

CAMBRIDGE NORTH

CAMBRIDGE RETAIL AND LEISURE UPDATE

JUNE 2022

PREPARED BY



BIDWELLS

June 2022



**CAMBRIDGE RETAIL AND LEISURE
OCCUPATIONAL MARKET UPDATE
CAMBRIDGE NORTH**

1.0 Introduction

- 1.1 The following has been prepared by James Lankfer, from the Bidwells Cambridge office. James is Head of Bidwells' retail and leisure team with over 35 years' experience of letting high street shops, across the southern part of the country. Bidwells retail and leisure team is a specialist and dedicated team who undertake development, lettings and sales. We act for Investors, developers and occupiers and therefore, feel we are well placed to comment on the provision of these types of uses at Cambridge North. It should be read alongside the DAS, Planning Statement and Cambridge North Social Value Statement. These combined paints a picture of quality place making, responsible management and flexible ground floor uses.
- 1.2 Firstly, in this report by retail we will be referencing both in and out of town retail, but also high street leisure uses, restaurants, bars and other uses found in such locations, etc.
- 1.3 We will briefly look at the wider retail landscape and then focus on Cambridge. To a large degree, it is very difficult to predict the future, but we will look at the trends we are seeing and try and peer through the fog to the future.
- 1.4 I have been specialising in retail matters for over 35-years so have seen a few bumps in the road over that period, but I do think the sector is resilient and has a way of reinventing itself. However, the current Covid-19 impacts has hit a sector which was still adapting to the growth of the internet and Covid has only accelerated this further.
- 1.5 Previously well-established retailers and brands are disappearing from our high streets for a variety of reasons I.E, not keeping up with customer changes, having very large high street portfolios for which they no longer need so many shops and those leases are falling in at similar times. Debt laden retailers unable to trade their way out, to venture capitalists whose main business is not retailing. Therefore, how these occupiers and new entrants to the market occupy buildings is going to be interesting and the major challenge facing the sectors Landlords and investors.

2.0 National Overview

- 2.1 The trials and tribulations of retail continues to appear on the front as well as the business pages.
 - "Structural change"
 - "Death of the high street" etc
- 2.2 We have to remember the retail sector was in choppy waters ahead of Covid-19, with internet shopping, out-of-town retail, the segregation of either been a value retailer or high-end, there was a tough middle ground. We had seen the rise in popularity of CVA's, Administrations with previously well-known names disappearing from the High Street. However, the likes of Primark, Next, Lidl/ALDI, Home Bargains, Urban Outfitters, Next and H&M have gone from strength to strength; as well as high street food offerings, such as Five Guys, Loungers, Costa, Gigging Squid.

- 2.3 UK customer confidence post-mini-lockdowns was increasingly positive, footfall was improving but general trend was declining. We had seen issues over supply chain, fuel supplies hit that confidence which was leading to rising costs for suppliers, retailers and ultimately onto customers, how much of this cost could be passed on was the balance for all and how to make a profit to keep demanding investors and shareholders happy.
- 2.4 This threat of rising inflation and costs has the potential to dampen the mood as consumers worried that wage increases will not mirror the rising costs. Shoppers seem to want to get out and purchase products, eat and spend time with friends and family, which is driving a positive mood which was carrying hope for all.
- 2.5 There is a feeling that although we were not back to normal, the new-normal is OK. Office workers are returning to offices, helping key city locations/flagship stores; such as London, where the lack of footfall was hardest felt and those shops had the highest overheads and therefore, were pulling down the overall performance.
- 2.6 Having felt an up-surge with the release of “James Bond, No Time To Die”, and a full priced Christmas there was light at the end of the Covid-tunnel. However there still seems to be a cloud hanging over of a another “stay at home” message has had an impact on footfall and therefore sales; both food and retail.
- 2.7 Consumer confidence is key to retailers, we have to have essential spending I.E. food, but the non-essential or discretionary spend (disposable income) is what keeps the High Street going. Shoppers have been forced to use the internet across all categories; young and old. But, when shops re-opened, they wanted the social interaction of shopping, but also coffee shops and restaurants etc. Retailers were forced to be more creative with trying to attract those shoppers back. Staffing levels remained challenging, but again, the good companies keep and attract new staff, not just through wages. It therefore remains; as we face new measures, a picture of confidence both the retailer and consumers in how we view the future.
- 2.8 What is the picture on leasing? Nationally, High Streets not surprisingly have seen supply / vacancy levels increase, demand reduce, both short term through Covid-19, but also, medium term – occupiers trying to assess what space they need, what overheads (rent, uncertainty of business rates, taxation, service charge etc) and what will consumers pay for their goods and services and what proportion can be given to rent!
- 2.9 A number of retailers and landlords are still “negotiating” over Covid-19 measures and await the release on the Government block on taking action is formally lifted in March when the true picture may become clearer.
- 2.10 Occupiers received generally between a quarters’ and six month’s rent free; for being closed for approx. 6 months, I.E. the 50/50 approach. Which most Landlords thought was a fair approach.
- 2.11 Many landlords have had to take a pragmatic, medium-term view on rent reductions in the face of tenants potentially vacating, CVA rent bands and administrations – it is better to have 50-75% of the rent, than no rent, a potential long void, rent fees and a lower rent anyway.

