

# Hinckley & Bosworth Borough Council

## Asset Management



## Corporate Estate Performance Report

## **Contents**

- 1. Foreword**
- 2. Purpose**
- 3. Aims**
- 4. Scope of the Estate**
- 5. The Operational Estate**
- 6. Commercial Estate**
- 7. Retail Estate**
- 8. Community Property**
- 9. Miscellaneous Sites**
- 10. Land Holdings Land**
- 11. Property Performance Table**
- 12. CIPFA's Review of the Council's Commercial Portfolio**



## 1. Foreword

Welcome to the Corporate Estate Performance report. Our service strives to strengthen and continuously develop our property assets to deliver the corporate and community objectives of Hinckley and Bosworth Borough Council and provide a valuable revenue stream for the Authority.

2023/24 continued to maintain robust growth in income for the commercial estate following the recovery from the pandemic, particularly from retail and industrial units, whilst the office sector remained challenging. Office space at the Hinckley Hub has a positive outlook in the medium term with the signing of an agreement to lease with the Leicestershire Partnership NHS Trust which will see them delivering physiotherapy services from the site, retaining this valuable service in the locality and bringing a welcome addition to the public services already offered in the Hinckley Hub.

Ahead in 2025, the government is introducing additional waste and recycling collections, this will see growth in the property portfolio with an additional site being procured to operate our street scene services from. The existing Jubilee depot site will also undergo a significant redesign and overhaul to accommodate growth in the waste fleet and allow for the installation of infrastructure

required for future fleet electrification.

With the challenges faced with income from office space, the Atkins building has undergone several changes to help boost occupation and income, with a large, vacant office suite reconfigured to accommodate a new tenant along with the creation of several smaller lettable offices. Investment has also been made in an additional vacant office to create a co-working space and two additional meeting rooms to complement the existing conferencing space. This site, and the wider commercial estate has seen investment in a new marketing platform from a modernised web site allowing greater web content and improved visuals for marketing.

Sustainability has been a focus in the form of property surveys to determine the level of investment required in our existing property portfolio to help achieve our corporate net zero target. Land and property assets have also been surveyed to determine the suitability of locations for photovoltaic installations to assist with reducing the councils carbon footprint, reduce electricity operating costs and provide a revenue stream.

**Malcolm Evans**  
**Estates & Asset Manager**





## 2. Purpose

In line with the Asset Management Plan 2023-2028, the Estates and Asset Management Service continuously strives to strengthen and develop its approach and working practices towards the effective management of the Council's non-housing property resources. The service plays a key role in continuously assessing new property opportunities and investigating options to generate additional income for the council.

Part of this approach is the need to understand the estate. This report is intended to provide an overview of the non-housing property portfolio, or a "state of the estate" report to detail how it is performing and to provide progress on any property related projects. Information gained can then be used to challenge property assets and ask:

- What is the strategic purpose of the asset?
- What is the assets impact on the local surrounding area (Social Value)
- What are the opportunities and risks?
- How is it performing?
- What options are available for the property?

This information can then be used to make informed decisions, consult with relevant stakeholders, both internal and external on decisions, such as:

- Do we retain the property?
- Do we repurpose the property?
- Do we dispose of the property?
- Do we transfer the property?

Our portfolio is broad, and the report sets out to identify the performance and purpose for properties or sites within the portfolio, along with identifying any anticipated internal or external pressures or market pressures.

### 3. Aims

The Estates and Asset Management service aim to provide a strategic management framework to effectively manage the non-housing property assets. Within this framework we aim to:

- Be corporate in our approach to:
  - Manage property based on the “corporate landlord” approach.
  - Deliver efficiency by ensuring buildings are fully utilised.
  - Put in place measures to ensure our property is regularly surveyed and is compliant.
  - Identify business opportunities or partnership working with other public sector organisations.
- Be aware:
  - Raise the profile and importance of asset management within the organisation.
  - Know and understand when change is needed.
  - Engage stakeholders.
  - Understand our property assets.
- Provide effective service delivery:
  - Improve engagement with directorates, teams, and partners.
  - Ensure property and the delivery of property related services, such as facilities management are fit for purpose.
  - Plan effective and proactive maintenance regimes to reduce operational costs.
- Property finances:
  - Improve spending forecasts for greater budget planning.
  - Plan for maintenance and identify property efficiencies by effective procurement.
  - Analyse costs and align budgets.
  - Adopt a commercial attitude to property management and recover operating and maintenance costs where appropriate.
- Be efficient:
  - Understand the need for effective property data to assist in making informed decisions.
  - Understand current energy demands and improve efficiency in our properties to ensure sustainable property solutions are delivered.
  - Ensure property meets or exceeds energy efficiency targets.
  - Provide a better property service to the council, whilst utilising less space.
- Partnerships and promotion:
  - Collaborate with public sector organisations to improve property utilisation through co-location.
  - Effectively promote the commercial estate to support local businesses, attract new businesses to the Borough with aim of assisting local employment and improving the local economy.
  - Develop better links with neighbouring authorities.

We aim to continuously develop and implement a systematic management approach to the Council’s property estate, included in this is identifying surplus and under-performing assets and recommend appropriate improvement and/or disposal plans to the Council’s Economic Prosperity Board.

Property Facts



**40 Sites**



**940,000 sq. ft**  
(Gross internal area)



**193 lettable  
units**  
(Excludes operational  
sites)



**£75m**  
**Total value**



**82 industrial  
units**



**19 Ground  
lease plots**



**16 retail  
units**



**65 Office  
units**



**15 properties  
of community  
benefit**



**50,000 sq. ft Hub, joining  
services from 4 public sector  
organisations**



**1.95-acre depot site, with 5500  
sq. ft office space for delivery  
of street scene services**

**£2.23m gross income from the Estate (23/24)**



## 4. Scope of the Estate

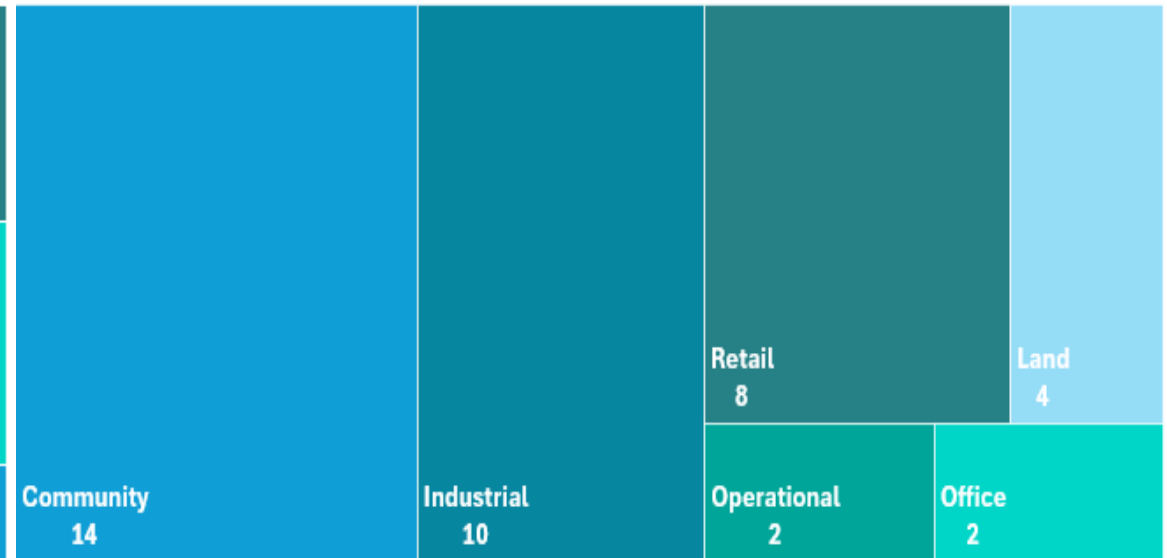
Property	Details
The Operational Estate	<p>Property held for the purpose of delivering council services, including:</p> <ul style="list-style-type: none"> <li>• Delivery of front-line services, such as customer service, housing services, environmental health, refuse collection and planning services</li> <li>• Delivery of back-office corporate support services, such as ICT, Asset and Facilities Management</li> </ul>
The Commercial Estate	<p>Property held for the purpose of generating income and delivering economic and regeneration benefits to the borough, these include:</p> <ul style="list-style-type: none"> <li>• Industrial estates, generating income, providing local employment and economic benefits</li> <li>• Retail units, generating income, providing employment, assisting in regeneration and bringing in footfall into the town centre</li> <li>• Office space, generating income, supporting local business and providing employment opportunities</li> </ul>
Community Property	<p>Property held for community purposes, including:</p> <ul style="list-style-type: none"> <li>• Park pavilions, supporting local sports teams and leagues, and promoting health and welfare</li> <li>• Public toilets, providing conveniences to local people</li> <li>• Community buildings, let on long-term leases to sports clubs and charitable organisation</li> </ul>
Land Holdings	<p>Land held for leasing purposes to generate income or for development potential</p>



Estate in GIA (Sq. Ft.)



