

THE CORNHILL QUARTER, LINCOLN

A CITY CENTRE REDEVELOPMENT CASE STUDY

THE
CORNHILL
QUARTER
LINCOLN

RETAIL
FOR THE
FUTURE



INVESTING
IN QUALITY



ENGAGING
EXPERIENCES



(INTRO)



TRANSFORMATION



This report has been created by the The Mosaic Partnership, Lincolnshire Co-op and Banks & Long Co for the High Streets Task Force.

This case study will show how a tired area in Lincoln was transformed into The Cornhill Quarter, one of the UK's most successful showcase retail and leisure re-developments in recent years.

What will this case study show?

- How the project came about
- What were the challenges
- What lessons were learned
- What was the template for success



This case study will act as a blueprint for other towns and cities looking to transform run-down high streets.

(OVERVIEW)



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HISTORY

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CHANGING
FACE OF
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MAINTAINING
QUALITY

(COLLABORATION)

The key to The Cornhill Quarter's success? Partner collaboration.

Lincolnshire Co-op, unlike many developers, had long-term commercial success in mind - not short-term ROI.

Tenants have always been considered key partners in the redevelopment. Lincolnshire Co-op has also chosen to work with many trusted local firms.

Public and private sector investments were made to carry out the development of :

- The new multi-story car park
- The new bus station
- Improvements to the railway station

The land was mainly Lincolnshire Co-op owned.



Commercial property consultants, project managers, agent and property management



Investor, infrastructure and stakeholder

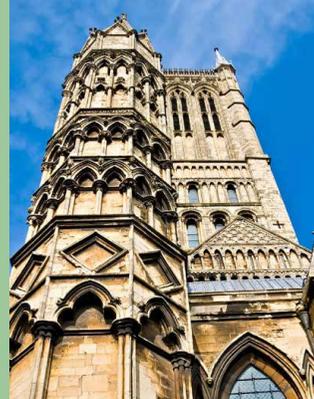


Investor, infrastructure and stakeholder

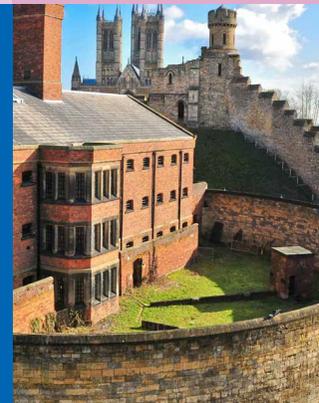


Historic England

Historic building restoration consultee



Principal stakeholder, landowner and investor



Investor and stakeholder



Principal architect



Local architects



Public realm architect



BOXXED.

National branding and marketing consultants

LINDUM

Lincoln-based building contractor



Investor

KLM
KLM RETAIL

Specialist national retail and F&B letting agents

(HISTORY)

Before The Cornhill Quarter existed, the site was earmarked for a shopping centre development - for 30 years.

Lincolnshire Co-op, being heavily invested in the county's development, acquired property on the site for many years prior.

Two attempts to develop a traditional covered shopping centre failed, in the '90s, then again in the '00s. This meant the site had a sustained period of underinvestment:

- Buildings dilapidated
- Poor retail experience
- Low footfall



A CHANGING RETAIL ENVIRONMENT

After 2 prior attempts a new approach was needed



30 YEARS

In the planning



(HISTORY) continued

In 2014 Lincolnshire Co-op's advisors, Banks Long & Co, were tasked with reviewing the project.

A significant moment that coincided with the most significant change in the retail environment, in 100 years.



CORNHILL QUARTER PROPERTIES

owned by
Lincolnshire Co-op



(THE CHANGING FACE OF RETAIL)

By 2014, the impact of online retail on the high street was clear.

Declining footfall due to a simpler buying process online had put the high street under pressure. Retailers needed to work harder to get shoppers in the door.



TIME

for a different way of thinking



Public expectations of the high street 'experience' increased, now wanting a combination of:

- Retail
- Leisure
- Food & Beverage
- Nationwide brands
- Premium local brands

All delivered in a clean, welcoming and relaxed environment.

