

Council

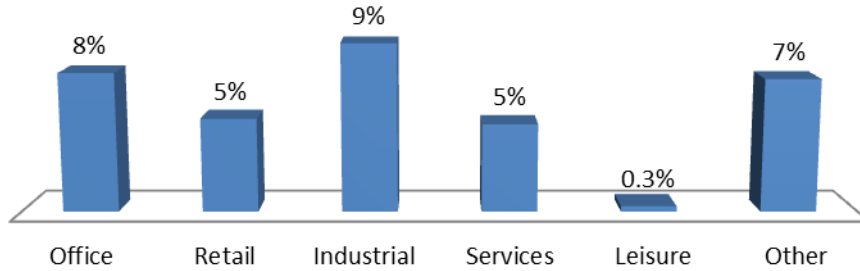
11 September 2018

Member Questions (1 total)

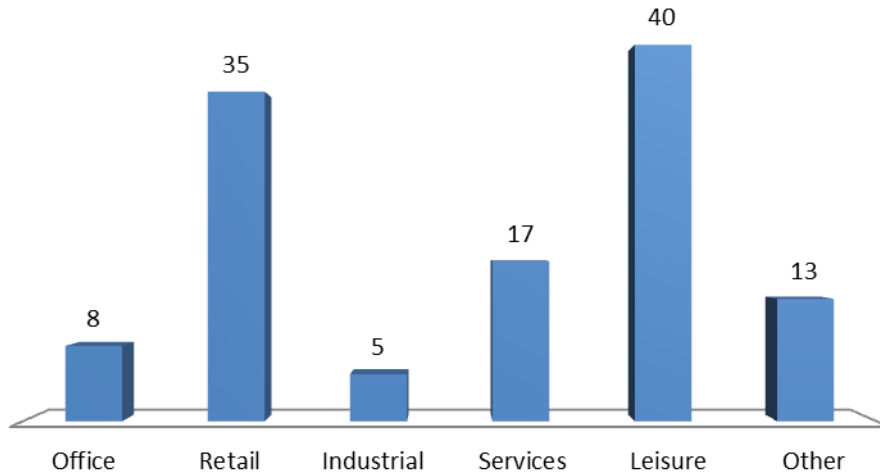
1.	Question from Councillor Babbage to Cabinet Member Finance, Councillor Rowena Hay
	Please provide a summary position of the council's investment property and other income generating property, including valuations, income generated, location and overview of tenants.
	Response from Cabinet Member
	<p>I thank Cllr Babbage for his question which proved to be an interesting and informative exercise and I would also like to thank the significant amount of work and detail that officers have given in responding.</p> <p>The main categories of a commercial property investment portfolio are:</p> <ul style="list-style-type: none">• Office• Retail• Industrial <p>The Council have a number of properties which are used primarily for service provision within these groups but are also capable of generating an income. Examples would include: Municipal Offices (office), Depot (industrial) and to a smaller extent Cafes in the Park (retail). Service providing properties would not normally be considered pure investment properties but actually what the statics show is that all these Asset Groups are performing well.</p> <p>The Council's income generating portfolio has been summarised by the attached graphs by showing the numbers of assets held in each category, the income generated from each category and the yields being generated from that asset group.</p> <p>A further three asset groups have been added to capture the entire property income generating elements of the Councils property portfolio. These have been split between:</p> <ul style="list-style-type: none">• Services – WC's, Retirement and care accommodation• Leisure• Other – Primarily Land <p>It was a pleasing discovery on formulating this information that those Assets primarily held for service delivery were actually performing well. A yield of around 5% or above is what a traditional commercial fund would aspire to achieve.</p> <p>The Council are now focusing on diversifying the more traditional individual asset groups within the portfolio, to spread the risk. Again there is a large amount of historic assets that are <u>not</u> under performing as such, but they are very similar in nature due to the way in which Councils operate historically and have matured. An example would be the retail stock. This asset group is made up of a number of</p>

small individual units, either stand alone or forming part of a small parade of shops. There is traditionally no primary retail (town centre), but a number of units in secondary (town centre edges) and tertiary (within housing estates) locations. The purchase of Café Nero and future acquisitions look to diversify the historic portfolio balance.