SITES



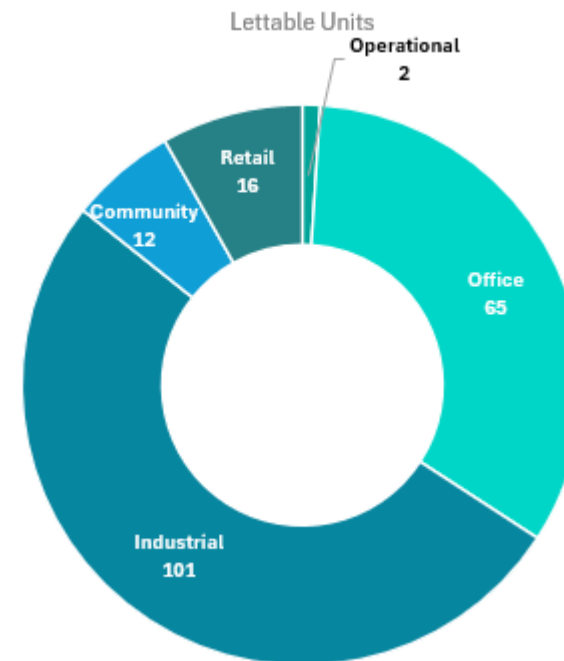
## Property Ratings Summary

### Site

The Crescent  
Greenfields  
Hinckley Hub  
Atkins  
Hinckley Business Park  
Jubilee Building  
Sketchley Meadows  
Sunnyside Park  
Plots  
Merrylees  
Former Co-op  
Retail/Misc

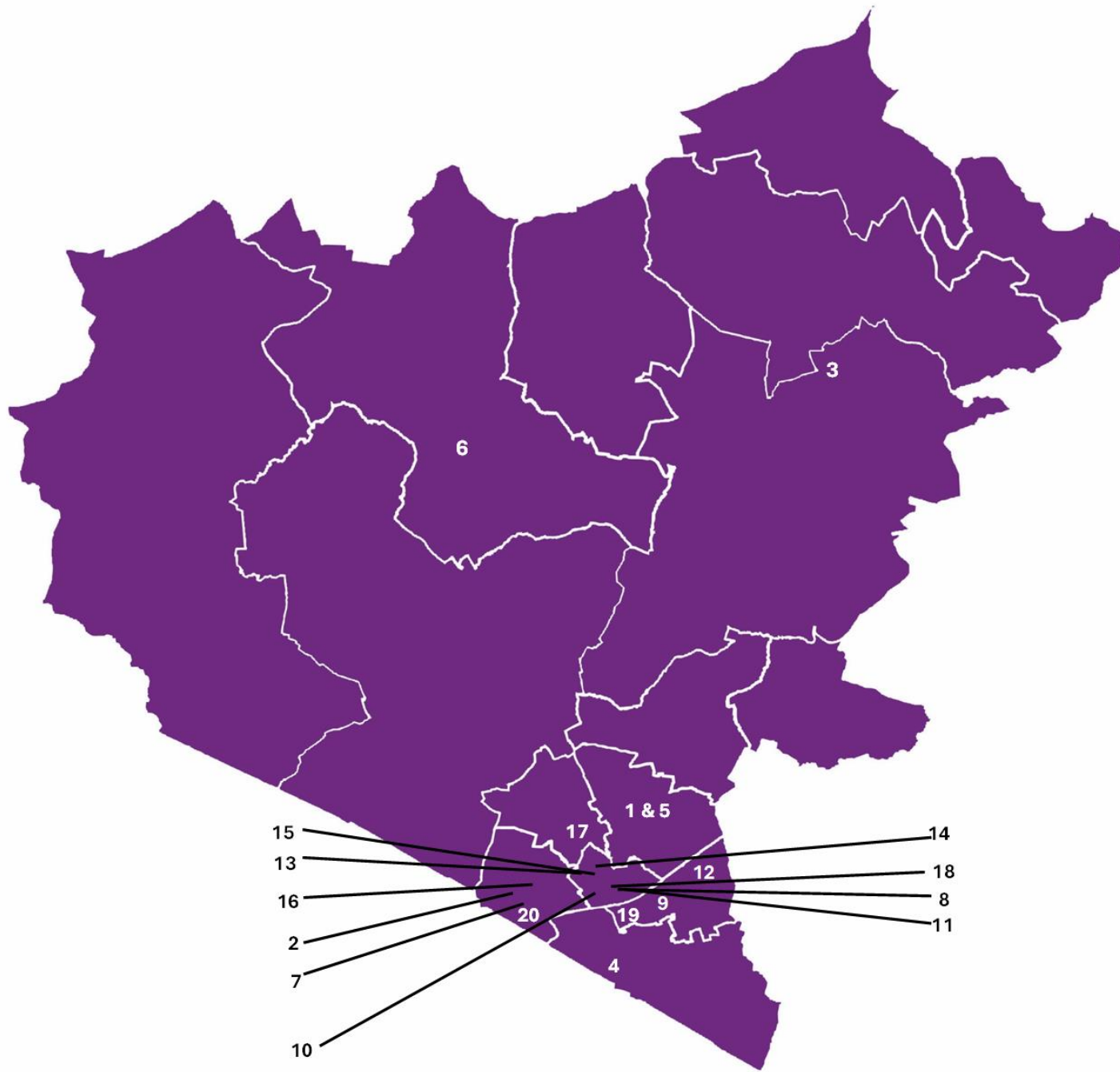
### Score

87%  
85%  
85%  
82%  
77%  
76%  
75%  
73%  
67%  
67%  
63%  
58%



The estate is managed in-house, with dedicated managers for the commercial estate, operational estate and office/conferencing space, all are supported by an in-house total facilities management service, providing planned and reactive maintenance, alongside workplace management.





- 1 Greenfields Business Park
- 2 Hinckley Business Park
- 3 Merrylees Industrial Estate
- 4 Sketchley Lane Industrial Estate
- 5 Sunnyside Park
- 6 Station Road Industrial Estate/Market Bosworth
- 7 Harrowbrook Industrial Estate
- 8 The Crescent
- 9 Atkins Way
- 10 Church Walk
- 11 Castle Street
- 12 Burbage Common
- 13 Station Road
- 14 Holly Croft Park
- 15 Clarendon Park
- 16 Langdale Park
- 17 Richmond Park
- 18 Atkins Building
- 19 Hinckley Hub
- 20 Jubilee Building

## 4. The Operational Estate

The operational estate incorporates those properties from which HBBC deliver their public facing and corporate back-office support services from.

### The Hinckley Hub

This property is held as the main administrative office for HBBC, it also serves as public sector Hub, accommodating offices for Leicestershire County Council (LCC) who run local adult and children social services from the site, Department for Work and Pensions (DWP) who operate the Hinckley Job Centre and Citizens Advice Leicestershire who runs their services from the building Monday's and Thursdays.



The property is leasehold and held over a 35-year term that commenced on 22<sup>nd</sup> May 2013 and expires on 21<sup>st</sup> May 2048. The lease includes a provision for the council to acquire the freehold for £1 by exercising their Call Option between 22<sup>nd</sup> May – 22<sup>nd</sup> November 2047. The building extends to 49,998 sq. ft and provides 117 car parking spaces for staff and visitors. The current annual rent for the site is £809,942.39 and the graphs below detail the operating costs for the building, inclusive of rent, utilities, NNDR and provision of a total facilities management service.

### Projects

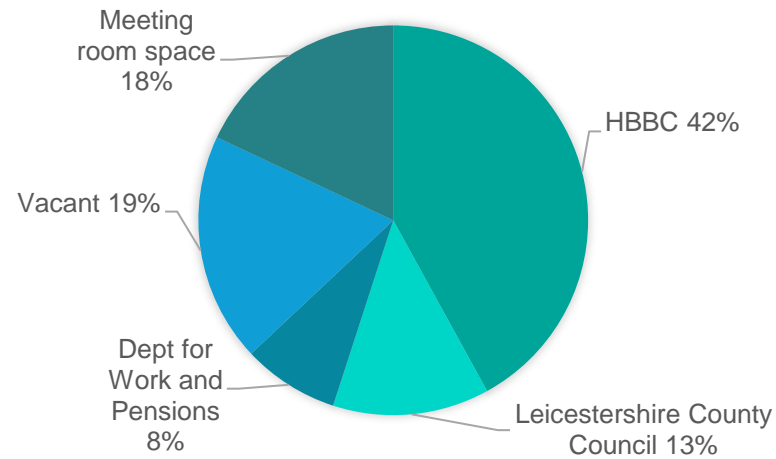
For 2024 an additional partner will be accommodated at the site, with a 20-year lease being agreed with the Leicestershire Partnership NHS Trust (LPT). The trust will be occupying part of the ground floor of the site to operate physiotherapy clinics, they will also use vacant spaces on the 1<sup>st</sup> and 3<sup>rd</sup> floor for administration services. The project to reconfigure the ground floor area will be managed by the LPT, works are due to begin December 2024 with completion in May 2025. This will reduce HBBC's apportionment of building operating costs from £1.191 million to £881,000.00.

Strengths	Weakness
<ul style="list-style-type: none"><li>• Location</li><li>• Modern, prominent building</li><li>• Ample parking for public service users</li><li>• Flexibility of space to adapt to multiple uses</li><li>• Public sector Hub, joining services who already have a working relationship</li></ul>	<ul style="list-style-type: none"><li>• Leasehold. Change of use and adaptations require landlord consent</li><li>• Leasehold dictates public sector partners only</li><li>• Increasing lease costs over the term</li></ul>
Opportunities	Threat
<ul style="list-style-type: none"><li>• Potential for further expansion with public partnerships</li></ul>	<ul style="list-style-type: none"><li>• The existing 15-year license to occupy with LCC has four years of its term remaining. LCC occupy 13% of the building</li><li>• Potential costs involved in renewing heating systems with sustainable options, such air source to allow the council to meet climate its targets, whilst managing tenant expectations</li></ul>

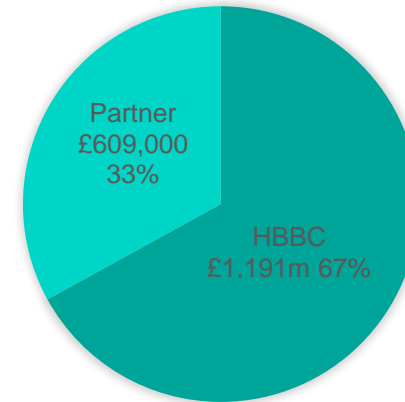
**Property Rating: 85%**

The current Hinckley Hub occupation and cost splits are set out in the graphs below:

Hinckley Hub Occupation Breakdown 23/24

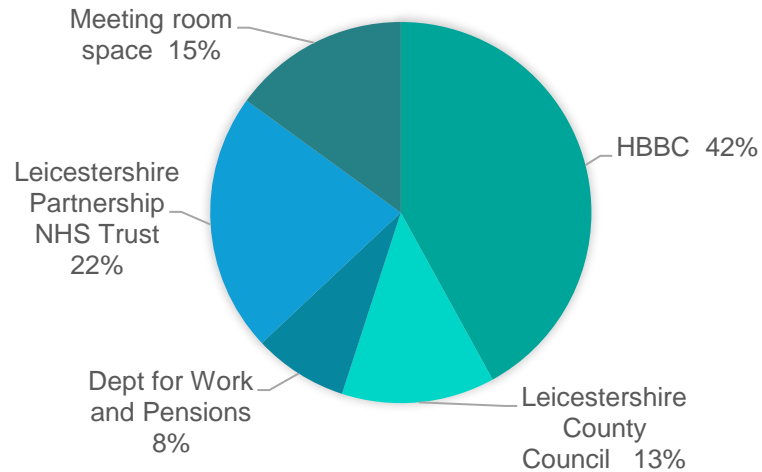


Hinckley Hub Operating Costs 23/24 FY

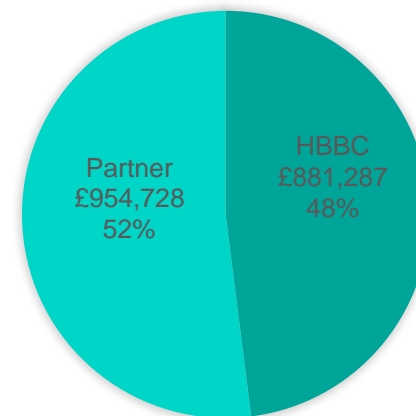


Following the completion of the NHS lease with Leicestershire Partnership NHS Trust the occupation and cost profile will change to:

Hinckley Hub Post LPT Occupation



Hinckley Hub Operating Costs Post LPT %

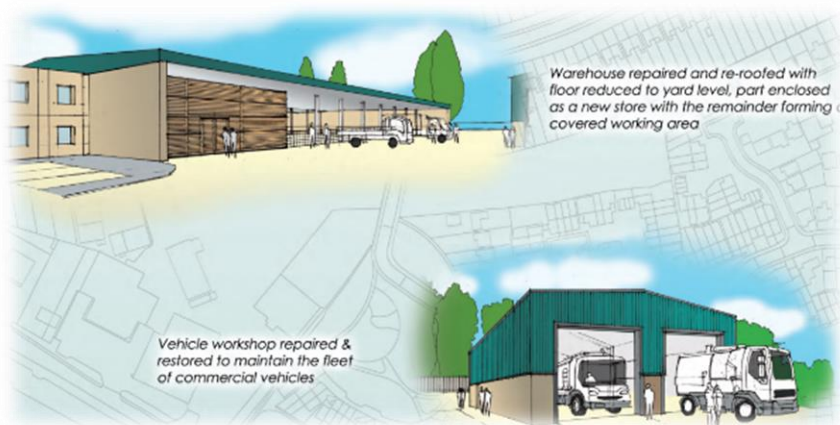


## The Jubilee Building

This property is HBBC's depot site and is held as the operational base for the street scene services. The site totals 1.95 acres and consists of 5532 sq. ft of office space and a 2000 sq. ft vehicle workshop, with remaining space being an open plan yard for fleet parking and a waste transfer station.

The site is the operational base for:

- The Waste Services Team
- Clean Neighbourhoods and Car Park Management
- Green Spaces
- Housing Repairs administration and operations



The site is held freehold, it was acquired in 2012 and underwent a significant redesign to suit HBBC's operational requirements at the time, this allowed for a disposal of the Middlefield Lane site previously occupied by the services. The site commands an annual operational budget for property related expenditure of approximately £130,000.00. Its open market value as of 2023 was £1.8m.

## Projects

Changes imposed by government to collect food waste separately to other waste streams will see an increase in the waste vehicle fleet size. This places significant pressure on the site in terms of operational space. The Street Scene Services teams and Asset Management have carried various exercises to determine future space requirements. All have determined the site will no longer be suitable for the operational needs of the four services currently using the site.

A future service review has been conducted to understand the scope of the requirements needed to provide sufficient space for the Street Scene Service to operate from. A property options appraisal was carried out, these included:

1. Do nothing
2. Outsource the waste service
3. Procure and redevelop a new, larger site
4. Procure an additional site and split the four services across both

Option four was chosen, as it provided the lowest risk/cost, and a new site, Unit E, Harrowbrook Industrial Estate was identified close to the Jubilee site.



Strengths	Weakness
<ul style="list-style-type: none"> <li>Location, in industrial setting, easy access to A5 and main routes into and around Hinckley</li> <li>Site layout ideal for current use</li> <li>Freehold</li> </ul>	<ul style="list-style-type: none"> <li>Site at capacity, with no room for further growth</li> <li>Staff parking at a premium</li> </ul>
Opportunities	Threat
<ul style="list-style-type: none"> <li>With the site being redesigned as part of the future service review, this will present an opportunity for it to be redesigned to accommodate infrastructure to future proof it for fleet electrification which is due to be phased in over the next 10 years as vehicle fleets are renewed</li> <li>Large roof space available over a canopy in the rear open plan yard offers an opportunity for a large solar array</li> </ul>	<ul style="list-style-type: none"> <li>Site size is fixed with no further room or opportunity for expansion</li> <li>Potential costs involved in renewing heating and hot water systems with sustainable options, such air source for the council to meet climate targets</li> </ul>

**Property Rating: 76%**

## Unit E

This additional site is being procured on a 20-year lease agreement, it covers 1.6 acres with 3340 sq. ft of office space and a 47000 sq.ft warehouse. The site will require remodelling to suit the occupying teams' requirements, and a project board has been formed to deliver this site and overhaul the existing Jubilee site. Works are expected to begin December 2024 with a £1.2 million budget to redevelop the two sites.



Strengths	Weakness
<ul style="list-style-type: none"> <li>Location, in industrial setting, easy access to A5 and main routes into and around Hinckley</li> <li>Ample operational space for incoming services</li> <li>Additional staff parking available</li> </ul>	<ul style="list-style-type: none"> <li>Leasehold – works require landlord consent</li> <li>Increasing rental costs over the lease term</li> <li>Has an excess of office space not required by the incoming services</li> </ul>
Opportunities	Threat
<ul style="list-style-type: none"> <li>Vacant office space allowing for potential external income stream</li> <li>Improve site sustainability as part of refurbishment project</li> <li>Large roof space on warehouse providing opportunity for solar installation</li> </ul>	<ul style="list-style-type: none"> <li>Potential costs involved in renewing heating and hot water systems with sustainable options, such air source for the council to meet climate targets</li> <li>Additional site/cost risk for the Council</li> </ul>

## 5. The Commercial Estate

Hinckley & Bosworth Borough Council (HBBC) owns a portfolio of commercial properties and land plots managed by the Asset Management team.

The managed portfolio consists of:

- 101 Industrial unit and ground lease plots
- 65 office, meeting and archive spaces
- 16 retail units
- Management of several leases relating to properties let to community groups

In line with HBBC's corporate plan, the commercial portfolio is held and managed with the following aims:

**People:** Helping people to stay safe, healthy, active, and in employment

**Places:** Creating clean, sustainable, and attractive places to live, visit and work in

**Prosperity:** Encouraging sustainable commercial economic and housing growth, as well as attracting businesses, improving skills and supporting regeneration

It is HBBC's policy to ensure that all land and buildings are occupied under a formal agreement, either a lease or a licence. Leases and licences are granted on standard commercial terms with rental valuations to meet its statutory obligations under s.123 Local Government Act 1972. Asset Management lead on lease and licence agreements for commercial property and land on behalf of the Council.

The team will:

- Manage the commercial portfolio in line with the Corporate Plan.
- Hold an accurate and up to date record of all lease and licence agreements.
- Monitor the local property market and any external influences, so lettings reflect optimum market value and increase revenue for the Council.
- Ensure that the occupation of property and land is formalised under an appropriate lease or licence agreement.
- Ensure the condition of the property is captured prior to and at the end of any agreement by way of a survey.
- Actively monitor debt and pursue debtors for non-payment of rents and fees.

Further details on how Asset Management manage the commercial portfolio can be found in the Commercial Lease and Rent Management Policy.

## Commercial Estate Information

### Rents Values and Yields

To ensure that rent levels for the industrial units are set appropriately, a RICS 'Red Book' valuation report is periodically obtained from an independent RICS Registered Valuer. Given the short-term nature of the industrial leases (typically 3 years) the newly assessed rents can only be implemented for new lease grants and renewals. New leases and renewal rents are then based upon the recommendations of the most recent valuation report. In practice, this can lead to a lag (of up to 3 years) for rents as assessed against the open market. The table below sets out the rents being achieved as measured against the Estimated Rental Value\* (ERV) as assessed as 13<sup>th</sup> September 2024. Current and potential yields are also shown.

Site	Passing Rent	ERV	Percentage under-rented	Gross yield	Reversionary yield
Greenfields Business Park	311,055	365,888	13.0%	6.4%	7.5%
Hinckley Business Park	91,375	182,969	48.4%	4.3%	8.6%
Merrylees Industrial Estate	114,375	153,712	34.4%	6.6%	8.8%
Sketchley Meadows	184,200	269,279	46.2%	6.7%	9.8%
Sunnyside Park	78,040	94,356	20.9%	7.5%	9.1%
Atkins Building	157,880	2,500,000	N/A		7.5%

### ERV's and Estimated Market Values

Based on the ERV's and yields provided, above, the estimated market value for each of the commercial sites has been derived in the table below:

SITE	ERV	Estimated Yield	EMV
<b>Industrial</b>			
Greenfields	365,888	7.52%	4,864,340
Hinckley Business Park	182,969	8.58%	2,133,025
Merrylees Industrial Estate	153,712	8.81%	1,744,245
Sketchley Meadows	269,279	9.77%	2,755,435
Sunnyside Park	94,356	9.10%	1,036,510
			12,533,555
<b>Retail</b>			
Crescent	422,321	9.60%	4,400,000
Castle Street/Church Walk	25,500	8.50%	300,000
Station Road, Hinckley	43,000	6.06%	710,000
Atkins Way, Burbage	18,000	8.18%	220,000
Jaspers	100,000	10.00%	1,000,000
			6,630,000
<b>Offices</b>			
The Atkins Building	157,880	6.32%	2,500,000
			2,500,000
<b>TOTAL</b>			<b>21,663,555</b>

\*The ERV was obtained via a desk top exercise and as marketing advice only, and, would not be considered as constituting a RICS 'Red Book' Valuation

## Financial Information

The financial performance for the corporate properties, over the last three financial periods is reflected in the table below:

		Industrial																							
		Greenfields Business Park		Hinckley Business Park		Merrylees		Sketchley		Sunnyside		Groundlease Plots		Crescent		Retail/Misc		Former Co-op		Atkins		The Hinckley Hub		The Jubilee Building	
23/24	Rent Income	-£	277,790	-£	112,730	-£	102,600	-£	163,630	-£	69,480	-£	134,770	-£	300,340	-£	55,560	-£	50,830	-£	158,440	-£	179,060	£	-
	Service Charge	-£	14,160	-£	8,500	-£	10,620	-£	18,410	-£	7,790	£	-	-£	56,523.65	£	-	£	-	-£	83,380	-£	430,070	£	-
	Costs base	£	14,530	£	8,720	£	10,900	£	18,880	£	7,990	£	13,800	£	178,780	£	27,610	£	-	£	412,790	£	1,836,020	£	156,050
	Cap Finance Cost	£	39,920	£	-	£	-	£	-	£	-	£	-	£	135,330	£	-	£	62,450	£	23,090	£	5,440	£	42,840
	Total	-£	237,500	-£	112,510	-£	102,320	-£	163,160	-£	69,280	-£	120,970	-£	42,754	-£	27,950	£	11,620	£	194,060	£	1,411,390	£	198,890
22/23	Rent Income	-£	257,760	-£	101,570	-£	129,830	-£	133,150	-£	70,430	-£	134,770	-£	270,550	-£	58,290	-£	38,790	-£	170,920	-£	176,910	£	-
	Service Charge	-£	15,750	-£	9,450	-£	11,820	-£	20,480	-£	8,660	£	-	-£	56,523.65	£	-	£	-	-£	87,720	-£	389,430	£	-
	Costs base	£	18,430	£	11,060	£	13,820	£	23,950	£	10,130	£	17,500	£	192,630	£	14,660	£	1,400	£	319,060	£	1,671,920	£	126,690
	Cap Finance Cost	£	39,920	£	-	£	-	£	-	£	-	£	-	£	135,330	£	-	£	62,450	£	23,090	£	5,440	£	42,840
	Total	-£	215,160	-£	99,960	-£	127,830	-£	129,680	-£	68,960	-£	117,270	£	886	-£	43,630	£	25,060	£	83,510	£	1,111,020	£	169,530
21/22	Rent Income	-£	174,370	-£	100,570	-£	114,920	-£	100,950	-£	70,620	-£	131,770	-£	80,880	-£	73,690	-£	40,000	-£	201,150	-£	173,670	£	-
	Service Charge	-£	12,810	-£	7,680	-£	9,600	-£	16,650	-£	7,040	£	-	-£	56,523.65	£	-	£	-	-£	107,550	-£	334,880	£	-
	Costs base	£	18,590	£	11,150	£	13,940	£	24,160	£	10,220	£	17,660	£	183,020	£	9,250	£	-	£	278,950	£	1,612,480	£	130,980
	Cap Finance Cost	£	39,920	£	-	£	-	£	-	£	-	£	-	£	135,330	£	-	£	62,450	£	23,090	£	5,440	£	42,840
	Total	-£	128,670	-£	97,100	-£	110,580	-£	93,440	-£	67,440	-£	114,110	£	180,946	-£	64,440	£	22,450	-£	6,660	£	1,109,370	£	173,820



## Financial Information

The table below is based upon the net Yield from a site and indicates the sites which are performing well and those which are currently loss making.

SITE	Actual Net gain/Loss 2023/24	Estimated net Yield**	EMV used in report
<b>Industrial</b>			
Greenfields	237,513	4.88%	4,864,340
Hinckley Business Park	112,507	5.27%	2,133,025
Merrilee's industrial Estate	102,324	5.87%	1,744,245
Sketchley Meadows	163,163	5.92%	2,755,435
Sunnyside Park	69,285	6.68%	1,036,510
<b>Retail</b>			
Crescent*	-5,816	-0.13%	4,400,000
Retail/Misc (Castle Street/Church Walk, Station Road, Atkins Way)	27,951	2.27%	1,230,000
Jaspers	-11,617	-1.16%	1,000,000
<b>Offices</b>			
The Atkins Building	-194,045	-7.76%	2,500,000
<b>TOTAL</b>	<b>538,212</b>		<b>21,663,555</b>

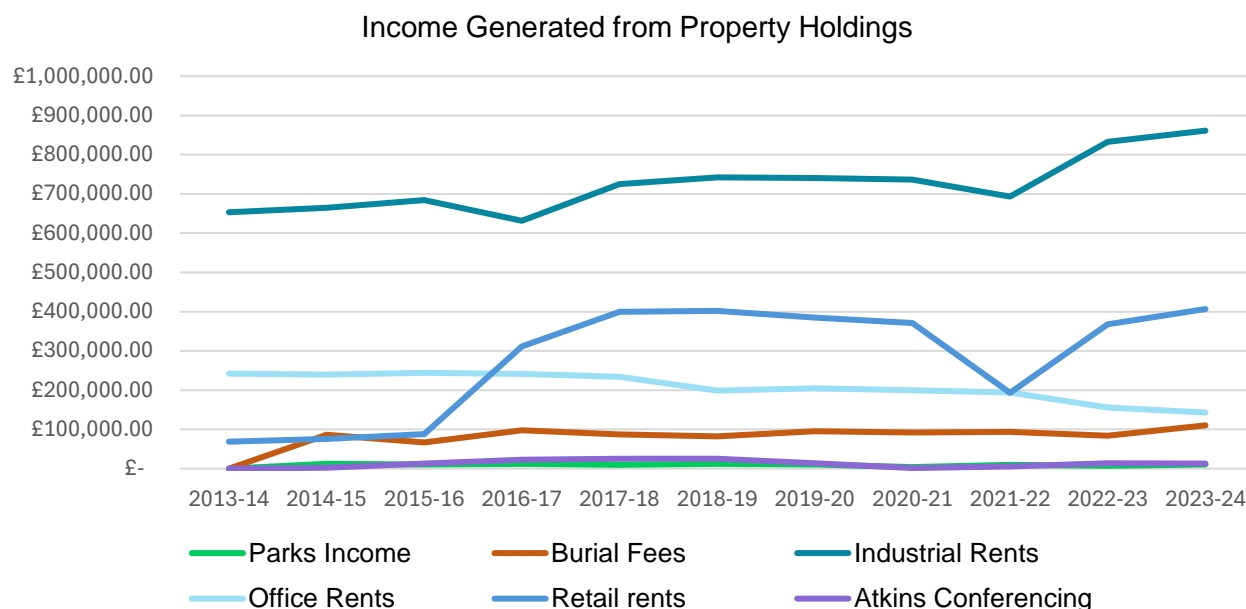
\*Based on rental for 2025/26 income level

\*\* After considering avoidable costs of running the asset, using estimated market value of the asset



## Property Related Income

The graph below shows the gross property related income between 2013-2024. It shows income generated from Industrial (combined units and plots), Retail, Office Rents, Conferencing, Parks Income and Burials fees.



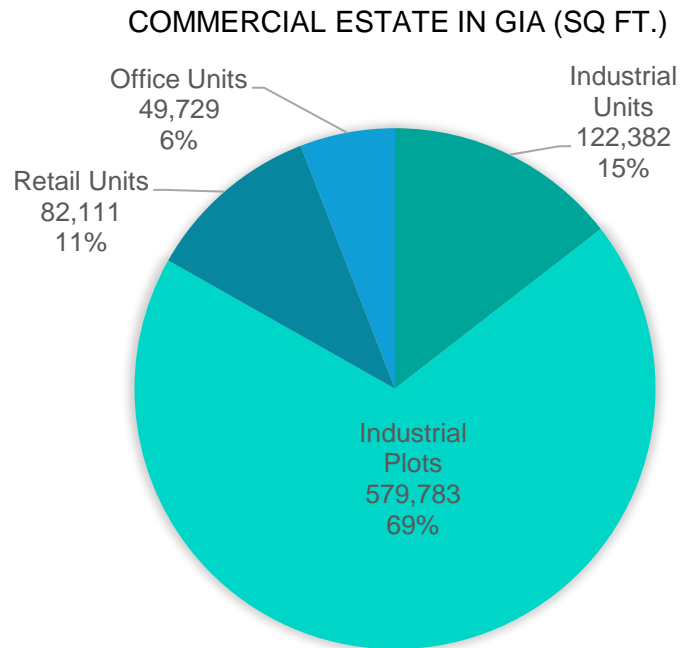
## Employment Estimates

It should be recognised that the Councils Estate delivers more than a method of income and was not compiled solely for investment purposes. Whilst the property is now managed far more commercially, premises such as the industrial start up units operate in a high-risk environment providing unique opportunities for small startup companies to take their first steps into leasing accommodation. Councils usually provide these units to support the economic vitality of the business environment within their boundaries. Similarly, the Atkins Building and Block C in the Crescent formed a wider regeneration role and were key in delivering Hinckley Town Centre redevelopment.

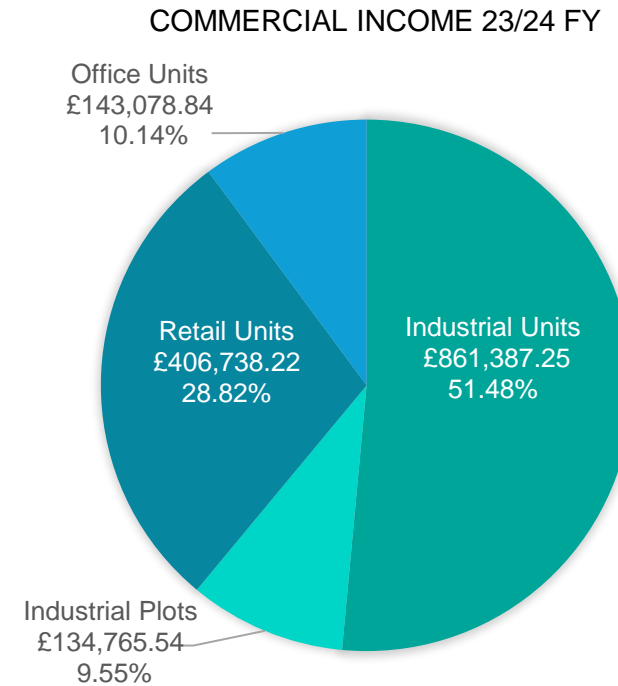
In addition to any benefits the business brings into the local economy, the table below shows the assessed levels of employment by site:

Site	Employees	Retail	
<b>Industrial</b>		Crescent	137
Greenfields	78	Castle Street/Church Walk	4
Hinckley Business Park	35	Station Road, Hinckley	13
Merrylees Industrial Estate	39	Atkins Way, Burbage	2
Sketchley Meadows	46	Jaspers	12
Sunnyside Park	24	<b>Offices</b>	
		The Atkins Building	41

### Commercial Estate Property Split:



### Percentage Income Split Across the Proper Types:



*\*Note that the figure for Industrial Plots is the reflects the plot area and not only the units constructed upon by the Ground Lease Tenant*

## Atkins Building

The Atkins Building in Hinckley is a mixed-use centre for the local creative and business communities. Based within former Atkins hosiery factory situated in the centre of Hinckley, this Grade II listed building was redeveloped to provide nearly 40,000 sq. ft of space and divided into:

- Serviced offices for start-up and growing enterprises.
- Art galleries and café.
- Meeting and conferencing space room and new for 2024, a co-working space in response to hybrid working trends.



