialist events.
Good footfall figures demonstrating an improvement over the current site - to be confirmed with a more detailed analysis.
Good positional communication with the ‘Civic’ centre of the town – council offices, church and theatre.
Potentially good servicing provisions via Westway Park subject to the usual easements and consents being granted. All trader servicing movements will be regulated by Market management.
An opportunity to provide a wider scope of public services within St. Martin’s Square such as open air film screens and mobile performance stage integrating with the market catering offer.
Static units can be located along the brick wall façade of Marks and Spencer improving the aesthetic.
Good nearby car parking at Westgate Park, rear of Council, Offices and behind Marks and Spencer, totalling some 1,700 spaces.
<b>Challenges</b>
Care will be required ensuring sight lines are maintained to St. Martin’s Church.
The market layout should be integrated with the existing tree-planting or where required the trees should be relocated in agreement with the Borough Arborist.
St. Martin’s Square is located further from the Bus Interchange and Train Station than the present market location, the impact of which requires consideration and an impact assessment.
Good positional communication with the ‘Civic’ centre of the town – council offices, church and theatre requiring good degree of market appearance and operational efficiency in keeping with a highly visible and prestigious site.



# Option B – Town Square

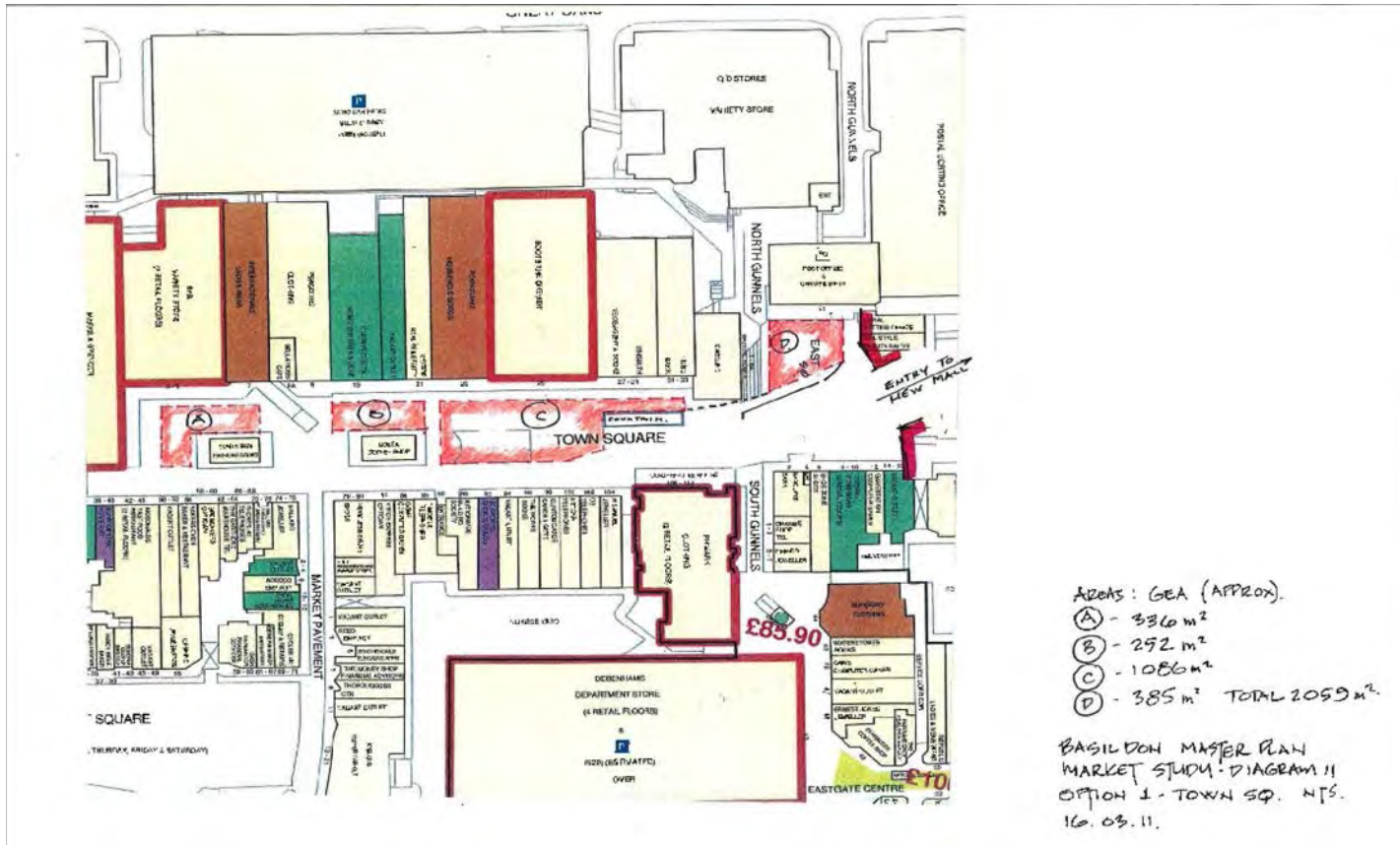




Fig 21 – Option B Town Square Schematic



Fig. 22 – Option B – Town Square Conceptual Layout



<b>Advantages</b>	
The site currently enjoys some of the highest footfall in Basildon	
Current Market traders will understand the benefits of the location	
Town Square footfall should significantly increase	
Good nearby car parking both north and south of the Town Square can accommodate in excess of 1,800 car parking spaces	
<b>Challenges</b>	
Buildings, urban furniture and the fountain currently in the Town Square will remain and therefore the new market layout will need to be designed accordingly.	
The market can be identified as 4 distinct areas as per the plan and the total available space is somewhat less than required.	
Servicing the market will need to be formalised and easements and consents granted. Service access routes could be considered via Market Pavement, South Gunnels or from the Eastgate service yard via the passageway between Primark and H Samuels (subject to access for larger vehicles). All trader servicing movements will be regulated by Market management.	
East Square is sunken and attention will need to be given to the market within this section and also once the levels are raised to be at grade with the new commercial centre.	
The location of static lock up market units and positions of demountable units will need careful consideration with regard to frontager's consents and maintaining good sightlines within the central square in Basildon.	
Future expansion of market activities may be fettered owing to the physical constraints of the site.	
