

DISPOSAL PART UNIT 8 HARDLEY INDUSTRIAL ESTATE

1.0 Introduction

1.1 This report considers and makes recommendations on leasing of part of the Council's freehold land holding at Unit 8 Hardley Industrial Estate.

2.0 Background

2.1 In June 2013 New Forest District Council recovered possession of the property Unit 8 (edged red on the plan at appendix 1) which had for many years been vacant. Due to the condition of the buildings on site, the fact that they were oversized and of an obsolete specification for today's industrial market, the buildings were demolished and the site cleared for redevelopment. The clearance of the site was completed in spring 2015. The full site extends to approximately 5 acres in total.

2.3 In January 2015 commercial agents Jones Lang Lassalle undertook a valuation of the site on behalf of the District Council. The valuation concluded the site had a valuation range of £1,540,000 to £1,700,000 dependent upon whether the site was sold as a whole or broken into smaller plots, the later providing the higher valuation.

Value if sold as a single entity - £1.54m (£270,000 / acre)

Value if sold in smaller plots ranging from 0.5 acres - £1.7m (£300,000 / acre)

3.0 Disposal in part.

3.1 The Southern part of the site (edged in blue on the plan in Annex 1) which extends to approximately 2.25 acres has been identified by PC Builders as being suitable for the relocation and expansion of their business currently located in South Street, Hythe.

3.2 It has been proposed that the Council will grant a lease to PC Builders on the following basis;

Term	999 year lease
Premium	£675,000 one of payment on grant of the lease
Rent	nil
Rent Reviews	none
Use	Industrial and trade counter
Development	Tenant to build subject to landlords prior approval
Repair	Tenant

3.3 The proposed premium represents a settlement based on £300,000 per acre which accords with the top end of the valuation range reported by Jones Lang Lassalle in January 2015 for a piecemeal disposal of the site in smaller plots. There is no material difference in value comparing a freehold sale and the grant of a 999 year lease.

4.0 Marketing and future and temporary uses.

4.1 Since August 2014 a soft marketing exercise has been undertaken for the site with the major commercial agents in the area being made aware of the site's availability. The site has also been advertised since January 2015 on the local commercial property portal, Invest in Southampton.co.uk.

- 4.2 The soft marketing campaign prompted some interest for the freehold purchase of the entire site. However, uses proposed included a supermarket and nursing home. Such uses would be contrary to current planning policy for the site which seeks to promote and encourage existing employment land to be retained for employment and economic development purposes.
- 4.3 One other party has expressed interest in acquiring the freehold interest for the whole site on a speculative basis. However they provided no definitive plans to bring the site back into immediate beneficial occupation and also indicated they were considering retail (A1) uses.
- 4.4 Expressions of interest for the entire site have been solely in respect of the purchase of the freehold interest. No serious interest has been forthcoming for freehold purchase of the entire site for uses that would be certain to be compatible with current planning policy for the site. A freehold disposal for this property could not therefore be recommended.
- 4.5 An outright sale of the Council's freehold title of Unit 8 would result in the Council losing control (other than through planning policy) as to how the site is used in the future. This might lead to either a compromise in planning terms or potential conflict with the remainder of the Hardley Industrial Estate, which remains within Council ownership, through the existing leasehold arrangements. A freehold disposal in these circumstances for this property could not therefore be recommended.
- 4.6 Wider interest has been expressed for smaller plots on the site, none of these leads exceed the offer now tabled by PC Builders and the proposed lease to PC Builders would not prejudice or prevent alternative options being pursued for the remainder of the site with other interested parties.
- 4.7 Confirmation of the PC Builders' deal would provide a degree of certainty to the extent of the site that can be offered to the market and a clearer idea of the timeframe for their occupation. In the meantime the whole or part of the site can be marketed for temporary uses to provide a modest revenue receipt.

5.0 Financial Implications

- 5.1 A lease on the proposed terms as reported herein would produce a capital receipt of £675,000.

6.0 Consultation

- 6.1 A Members Steering Group has been formed to scrutinise the proposals relating to both Unit 8 Hardley and St John's Street Hythe. The Group consists of local NFDC Members, the Portfolio Holder for Finance and Efficiency and senior officers of the Council. The Members Steering Group endorses the recommendation set out below.

7.0 Risk and Conditions

- 7.1 Although financially the lease of part Unit 8 to PC Builders stands alone, clearly there is a dependence on PC Builder's securing a satisfactory disposal of their existing premises at South Street, Hythe. A transaction of this nature is subject to some conditions and any offer is conditional upon the resolution of essential criteria, including, but not limited to, legal contracts, site survey, planning permission. All parties are at risk on legal fees.
- 7.2 It is the view of the Council's Estates and Valuations Manager that the approach adopted for the disposal to PC Builders can be demonstrated to meet the Council's statutory duty, imposed under S123 of the Local Government Act 1972, to achieve the best consideration reasonably obtainable.

8.0 Environmental Implications

8.1 There are no direct Environmental Implications arising from this report

9.0 Crime and Disorder Implication

9.1 There are no Crime and Disorder Implication arising from this report. Bringing this site back into beneficial use will reduce the potential for the premises to be used for unauthorised or anti-social behaviour.