The building did see several voids following the pandemic which has contributed to a downward trend in office-based income, these voids concentrated around larger office units and despite being marketed for some time, lets were largely unsuccessful and work has been recently been completed to either reutilise the space for alternative uses, such as conferencing and meeting space, or projects have been undertaken to divide the larger offices into smaller units, which have proved easier to let in the local market. Occupancy has increased and currently stands at 94% for lettable office space with rents at an average of £12.85 per sq. The current total passing rent for lettable offices (excluding vacant offices) is £157,880 per annum, which is in line with market rents.

### Atkins Building Community Benefits

Whilst the primary role of the Atkins Building is for commercial purposes, the building provides a community purpose. The gallery has hosted artwork from local and national artists, with 54 exhibitions from over 100 artists since 2017. The building also works closely with Hinckley Museum and the neighbouring North Warwickshire and South Leicestershire College to co-host events. The café in the gallery area also serves as a focal point for several local clubs and groups.

### Conferencing

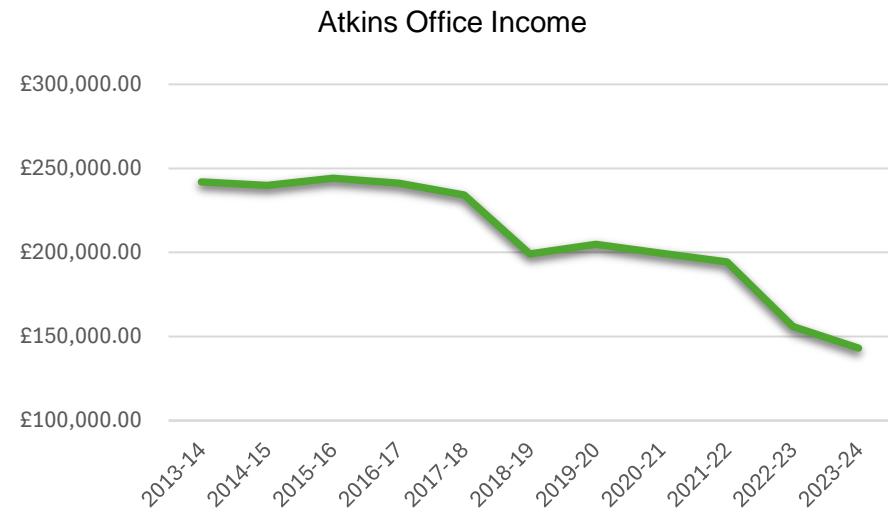
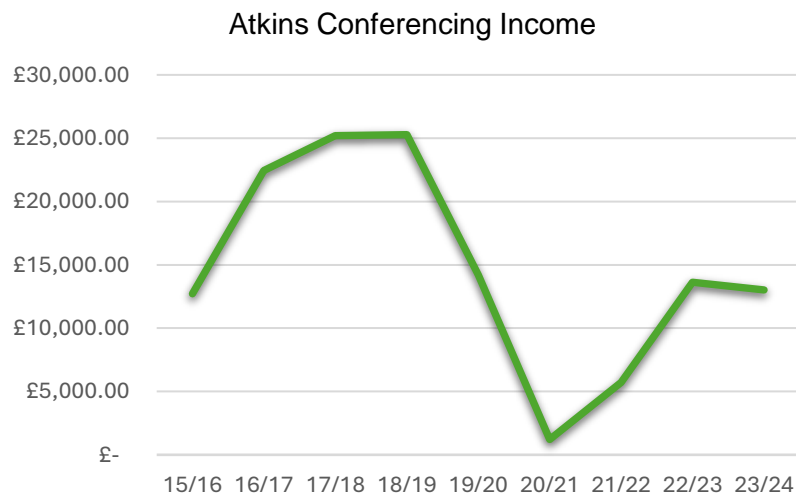
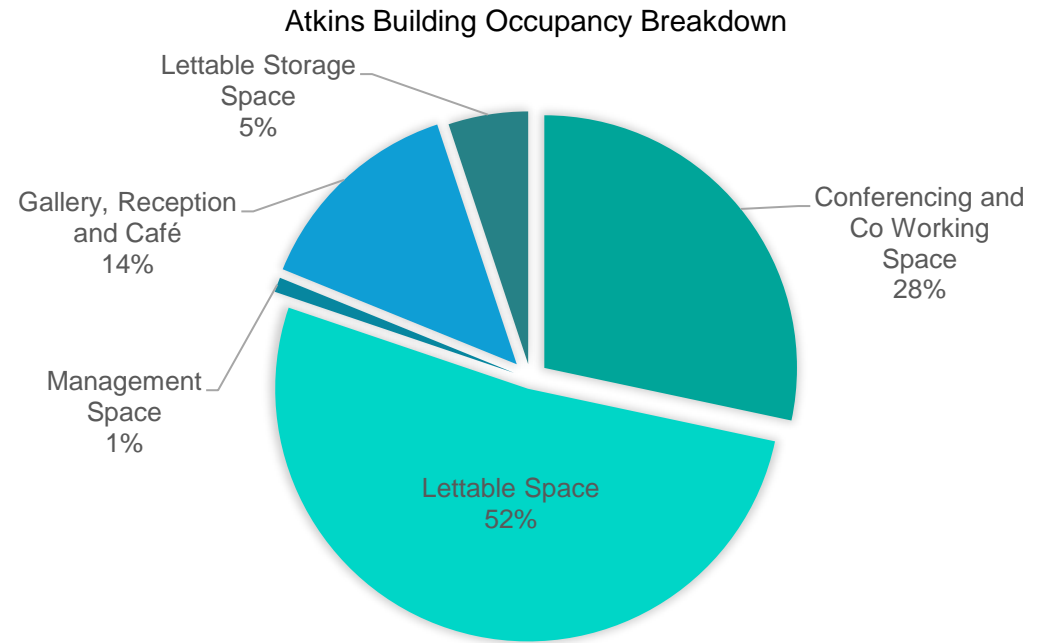
The building also hosts conferencing rooms, income dipped during the pandemic but has begun to rise, although is not yet back to pre-pandemic levels. The conferencing facilities have seen investment and expanded, further work is also being done to improve marketing through a new website and pricing structure.

Strengths	Weakness
<ul style="list-style-type: none"> <li>• Prominent location in the town centre</li> <li>• Flexible leases</li> <li>• Potential to bring employment to the locality</li> <li>• Prominent and popular venue</li> </ul>	<ul style="list-style-type: none"> <li>• Stagnant office rents</li> <li>• Office market still challenging</li> <li>• Grade II listing may affect future uses and ability to improve property sustainability</li> <li>• Additional investment is required to improve performance</li> </ul>
Opportunities	Threat
<ul style="list-style-type: none"> <li>• Recent investment into vacant areas and new lettings will improve the current financial position.</li> <li>• Additional investment and working with creative partners has the potential to increase yield</li> </ul>	<ul style="list-style-type: none"> <li>• Post pandemic working from home trends still affect occupancy levels</li> <li>• Property operating costs and utilities increasing with rents stagnating</li> <li>• Costs associated with property sustainability</li> </ul>

**Property Rating: 82%**



The graphs provide details on Atkins occupancy, office income and the income stream for Conferencing.



## Greenfields Business Park

Greenfields Business Park is a highly sought after business park location within Hinckley.

The estate is accessed from the A47 and is well placed for principal traffic routes, providing excellent communication links to the major regional and national centres.

The development features 18 environmentally friendly units featuring timber cladding, sedum roofs, permeable paving, passive stack ventilation and wind turbines.

The estate has been rated BREEAM very good/excellent. The business park includes a variety of units, some of which are hybrid industrial/office units, with offices to the first floor and industrial/warehouse accommodation to the ground, with the remainder being pure industrial/warehousing units. The site was developed on what was a disused part of the former Middlefield Lane Depot.



## Projects

Currently undertaking a suite of site surveys to understand the work and costs required for the units to meet or exceed the required EPC rating for future letting.

Strengths	Weakness
<ul style="list-style-type: none"><li>• Good location, with access to main routes</li><li>• Good site access for loading and allocation of parking</li><li>• Good range of unit sizes</li><li>• Hybrid units are unique in the area</li><li>• BREEAM very good/excellent rated</li></ul>	<ul style="list-style-type: none"><li>• Despite BREEAM rating, the units EPC rating are only comparable with standard industrial units</li></ul>
Opportunities	Threat
<ul style="list-style-type: none"><li>• Opportunity to increase under rented units to market rent to increase yields</li></ul>	<ul style="list-style-type: none"><li>• Any rent increases could affect short term occupancy and tenant retention levels</li><li>• EPC ratings of some units may affect ability to market them</li><li>• Potential investment costs involved in meeting required EPC ratings</li></ul>

Site Performance	
Gross yield (passing rent/estimated realisation)	6.4%
Revisionary yield (estimated rental value/estimated realisation)	7.5%
Percentage under rented (estimated rental value/passing rent)*	13.0%
EMV	£4,864,340

**Property Rating: 85%**

## Hinckley Business Park

Hinckley Business Park is accessed from Brindley Road, which forms part of the Dodwells Bridge Industrial Estate, situated on the western fringe of the conurbation of Hinckley.

The property is adjacent to other industrial properties and the Ashby Canal runs to the rear of the site.

The property comprises two terraces of industrial units set around a central access road with concrete loading aprons to the front elevation of each terrace.

The units themselves are of steel portal frame construction with profile steel sheet cladding elevations and a mono pitch steel sheet clad roof. Each unit benefits from a roller shutter door.



## Projects

Currently undertaking a suite of site surveys to understand the work and costs required for the units to meet or exceed the required EPC rating for future letting.

Strengths	Weakness
<ul style="list-style-type: none"><li>• Good range of units, allowing tenant retention through expansion/retraction</li><li>• Modern units with high eaves heights</li><li>• Good car parking provision</li></ul>	<ul style="list-style-type: none"><li>• Access road can become congested, affecting HGV deliveries</li></ul>
Opportunities	Threat
<ul style="list-style-type: none"><li>• The majority of units are under-rented and would benefit from rental increases to market levels at the next lease event (rent review or lease renewal).</li></ul>	<ul style="list-style-type: none"><li>• Any rent increases could affect short term occupancy and tenant retention levels</li><li>• EPC ratings of some units may affect ability to market them</li><li>• Potential investment costs involved in meeting required EPC ratings</li></ul>

Site Performance	
Gross yield (passing rent/estimated realisation	4.8%
Revisionary yield (estimated rental value/estimated realisation	8.6%
Percentage under rented (estimated rental value/passing rent)*	48.4%
EMV	£2,133,025

**Property Rating: 77%**

## Merrylees Industrial Estate

The site is located on Merrylees Industrial Estate accessed off Leaside. It is located north of the village of Desford close to the village of Botcheston.