Retailers, needed developers to think about the whole experience, to entice shoppers onto the high street and into physical stores.

THINKING DIFFERENTLY

From the get go, The Cornhill Quarter was different. Logical but bold decisions were made.



1 USING TRANSPORT INFRASTRUCTURE AS THE ANCHOR TENANT

A traditional shopping centre uses a nationwide brand to entice shoppers - think John Lewis.

The team in Lincoln instead focused on improving the transport network and infrastructure, making it easier for shoppers to get to The Cornhill Quarter. Using the investment, improvements included:

- 1,000 space car park with wide spaces for quick, easy parking
- New bus station
- Improvements to the train station forecourt

The result? A positive visitor transport experience.

£30M

invested to build a 1,000 space car park, new bus station and railway station improvements

2 INVEST IN THE PRESERVATION OF EXISTING BUILDING STOCK

Flattening a development area is quicker and cheaper than preserving the existing building stock.

But Lincolnshire Co-op didn't do that. They chose to preserve the character, the history and the ambience. Listed buildings were restored and facades were retained, delivering a significantly richer visitor experience.



1,000

new car parking spaces to draw in customers



INVEST IN QUALITY



Quality was at the top of the list for Lincolnshire Co-op and Banks Long & Co. They insisted on investing in quality at every stage, for two reasons:

1. The quality of the visitor experience
2. Longevity of the development

1. Quality user experience

This drove decision making from the planning stage:

- Larger parking spaces
- Clear lines of sight for safe navigation
- Wide open relaxing areas
- Mix of nationwide brands and independent brands
- Range of food & beverage and leisure

2. Quality of build and materials

Attention to detail was a priority from the start. Focus was on top quality built fabric. This set the development apart from normal value engineered town centre schemes. It wasn't a short development/disposal delivery model, that is usually seen by developers.

3. Quality maintenance

For the long-term success of The Cornhill Quarter, managing high standards was important. There was no tolerance for slipping of standards. As a result:

- All tenants agreed to a shopfront design guide
- Responsibility of maintenance was with Lincolnshire Co-op
- Building management was with Banks Long & Co

This meant original partners were invested in the long-term success of The Cornhill Quarter.



LONG TERM SUCCESS

is at the heart of this development



THE RIPPLE EFFECT

The investment in quality has also had a ripple effect, with the City of Lincoln Council repaving Cornhill Square to the same high standard, and existing businesses Lush and Nationwide undertaking major store refits to match the quality of the new Cornhill Quarter occupiers.



Other investments and benefits:

- Helping the University of Lincoln attract students
- Higher level jobs with the NHS, University of Lincoln and local industry, made more attractive due to a greatly improved city offer
- Further investments have followed in the Digital sector with Mosaic, a digital hub; the Creative sector with the redevelopment of the Barbican Hotel and in the Science & Innovation sector with the creation of the Lincoln Science and Innovation Park (LSIP)
- McCarthy Stone redevelopment of northern part of The Cornhill Quarter planned
- A future hotel development also planned

McCARTHY STONE
Life, well lived



QUALITY
was at the top of the list



(MARKETING)

Picking the right partners was crucial for the success of marketing and promoting The Cornhill Quarter.

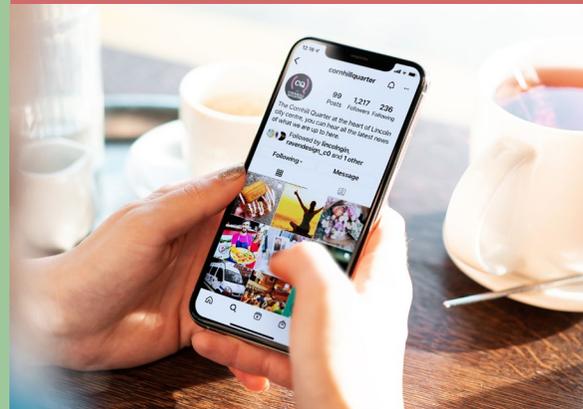
BOXXED.

