

# WEST DUNBARTONSHIRE COUNCIL

## Report by Chief Officer: Supply, Distribution and Property

### Infrastructure, Regeneration and Economic Development Committee:

15 September 2021

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**Subject: Purchase of Artizan Shopping Centre, Dumbarton, G82 1LJ**

#### **1. Purpose**

- 1.1** The purpose of this report is to advise the Committee on the outcome of discussions and negotiations with the seller of the Artizan Shopping Centre, Dumbarton AEW Europe LLP on behalf of Mars Real Estate Investment BV.

#### **2. Recommendations**

- 2.1** It is recommended that the Committee:

- (i) approve the purchase of the heritable and leasehold interests in Artizan Shopping Centre, Dumbarton for the consideration of £1.7m (One Million Seven Hundred Thousand Pounds) from Mars Real Estate Investment BV;
- (ii) authorise the Chief Officer, Supply, Property and Distribution to conclude negotiations, and
- (iii) authorise the Chief Officer, Regulatory and Regeneration to conclude the transaction on such conditions as considered appropriate.

#### **3. Background**

- 3.1** Dumbarton is the second largest town in West Dunbartonshire, with a population of approximately 20,000, located on the banks of the River Leven near its confluence with the River Clyde. The town has good public transport links to surrounding settlements, with convenient access by car, rail and bus to Clydebank and Glasgow, and good road access via the Erskine Bridge to Paisley and Glasgow Airport. The town is located on a popular cycle path (NCN 7) between Loch Lomond and Glasgow, which brings visitors into the town.
- 3.2** Dumbarton historically was a traditional town centre, focused mainly along the historic High Street, comprises mostly tenement properties with commercial uses on the ground floor and flats above, and retains the distinctive historic form dating back to the pre-industrial economy. The context of the town centre has however been altered significantly in the last 50 years by these 3 major changes:
- The dense pattern of streets and buildings connecting High Street to the Municipal Buildings and Dumbarton Central Station has been replaced

- with modern developments, including the Artizan Shopping Centre
  - New roads infrastructure has diverted traffic away from High Street along an inner relief road (A814 Glasgow Road) which has limited connections to the traditional town centre area
  - St James Retail Park to the north east of the traditional centre has become a successful shopping area with better accessibility than the traditional centre.
- 3.3** An the same time the disappearance of industry along the River Leven in the second half of the 20th century has provided opportunities for redefining the town centre and connecting it with the River Leven and its attractive waterfront which is dominated by presence of the Dumbarton Rock and Castle.
- 3.4** Regeneration of the Dumbarton town centre, as well as adjacent post-industrial waterfront sites, has been a priority for the Council since 2000. In the recent years Dumbarton, like other town centres, has been affected by changing shopping habits, resulting in reduced footfall, vacancies on the High Street, a narrower range of shops, and poor quality of retail. Covid-19 has only exacerbated these challenges and made it even more difficult for town centres to thrive. It is the Council's ambition to make Dumbarton Town Centre and its surroundings a resilient, vibrant and attractive place, and to make it easily accessible by walking and cycling.
- 3.5** The most recent [Revised Strategy for Dumbarton Town Centre and Waterfront](#) was produced in 2014 to guide future projects and development. In 2015 a Design Charrette for the Rock and Castle (<http://www.west-dunbarton.gov.uk/planning-building-standards/dumbarton-rock-charrette/>) created greater impetus for change. More recently a Visitor Gateway Strategy and Action Plan has been agreed and a new Conservation Area is being designated for Dumbarton Town Centre.
- 3.6** In recent years many ambitious regeneration projects have been completed in and around the town centre. The town's post-industrial waterfront sites are being redeveloped for housing and other uses; a new waterfront path linking the town centre with its Rock and Castle is being constructed; historic Municipal building has been significantly renovated and a new Council Office was built at 16 Church Street, preserving a prominent listed building facade. Connecting Dumbarton is the latest project due on site in early 2022, which will improve pedestrian connectivity between the Town Centre and the railway station.
- 3.7** The shopping centre was built in the 1970s as part of a wider town redevelopment which removed the historical street pattern. Owned by the Mars Pension Fund (MPS), over 40% of its floorspace is vacant with a balance of secondary retailers and low-grade service uses, compared to a Scottish average town centre vacancy rate of 12%. Current consensus is the Artizan dominates the town centre and is a barrier to connections between the High Street and Dumbarton Train Station.

**3.8** In addition there is a number of existing poor quality buildings along High Street and the Council is working with the owners, and actively looking at opportunities for redevelopment.