Units 1-10 comprise three terraces of industrial units. Units 1-5 are of steel portal frame construction with profile steel sheet cladding to the elevations and the mono-pitch roof above. Units 6-10 are of steel portal frame construction with profile steel sheet cladding to the elevations and the pitched roof above. Units 6-8 are to the north elevation of the building, with Units 9-10 to the south elevation of the building.

There is a tarmacadam access road between Units 1-5 and 6-8 and a further access road to the front elevation of Units 9-10. Each unit benefits from a concrete loading apron to the front elevation and a sectional up and over door. Units A-E comprise a terrace of five industrial units. The property is constructed of a steel portal frame with part cavity brickwork cladding and part steel sheet cladding. The whole of the property is then surmounted by a pitched, steel sheet clad roof. Each unit benefits from a sectional up and over door. Externally, to the front elevation, there is a tarmacadam accessway to the concrete forecourts to the front elevation of the units.



## Projects

Currently undertaking a suite of site surveys to understand the work and costs required for the units to meet or exceed the required EPC rating for future letting.

Strengths	Weakness
<ul style="list-style-type: none"> <li>Good range of units, allowing tenant retention through expansion/retraction</li> <li>Modern units with high eaves heights</li> <li>Good car parking provision</li> </ul>	<ul style="list-style-type: none"> <li>Estate is sited on a B Road, with limited access to major roads which could affect occupier interest and affect the rents being achieved, along with capital values</li> </ul>
Opportunities	Threat
<ul style="list-style-type: none"> <li>The majority of units are under-rented and would benefit from rental increases to market levels at the next lease event (rent review or lease renewal).</li> </ul>	<ul style="list-style-type: none"> <li>Any rent increases could affect short term occupancy and tenant retention levels</li> <li>EPC ratings of some units may affect ability to market them</li> <li>Potential investment costs involved in meeting required EPC ratings</li> </ul>

Site Performance	
Gross yield (passing rent/estimated realisation)	6.6%
Revisionary yield (estimated rental value/estimated realisation)	8.8%
Percentage under rented (estimated rental value/passing rent)*	34.4%
EMV	£1,744,245

**Property Rating: 67%**



## Sketchley Meadows Industrial Estate

The property is located on the well-established Sketchley Meadows Industrial Estate, which lies on the southern fringe of the conurbation of Hinckley with direct access from the A5 and the wider motorway network via the M69

The property comprises four terraces of industrial unit. These are constructed of a steel portal frame with cavity brickwork elevations and profile steel sheet cladding to the pitched roof above. Each unit benefits from a roller shutter door.

There is a tarmacadam access road which runs broadly in a 'U' shape to serve all units, with a tarmacadam communal car park in the centre. Each unit benefits from a concrete loading apron.



## Projects

Currently undertaking a suite of site surveys to understand the work and costs required for the units to meet or exceed the required EPC rating for future letting.

Strengths	Weakness
<ul style="list-style-type: none"> <li>Excellent access to A5, M69 and wider motorway network</li> <li>Good range of units, allowing tenant retention through expansion/retraction</li> <li>Good car parking provision</li> </ul>	<ul style="list-style-type: none"> <li>Older style units with low eaves height</li> </ul>
Opportunities	Threat
<ul style="list-style-type: none"> <li>The majority of units are under-rented and would benefit from rental increases to market levels at the next lease event (rent review or lease renewal).</li> </ul>	<ul style="list-style-type: none"> <li>Any rent increases could affect short term occupancy and tenant retention levels</li> <li>EPC ratings of some units may affect ability to market them</li> <li>Potential investment costs involved in meeting required EPC ratings</li> </ul>

Site Performance	
Gross yield (passing rent/estimated realisation)	6.7%
Revisionary yield (estimated rental value/estimated realisation)	9.8%
Percentage under rented (estimated rental value/passing rent)*	46.2%
EMV	£2,755,435

**Property Rating: 75%**

## Sunnyside Park, Wheatfield Way, Hinckley

The property is located on Hinckley Fields Industrial Estate, a well-established industrial estate accessed from the A47 and is well placed for principal traffic routes through and out of Hinckley, providing excellent communication links to the major regional and national centres.

The site comprises three terraces of industrial of industrial units set around a central access road with concrete loading aprons to the front elevation of each terrace.

There is a shared tarmacadam car parking area for the units between Units 7-9 and 10-11.

Units 1-6 and 7-9 are of steel portal frame construction, with profile steel sheet cladding to the elevations and mono-pitched roof above.

Each unit benefits from a roller shutter door.

Units 10-11 are of steel portal frame construction, with cavity brickwork elevations and surmounted by a profile steel sheet clad pitched roof.



## Projects

Currently undertaking a suite of site surveys to understand the work and costs required for the units to meet or exceed the required EPC rating for future letting.

Strengths	Weakness
<ul style="list-style-type: none"><li>• Excellent access to A47, leading onto A5</li><li>• Good range of units, allowing tenant retention through expansion/retraction</li></ul>	<ul style="list-style-type: none"><li>• Limited parking provision</li><li>• Limited loading due to access road leading to Greenfields Business Park</li></ul>
Opportunities	Threat
<ul style="list-style-type: none"><li>• Some units are under-rented and would benefit from rental increases to market levels at the next lease event (rent review or lease renewal).</li></ul>	<ul style="list-style-type: none"><li>• Any rent increases could affect short term occupancy and tenant retention levels</li><li>• EPC ratings of some units may affect ability to market them</li><li>• Potential investment costs involved in meeting required EPC ratings</li></ul>

Site Performance	
Gross yield (passing rent/estimated realisation)	7.5%
Revisionary yield (estimated rental value/estimated realisation)	9.1%
Percentage under rented (estimated rental value/passing rent)*	20.9%
EMV	£1,036,510

**Property Rating: 73%**

## Unit 1, (Plot 9) Station Road Industrial Estate, Market Bosworth

The property is located at the front of a small industrial estate located on the south side of Station Road in Market Bosworth.

Market Bosworth itself is just over 10 miles to the west of Leicester, some 5 miles to the north of Hinckley and just under 12 miles to the east of Tamworth.

The estate lies at the entrance to the proposed Station Fields development site. The proposed development includes c. 150 new homes as well new and additional industrial units. The council is currently negotiating with developers to realise the development.

The property comprises a detached brick built industrial unit with metal roof and roof lights. It has a single storey brick addition with a flat roof above. The accommodation comprises a workshop/warehouse space with small office, kitchen and toilet facilities within the addition. The unit has an area of 1,925 sq.ft.



Strengths		Weakness	
<ul style="list-style-type: none"><li>Popular residential location with limited industrial availability</li></ul>		<ul style="list-style-type: none"><li>Poor road access with only minor roads leading to the town</li></ul>	
Opportunities		Threat	
<ul style="list-style-type: none"><li>Increase rent to market levels</li></ul>		<ul style="list-style-type: none"><li>Any rent increases could affect short term occupancy and tenant retention levels</li></ul>	
Site Performance			
Gross yield (passing rent/estimated realisation)		6.7%	
Revisionary yield (estimated rental value/estimated realisation)		8.0%	
Percentage under rented (estimated rental value/passing rent)*		20.0%	

**Property Rating: 67%**

## Ground Lease Plots

In addition to the purpose-built industrial units, the council lets plots of land within key industrial locations within Hinckley and Market Bosworth.

Arrangements for the ground lease plots are based on the site being developed by the original occupier and are let for either 99 year or 125-year terms.

There are 4 ground lease plots at Sketchley Meadows, 7 at Harrowbrook and 2 at Hinckley Business Park in Hinckley. There are a further 5 plots at Station Road in Market Bosworth.

Strengths	Weakness
<ul style="list-style-type: none"><li>HBBC has no initial outlay for the development of the employment site.</li><li>Ground leases provide a stable income with low management input.</li></ul>	<ul style="list-style-type: none"><li>Many of the leases are aged and reflect terms that are less favorable when compared with modern leases and valuations.</li></ul>
Opportunities	Threat
<ul style="list-style-type: none"><li>Most of the ground leases are nearing the value tipping point for the occupier making it desirable for them to seek a lease renewal. This presents an opportunity for HBBC to seek to re-gear the arrangements on more favorable terms.</li></ul>	<ul style="list-style-type: none"><li>The risks for ground leases are modest in comparison to short term Tenancies</li></ul>

**Property Rating: 67%**

Site Yields (1,925 Sq. ft.)	
Passing rent	£12,000 pax
Estimated rental value (ERV)	£14,000 pax
Estimated realisation	£180,000 (£93.50 per sq. ft)

## 6. Retail Estate

As part of the commercial estate, the Council holds a number of retail units across the borough. The bulk of these are located in Block C of the Crescent Development. Block C consists of ten units comprising of a:

- Cinema
- Six large restaurant/retail units
- Three small retail units.

Units 3 & 4 were combined in order to accommodate Tasty PLC's (Wildwood) space requirements. The remainder of the development consists of a Sainsbury's store and large/medium retail and restaurant units (not held by the Council). The controlling/managing interest for The Crescent sits with Telelink Estates who acquired the remainder of the site in November 2017.

The Council also owns five small retail units:

- Three on Castle Street and Church Walk, Hinckley
- Two within a parade of shops on Atkins Way, Burbage
- An office and school premises on Station Road, Hinckley

Also owned and leased out to an operator is the café space at the Burbage Common Visitor Centre





## The Crecent

The property is located with Hinckley's flagship shopping centre, 'The Crescent'. Located at the southern end of the town centre.

The site is anchored by Cineworld and Sainsbury's. Other occupiers within 'C' Block include Tarro Lounge, Wildwood, Elbow Room and Mobility & Lifestyle.

The wider site also includes a larger Sainsbury's store and multiple other retail units occupied by other brand names, such as TK Maxx.



