



## Belfast City Council

<b>Report to:</b>	Strategic Policy and Resources Committee
<b>Subject:</b>	Disposal of former Civic Amenity Site, Boucher Rd
<b>Date:</b>	23 <sup>rd</sup> March 2012
<b>Reporting Officer:</b>	Gerry Millar, Director of Property and Projects, Ext: 6217
<b>Contact Officer:</b>	Cathy Reynolds Estates Manager, Property & Projects, Ext: 3493 Celine Dunlop, Estates Surveyor, Property and Projects, Ext: 3419

<b>1</b>	<b>Relevant Background Information</b>
1.1	The former Civic Amenity site at Boucher Road, Balmoral Industrial Estate is a 0.588 acre site with frontage on to the Boucher Road close to its junction with Stockmans Lane, as shown outlined red on the plan attached at Appendix '1'. On the 18 <sup>th</sup> March 2011 the Strategic Policy & Resources Committee granted approval to placing the subject land on the open market to let by way of long lease (subject to 5 yearly rent reviews).
1.2	Balmoral Industrial Estate contains a large number of sites which are leased from the Council by way of long leases, usually 125 years, subject to the payment of reviewable ground rents. The rents receivable from this estate represent a valuable income stream for the Council with a rental income in 2011/12 of approximately £3,142,000, which is an increase from £1,390,000 in 2001/02. This represents a c.126% increase over the 10 year period. The leases within the estate are proactively managed by the Estates Management Unit to ensure rent reviews and lease terms are adhered to and optimised for the benefit of the Council.
1.3	It is worth noting that an Economic Impact Study undertaken by IPSOS MORI in 2007 highlighted the important role that both Balmoral and Duncrue Industrial Estates played in supporting the continued urban and social regeneration of Belfast, as well as contributing significantly to employment in the wholesale and retail sectors within Belfast. In 2007 the total turnover in the two estates was estimated at approximately £680m per annum, employing 6495 people with over 2.2m customers visiting the estates per annum.

<b>2</b>	<b>Key Issues</b>
2.1	Following the Strategic Policy & Resources Committee approval the site has been extensively marketed by Ardmore Commercial Property Agents on behalf of the Council. Following an open market bidding process during which bids were received from a number of different parties two bids as outlined below emerged significantly above the others.
2.2	<p>Potential tenant: McKinney Land Ltd  Use: Drive Thru Restaurant with McDonalds as the occupier  Rent: £46,000 per annum exclusive. Conditional on planning.  Rent free: The tenant will require 6 months rent free from the lease commencement date  Rent review: 5 yearly with a minimum uplift of 10% at the first review  Conditions: Conditional upon planning which could potentially take up to 2 years to include an option to appeal. Conditional upon Council accepting full responsibility for any pre-existing environmental/contamination issues and all remedial costs associated with same.</p>
2.3	<p>Potential tenant: Boucher Enterprises ( Mr Harry Diamond)  Use: Potential mixed use retail/restaurant development or solely for the use as a restaurant.  Rent: £45,000 per annum exclusive. Unconditional on planning.  Rent free: No rent free period required.  Rent review: 5 year review in line with market conditions.  Conditions: None</p>
2.4	The Boucher Enterprises bid is not conditional on planning and nor is there a rent free period proposed. Therefore, over the 5 year period to next review the total income to the Council will be £225,000. The total rental income to the Council over the same period for the McKinney Land bid is £138,000 on the basis of the 6 month rent free period and assuming 18 months to obtain planning. The offer from Boucher Enterprises therefore represents best price in accordance with the requirements of Section 96(5) of the Local Government (NI) 1972 in that no conditions are attached and the rent will be payable immediately on completion of the lease. The marketing agents, Ardmore Commercial have also advised that, in their opinion, the offer received from Boucher Enterprises should be accepted.

<b>3</b>	<b>Resource Implications</b>
3.1	<p><u>Financial</u>  The £45,000 per annum rental will supplement the rent roll for Balmoral Industrial Estate and will assist in benchmarking for future rent reviews of other sites within this estate. This open market rental represents an excellent return to the Council even in this period of economic downturn. The rent will be subject to review in accordance with the terms of the lease every five years.</p>
3.2	<p><u>Human Resources</u>  Staff resource from the Estates Unit &amp; Legal Services will be required to complete the lease. Staff resource within Estates Unit to thereafter manage this leased site as part of the wider asset management of Balmoral Industrial Estate.</p>

3.3	<b>Asset and Other Implications</b> The leasing and future redevelopment of this site accords with effective asset management and further contributes to the important economic role this estate plays within Belfast in terms of services and employment.
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<b>4</b>	<b>Equality and Good Relations Implications</b>
4.1	There are no equality implications to this proposal.

<b>5</b>	<b>Recommendations</b>
5.1	The Committee is requested to approve the letting of this site at Boucher Road at £45,000 per annum, as outlined above, on the basis of a 125 year lease with 5 yearly rent reviews and with terms to be incorporated in an appropriate lease agreement.

<b>6</b>	<b>Decision Tracking</b>
6.1	The Director of Property & Projects and the Director of Legal Services to action by the 1 <sup>st</sup> July 2012.

<b>7</b>	<b>Documents Attached</b>
7.1	Plan at Appendix '1