

Re-orientating units to create value on a retail parade

Property: Multi-let retail parade in Sheffield
Client: Institutional Fund Manager
Project: Create full occupancy, stronger covenants and longer leases through redevelopment



Problem

- Suburban Shopping Precinct south west of the City Centre, anchored by a 15,000 sq ft Tesco. Other tenants included Pizza Hut and Blockbuster and 3 vacant units.
- A retail parade with prolonged voids and short unexpired terms

Solution

- Engagement with all occupiers to explore opportunities to enhance the parade.
- Negotiation of a surrender of Tesco's lease and the grant of a new 20 year lease on an extended store
- Negotiation for the relocation of Marie Curie into an empty unit, including the surrender of their old lease and agreement of a new 10 year lease
- Instructing surveyor for all legal documents
- Overseeing the development work, subcontracting to building consultants and structural engineers
- Coordinating all parties to ensure that the project was delivered to meet all parties' objectives

Results

- Capital Value enhancement of circa £1.7m (40%), from the supermarket store extension alone.
- Equivalent yield improvement of 200 basis points (reflecting the quality and length of the income and increased retail vitality).
- Further occupier upgrades – swapping Labour Ready for Costa Coffee, Blockbuster for Boots Chemist and Pizza Hut for KFC
- Rental income increased by 80% on the back of the unit re-configuration and retailer improvements.

Six retail units
5 deals

Income increase
80%

Capital Value increase on store extension
40%