# COMMERCIAL PROPERTY STRATEGIC REVIEW – CONSULTANTS BRIEF

This brief provides an overview of the approach to be undertaken for the review of the Councils commercial properties (non-operation investment) portfolio.

# Key challenges:

* + Little visibility on relative performance of the portfolio;
  + Requirement to maximise the capital value and income generated by the commercial portfolio.
  + Manging the impact of reductions in funding from Central Government and developing a more effective use of the Councils assets in order to aid financial resilience.
  + Ensuring the asset portfolio is fit for purpose and identifying areas require further appraisal or intervention.

# Scope of the Brief

Review the Councils commercial investment portfolio with focus on securing the following objectives:-

* + Develop a clear strategy to protect and grow the income from the non-operational portfolio;
  + Improve the performance of the non-operational estate - ensuring tenant compliance, landlord responsibilities are clearly understood, securing receipt of rents and dealing with voids and insurance matters;
  + Identify underperforming assets that are not being used to the best of their potential - release any surplus land for alternative uses e.g. bringing forward land for housing to support development, review of brownfield land and explore opportunities to re-designate to improve and enhance asset performance.

# Output

The key output of this project is a report outlining our observations and recommendations to assist the Council in developing a detailed property strategy for its commercial portfolio. The report recommendations will cover the following areas:

* + The approach to asset management;
  + Quantify the performance of assets;
  + Acquisitions and disposals;
  + Re-gearing ground leases;
  + Implementation plan for report recommendations including and key milestones.

# Evaluation Methods

1. Reputation Risks

An assessment would be made as to whether any of the assets provide reputation risks, specifically on matters relating to use such as:-:

* + Alcohol or Tobacco production or sale
  + Animal exploitation;
  + Gambling;

Any form of exploitation or environmentally damaging operations

(b) Risk Management Assessment

A risk assessment of each asset shall be undertaken, including but not limited to:

* + Tenant default on rental payment (covenant risk);
  + Risk of failure to re-let (void risks);
  + Repairing issues;
  + Costs of ownership and management;
  + Differing lease structures (e.g. rent review structure, lease breaks);
  + Sector risk (portfolio spread).

(c) Market Risks

A market risk assessment would be undertaken, including risks of structural change or market failure, which may affect the market as a whole or particular subsectors or groups of property:

* + Illiquidity upon sale (e.g. lot size, transaction times, availability of finance);
  + Failure to meet market rental expectations (forecast rental growth);
  + Failure to meet market yield expectations (forecast yield shift);
  + Risk of locational, economic, physical and functional depreciation through structural change;
  + Risks associated with legislative change (e.g. planning or changes in fiscal policy). (d) Criterial Matrix

In order to measure relative performance of the assets, we would develop a Criterial Matrix with the consultants which would establish a weighted score for each asset. An example is provided as follows:-

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Score |  | 4 | 3 | 2 | 1 | 0 |
| **SCORING**  **CRITERIA** | Weighting Factor | Very Good | Good | Acceptable | Marginal | Unacceptable |
| Location |  |  |  |  |  |  |
| Tenant Strength |  |  |  |  |  |  |
| Tenure |  |  |  |  |  |  |
| Building Quality / Obsolescence |  |  |  |  |  |  |
| Repairing Terms |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

The Council shall discuss with the consultants any good practice or innovation they can provide in relation to the scoring criteria, triggers and weightings.

# Next Steps

The Council shall look to appoint a specialist contractor from the CCS Framework Agreement for a fixed fee with a target completion date for 24 February 2020.