Strengths	Weakness
<ul style="list-style-type: none"> <li>Landmark scheme within the town centre</li> </ul>	<ul style="list-style-type: none"> <li>Retail rents have rebased from £17 per sq. ft when the site opened to around £12 per sq. ft today</li> <li>Impacted by wider issues affecting high street retail units</li> </ul>
Opportunities	Threat
<ul style="list-style-type: none"> <li>Finalising negotiations with prospective tenants to occupy units C1 and 2</li> <li>Enhanced Cinema opportunities to be explored.</li> </ul>	<ul style="list-style-type: none"> <li>Existing occupier rents likely to reduce by 30% at lease renewal</li> <li>Economy fluctuations more likely to impact customer spending on food and beverages, affecting this sector greater than others</li> <li>Potential loss of cinema operator would greatly impact income from the site and impact on the viability of the unit</li> </ul>

**Property Rating: 87%**

Site Performance	
Gross yield (passing rent/estimated realisation)	7.3%
Revisionary yield (estimated rental value/estimated realisation)	9.6%
Percentage under rented (estimated rental value/passing rent)*	N/A
EMV	£4,4000,00

## Castle Street & Church Walk

The properties are located in a prominent position on the pedestrianised section of Castle Street in Hinckley town centre.

Situated on the corner of Castle Street and Church Walk, it comprises three two storey retail units currently let to variety of local businesses.



### Strengths

- Prominent position on Castle Street in the town centre

### Weakness

- Retail rents have stagnated and are unlikely to increase short-term

### Opportunities

- Greater letting possibility following refurbishment as part of wider town centre project

### Threat

- Continuing bleed of national and local high street occupiers leading abundance of vacant units, creating downward pressure on rents

**Property Rating: 58%**

### Site Performance

Gross yield (passing rent/estimated realisation)	5.1%
Revisionary yield (estimated rental value/estimated realisation)	8.5%
Percentage under rented (estimated rental value/passing rent)*	N/A
EMV	£300,000

### 3 & 5 Station Road

Former council offices and library which have been split into two units and currently let as an office and school facility, located on Station Road in Hinckley town centre.



#### Strengths

- Prominent building in the town centre
- Longstanding tenants, offering good security

#### Weakness

- Retail rents have stagnated and are unlikely to increase short-term

#### Opportunities

- Renew leases to market rents
- Potential (subject to planning consent) for residential

#### Threat

- Tenants have benefited from below market rents for some time, increases may result in vacancies

**Property Rating: 58%**

#### Site Performance

Gross yield (passing rent/estimated realisation)	4.5%
Revisionary yield (estimated rental value/estimated realisation)	6.1%
Percentage under rented (estimated rental value/passing rent)*	35%
EMV	£710,000

### 39 & 41 Atkins Way, Burbage

These properties comprise of two end of terrace ground floor retail units, with rear external stores.

They are located in a neighbourhood parade in Burbage with good car parking provision to the front elevation.



#### Strengths

- Small neighborhood units are always in high demand
- Longstanding tenants, offering good security

#### Weakness

- Parade already has a wide variety of businesses already operating form adjacent units, if a tenant vacates, interest may come from competing businesses

#### Opportunities

- Renew leases to market rents

#### Threat

- Tenants have benefited from below market rents for some time, increases may result in vacancies

**Property Rating: 58%**

#### Site Performance

Gross yield (passing rent/estimated realisation)	2.8%
Revisionary yield (estimated rental value/estimated realisation)	8.2%
Percentage under rented (estimated rental value/passing rent)*	288%
EMV	£220,000

## 61-63 Castle Street, Hinckley

Former Co-op Superstore in a prominent location within Hinckley town centre on Castle Street. Site has a large rear car park accessed from Hill Street.

Building is arranged over three storeys with entrances to Castle Street on the lower ground floor and Hill Street car park to the upper ground floor.



Strengths	Weakness
<ul style="list-style-type: none"><li>Landmark site within Hinckley town centre</li></ul>	<ul style="list-style-type: none"><li>Large unit which would prove difficult to achieve a let if it became vacant</li><li>Large building would come with high security and void costs if site was to stay vacant for a long period of time</li></ul>
Opportunities	Threat
<ul style="list-style-type: none"><li>Potential for site to be redeveloped to enhance the wider area</li><li>Potential residential opportunity (subject to planning consent)</li></ul>	<ul style="list-style-type: none"><li>Tenants have benefited from below market rents for some time, increases may result in vacancies</li><li>Large unit which would prove difficult to achieve a let if it became vacant</li></ul>

**Property Rating: 63%**

Site Performance	
Gross yield (passing rent/estimated realisation)	5.5%
Revisionary yield (estimated rental value/estimated realisation)	10.0%
Percentage under rented (estimated rental value/passing rent)*	82.2%
EMV	£1,000,000



## 7. Community Property

HBBC hold a number of properties held for the benefit of the wider community. These range from public toilets, park pavilions, scout huts and chapels.

In line with the corporate plan, these properties support the People strategy, providing places to local sports and community clubs helping people stay healthy, happy and active.

The properties and uses are listed below:



### Park Pavilions

- **Hollycroft Park Pavilion**
  - Supports Hollycroft Park Bowling Club
  - Drinks and snacks kiosk
  - Kiosk serving tennis courts and pitch & put golf course
- **Hollycroft Bandstand**
  - Supports friends of Hollycroft Park organisation
  - Holds numerous musical events, which are well attended throughout the year
- **Clarendon Park Pavilion**
  - Supports local football teams playing in the Alliance Football League
  - Supports The Wharf Inn FC playing in the Nuneaton & District Sunday Leagues
- **Langdale Park Pavilion**
  - Supports Hinckley Amateur Cricket and is the home ground for Bombay United CC
  - Supports Wykin Social FC playing in the Nuneaton & District Sunday Leagues
- **Richmond Park Pavilion**
  - Supports football clubs playing in the Nuneaton & District Sunday Leagues

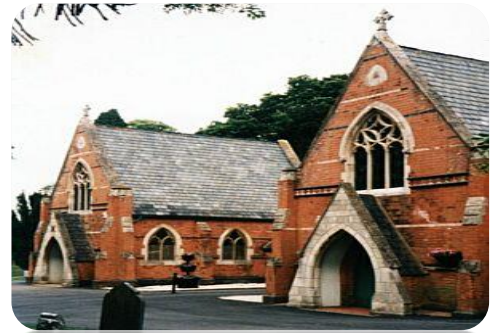
Park pavilions do not generate income directly, but compliment income to the Greenspaces team for green and pitch fees recharged to the sports teams and leagues. These assets generally cost more to run and maintain and as such do not provide a return on the investment in financial terms.

### Public Toilets

- **Station Road public toilets Hinckley town centre**
  - Offers public conveniences to Hinckley town centre
- **Hollycroft park public toilets**
  - Complements the existing facilities at Hollycroft park
- **Ashby Road Cemetery public toilets**
  - Provides public toilet access at the cemetery
- **Earl Shilton public toilets**
  - Provides a public toilet within the LCC owned library facility

## 8. Miscellaneous Sites

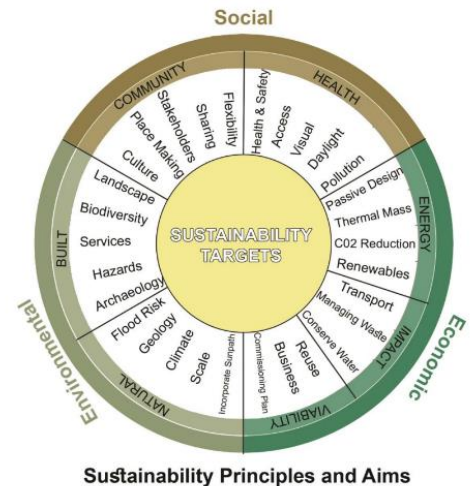
- **Ashby Road Chapel**
  - The chapel building closed during the pandemic and has not reopened. The site is due to be comprehensively refurbished in the autumn of 2024 and become available again for services from Spring 2025. The availability of the chapel for services will complement the burials at the site which generated £110,000 in income over 2023/24
- **Jubilee Hall / Barwell Scouts Building**
  - Jubilee Hall is now operated under a room hire arrangement and ran as a Parish Community Facility. As this property has reached the end of its economic life this site should be highlighted as a potential development opportunity, completing the residential street scene on Byron Close whilst providing a suitable replacement Community Facility off site. Working in partnership with the Parish Council the feasibility of this project should be progressed to ensure this community facility remains in Barwell.
- **Green Towers, Hinckley**
  - Green Towers is a bespoke community centre and community sports facility. The site is let to Hinckley Club 4 Young People a non-for-profit charity run by volunteers. Green Towers is a community facility providing, businesses, academic establishments, sports and recreational users a modern equipped property both during the day and evening. It provides youth Sessions for young people to participate in, allowing them to spend time with their friends. (99yr long term lease)
- **Hinckley Squash Club**
  - A project undertaken with Hinckley Squash and Raquet Club and England Squash and Racket Association, to seek to secure an enhanced replacement facility on Tungsten Park, Coventry Road which could be made available for community use. The scale of the new facility (in the region of £1M) not only replaces the former three court facility but also provides a fourth court allowing the centre to be used for regional competitions. (99yr long term lease)



## Hinckley Museum

The museum site was acquired on 30th May 2007 to consolidate the Atkins Master Plan project. It was considered as a key acquisition to provide additional parking for both the Goddard Building and Collage developments. At the time of purchase the museum had sitting tenants in possession of a full repair and maintenance lease which expires on 23rd January 2094. The Museum is a registered CIO (Charitable Incorporated Organisation) operated wholly through volunteers.

The 350 years old, 17th century site on Lower Bond Street comprises a half-timbered cottage fronting to the main road and is known locally as the Framework Knitters Cottages or Atkins Cottages. The property currently houses the Hinckley and District Museum. The structure is Grade II listed and is of box frame construction with brick infills. The cottage buildings provide accommodation on three levels and retain most of their original character. The principle walls are 4½" thick with no further insulation internally. The roof is thatched and supported by a timber frame. To the rear of the Museum building there is a garden area enclosed by brick walls. Beyond the garden and with access from Lower Bond Street there is a roughly surfaced compound currently used for occasional parking purposes.



Officers are working closely with the District Museum Trustees to support a development expanding on the site to improve the visitor experience and facilities. Trustees are aiming to raise £50,000 towards a National Heritage Lottery Fund bid.





## 9. Land Holdings

The Estates and Asset Management Service are also responsible for a number of parcels of land which are described as being both green and brownfield sites. Over the past 25 years these sites have been identified as being underutilised, providing an opportunity for disposal generating capital receipts and promoting regeneration projects.

Disposals including Land off Montgomery Road Earl Shilton, land off Stoke Road Hinckley and the Former Middlefield Depot Site Hinckley have all been successfully sold to provide the development of residential housing.

Three key sites now remain within the Councils portfolio albeit much smaller in scale.