- 2.12 Structurally, a number of the shops vacated are challenging for modern retailers – shape, location, too much ancillary space and therefore, along with Government support, these are the properties which should go to alternative uses.
- 2.13 However, a number are Listed buildings/Conservation areas where planning to achieve this and create say, residential accommodation, appears to be a very difficult path.

3.0 Future

- 3.1 Looking to the future, the reality is that a number of new trends have not yet been invented and that technological pace of change seems to be getting quicker. Town centres will always need to have service providers who cannot trade from a website, for example, hair cutting, coffee, but even some of these uses are being provided through home delivery, or with services provided at the customers home. Shopping will be a leisure activity, with shops displaying part of their merchandise and an increasing focus on customer service/customer attractions.
- 3.2 There will nationally be fewer shops, focused in strong and attractive centres. The existing stock has not been suitable for modern retailing, whereas, new purpose-built units will be. Occupiers will need a unique customer appeal – price/quality but also customer appeal/satisfaction. Spaces created will be filled by a broader mix of restaurants, community facilities, medical centres, gyms or well-being, independent occupiers, delivery or dark stores but also residential, short stay and offices. With sufficient car parking and pricing to compete with out of town retailing.
- 3.3 Town centres need to become a social hub, with community spaces where more people can meet, engage, and support each other.
- 3.4 It is not as simple as a straight choice between the high street or the internet it is how both can work together – it is the strength of a brand or name to stay relevant as both are as equally competitive.

4.0 Cambridge

- 4.1 Cambridge has not been immune to the national picture – the collapse of the Cath Kidston, Debenhams, etc, but is in a far better position than a lot of cities and towns.
- 4.2 The over-arching growth story – house building, life sciences, research, education, prosperity, Cambridge-Oxford Arc, etc does seem to be outweighing concerns over international tourist numbers decline, students in College etc. Cambridge does seem to have been reengaged with by local residents, regional visitors. The strength of the “shopping experience” compared to other towns is compelling. With more people working from home that spend potential is been satisfied by some exciting companies and individuals.
- 4.3 From an availability perspective, mirroring the national scene, locations such as Petty Cury, Grand Arcade have been hardest hit – levels of rents/service charges and unit configurations.

Grand Arcades' push to higher end occupiers saw the closure of Top Shop and the first-floor level is challenging to fill.