**Schedule of Commercial Investment Portfolio for appraisal are outlined below:**

|  |  |  |
| --- | --- | --- |
| **Ref.** | **Property** | **Tenure** |
| I1 | Forward Industrial Estate, Talbot Road Leyland,PR25 2ZJ | Freehold |
| I2 | Land Adjacent To 155 Longmeanygate, Longmeanygate, Leyland, PR26 7TB | Freehold |
| I3 | Land At Broad Oak Lane Penwortham, Preston | Freehold |
| I4 | Land On The North Side Of Longmeanygate, Leyland | Freehold |
| I5 | Land On The South Side Of Kellet Lane Bamber Bridge | Freehold |
| I6 | Land At Dog Kennel Wood  London Way, Walton Le Dale | Freehold |
| I11 | Garages 1-4, Balcarres Road Leyland, PR25 2EL | Freehold |
| I12 | Garage 1, 11 Ryefield Avenue Penwortham, PR1 9EJ | Freehold |
| I13 | A & A Packaging Ltd, Industrial Estate On Liverpool New Road, Walmer Bridge | Freehold |
| I14 | A T C, 1 Woodlea Road Leyland, PR25 1JL | Freehold |
| I15 | Air Training Corps  Mounsey Rd, Bamber Bridge, PR5 6LT | Freehold |
| I16 | Ambulance Station, Industrial Estate On Liverpool New Road, Walmer Bridge | Freehold |
| I17 | Army Cadet Centre  Bent Lane, Leyland, PR25 4HS | Freehold |
| I18 | Bloomfield Grange Penwortham, Preston, PR1 9LJ | Freehold |
| I19 | Unit 280 (Carnfield Place) Walton Summit, Bamber Bridge | Freehold |
| I20 | Champ Chicken Industrial Estate, Liverpool New Road, Walmer Bridge | Freehold |
| I21 | Club Court, Club Street  Bamber Bridge, PR5 6FN | Freehold |
| I22 | 331/339 Four Oaks Road (Ranglet Rd) Walton Summit, Bamber Bridge | Freehold |
| I23 | Land At Braconash Road ,Leyland  1.10 acres let to C & W Berry | Freehold |
| I24 | Land At Braconash Road, Leyland  0.75 acres let to C & W Berry | Freehold |
| I25 | Land At Braconash Road, Leyland  2.32 acres let to C& W Berry | Freehold |
| I26 | Land At Braconash Road, Leyland  1.09 acres let to C & W Berry | Freehold |
| I27 | Land At Braconash Road, Leyland  0.72 acres let to Consignia Plc | Freehold |
| I28 | Land At Green Place  500 Walton Summit, Bamber Bridge | Freehold |
| I29 | Land At Gregson Lane  Hoghton, PR5 0DP (Mobile Library site) | Freehold |
| I30 | Land For Gas Governor  At Gregson Lane, Hoghton, PR5 0DP | Freehold |
| I31 | Lostock Hall Trading Estate Sherdley Rd, Lostock Hall, PR5 5LP | Freehold |
| I32 | Naaz Indian Restaurant  Club Street, Bamber Bridge, PR5 6FN | Freehold |
| I33 | Sandy Lane Surgery,  Sandy Lane, Leyland, PR25 2EB | Freehold |
| I34 | Tesco Stores Limited  Towngate, Leyland, Preston, PR25 2FN | Freehold |
| I35 | Former Hulmes Mill Site St Andrews Way, Leyland | Freehold |
| I36 | Gas Governor Site at Liverpool Road Longton | Freehold |
| I37 | 124 Brookfield Place  Walton Summit, Bamber Bridge, PR5 8BF | Freehold |
| I38 | 125 Brookfield Place  Walton Summit Centre, Bamber Bridge, Preston | Freehold |
| I39 | 126 Brookfield Place  Walton Summit, Bamber Bridge, PR5 8BF | Freehold |
| I40 | 122 Clydesdale Place Leyland, PR26 7QS | Freehold |
| I41 | 123 Clydesdale Place Leyland, PR26 7QS | Freehold |
| I42 | 124 Clydesdale Place Leyland, PR26 7QS | Freehold |
| I43 | 126 Clydesdale Place | Freehold |
|  | Leyland, PR26 7QS |  |
| I44 | 127 Clydesdale Place Leyland, PR26 7QS | Freehold |
| I45 | 128 Clydesdale Place Leyland, PR26 7QS | Freehold |
| I46 | 129 Clydesdale Place Leyland, PR26 7QS | Freehold |
| I47 | 130 Clydesdale Place Leyland, PR26 7QS | Freehold |
| I48 | 131 Clydesdale Place  Leyland, PR26 7QS | Freehold |
| I49 | 225 Brierley Road  Walton Summit, Bamber Bridge, PR5 8AH | Freehold |
