

Workplace operators Qualitative Survey

Interviewee: Martin Ridley

Workspace: St Michael's

Location: Bridport town centre

Type of workspace: Trading estate

How long have you been providing workspace: 9 years (Martin), 56 years (St Michaels)

Key questions:

1. *Do you think Bridport's workspace offer matches business needs now? And do you think it can respond to future trends (ie, Shifts to smaller or bigger workspaces, serviced workspace, or in and out of town spaces?)*

In terms of the needs that we see, I think Bridport undersells itself. We have five decent-sized trading estates in this town, which is almost unheard of for a market town of this size. Most of these estates are full – so how many jobs does that equate to?

At St Michael's, we have 95-96 businesses, which is approximately 220 FTE jobs. If you extrapolate this across the five estates, we could be talking about 1500 to 2000 jobs, without including the big companies.

So, Bridport is in reasonable shape, in my opinion.

I think what we need to be talking about is Bridport's identity – what sort of town does Bridport want to be? Now, there's not very much wrong with how we are at the moment, with the town as a cultural centre *and* trading center. I think this is accidental, not engineered, but a positive for us.

When I get asked about the future of St Michael's, my response is, to use a phrase, that we "not to throw the baby out with the bathwater". We should do what we can to retain the history we have here, and the essence of St Michael's. You can't create it – it just evolves over time. The same applies for Bridport.

I think Bridport is quite healthy given the state of the economy – just look at other market towns nearby. Here there are not many empty shops, comparatively. We regularly get enquiries for people looking for retail space (on the ground floor), and the new scheme for St Michael's will include more.

What's missing in Bridport and on St Michaels is the ability to provide flexible workspace for online businesses. An example of this was the LSI, which was set up to

provide flexible workspace for online businesses. But this didn't work and now it's closed.

It comes back to the question, "What does Bridport need to be?" Does Bridport have to be one or the other – a tourism or business destination. It has to be an attractive destination for people to come to. For visitors, we have holiday accommodation to deal with that demand. On the other hand, does it want to be a more attractive place for businesses? And what sort of businesses do we want to attract?

- 2. How have occupancy rates/level of vacancy changed at your workspace over the last few years? (ie are they stable, or significantly up or down)*

Capacity is steady. We have 92 tenants across 8 acres, and the estate runs at usually more than 90% capacity. There is currently only one studio available. And churn is ongoing. About 35-40% of our tenants are long term, 40% are midterm (with lease of 6-7 years), and 20% short term (less than a year).

Small studios tend to change over the most. And we don't have enough units that are very small (under 250sqft) to meet the demand.

Would we want to have more units? Probably not because there's a healthy tension about running at high capacity. The problem we have here is that the buildings are not in good shape. Many are past their sell by date, and this is one of the reasons for the new development scheme, which will have less space but better quality space.

- 3. What types of businesses exist in your workspace? What changes have there been in the type of businesses operating in these trading spaces? (ie, more food, less manufacturing, more storage, etc)*

We have a real mix of businesses at St Michael's. There's the local school meals service next door to a waxworker; a dodgy artwork dealer next to a bike repair shop.

Local Food Links is the biggest long term tenant. With the bigger "keystone" tenants, they tend to stay on because, really, the cost of moving is too high.

We have historically had a reputation as an artist's colony. But in comparison to other businesses on the estate, we have only a few artists. There are 2-3 artist studios with 7-8 artists. And they're the most regular to come and go.

- 4. Do you see a trend of businesses starting small and scaling up? For example, have your tenants moved in because of a change in their business needs?*

Existing tenants ask for more space every couple of months. The challenge here is whether we can offer that space. Often they will stay on and wait for space to become available. It is rewarding to see that growth.

Clipper, Fat Leaf, Top Gear, Coastal Nets – they all started here and outgrew us. For some, they always seem to want to stay in the Bridport area. But if they need more than 3000sq ft capacity, where do they go next?

There is an issue for when small or medium companies step up and want to stay. Where are they going to go?

People are having to find their own space to make it work. There is not very much communication between the estates. Each has a very different identity and attracts different types of businesses (for example, there are no storage or auto garages on St Michael's). But this only happens at Chamber Meetings.

5. *Do you have an overall 'identity' or priorities for your workspace tenants, or are you agnostic on what types of businesses can operate from your workspace?*

There is no curation of the estate per se. We are agnostic. But what we really want is small "businesses". However, there is no doubt we have become a bit of a destination over the years, and our 'quirkiness' drives this. We need to retain that in whatever we do - and the mix of the businesses at St Michael's makes up part of this. But we can't make that a business objective.

We don't reject anyone. For some tenants, they reject us because the quirkiness is not for them.

6. *Do you have a marketing strategy to find new tenants? Do you find it costly to invest in marketing to attract new tenants?*

No need to do marketing for tenancy. The only promotion the estate does is about the traders to bring in customers. This is new for St Michael's, and driven by the national trend in retail space, and by us not wanting to lose any more tenants... even though that hasn't happened. Covid didn't affect us – we didn't lose anyone. And we supported the tenants. By promoting the estate, and the tenant businesses, it helps our own business.

