

Rebuttal Statement of K C Hardman BSc. (Hons.) FRICS

Appendices

Dated: January 2023

ROYAL LONDON MUTUAL INSURANCE SOCIETY
LIMITED AS OWNERS OF THE LONGLEASEHOLD
INTEREST IN LOWER PRECINCT AND THE RETAIL
MARKET, COVENTRY

IN RESPECT OF

THE COUNCIL OF THE CITY OF COVENTRY (CITY
CENTRE SOUTH) COMPULSORY PURCHASE ORDER
27 APRIL 2022

Appendices

Appendix 1	IKEA Press statement
Appendix 2	Extract from Coventry City Council Minutes

Appendix 1 - IKEA Press statement

IKEA UK proposes to close Coventry store in summer 2020

4th February 2020, 10:00am: IKEA UK has announced the proposed closure of its Coventry store in summer 2020.

IKEA's Coventry store, one of 22 IKEA stores in the UK, was built in 2007 in the city centre and was one of the retailer's earliest examples of testing a new format to meet its customer's changing needs and expectations.

However, given its location and the size of the land available at the time, the store was built over seven levels, which resulted in a significant impact on the operating costs of the store and the shopping experience for customers. In addition, the changing behavior of customer in the area who prefer to shop in retail parks and online has resulted in visitor numbers being substantially lower than expected and continuing to decrease over time. These factors have led to the store making consistent losses.

The retailer has tried a number of initiatives over the years to drive sales growth and make the store more cost efficient, such as moving various business operations to the site, however these have not resolved the fundamental challenges connected to the location and the format of the store. IKEA has also looked at options for downsizing or reconfiguring the store, but the nature of the site means this is not a realistic option.

IKEA will now enter a period of consultation with the 352 co-workers affected by the closure to discuss the proposals and next steps. IKEA has the ambition to retain as many people as possible within IKEA and, where this isn't possible, support them to find new employment.

Marsha Smith, Area Manager IKEA UK and Ireland said, "As we go

- 3.4 From the feedback received, 62% of people strongly agreed or agreed with the City Centre South vision. Respondents were keen to see the indoor market and the post war masterplan protected. There was clear support for green and open space and a desire for support for cultural and minority groups as part of the plan. 88% of respondents either strongly agreed or agreed that they would like to see improved pedestrian links and public spaces in this part of the city centre. 66% indicated that they liked the use of materials and outline design principles shown in the images provided. There was also support for the community uses. Throughout the feedback there was a clear desire to see something different or special added to ensure Coventry has a USP that celebrates its thriving art scene and heritage. This feedback has informed the development of the Scheme and will continue to inform final detailed designs going forwards.
- 3.5 There will be further engagement in relation to the Scheme refinements as part of the evolution of the scheme in planning terms, including the S73 application and the reserved matters applications in due course. There is also engagement and dialogue taking place with Shopmobility and relevant stakeholders and user groups in relation to the relocation of the Shopmobility service (the relocation is a pre-commencement condition attached to the Outline Planning Permission).

4. Timetable for implementing this decision

- 4.1 If Cabinet and Council agree to the Recommendations set out in this report then it is anticipated that the relevant legal agreements relating to funding and the Development Agreement will be agreed towards the end of 2022 or early 2023. Subject to a positive outcome of the CPO Inquiry being held in January 2023 and further planning processes and decisions, including reserved matters approvals, it is anticipated that the developer will be able to start on site from Autumn 2023.

5. Comments from the Chief Operating Officer (Section 151 Officer) and the Director of Law and Governance

5.1 Financial implications

5.1.1 WMCA Grant and spend to date

In 2016 a Full Business Case was submitted to the WMCA and subsequently approved, allocating £98.8m of funds to support the scheme. Spend that has been incurred from this grant on the scheme to date amounts to the figures stated in the private element of this report, which includes the cost incurred in the demolition of Coventry Point and market based acquisitions in line with the assumptions made in the business case.

5.1.2 Scheme viability and financial ask

Whilst a full utilisation of those elements of the WMCA grant available to the developer has been taken into account, a viability gap remains as a result of increases in construction process and from the introduction of affordable housing into the Scheme. The development appraisal provided by SPRL provides detailed assumptions that have been reviewed by the Council's appointed advisors, who have provided an independent report which is appended to the private element of this report which provide assurances that the assumptions in the appraisal are sound and development profit reasonable.

Further details around the Scheme Viability and Financial ask is set out in the private element of this report.



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