#### **4. Main Issues**

**4.1** The Council's has recently submitted an application for the UK Levelling Up Fund (LUF), which focused on Dumbarton Town Centre regeneration and encompasses the following key projects:

- Connecting Dumbarton – this project is focused on creating a gateway to Dumbarton and improving connections and way finding between the railway station and the town centre for pedestrians and cyclists.
- Glencairn House - this project will transform the oldest remaining building on High Street (dating back to 1623) into a state-of-the-art library and museum.
- Artizan Centre redevelopment – this project will enable re-development of the site and will include residential and civic uses which will help boost the footfall in the town centre.

**4.2** The redevelopment of the Centre is an opportunity to transform the town centre of Dumbarton, and to provide an impetus for further future investment and improvements along the High Street.

**4.3** Generally the current mix of Dumbarton Town Centre of local based retail with a mixture of convenience, social, financial, community, leisure, and welfare-related uses has performed relatively well in the difficult trading conditions precipitated by the pandemic/lockdown over the last 18 months, when compared with most other sectors of the retail market.

**4.4** Whilst occupancy levels have predictably reduced and rental levels re-based, there remains a core of essential uses which are key as part of a functional town centre. We would be expecting a substantial number of the existing tenants to renew their leases approaching their next term date, and these will be supplemented by new, incoming retailers and other town centre uses as the market recovers and new business opportunities present themselves, supported by a policy of active asset management and leasing.

**4.5** As part of the LUF funding application is it proposed to consider part demolition of the site and this will not only open up the rear of the centre to allow a better pedestrian flow from the car parks, but it will also help with the balance between supply/demand for available commercial space.

**4.6** The current income is £455,991 per annum and the outgoings (incl. management fees and contribution to marketing etc.) is £134,409 per annum generating a net receivable income of £321,582 per annum. For clarity these figures do not include the Head Rent payable by the Shopping Centre Head Tenant to WDC at £65,000 per annum.

- 4.7** The occupier profile and income from the Centre will remain viable with proactive asset management and a positive, flexible lease renewal and new letting approach.
- 4.8** Should the Council be successful in the LUF funding application and proceeds to implement a number of redesign elements then the Council would require to look at possible relocation of existing tenants and this would require purchase of additional assets but any such purchase would be subject to future reports to this Committee.

## **5. People Implications**

- 5.1** There are no people implications with this report.

## **6. Financial and Procurement Implications**

- 6.1** The financial implications of this report are to purchase the centre at the proposed price of £1.7m (One Million Seven Hundred Thousand Pounds). This will be funded from a successful UK Levelling Up Fund applications currently awaiting approval from the UK Government. Should the application be unsuccessful Officers would consider sourcing funding from the Regeneration Fund and the Local Economic Development budget if it is determined that the wider regeneration of the site remains viable without Levelling Up funding.

- 6.2** There are no procurement implications arising from this report.

## **7. Risk Analysis**

- 7.1** There is a risk that should this purchase not proceed then we would not be able to deliver on a number of elements within the LUF application and not be able to deliver a positive contribution to the regeneration of Dumbarton Town Centre.
- 7.2** Should the purchase not proceed we would be looking to work with the current owners to consider possible development opportunities but this would be out of the control of the Council.

## **8. Environmental Sustainability**

- 8.1** Any future development of the sites will require that SEA legislation will be considered and taken into account as part of any planning application assessment.

## **9. Equalities Impact Assessment (EIA)**

- 9.1** An Equality Impact Screening did not indicate any further action required in relation to this transaction.

## **10. Consultation**

**10.1** Consultations have been undertaken with officers across a number of services within the Council.

## **11. Strategic Assessment**

**11.1** At its meeting on 25 October 2017, the Council agreed that its five main strategic priorities for 2017 - 2022 are as follows:

- A Strong local economy and improved employment opportunities;
- Supported individuals, families and carers living independently and with dignity;
- Meaningful community engagement with active empowered and informed citizens who feel safe and engaged;
- Open, accountable and accessible local government; and
- Efficient and effective frontline services that improve the everyday lives of residents.

**11.2** The proposals within this report are in line with the Council's strategic priorities as stated above.

Angela Wilson  
Chief Officer, Supply, Distribution and Property  
Date: 1 September 2021

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<b>Appendices:</b>	None
<b>Background Papers:</b>	Joint Report by Chief Officer - Regulatory and Regeneration and Chief Officer - Housing and Employability to Infrastructure and Regeneration Committee 10 June 2021
<b>Wards Affected:</b>	Ward 3