- 4.4 In fashion terms, we have undertaken lettings to new names to Cambridge I.E. Anthropology – followed by Lulu Lemon. Part of the reason they came to Cambridge because they saw the on-line business from this area of the country and a store would help penetrate that market further. The holding company has also opened Urban Outfitters and has requirements for at least one other brand from their stable, reflecting how well they are trading and the future potential of Cambridge.
- 4.5 The arrival of smaller companies still taking shops in key centres nationally, such as Cubitts, who have a great fitout/brand. Retailers like the location and they see Cambridge as being a growth spot outside of their traditional London focus.
- 4.6 Cambridge and Brighton seem to be a focal point, Oxford centre/Westgate has a bigger challenge of having Bicester Village on the doorstep.
- 4.7 However equally important is the strength of the independent scene in Cambridge especially around food. In streets such as Green Street we have let shops to a previously London based gallery, a cider-based drinks company and a plant shop!
- 4.8 The strength of the likes of Smokeworks, Bould Brothers, Aromi, Espresso Library, Stem and Glory, Fitzbillies are all doing great things for Cambridge added to edge of centre traders – Fin Boys, who we let a shop to on Mill Road, Maison du Clement, Stir the list goes on.

District Centre Experience

- 4.9 Over the years we have provided both development and letting advice on the following amongst others :
- Orchard Park,
 - Trumpington Meadows,
 - Great Kneighton,
 - Darwin Green,
 - Grafton centre,
 - Eddington,
 - CB1,
- 4.10 Each of the above are unique in their location, catchment and size of development, specifically for this report Eddington and CB1 are very interesting case studies. To assist the following is an approximate breakdown of the units/sizes.

Eddington

- Hotel - 201,000 sq ft / 18,690 sq m, gross internal.
150 bed hotel and 180 bed apart hotel plus restaurants, café, Gym etc.
- Sainsbury - 35,00 sq ft / 3,250 sq m, gross internal.

- Retail Units (gross internal):
TOTAL: 12,121 sq ft / 1,126 sq m
AS 9 SEPARATE UNITS: Minimum- 810 sq ft (75 sq m), Maximum- 3,820 sq ft (355 sq m)

CB1

I have looked at all the various areas :

Hills Road –

- Co-op 372.0 sq m / 4,000 sq ft,
- Costa 139.0 sq m / 1,500 sq ft
- 2 restaurants 186.0 sq m / 2,000 sq ft

Downing/below student –

- 3 units 348.0 sq m / 3,750 sq ft
- I1, K1 or 3 & 4 Station Square – 418.0 sq m / 4,500 sq ft & 210.0 sq m / 2,260 sq ft – retail and café use

50 / 60 Station Road –

- 3 units , 2 restaurants and a gym , 186.0 sq m / 2,000 sq ft , 325.0 sq m / 3,500 sq ft, 186.0 sq m / 2,000 sq ft

One Station Square

- Sainsburys 418.0 sq m / 4,500 sq ft
- Pret 232.0 sq m / 2,500 sq ft
- Wasabi 186.0 / 2,000 sq ft
- Greggs 209.0 sq m / 2,250 sq ft
- Caffè Nero 186.0 sq m / 2,200 sq ft

Two Station Square

- Ibbis hotel 231 beds – 6,565 sq m / 70,600 sq ft
- Ground floor restaurant -465.0 sq m / 5,000 sq ft
- Bike shop 465.0 sq m / 5,000 sq ft
- Barbers 47.0 sq m / 500 sq ft

To date excluding the hotel = 3,881.0 sq m / 41,776.0 sq ft and if you add in for the few units as part of the Station in round terms 4,645 sq m / 50,000 sq ft.

These units are “spread” across the overall development providing certain services and uses to make the overall feel a vibrant location to live, rest, work, exercise and socialise! The units have come forward as the buildings have been developed over the years. Obviously, the key advantage is that there was already a very busy Station, office workers, residents in the vicinity to provide a strong customer base which with both the specific CB1 new buildings but also the growth of the Medi-Park was/is only going to get better and better.

