

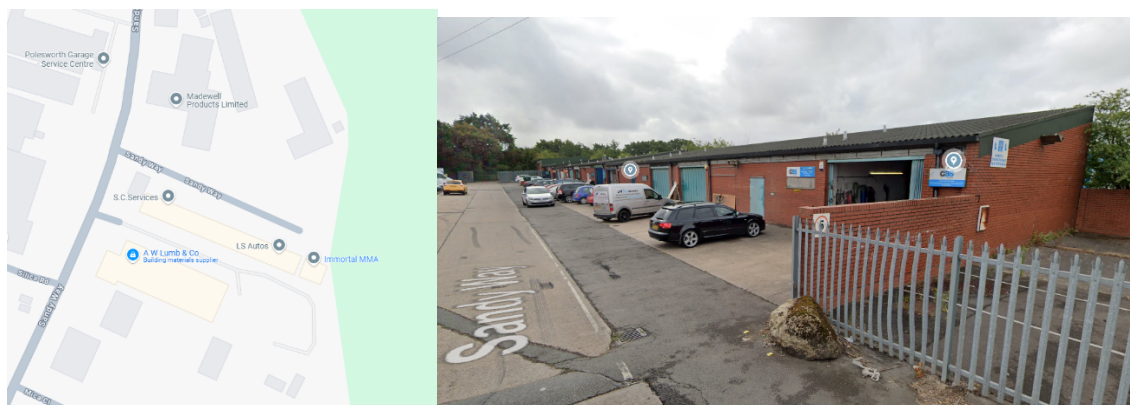
Industrial Units – Amington Industrial Estate (phase 3)

Asset Description

Located in the Amington area of Tamworth, this is a purpose-built estates of 10 industrial units. The surrounding area is predominantly light industrial. The units range from 660sqft to 1200sqft and are typically intended for light industrial/engineering use although most are currently used for businesses related to vehicle repair.

The units are single storey with roller shutter doors to the front. Roofing has been replaced across the units at some point in the last 10-15 years.

There is parking on the site and the access road is shared with other businesses not owned by the Council as well as the Council depot.



Purpose of Asset

These units are held for investment purposes and are let at commercial rent rates. The size of the units means that they are typically of interest to small local businesses and for use a starter unit.

The size of the units means that they do not generate significant employment opportunities.

The units are predominantly occupied by businesses related to vehicle repair and a local synergy between businesses has developed.

General Condition of Asset

The units have seen minimal investment over the years and tenant repairing obligations in many cases have not been completely fulfilled. The units have benefited

from a new roof at some point in the past 10-15 years. The general condition of the units is moderate.

The general structure of units is sound and the roofs have been replaced in the past 10-15 years. The state of decoration is generally acceptable as is the land surrounding units.

Internally, units are provided with limited facilities consisting of basic electrical and plumbing services. The energy performance of the units is poor and typically heating systems are removed prior to letting in order to achieve the required EPC [Energy Performance Certificate].

Units are typically let on a “Fully Repairing Lease” where the tenant has repairing obligations for the internal and external elements of the building including the roof. Limited resources within the “Commercial Team” mean that repairing obligations are not enforced as vigorously as they should be.

General Condition of Estate (where applicable)

The estate road is in an acceptable condition and will require resurfacing within the next 5-10 years. The estate road is shared with other non-Council units as well as the Council depot.

There is limited street lighting and no communal CCTV coverage of the estate.

There is no service charge in place for the units meaning that all estate maintenance is funded through the Building Repairs Fund.

Estimated Remaining Life

With minimal investment in line with the current stock condition data it is likely that the maximum remaining life is no more 10-15 years.

With increased investment the remaining life of the units could be extended to at least 25-30 years. This would require improved insulation to all units, and the installation of insulated, automated roller shutter doors.

The wider estate will also require investment in the next 5-10 years to maintain roads and paved areas in a safe and usable condition. This is more important due to the fact that the access road is shared with other users.

Current Demand

Demand has consistently been MODERATE to GOOD. The units are attractive to small local businesses and start-up businesses. Despite the condition of the units and only limited advertising there has consistently been a supply of interested parties.

The units are predominantly occupied by businesses linked to vehicle repair and a local synergy has developed.

Expected Future Demand

More work is needed to understand the likely demand for the period beyond 5-10 years.

Quality of Covenants

The units have typically appealed to small, local, start up businesses as such the covenants are generally poor with many of the businesses being prone to failure. Many of the units are occupied by businesses related to vehicle repair and a local synergy has developed.

A lack of resource within the Commercial Management Team means that enforcement of tenant covenants and responsibilities has been limited. Many businesses vacate units having failed which means that covenants and obligations are not met, and dilapidations have to be met through the Building Repairs Fund.

Income and Expenditure

	Annual Rent	5yr Rent	5yr Spend	5yr Yield	30yr rent	30yr spend	30yr Yield
Stock Condition Investment	£66,093	£330,469	£10,018	3298%	£1,982,815	£153,229	12962%
BRF Spend	£66,093	£330,469	£47,050	702%	£1,982,815	£282,300	702%
Suggested 20% reinvestment	£66,093	£330,469	£66,093	500%	£1,982,815	£396,563	536%
Investment to meet modern standard	£66,093	£330,469	£47,050	702%	£1,982,815	£746,563	265%

The BRF allocation for these units is £9,410 per annum.

The current market value for the site is £XXXXXXXXXXXX

Potential annual return if capital receipts were to be invested with a yield of 3.5%pa is £XXXXXXXXXXXX

Options

Retain with minimal investment	<ul style="list-style-type: none"> • • INSERT COMMENTARY HERE
Retain with major investment	<ul style="list-style-type: none"> • • INSERT COMMENTARY HERE
Disposal	<ul style="list-style-type: none"> • • INSERT COMMENTARY HERE
Disinvest	<ul style="list-style-type: none"> • • INSERT COMMENTARY HERE
Repurpose	<ul style="list-style-type: none"> • INSERT COMMENTARY HERE

Recommendation

The Asset Strategy Steering Group should consider the options available and develop recommendation.

SET OUT RECOMMENDATIONS HERE

Suitability for Housing

SET OUT RECOMMENDATIONS HERE