- **Land off A47 East of Barwell (8 acres)**
  - This site, currently identified as “the Crematorium site” has a granted planning permission to provide a crematorium, chapel and reception building, a maintenance yard, car parking and site access from the A47 and includes hard and soft landscaping throughout the site.
- **Land off Mill Lane / Astley Road Earl Shilton. (1.6 acres)**
  - Originally part of the Earl Shilton SUE red line boundary this site was removed from the development as it is subject to a cordon sanitaire preventing development on part of the site due to its proximity to the sewage works. With new access provided off the Earl Shilton SUE development the value of this site may increase providing opportunity for development and capital receipt. Feasibility of development options should be considered once the surrounding development areas have been granted planning approval.
- **Land Off Druid Street Hinckley (0.22 acres)**
  - This site was acquired by HBBC as part of the Atkins Project development. Standing adjacent to two conservation areas, has a grade II listed building on the boundary to its West. Immediately to its South is a modern imposing college building, to the North a former factory now converted to residential units and finally to the East, opposite the site, low rise predominantly terraced housing. This site offers the potential of a small low density residential housing scheme.



## 10. Property Performance Table

The table below is based on the following assessed criteria. The Rating is the total measured as % of the total available for the site.

**Location** – The suitability of the property’s location based on property use

**Accessibility** – Access to the property via public and alternative means of transport

**Car Parking** – On site parking facilities

**Environment** – This metric is based on the *current*\* EPC ratings within each location and the risks of the property becoming un-lettable under MEES.

**Customer Facilities** – An assessment of the suitability for the facilities for the target customer

**Staff Facilities** – The suitability of the facilities for HBBC staff (this is discounted where there is no permanent staff presence)

**Layout** – The suitability of the internal and external layout of the property for its current purpose

**Flexibility** – The suitability of the property for alternative uses

**Security** – An assessment of the suitability of the hard and soft security arrangements for the property

**Corporate Image** – An assessment of how well the property publicly conveys the corporate aims and reputation of the council

**Yield** – The assessed yield for the respective property

**Letability** – This is an assessment of each property’s desirability within the respective market. It considers the age, condition and amenity of each property.

**Demand** – Based on actual enquiries and the state of market in which the property sits



	Hinckley Hub	Jubilee Building	Atkins	Greenfields	Hinckley Business Park	Merrylees	Sketchley Meadows	Sunnyside Park	Plots	The Crescent	Retail/Misc	Former Co-op
Location	5	5	5	5	5	2	5	5	5	5	4	5
Accessibility	5	4	5	5	3	2	3	5	4	5	4	5
Car Parking	5	2	3	4	3	4	4	3	5	5	3	5
Environment	4	4	3	2	4	2	2	2	2	5	2	2
Customer Facilities	5	4	5	4	4	3	3	3	2	5	3	4
Staff Facilities	5	4	5	-	-	-	-	-	-	-	-	-
Layout	4	4	4	4	4	4	4	3	3	5	3	2
Flexibility	4	3	3	3	4	4	3	3	3	2	1	2
Security	4	4	4	5	3	2	4	4	3	4	2	3
Corporate Image	5	4	5	5	3	3	3	2	2	5	3	3
Yield**	3	-	3	4	4	5	5	5	5	5	3	5
Letability	3	-	4	5	4	4	4	4	3	5	3	1
Demand	3	-	4	5	5	5	5	5	3	1	4	1
Total Score	55	38	53	51	46	40	45	44	40	52	35	38
Score %	85%	76%	82%	85%	77%	67%	75%	73%	67%	87%	58%	63%

Scores are RAG rated as follows:

Scores above 75% **Green**

Score between 50 – 75% **Amber**

Scores lower than 50% **Red**

*\*work is being progressed to improve the EPC ratings of each unit, to ensure continued compliance, when returned to the Landlord at the end of its occupation.*

*\*\*Estimated Investment Yields – they reflect the level of return that an investor would seek from the property. The higher the yield, the greater risk the investment.*

*\*\*\*This reflects the return on the lettable office space only, and not the entire building with gallery and conferencing areas. The Net Yields are shown under Financial Information.*

# CIPFA's Review of the Council's Commercial Portfolio

## Background

As part of CIPFA's commission to provide a review of the Council's draft Corporate Property Report dated 04/11/24 to ensure that it reflects best practice in the measurement of the performance of public sector property asset and to suggest where improvements could be made, we have undertaken a high-level desktop review of the Council's Commercial portfolio.

The review is based on information and data supplied to us by the Council, our experience of working with other councils and market data & trends relating to the national & local industrial, office and retail sectors.

## Overview

Purely from a commercial perspective the rental income from commercial assets should exceed the full cost of ownership. This would include running costs such as utility costs, repairs and maintenance, management costs as well as the cost of debt repayment on any borrowed money associated with the asset AND should provide a rate of return on the nett capital value of those assets that exceeds what could be achieved by investing that capital elsewhere, either in alternative property assets or in other forms of investments.

However, we assume that none of the commercial assets within the Council's portfolio are regarded as pure investment assets i.e. assets held solely to produce income or for capital appreciation or both but are assets that whilst potentially returning an income also provide other benefits such as: employment opportunities; enhanced community facilities; enhancing the local economy; or support regeneration activities.

That being said it is entirely appropriate for the Council to improve the strategic management and operation of their property assets and to take a more commercial approach to property investment decisions.

Strategically the question is 'are the assets achieving the outcome for which they were acquired/developed and supposedly retained' and 'does that outcome justify the cost of retaining them as opposed to disposing or repurposing'?

Based on the information available to us we understand the Council's Commercial portfolio to consist of:

- 101 Industrial unit and ground lease plots
- 65 office, meeting and archive spaces
- 16 retail units
- Management of several leases relating to properties let to community groups

From a commercial perspective we have undertaken a high-level review of the Council's current commercial portfolio and comment as follows:

## Industrial Portfolio

Nationally the market shows that demand for smaller industrial units, particularly those of high quality e.g. BREEAM standard, has risen in the last 12 months and void rates have returned to at least pre-pandemic rates and are according to market statistics averaging about 4%

In the current financial climate, a yield of 7% for industrial units would be viewed as a good return although clearly this is subject to regional variations and other factors such as condition, location etc. Again, according to market statistics, the average yield for Leicestershire would appear to be in the region of 4-5%

The Council is currently achieving a yield of between 4.8% (lowest) and 6.9% (highest) which would suggest that the portfolio is generally performing well especially considering it appears that a large proportion of the units are currently let below market value and some also on terms that are potentially less favourable to the Council than they could be.

The 'let below market rent' scenario is something of a theme we are seeing in several councils we have recently worked with. Often, it's due to a political stance taken based on a reluctance to increase rents post pandemic at a time when businesses are facing increased energy costs etc. The approach we are seeing is one of a gradual increase, especially for small local businesses, rather than a sudden hike in rents.

A similar approach by the Council would, all things being equal, see the industrial portfolio potentially perform very well.

Investment needs, particularly regarding energy efficiency requirements, will need to be considered as part of any strategy for the industrial portfolio i.e. does the level of investment required improve and or decrease viability.

### **Office Portfolio**

The Council has a relatively small lettable office portfolio located within the Atkins Building and Greenfields Business Park both of which offer mixed-use space rather than solely office accommodation, which given that the office market has not recovered from the effects of the pandemic in the same way as the industrial market, is potentially a positive.

The average office yield in Leicestershire is in the region of 5-5.5% but this can vary significantly depending on the market sector and location. Smaller office units would appear to be achieving higher yields than that achieved for larger office blocks that remain more difficult to rent as businesses look to reduce costs and 'working from home' or remotely still seems to be prevalent.

The fact that the Council are achieving a yield of 6.4% for Greenfields Business Park potentially shows that there is increasing demand for this type of mixed-use high-quality accommodation. Clearly there are issues with the performance of the Atkins Building in terms of income generation although we assume there are other considerations to take into account such as community use and there does appear to be increasing demand for conference/meeting space as organisations gradually return to 'face to face' rather than virtual engagement.

### **Retail**

The retail sector is far more volatile than either the industrial or office market. The economic climate, changing shopping habits, the impact of the pandemic etc has effectively changed the market, potentially for ever.

Most are aware of the impact these changes have had on the traditional 'high street' which were in decline even before the pandemic. The nature of local shopping parades has also changed from the time they were originally developed as people moved to supermarkets rather than shopping locally for their weekly shop.

Retail rents were in decline before the pandemic and continued to do so. This has been most notable in shopping centres, where rents on average have fallen by 25% as exemplified by rent at the Crescent falling to around £12 per Sq. Ft. from the £17 achieved when the Centre first opened.

However, where the Crescent units fully let the Council's figures suggest this would produce a yield of 7.3% which is 0.1% over the national average of 7.2%.

We are sure that the Council are aware of the instances where other councils have invested heavily in shopping centres only to see their value drop by something like 70% since the 2007 peak -

although it has to be acknowledged that many have done so to help regenerate town centres rather than to purely generate income or as a capital investment.

The good news is that there does appear to be stabilisation of values and rents which is encouraging private sector investors to re-enter the shopping centre market, but whether values reach previous levels remains to be seen.

The standalone high street retail unit market is just as uncertain. There has been a trend for town centre unit occupation moving away from national or regional retailers to local business which tends to lead to high turnover and high void rates. Much of the investment by local authorities in this area has been in an attempt to rejuvenate the high street or for wider area regeneration and keeping them occupied, potentially at below market rent, to avoid further increases in the number of unoccupied premises is the priority.

The relatively low yield rates of below 3% for the limited number of town centre units that the Council owns reflects the market and clearly a long-term strategy for these assets is required or there is a likelihood that they will simply cost more to manage and maintain than they will return in income.

From our experience of working with other councils the demand for community-based retail units, particularly those that form part of a local parades remains relatively strong, be it that they attract relatively low rents and tenants that tend to attract antisocial behaviour e.g. fast-food outlets, off-licences, betting shops etc. all of which is reflected in low yields. Frequently council owned units of this type are attached to social housing making disposal difficult, and it's often a case of do they 'wash their face' by producing an income that covers management and maintenance costs rather than supporting any of the Council's main priorities or objectives in the same way as the industrial, office and town centre retail units do.

### Summary

Overall, it is good to see the Council looking to develop a clear strategy for its commercial portfolio alongside that for the operational estate.

The portfolio would appear to be relatively low risk financially although the Council does need to consider the short to medium-term investment that will be required to bring or maintain the assets to/in a condition that ensures income can be maximised.

### Wyn Jenkins

Senior Property Consultant



## PFL Devolved Conferences 2024

Scotland, Northern Ireland and Wales

Early bird offer available, book here