10.0 Equality and Diversity Implications

10.1 There are no direct equality and diversity implications arising from this report.

11.0 Conclusion

11.1 The lease of part of Unit 8 to PC Builders will re-use a significant part of the site which has been vacant for many years. In addition it could help to facilitate the introduction of a new retailer in the centre of Hythe, which has been a long held aspiration.

12.0 Recommendations

12.1 It is recommended that the Portfolio Holders authorises the lease of land at Unit 8 Hardley to PC Builders on terms agreeable to the Executive Director in consultation with Portfolio Holder for Finance and Efficiency

I agree the recommendation

CLLR J D HERON

Councillor J D Heron
Portfolio Holder for Finance and Efficiency

Date:

4 November 2015

Date Notice of Decision Given:

5 November 2015

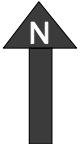
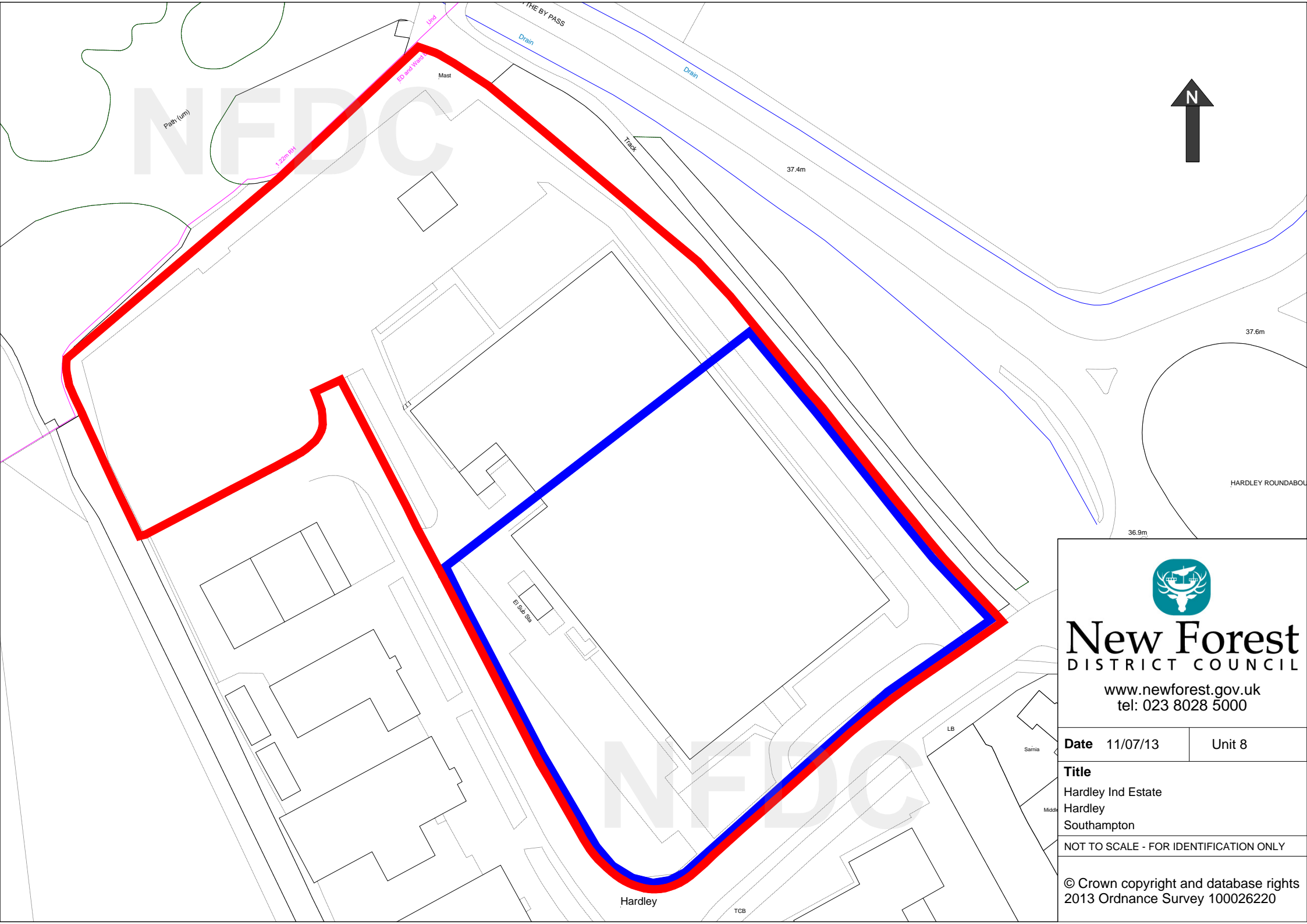
Last date for call-in:

12 November 2015

Appendices

Plan 1 Land Ownership Plan

Further information Estates and Valuation Issues Andrew Groom Estates and Valuations Manager 02380 285588 andy.groom@nfdc.gov.uk	Background Papers Valuation report by JLL Ltd. January 2015
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------



New Forest
DISTRICT COUNCIL

www.newforest.gov.uk
tel: 023 8028 5000

Date 11/07/13	Unit 8
----------------------	---------------

Title
Hardley Ind Estate
Hardley
Southampton

NOT TO SCALE - FOR IDENTIFICATION ONLY

© Crown copyright and database rights
2013 Ordnance Survey 100026220