Town Square footfall should significantly increase to potentially troublesome levels	
Frontager consents will need to be obtained which may prove challenging.	



## Option C. St. Martin's Square and Town Centre Hybrid

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As the design, feasibility and consultation process advances, there may be merit in utilising both areas to lesser degrees in order to deliver a successful market relocation project.

This option will be developed at a later stage and may include the construction of another static retail unit in Town Square acting as high-class independent food retail and catering hall.

## Consultation

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A consultation timetable will be established to engage the stakeholders in a structured manner designed to gain support sequentially. The steering group will initiate the consultation process once the market relocation options have been fully explored and all consequences understood.

## Practicalities

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Once the consultation process has been accomplished, the relocation property and licensing issues will need to be addressed with the associated land owners and The Council.

Many of the current traders must be assumed to hold statutory protective rights under the Landlord and Tenant Act. In order to deliver a vacant possession longstop date for the developer to move the traders wishing to trade on the relocated market; a legal process will be organised by Quarterbridge within the prescribed terms of the L & T Act most probably with grounds for re-development.



## Initial Financial Review

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In order to secure vacant possession of the current market site; the current landlord will need to serve section 25 notices under grounds F for site redevelopment upon current traders. Current traders 'could' be deemed to enjoy statutory occupational rights and this system will guarantee project delivery. There is a risk that traders may serve section 26 counter-notices which will have the effect of postponing the vacant possession of the site from 6 months to 18 months. From Quarterbridge experience; the statutory compensation budget is rarely used to capacity.

Perceived risk - Statutory Compensation claims arising from Section 25 grounds (F)	Compensation	
Estimated Rateable Value of all market demises - present	£	145,896
Estimated Rateable Value of occupied demises May 2011	£	103,075
One times rateable value for tenants up to 14 years	£	103,075
Twice rateable value for tenants over 14 years	£	206,150
BROAD ASSUMPTIONS:		
Say 80% traders in possession for less than 14 years	£	82,460
Say 20% traders in possession for more than 14 years	£	41,230
Estimated total compensation claims	£	123,690
<b>On the basis the relocation options are attractive- estimate compensation claim of say 50%</b>	<b>£</b>	<b>61,845</b>

Estimated compensation claim risk based upon all traders being served section 25 notices under ground (F) for re-development and side letter offers being made for space within the new-market. Traders taking space within the new market will not receive stat. compensation.