- ~~7. Do you have any information/understanding on why businesses don't follow through with tenancy after their initial enquiries?~~

- ~~8. Do you work in partnership with a local estate agent? How do you set your lease terms or rents?~~

We review lease terms every 4-5 years. When a unit becomes available, we do review the rent, and if they've been here long we may change it. We can't benchmark against other local estates, but do consult with colleagues who have experience in places like

Bournemouth/Poole as a benchmark. We are not attempting to compete with bigger towns like Dorchester. But we do offer affordable rents for small businesses.

9. *Have you made any changes to your lease terms based on business demand (ie, shorter lease terms, adjustments to rent, etc)*

There was a period when we were offering only one-year leases, which was due to the concerns of the development scheme that included plans to demolish buildings, and the need to have access to buildings readily available. However, this is no longer a big issue because a scheme like ours will work on a 2-3 year cycle.

The majority of tenants are on one-year leases. Some of the bigger businesses are on 5-6 year leases, and several are on 3 year leases. This is mainly for those people who would find it difficult to move due to size or resources required in that space. Most small businesses prefer the flexibility of the 1 year lease.

Also, small businesses may struggle and our role is to support them to get through a difficult cash flow period, especially if they are in the early days of business. We can and do help them through a 'rental holiday', for example.

~~10. Have you adapted your units/made any renovations to accommodate incoming tenants or respond to perceived business demands?~~

11. *Bridport Town Council wants to know about the needs of young people. How many of your tenants are under the age of 30? Do you have much demand for your workspace from the younger demographic? And what kind of space are they looking for/renting?*

We are not age-ists. There is a trend here over the last 5 years where the overall age demographic of people enquiring is dropping. This has been a gradual shift among tenants. When you look at the footfall of customers, the average age is under 40.

They are here looking for 'quirky' – and they're prepared to put up with some of the things that come with being quirky. For example, not all units have toilet facilities or heating and they're prepared to deal with that.

12. *As a workspace operator, do you feel your business is affected by any government policies (ie rates system)?*

No, mainly because small businesses generally are exempt from rates. Probably about 70% of our tenants do not pay rates. And sometimes we have to educate them about this, as it's not a given. I suppose if that exemption were to be removed, that would have a huge impact for us.

We are not VAT-registered, arranged by agreement with revenue to enable us to keep

the rents down. This is good for our tenants, but actually costs us money! Again, if this exemption changed, it would have a huge impact.

13. Bridport Town Council supports the Bridport economy and is keen to see businesses thrive and make steps toward more sustainable practices. As a workspace operator, how do you see your role and responsibilities within local economic development?

Is St Michael's sustainable in its present form? No. It can't continue as it is. The maintenance and upkeep of old buildings is becoming a financial struggle. This is one of the main reasons for the regeneration of the estate. While the scheme has been controversial, everyone has agreed that it's not sustainable – environmentally, economically, and geographically.

14. Have you taken any measures to decarbonise your workspaces and/or make them more sustainable? Examples; energy saving, energy generation, electric vehicle charging etc

No, it's just not possible here. The economics with buildings 160 years old don't make financial sense.

The rebuilding of the section of the building that was destroyed in the fire in 2018 is now sustainable, at the cost of £1.4M. Without the insurance claim to cover this, we couldn't have done that.

There is £2.7M set aside in the regeneration plan to regenerate the 'remaining buildings' on the estate – these are the buildings that will 'remain' after those that are in such bad condition will be taken down. But this amount won't be enough. We will need at least £5M to make them sustainable.

In terms of the regeneration of the estate, we've just reached another milestone. Following the Environment Agency's objection to FFLs a year ago, due to risk of increased flooding, we've spent 9 months preparing addendums, and they have now withdrawn their objection subject to conditions.

This clears the way to go back to committee in January, and hopefully receive planning permission for mixed use residential (80% of our current tenants will remain, and we'll add 9000 sq ft of new commercial space, at some point.)

15. From your perspective, who should foot the bill/take responsibility for making energy efficiency upgrades to units in your workspace?

We are a private training estate and are not expecting to get any help with costs. Grant funding is not an option, and covering the costs will be done through private investment. We will have to sort this out with the developers and other stakeholders

once the plans are approved.

Would tenants do this on their own? I'm not sure if they have the capacity. If they have the time, effort, and money to do it then they're very welcome to, but this is not likely due to them being small businesses.

16. Any other information you'd like to share about workspace availability and provision in the area?

In summary, we're quite optimistic here! What Bridport has is good. What we need is more of it. And it does come back to "not throwing the baby out with the bathwater." We need to ask, 'How do you retain what you've got and build on it? And what does that look like?'

This work you are doing, and the review of the Neighbourhood Plan and Investment Plan needs to generate some momentum and some actions. I suggest they amend the title of the report to the Bridport Neighbourhood **Action** Plan!