KLM
KLM RETAIL



Straight away Boxxed - specialist marketing consultants - were brought on board. Along with specialist PR consultants Redwood and more recently Lotus as well as renowned West End retail agency KLM.

The brief? Co-ordinate the re-branding, marketing, sales, web and social media coverage.



Stigma had taken over the development from previous failed attempts. This resulted in the renaming to 'The Cornhill Quarter'. A fresh start.

This meant 3 key tactics:

1. Agents worked closely with Lincolnshire Co-op.

All agreed to maintain clear vision to set the development apart from other projects. Diversity of the tenant mix was key. It was known that this would not create maximum rental value initially, but it kept the uniqueness intact.

2. Lincolnshire Co-op were also a focus of the marketing.

They were committed to long term ownership. This provided occupiers with confidence in the long-term management quality of the scheme.

3. The CEO of Lincolnshire Co-op met with many client decision makers.

A unique initiative that paid dividends. Face to face meetings on the first visit of clients were hosted in a newly designed and fitted marketing suite. This worked well in early construction stages, preventing visitors from wearing a hard hat and being in a comfortable environment with Ursula.

(FLEXIBLE LEASING)

Early on a flexible leasing approach, similar to a designer outlet scheme, was adopted for The Cornhill Quarter.



JUST 50p
per sq.ft. for service charges

The developer adopted an open mind to tenant capital and rent-free incentives geared to the specific target tenants and length of the lease term to attract a mix of tenants in the early stages. The developer's commitment to long-term ownership allows the investments to be recouped over an extended period.

One thing occupiers don't like? Service charges. So, the decision was made to make it minimal cost, with service charges set around 50p per sq ft. This has been a significant marketing benefit.

It was agreed that it would be counterproductive to keep failing retailers in occupation. Short lease terms and break clauses were implemented to allow retailers to exit easily if required.



This paired with the single ownership and traditional urban street layout, allowed for:

- Leasing to a variety of top-quality occupiers
- Leasing a variety of premises styles
- Leasing agreement flexibility

The scheme offered a variety of leasing options:

- Traditional fixed rent and term
- Alternative options based on tenant credentials, including turnover rent packages



RENT FREE

incentives to attract the right tenant mix



(FLEXIBLE LEASING) continued



A FLEXIBLE APPROACH

with profit share option for tenants



The flexibility for tenants had to be offset by benefits for the landlord or developer. This was achieved by:

- Mutual exercisable break clauses (where applicable) - gives the landlord opportunity to take back possession of a unit.
- Tenant to landlord turnover thresholds - in cases of turnover rent, both sides work closely to agree a realistic level, where the chance of additional top-up rent is high.
- Shopfront design guide - every lease requires tenants' adherence to this, maintaining consistency and quality of overall scheme.
- Flexible approach for landlords - profit share agreements can be made.



WAITING LIST

from local, regional and national tenants



Since 2015, there has only been one tenant close within the development.

There remains strong demand from local, regional and national tenants for space within the development that suits their requirements.

(SUMMARY)



CLICK TO PLAY THE VIDEO OF THE STORY OF THE CORNHILL QUARTER

1

THE CORNHILL QUARTER IN SUMMARY

- Quality of transport prioritised over anchor national brand tenant
- Partnership working approach critical from the word go
- Investing in quality of build, environment and experience delivers longer term ROI
- Preservation of historic buildings to enhance the visitor experience
- Diverse range of occupiers attracted adds to overall visitor attraction
- High standard of public realm within the development
- Flexibility for landlord leasing, de-risks occupation for tenants



THE
CORNHILL
QUARTER
LINCOLN

2

THE LANDLORD'S COMMITMENT TO THESE TWO THINGS

- The shopper experience
 - The tenant experience
- has given opportunities for higher returns to the landlord, through a share of turnover generation.