Associated Legal Costs based upon simple process without section 26 counter-claims		
Based upon a messy letting schedule and poor documentation - cost per notice		
Reconciliation of schedule and documentation - 44 @ £100 each	£	4,400
Legal services - serving section 25 notices 44 @ £150 each	£	6,600



Legal Budget £ 11,000

The purpose of this exercise is to establish legal and compensation costs w.r.t. relocating the market as one way or another these will need to be factored into the valuation.

We can assume, for the time-being at least that legal costs associated with new forms of trader lease and licenses should be covered by the market operating company.

## Market Relocation Capital Requirements

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Although early stages, we have assembled an outline and high-level market relocation capital budget, subject to verification.

The land valuation associated to the current market site has not been included in these estimates.

### Outline Relocation Budget - CAPEX

Cost Header	Sub-Total	TOTAL
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#### Vacating Existing Market Site

Hoardings	£ 6,400	
Demolition Labour	£ 9,600	
Make good and safe all services	£ 9,000	
Cart Away	£ 8,000	
Service Provider costs	£ 9,000	
Site Facilities	£ 8,000	
Prepare site and Blacktop local repairs	£ 17,545	
Contractor overhead and profit	£ 10,807	
Permits and professional fees	£ 3,750	

Vacating Existing Market Site	£ 82,102
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Legal and Compensation costs associated with vacating site	£ 72,845
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**Establishing a new market site to St Martin's Square**

Hoardings	£	8,000
Tree Protection	£	2,000
Demolition of planters and other limited works	£	2,040
Cart Away	£	1,600
Supply of new electrical services (MAIN RING and SUPPLY)	£	12,500
Supply of new electrical services (LOCAL)	£	12,625
Supply of new water supply MAIN	£	5,000
Supply of new water supplies	£	3,000
Supply new waste drainage (MAIN RUNS and CONNECTION)	£	5,000
Supply new waste drainage	£	3,000
Supply and erect new tensile roof structure to M&S Wall	£	110,000
Supply new static retail units	£	141,750
Supply new demountable units	£	10,400
Demountable stall trailer	£	2,000
Supply new market signage	£	7,500
Establish market office, toilets, waste area and storage compound	£	20,000
Local repairs to pavers	£	10,000
Site Facilities	£	8,000
Service Provider costs	£	15,000
Contractor overhead and profit	£	60,706
Permits, Legal Fees and professional fees	£	102,265
Contingency	£	40,679

**Establishing a new market site to St Martin's Square** £ 583,066

**TOTAL** £ 738,013

All figures are outline estimates  
 All figures are subject to VAT



## Estimated Trading Forecast - Simple Case

Based upon the CZWG general Arrangement Option 4 variant St Martin Square; figure XX outlines a simple business case for 12 month's trading.

I have assumed 90% occupancy of permanent and demountable stalls, an income derived from occasional markets which should fall within the remit of the market operating company but I have excluded income derived from Street trading licenses as these are currently used to finance Christmas lighting.

Estimated Trading Forecast - SIMPLE					
	Unit	Area sq.ft.	Rent p.s.f. p.a.	Income p.a.	
Static Market Unit	81	8100	£ 45.00	£	364,500
		Days p.w.	Rent per day	Income p.a.	
Demountable Market Unit	32	5	£ 25.00	£	208,000
ERV				£	572,500
Assume average 90% occupancy				£	515,250
Specialist occasional Markets				£	30,000
<b>TOTAL ANTICIPATED INCOME</b>				£	<b>545,250</b>

Overheads	Quantity	Rate	Sub-Total	Total
Manager	1	£ 35,000	£ 35,000	
Assistant manager / book keeper	1	£ 18,000	£ 18,000	
Market Operative	2	£ 12,000	£ 24,000	
Admin	1	£ 4,500	£ 4,500	