Cambridge North

- 4.11 Therefore, drawing on my experience of dealing in Cambridge for many years, seeing the changes in occupier demand and changing consumer patterns we have been working very closely with the client and the professional team in preparing the use and phasing plans.
- 4.12 We approach matters from a specific basis: I.E. as estimation of the number of people within the scheme, individual property uses size requirements. Answering the following questions; how much space does a nursery or café want? are there specific location requirements? – outdoor space, what uses are complimentary? how many of those uses do you need? what uses will help companies and their employees come to the new location? What uses are compatible with the buildings that are been created? There are many and interrelated matters. In addition, the financial or appraisal considerations I.E. what rent can those uses afford.
- 4.13 With this picture then is overlaid the phasing of the development. The delivery of instruction and buildings. This could mean there is an initial occupation or letting strategy, then as the development grows different uses are introduced. This of course means the buildings have to be designed in such a way as to be flexible across the E Class uses and others.
- 4.14 In addition, and again reflecting consumer demand, is pop-up shops/workspace, food van, outside leisure etc uses which can again be introduced at different stages and the key is that they are flexible in moving around a location as buildings and open space comes forward.
- 4.15 Currently, the Cambridge North Station area is served by the following:
- Station building – 195 sq m / 2,100 sq ft – in 3 units – grab and go food and a small c-store
 - Hotel – 1356 sq m / 14,600 sq ft – Food and beverage, gym and vacant unit
 - Office – One Station Square 567 sq m / 6,100 sq ft, potential for larger c-store and some café / food use in 2 or 3 units
 - Total 2,118 sq m / 22,800 sq ft.
- 4.16 As a comparator that is already approaching 50% of CB1.
- 4.17 Looking at consumer habits for home delivery of food and retail it is however key that for the location to work there has to be ground floor vibrancy, activity both daytime and evening but still acknowledging that all consumers requirements will not be met on site.
- 4.18 However, when looking at occupier's size requirements these are changing, specifically the amount of storage area to sales area. Of course, they can have daily or more regular supply deliveries but to meet irregular consumption habits they need to be prepared, again especially regarding food. Again, we have tried to consider this when looking at the unit's sizes for the use.
- 4.19 A further example of flexibility is a further gym, yoga studio, exercise area as there are many and numerous concepts which require different sizes – you can have a gym of a few thousand square feet to over twenty thousand. However, fitting them into a space with other uses

beyond some physical issues can be straight forward as they may not need the high street frontage or profile. With these variations it can drastically change the profile of the size of the scheme.

5.0 Conclusions

- 5.1 The location of the units and phasing is detailed in the report but when the individual uses and their anticipated sizes are considered; I believe we have been realistic, yet flexible, to market needs.
- 5.2 However, I appreciate that when buildings could be occupied in 2027/28, we are only estimating as the retail scene will continue to evolve. Therefore, the key in the strategy is having other buildings which are flexible to the occupation but also, a developer/landlord who is 'flexible' in terms of letting strategy around initial occupiers and rents achieved.
- 5.3 As the numbers of uses grow, the occupiers can grow. Hence some of the larger users I.E. restaurants/bars are in the last phase.
- 5.4 The delivery or phasing of units allows companies to establish themselves as the community grows. This will be supported by the meanwhile use strategy.
- 5.5 Any scheme has to have a 'heart', a critical mass to make it feel a location where consumers wish to go to live and work. It has to have the flexibility both with initial letting strategy but also for the future to accommodate market changes.

APPENDIX 1

CAMBRIDGE NORTH – ACTIVATION CALENDAR SCHEDULE 2022

CAMBRIDGE NORTH – GROUND FLOOR ACTIVATION



1. Best of Cambridge
Hot Numbers | Cafe x 2
Cafe 1 - Size: 1,000 sq ft | Location: Trinity Street
Inside Covers: ** tables
Cafe 2 - Size: *** sq ft | Location: Millbourn
South Facing, Outside Covers: 30 Benches, inside covers: 30?

2. Restaurants
Caravan | London
Size: 5,000 sq ft | Location: **
South Facing, Outside Covers: 30 Tables of 2-10 People

3. Cocktail Bars
Bun (Ignites?) Sit7 | Cambridge City Centre
Size: 3,000 sq ft | Location: ***
Close to: Restaurants, Dedicated Roof Terrace, Central City Location, Popular Student Area

4. Micro Brewery/Pub
The Cambridge Tap | Millbourn
Size: 3,000 sq ft | Location: Wallingborough
Inside: ** tables, Outside covers: 10 tables