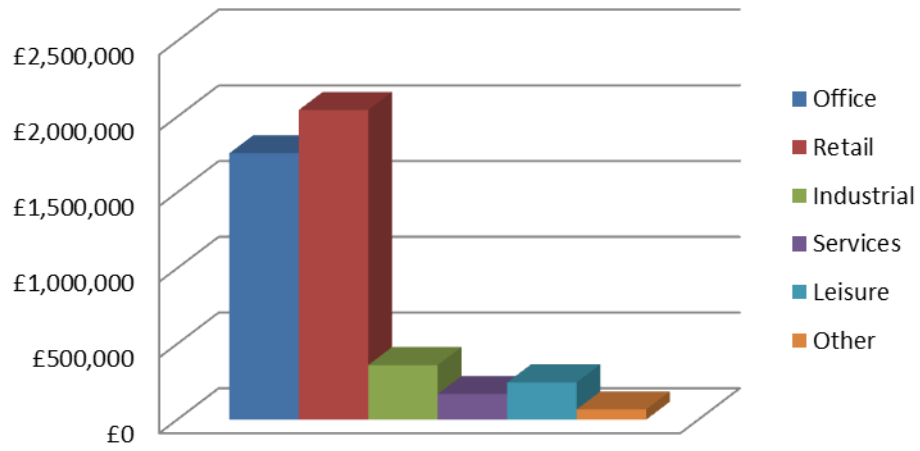
Yields



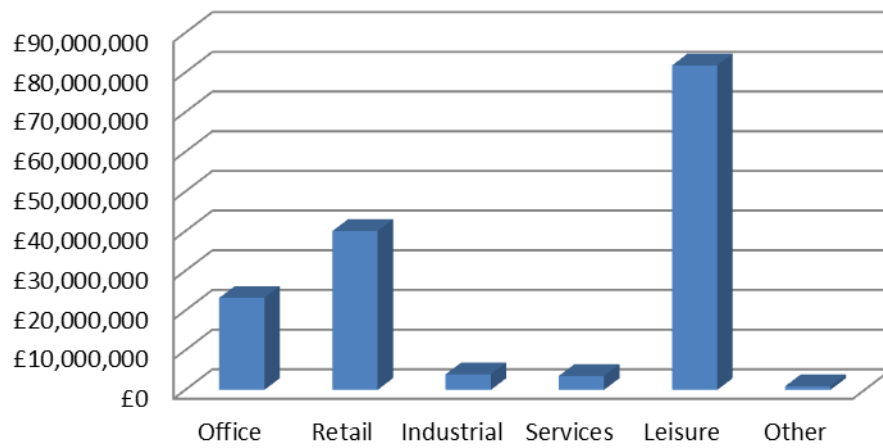
Number of assets in each class



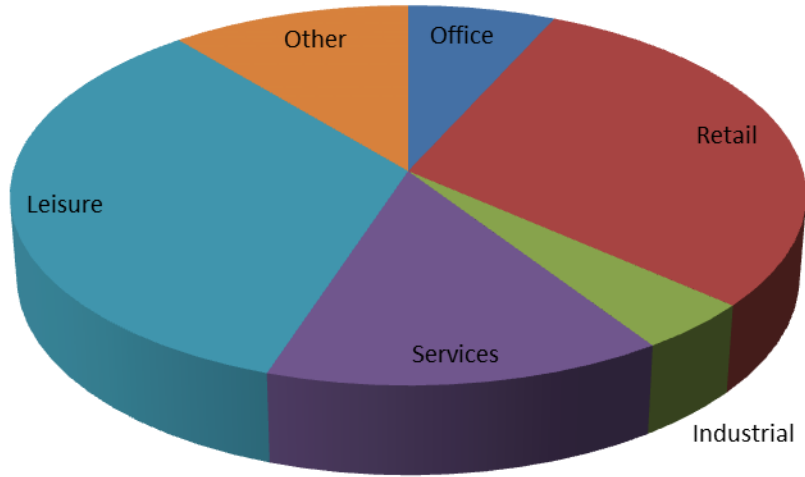
Income 2018



Value 2018



Number of Assets in each group



Income 2018