General	1	£	3,000	£	3,000
Market Utilities Common Parts	1	£	20,000	£	20,000
Rates - common parts	1	£	5,000	£	5,000
Insurance	1	£	2,500	£	2,500
Removal of Waste & compactor hire	1	£	20,000	£	20,000
Equipment rental	1	£	1,000	£	1,000
Telecom	1	£	1,000	£	1,000
Printing & Stationery etc.	1	£	1,000	£	1,000
Legal & Prof.	1	£	2,500	£	2,500
Advertising and Publicity	1	£	30,000	£	30,000
Banking costs	1	£	500	£	500
Cleaning	1	£	10,000	£	10,000
Security - CCTV	4	£	5,000	£	20,000
Sundry Budget	1	£	1,000	£	1,000

<b>Operating Budget</b>					<b>£ 199,000</b>
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<b>Notional EBITDA</b>					<b>£ 346,250</b>
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All figures are outline estimates

All figures are subject to VAT



## Estimated Trading Forecast - Progressed Case

As above but progressing the thinking to capture a typical cost of finance to deliver the capital project and to start thinking about the property cost associated with using St. Martin's Square.

We have assumed for the time-being that the net trading profit before taxation and depreciation is split between the market operating organisation and the Local Authority. This can be achieved by either a JV structured 50/50 between the two organisations or a simple lease structured to allow the operating company the right to hold regular markets for either a fixed rent or perhaps more interestingly a 50% profit share, thus encouraging both parties to work closely together for the common good.

These initial workings indicate that allowing for a 50% retention of the trading surplus within the operating company provides an 18.7% return on the capital investment.

Estimated Trading Forecast - PROGRESSED					
	Unit	Area sq.ft.	Rent p.s.f. p.a.	Income p.a.	
Static Market Unit	81	8100	£ 45.00	£	364,500
		Days p.w.	Rent per day	Income p.a.	
Demountable Market Unit	32	5	£ 22.50	£	187,200
ERV				£	551,700
Assume average 90% occupancy				£	496,530
Specialist occasional Markets				£	30,000
<b>TOTAL ANTICIPATED INCOME</b>				<b>£</b>	<b>526,530</b>



<u>Overheads</u>	<u>Quantity</u>	<u>Rate</u>	<u>Sub-Total</u>	<u>Total</u>
Manager	1	£ 35,000	£ 35,000	
Assistant manager / book keeper	1	£ 18,000	£ 18,000	
Market Operative	2	£ 12,000	£ 24,000	
Admin	1	£ 4,500	£ 4,500	
General	1	£ 3,000	£ 3,000	
Market Utilities Common Parts	1	£ 20,000	£ 20,000	
Rates - common parts	1	£ 5,000	£ 5,000	
Insurance	1	£ 2,500	£ 2,500	
Removal of Waste & compactor hire	1	£ 20,000	£ 20,000	
Equipment rental	1	£ 1,000	£ 1,000	
Telecom	1	£ 1,000	£ 1,000	
Printing & Stationery etc.	1	£ 1,000	£ 1,000	
Legal & Prof.	1	£ 2,500	£ 2,500	
Advertising and Publicity	1	£ 30,000	£ 30,000	
Banking costs	1	£ 500	£ 500	
Cleaning	1	£ 10,000	£ 10,000	
Security - CCTV	4	£ 5,000	£ 20,000	
Sundry Budget	1	£ 1,000	£ 1,000	
<b>Operating Budget</b>				<b>£ 199,000</b>
<b>Notional EBITDA</b>				<b>£ 327,530</b>
<b>Cost of Finance based upon CAPEX Model</b>			<b>7%</b>	<b>£ 51,661</b>
<b>Trading Surplus before dep and tax</b>				<b>£ 275,869</b>
<b>Assume property cost 50% of trading surplus</b>			<b>50%</b>	<b>£ 137,935</b>
<b>Return on CAPEX Investment</b>				<b>18.69%</b>

All figures are outline estimates  
All figures are subject to VAT



## Conclusions and Recommendations

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Of the options described within this report we recommend a market relocation to St. Martin's Square, subject to full appraisal and consultation.

We recommend a market operating structure that includes high-level Council inclusion at executive level within a form of Joint Venture Company.

The development team architects and quantity surveyors to complete designs and costings and resulting data to be fed into the market relocation business case.



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## Contact Details

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2 West Stockwell Street  
Colchester  
Essex CO1 1HQ  
T: 01206 761000  
[www.quarterbridge.co.uk](http://www.quarterbridge.co.uk)