5. Doctors/Pharmacy
Size: 1,000-3,000 sq ft | Location

6. Fitness, Leisure and Exercise
Hotels, Gyms and Classes | Various
Size: 7,500 sq ft | Location: Cambridge North

7. Convenience
4,000 sq ft | Location: ****

8. Bike Shop
Size: 1,000 sq ft | Location:

9. Affordable Work Space
Office lets | Various
Size: 500 - 2,000 sq ft | Location: Cambridge North Business Park

10. Nurseries
Little Gardens Day Nurseries
Size: 5,000 sq ft | Location: 81 - Residential
Quarter GPP (Pony land if Acquired)
External area

11. Open Innovation (Occupier Led)
Microsoft | Office and Research
Size: 5,000 sq ft | Location: ***

12. Cambridge Regional College (CRC)
Apprenticeship Academy and Vocational College | on-site Spa and Costa
Size: NA | Location: Cambridge North

13. Incoming Deliveries
Servicing Arrangements

14. Outgoing Deliveries
Food and Beverage | Deliveroo, Uber Eats
Size: 3,000 sq ft | Location: Rear of Hotel, Adjacent to Service Bay

15. Mini-Farmers Market/Delicatessen/Artisan Bread/Cheese/Seasonal Produce
Size: *** sq ft | Location: Cambridge Market
Square
<https://www.cambridge.gov.uk/news>

16. Arts and Crafts Space
Creative Spaces | Events and Installations
Size: 200-500 units | Location: Grafton??

17. Outdoor Fitness & Personal Training
Activities and Activities | Various
Size: N/A | Location: Park

18. Street Vans
Mixed use vans | Various
Units numbers: 3 Vans | Location: ****



SUMMARY

TYPE	EXAMPLE	SIZE SQ FT	LOCATION	NOTES
1	Best of Cambridge Cafe x 2	Cafe 1: 1,000 Cafe 2: 3,000	Cafe 1: Cafe 2:	Outside Covers: 2 Benches / 8 Tables / South Facing
2	Restaurants	Caravan- London		Outside Covers: 30 Tables of 2-10 People
3	Cocktail Bars	The Botanist		Dedicated Terrace
4	Micro Brewery / Pub	The Cambridge Tap		Outside covers: 10 tables
5	Doctors / pharmacy			1,000
6	Gym / Fitness / Exercise			7,500 Gym & Studios
7	Convenience Store			4,000
8	Bike Shop			1,000 Close to the Station , electric bikes
9	Make space - Affordable Work Space	Here East - London (Hawkins Brown)		5,000
10	Nurseries + Private Outdoor Space	Nursery School		5000 + 2000
11	Open Innovation Single Let Commercial Building	Microsoft		5,000 Tenant Curated at Commercial Rent
12	Cambridge Regional College			N/A Apprenticeship with other Tenants
13	Incoming Deliveries	Waitrose		Servicing Arrangements
14	Outgoing Deliveries	Deliveroo		3,000 Dark kitchen
15	Mini Farmers Market / Delicatessen / Artisan Bread / Cheese / Seasonal Produce		In front of The Ice Rink	2,000 Fresh Water, Drainage & Power Provided
16	Arts and Crafts Space/Workshops			N/A Potential combined gallery
17	Outdoor Fitness & Personal Training	Buggy Fit	Central Park	N/A
18	Street Food Vans	3 vans	Central Area	Fresh water, drainage & power provided
TOTAL				

Cambridge North – Ground Floor Activation



APPENDIX 2

GROUND FLOOR LAND USE STRATEGY, CAMBRIDGE NORTH (28.04.22)



GROUND FLOOR LAND USE STRATEGY NUMBER OF PEOPLE WITHIN SCHEME

Phase	Building	Floorspace	GEA/GIA/NIA	Type	Multiplier (m2)	Employees
1	Mobility Hub	207	NIA	Mixed	21	10
	S6 & S7	23,468	GEA	R&D	28	838
	Total					848
2	S11-12	560	NIA	Mixed	21	27
	S13-16	324	NIA	Mixed	21	15
	S17-21	820	NIA	Mixed	21	39
	Total					81
3	S9 ground floor	1,808	NIA	Mixed	21	86
	S9 upper floors	15,750	GEA	Office	11	1,432
	Total					1,518
4	S4	14,946	GEA	R&D	28	534
	Total					534
5	S8 ground floor	896	NIA	Mixed	21	43
	S8 upper floors	9,305	GEA	Office	11	846
	Total					889
Grand Total						3,869

