

WARWICK DISTRICT COUNCIL

TO: RESOURCES SUB - COMMITTEE - 7th FEBRUARY 2000

**SUBJECT: 1, 2 AND 3 ALTHORPE STREET INDUSTRIAL ESTATE,
LEAMINGTON SPA.**

FROM: PROPERTY SERVICES.

1. PURPOSE OF REPORT.

1.1 To seek Members' approval to the marketing of the above premises.

2. BACKGROUND.

2.1 In the early 1960's the Leamington Borough Council granted long leases on plots of land off Court Street, Althorpe Street and Neilston Street, Leamington Spa for the construction of industrial units. The leases were for 99 years at rents ranging from £100 per annum to £250 per annum with no provision for rent reviews.

2.2 The leases contained provision for forfeiture by the Council in the event of the tenant going into receivership or liquidation, thereby enabling the Council to re-let the premises at market value. This occurred to Unit 1, hatched on the attached plan, which was thereafter split into three units, now known as Units 1, 2 and 3.

2.3 Units 4 - 13, inclusive, were sold in 1993, following Land and Buildings Sub - Committee consent. Units 1, 2, 3, 14, 15 and 16, however, are still within the ownership of this Council. Units 14, 15 and 16 were retained as being of possible need in connection with the Old Town Study, whilst Units 1, 2 and 3 were retained as they were providing this Council with a satisfactory income, at that time.

2.4 Units 1, 2 and 3 are small light industrial units, let at open market rental values. Only Unit 1, however, is let at the current time. Unit 2 has been vacant for over 2 years, and Unit 3, having been empty for over 4 years, was finally let in March 1998. Unfortunately, however, this tenant was not able to keep up his rental payments and was evicted in November 1999.

2.5 Since then, this Council has received some interest in acquiring the freehold of Units 1, 2 and 3. These interests have been withheld, however, as Units 1, 2 and 3 were considered as a suitable alternative location for the tenant of Unit 16 - the Unit which this Council wishes to repossess to facilitate the redevelopment of the Court Street area.

2.6 The tenant of Unit 16 has since notified the Council that Units 1, 2 and 3 would not be suitable for his use and consequently, the Units could be available for sale. The income received from the sale could then assist the Council in compensating the tenant of Unit 16 for the early termination of his lease.

3. CURRENT SITUATION.

3.1 As explained in section (2.4), a couple of the Units were vacant for over 4 years. During this time, they were marketed, to let, on behalf of this Council, but little interest was received until March 1998, when the new tenant for Unit 3 was found. This lease, however, did not last.

3.2 Since the tenant of Unit 3 was evicted in November 1999, there has been 3 occasions of vandalism / arson to the premises causing serious damages and an Insurance Claim is currently being pursued.

4. PROPOSAL.

4.1 Whilst it is acknowledged that the Council has to be extremely prudent when disposing of it's assets, it is, nevertheless, proposed that in this instance the freehold of Units 1, 2 and 3 should be sold with appropriate safeguards in the terms and conditions in respect of any future change of use of the land, both in terms of potential financial benefits and restrictive covenants.

5. RECOMMENDATION.

Members approve the marketing for sale of Units 1, 2 and 3, final terms and conditions to be agreed by the Committee at a later date.

REPORT AUTHOR / CONTACT OFFICER: Chris Makasis - Estates
Surveyor

BACKGROUND PAPERS: Land and Buildings Sub - Committees :
27th July 1992,
7th October 1992,
9th November 1992 &
18th Jan 1993.

AREAS AFFECTED: Brunswick Ward, Leamington Spa.