| I50 | 227 Brierley Road  Walton Summit, Bamber Bridge, PR5 8AL | Freehold |
| I51 | 228 Brierley Road  Walton Summit, Bamber Bridge, PR5 8AH | Freehold |
| I52 | 229 Brierley Road  Walton Summit, Bamber Bridge, PR5 8AL | Freehold |
| I53 | 248 Dawson Place  Walton Summit, Bamber Bridge, PR5 8AL | Freehold |
| I54 | 253 Dawson Place  Walton Summit, Bamber Bridge, PR5 8AL | Freehold |
| I55 | 254 Dawson Place  Walton Summit, Bamber Bridge, PR5 8AL | Freehold |
| I56 | 255 Dawson Place  Walton Summit ,Bamber Bridge, PR5 8AL | Freehold |
| I57 | 449 Oakshott Place  Walton Summit, Bamber Bridge, PR5 8AT | Freehold |
| I58 | 81A Bison Place Leyland, PR26 7QR | Freehold |
| I59 | Unit 1 Middleforth Industrial Estate Leyland Road, Penwortham, Preston | Freehold |
| I60 | Unit 2 Middleforth Industrial Estate  Leyland Road, Penwortham, Preston | Freehold |
| I61 | Unit 3 Middleforth Industrial Estate Leyland Road, Penwortham, Preston | Freehold |
| I62 | Unit 4 Middleforth Industrial Estate  Leyland Road, Penwortham, Preston | Freehold |
| I63 | Unit 5 Middleforth Industrial Estate Leyland Road, Penwortham, Preston | Freehold |
| I64 | Unit 6 Middleforth Industrial Estate Leyland Road, Penwortham, Preston | Freehold |
| I67 | 122a Station Road Bamber Bridge PR5 6QR (PWD) | Freehold |
| I68 | 4 Hawksbury Drive Penwortham, Preston, PR1 9EJ | Freehold |
| I69 | 57 Pope Lane | Freehold |
|  | Penwortham, Preston, PR1 9BY |  |
| I70 | 59/61 Pope Lane  Penwortham, Preston, PR1 9BY | Freehold |
| I71 | 63 Pope Lane  Penwortham, Preston, PR1 9BY | Freehold |
| I72 | 78 Towngate Leyland, PR25 2LR | Freehold |
| I73 | Gardeners Cottage, Worden Park Leyland, PR25 1DJ | Freehold |
| I74 | (Pearson House), 122b Station Road  Bamber Bridge, PR5 6TT | Freehold |
| I75 | RNA Club 74, Towngate Leyland, PR25 2LR | Freehold |
| I76 | Second & Third Floor, Civic Centre  Leyland | Freehold |
| I77 | Ground floor, Civic Centre, Leyland | Freehold |
| I78 | Bamber Bridge Community Hall Station Road, Bamber Bridge | Freehold |
| I79 | 6 Hawksbury Drive Penwortham, Preston, PR1 9EJ | Freehold |
| I80 | 12 Hawksbury Drive Penwortham, Preston, PR1 9EJ | Freehold |
| I81 | 14 Hawksbury Drive Penwortham, Preston, PR1 9EJ | Freehold |
| I82 | 20 Hawksbury Drive  Penwortham, Preston, PR1 9EJ | Freehold |
| I83 | 22 Hawksbury Drive Penwortham, Preston, PR1 9EJ | Freehold |
| I84 | 3 Farmyard Cottages Worden Park Leyland, PR25 1DJ | Freehold |
| I85 | 4 Farmyard Cottages, Worden Park Leyland PR25 I861DJ | Freehold |
| I86 | North Lodge, Worden Lane Leyland, PR25 3DH | Freehold |
| I87 | 2 Hawksbury Drive Penwortham, Preston, PR1 9EJ | Freehold |
| I88 | 8 Hawksbury Drive Penwortham, Preston, PR1 9EJ | Freehold |
| I89 | 10 Hawksbury Drive Penwortham, Preston, PR1 9EJ | Freehold |
| I90 | 16 Hawksbury Drive  Penwortham, Preston, PR1 9EJ | Freehold |
| I91 | 18 Hawksbury Drive Penwortham, Preston, PR1 9EJ | Freehold |
| I92 | 24 Hawksbury Drive  Penwortham, Preston, PR1 9EJ | Freehold |
| I93 | 2A John Street | Freehold |
|  | Bamber Bridge, PR5 6TJ |  |
| I94 | 53 Pope Lane  Penwortham, Preston, PR1 9BY | Freehold |
| I95 | 55 Pope Lane  Penwortham, Preston, PR1 9BY | Freehold |
| I96 | 65 Pope Lane  Penwortham, Preston, PR1 9BY | Freehold |
| I97 | 67 Pope Lane  Penwortham, Preston, PR1 9BY | Freehold |
| I98 | 69 Pope Lane  Penwortham, Preston, PR1 9BY | Freehold |
| I99 | Refreshment Kiosk Worden Park | Freehold |