		BTR	SALE	AFFORDABLE/ SHARED OWNERSHIP	TOTAL
0-2	Nursery	18	6	6	30
3-4	Pre-school/nursery	6	2	3	11
5-11	Primary (R-Y6)	11	5	4	20
12-16	Secondary (Y7-11)	6	3	2	11
17-18	Sixth Form (Y12-13) Economically Active	5	2	2	9
19-24	University/Economically Active	80	21	10	112
25-34	Economically Active	191	55	17	262
35-49	Economically Active	89	32	18	139
50-64	Economically Active	39	19	15	73
65+	Economically Active/Retired	21	22	21	64
All	Total	468	166	98	732

GROUND FLOOR LAND USE STRATEGY GROUND FLOOR USES & ACTIVATION

The Masterplan envisions a diverse, active and vibrant community with a strong sense of belonging and security. We hope to achieve this by:

- Finding the right density of development, which will allow for a sustainable community of people capable of supporting local businesses to flourish.
- Ensuring a good mix of ground activation, to engage the community throughout the day, thereby creating a continual sense of activity and security.
- Providing a network of key local amenities in close proximity to one another, to distribute activity across the scheme and activate the overall Masterplan
- Supplying a diverse range of meaningful facilities that can contribute to the well-being of the residents and foster a strong sense of community and ownership.

The GEA for Class E amenities allocation:

Day care	407m ²
Private amenity	1,455m ²
Public amenity	4,900m ²
Flexible active frontage	2,680m ²

GROUND LEVEL ACTIVATION LEGEND

- MOBILITY HUB ENTRANCES
- RESIDENTIAL LOBBY ENTRANCE
- PRIVATE RESIDENTIAL ENTRANCES
- AMENITIES / RETAIL ENTRANCES
- OFFICE ENTRANCES
- RETAIL
- AMENITIES
- CYCLE STORAGE

CAMBRIDGE NORTH - BROOKGATE LAND LIMITED



Ground floor uses and activation plan

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GROUND FLOOR LAND USE STRATEGY GROUND FLOOR USES PHASING

PHASING LEGEND

- PHASE 1: MOBILITY HUB, S06, S07 (2023-2026)
- PHASE 2: RESIDENTIAL QUARTER (2023-2026)
- PHASE 3: S09 (2025-2027)
- PHASE 4: S04 (2025-2027)
- PHASE 5: S08 (2026-2028)

GROUND LEVEL ACTIVATION LEGEND

- MOBILITY HUB ENTRANCES
- RESIDENTIAL LOBBY ENTRANCE
- PRIVATE RESIDENTIAL ENTRANCES
- AMENITIES / RETAIL ENTRANCES
- OFFICE ENTRANCES
- RETAIL
- AMENITIES
- CYCLE STORAGE

CAMBRIDGE NORTH - BROOKGATE LAND LIMITED



Ground floor uses and activation plan

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PRELIMINARY PRESENTATION | APRIL 2022

GROUND FLOOR LAND USE STRATEGY MEANWHILE USE STRATEGY



Areas of Meanshile Use

Coffee kiosks

'Upcycled' timber seating plantforms

Open mosaic habitat seeding in timber planters

Trees in Large timber planters

'Upcycled' low raised timber planter allotment beds with seating (335m² Area shown)

Bicycle parking



Food truck turning

Seasonal lawn or flexible space

'Upcycled' timber benches

Patios with canopy lighting

Food truck areas

Enclosed storage for allotments



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APPENDIX 3

SITE CONTEXT, ANALYSIS AND BRIEF

SITE CONTEXT, ANALYSIS & BRIEF

OPPORTUNITIES & CONSTRAINTS - SURROUNDING FACILITIES

