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## Secure Retail Investment & Residential Development Opportunity

Unit 3, 45, 46 and 46a South Street, Dorchester, United Kingdom, DT1 1DQ

FOR SALE PRIVATE TREATY

£ 700,000 Asking price

### Location



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Dorchester is an affluent county town in Dorset located 55 miles (88.5 km) east of Exeter, 61 miles (98 km) south of Bristol and 130 miles (209 km) south west of London.

This historic market town is a vibrant location for sightseeing, shopping and museums. The town benefits from being a tourist location, enjoying a rich history dating back to the Iron Age.

Dorchester sits conveniently by the meeting point of the A35, A37 and A354, providing excellent road communications to and from the town.

Dorchester South and Dorchester West railway stations provide regular and direct trains to London Waterloo station with the fastest journey time being 2 hours and 36 minutes.

Southampton airport is 55 miles (88.5 km) to the north-east and Heathrow airport is 110 miles (177 km) to the north east.

## Summary

- Prime retailing pitch
- Retail unit let to Shoe Zone Retail Limited
- New lease from June 2023
- Secure income – Net Assets £39.5 million
- Vacant self-contained upper parts with planning consent for 2 x residential units
- Freehold
- £700,000, subject to contract
- Net Yield of 8.41%
- Implied attractive yield of 9.84% in respect of the retail accommodation
- £100,000 on the vacant upper parts compared to an exit value of £350,000

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## Situation

The property occupies a prime retailing pitch in the heart of Dorchester town centre on the pedestrianised South Street. Surrounding occupiers include Waterstones, Card Factory, Poundland, FatFace, New Look, Superdrug, Mountain Warehouse and WHSmith.

The entrance to Tudor Arcade is less than 500 feet to the north, on South Street. Anchored by a Waitrose store and 164-space car park, Tudor Arcade is an enclosed shopping mall extending to approximately 48,000 sq ft and features a mixture of well-known High Street brands along with local, independent retailers and F&B operators.

Dorchester South train station is less than 0.8 km (0.5 miles) to the south.

## Description

The property comprises a retail unit arranged over ground and part first floor, along with vacant accommodation on the remainder of the first floor.

The ground floor retail unit is predominantly open-plan and has been fitted out to a high standard by the tenant in their usual corporate style. The part first floor provides ancillary accommodation.

The remainder of the first floor previously formed part of the former retail tenant's demise. The Landlord has since undertaken separation works to make these upper parts self-contained and they now benefit from their own dedicated access from the ground floor at the front of the property via South Street (see Planning Consent section below).

There is a rear yard area accessed via Trinity Street.

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## Accommodation

The property has been measured by BKR Floor Plans and provides the following accommodation:

Net Frontage	8.28 m	27'2"
Gross Frontage	9.32 m	30'7"
Zone A	51.47 sq m	554 sq ft
Zone B	51.19 sq m	551 sq ft
Zone C	41.06 sq m	442 sq ft
Remainder	44.13 sq m	475 sq ft
ITZA		999
Total Ground Floor NIA	187.84 sq m	2,022 sq ft
First Floor Ancillary	91.97 sq m	990 sq ft
First Floor Vacant	90.67 sq m	976 sq ft
TOTAL	370.49 sq m	3,988 sq ft

A set of floor plans is available to download and the measured survey report will be re-addressed to a purchaser at a cost of £720 + VAT.

## Tenure

Freehold.

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## Tenancy

The ground floor and part first floor is let to **Shoe Zone Retail Limited** on a full repairing and insuring lease, subject to a Schedule of Condition, for a term of 5 years from and including 19th June 2023, and expiring on 18th June 2028.

The passing rent is **£62,000 per annum**. The tenant has been granted a rent-free period of six months expiring on 18th December 2023, followed by a period of half rent (£31,000 per annum) from 19th December 2023 until 18th June 2024. The vendor will “top-up” the income by an appropriate adjustment on the completion sum in order that a purchaser does not suffer an income shortfall.

The remainder of the first floor is currently vacant.

## Planning Consent

On 15th September 2022, planning consent was approved for a new entrance at ground floor level fronting South Street, along with a staircase and a flat roof dormer at the rear of the building, enabling a future scheme to convert the upper parts to residential units (planning application [P/FUL/2022/04634](#)).

The front entrance and staircase have already been constructed in line with the approval. A schedule of works is available to download in the data room.

On 28th July 2023, planning consent was obtained for change of use of the upper floors from commercial, business and service to two flats on the front section of the building. The consent is for one 2-bedroom flat on the first floor and one 1-bedroom flat on the loft floor:

Flat 1	77 sq m	828 sq ft
Flat 2	51 sq m	549 sq ft

(Planning application [P/PACD/2023/03638](#))

Note there is a CIL payment of £8,430.92 should the development be undertaken.

A set of plans for the consent are available to download.

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## Covenant

Shoe Zone Retail Limited (Co. No. 00148038) has reported the following figures:

<b>Year Ending</b>	<b>1st October 2022</b>	<b>2nd October 2021</b>
Turnover	£156,164,000	£119,142,000
Pre-Tax Profits	£13,675,000	£9,599,000
Net Assets	£39,553,000	£24,650,000

Shoe Zone is a leading footwear retailer that sells approximately 14.5 million pairs of shoes a year. Employing over 2,400 people, the company has over 380 stores nationwide. The ultimate parent company is Shoe Zone PLC, listed on the London Stock Exchange. For further information visit [www.shoezone.com](http://www.shoezone.com).

On 17th October 2023, Shoe Zone announced record profits in a new trading update for the 52 weeks to 30th September 2023. Adjusted profit before tax is expected to not fall below £16m, a 43% increase on last year's £11.2m, and sales rose 6.1% to £165.7m.

## VAT

The property has been registered for VAT. It is anticipated that the sale will be treated as a Transfer of a Going Concern (TOGC).



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## Proposal

We are instructed to seek a figure of **£700,000** (Seven Hundred Thousand Pounds), subject to contract, reflecting an overall net initial yield of 8.41%.

Allocating an investment yield of **9.84%** to the retail accommodation equates to a value of £600,000, leaving a value of £100,000 in relation to the vacant upper parts.

### Residential Capital Values

If one were to undertake a redevelopment of the upper parts then suggested sale values are in the region of £350,000 (£150,000 for the 1-bedroom flat and £200,000 for the 2-bedroom flat) compared to an apportioned value of £100,000.

Please note that a purchaser will be re-charged the costs of the measured survey (£720 + VAT) and searches (£1,122.58 inclusive of VAT) which are provided in the data room.

Please note that a purchaser will be charged a Transaction Fee of £5,000 plus VAT.

## Investment Considerations

1. The property occupies a prime retailing pitch, in the heart of the town centre;
2. Retail income well-secured against Shoe Zone Retail Ltd (Net Assets £39.5m);
3. New lease from June 2023;
4. Vacant self-contained upper parts with planning consent to convert to two residential units;
5. Freehold;
6. Attractive lot size to an investor.

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