Finance and Resources Committee

10.00am, Thursday, 29 October 2020

1st Floor, Ratho Park (Phase 3), Edinburgh – Proposed New Lease

Executive/routine Routine

Wards Ward 3 – Drum Brae / Gyle

Council Commitments 2

1. Recommendations

1.1 That Committee approves a new 20-year lease to Nykobing Ltd of the 1st Floor Office Suite, Ratho Park (Phase 3), on the terms outlined in this report and on other terms and conditions to be agreed by the Executive Director of Resources.

Stephen S. Moir

Executive Director of Resources

Contact: Andrew McCurrach, Investment Portfolio Officer,

Property and Facilities Management Division, Resources Directorate

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Report

1st Floor, Ratho Park (Phase 3), Edinburgh – Proposed New Lease

2. Executive Summary

2.1 The first-floor office suite at Phase 3 Ratho Park, Newbridge has been vacant since August 2018 with limited interest during marketing. This report seeks approval to grant a 20-year lease to Nykobing Ltd on the terms and conditions outlined in the report.

3. Background

- 3.1 The premises at Ratho Park is a modern office development built in 2007 by the EDI Group Ltd and formed part of a larger property portfolio acquired by the Council in 2010. The first floor extends to 755 sq m (8,127 sq ft) or thereby, as shown outlined red on the attached plan.
- 3.2 The property was previously leased to the Cheque Centre Ltd for use as their national office and call centre at a passing rent of £93,000 per annum, set in 2013. This lease came to an end when the company entered administration in August 2018 and the space has been actively marketed since this date, with limited interest.
- 3.3 Nykobing Ltd are a newly formed company who provide licensed private medical care. The proposed occupier will use the subject property as a Private Medical Centre, performing minor outpatient surgeries, with local rather than general anaesthetic.

4. Main report

4.1 The following terms have been provisionally agreed:

Subjects 1st Floor Office Suite, Ratho Park – Phase 3;

Lease: 20 year lease from date of entry;

Break Option: Tenant only break on 10th anniversary;

Rent: £81,270 per annum;

• Rent Review: Upwards only on a five yearly basis;

Use: Private medical centre;

Repairs: Tenant full repairing and insuring obligation;

Incentive: 15 month rent free;

Costs: Each party to bear their own costs;

Condition: Subject to planning permission for proposed use;

Other Terms: As contained in the standard Council lease.

4.2 The rent equates to a rate of £10 per sq ft which is reflective of current market rental levels at Ratho for an office suite of this size. Since July 2020, the Investment Team have concluded two similar new lettings at Ratho Park, under delegated authority. These have resulted in 8,367 sq. ft of office space being leased, £78,188 of new income being generated and removal of void costs in the region of £79,750, before the proposed transaction is considered.

5. Next Steps

5.1 Following Committee approval, legal services will be instructed to progress the preparation of a new lease.

6. Financial impact

A new rental income of £81,270 per annum, will be payable to the General Property Account Removal. In addition the liability for vacant property costs in the sum of £77,000 per annum will be removed.

7. Stakeholder/Community Impact

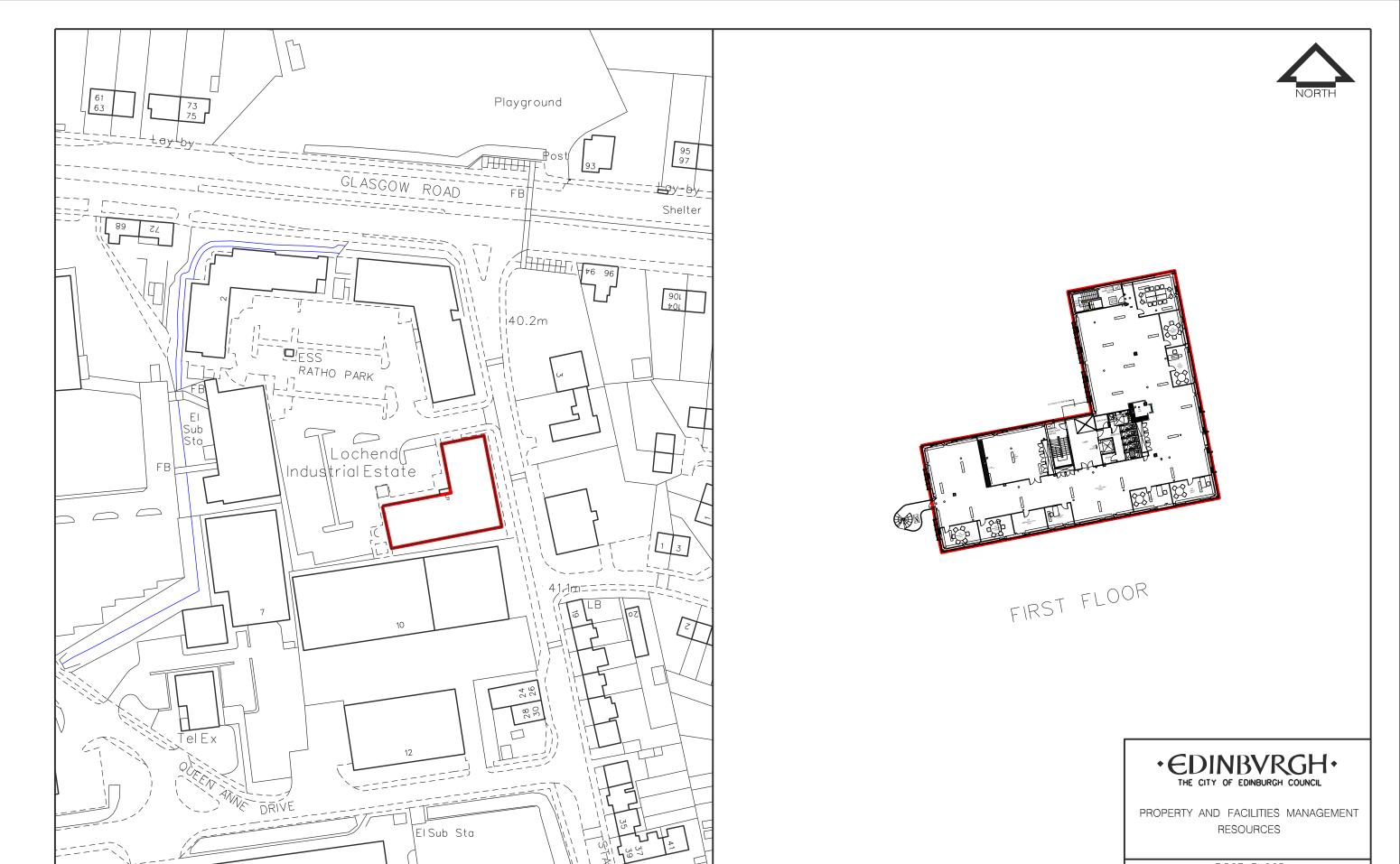
7.1 Ward members have been made aware of the recommendations of the report.

8. Background reading/external references

8.1 N/A.

9. Appendices

9.1 Appendix 1 – Location Plan



FIRST FLOOR RATHO PARK STATION ROAD RATHO STATION

DATE 9/9/20
SURVEYED BY Third Party
DRAWN BY Mark Ballantyne
SCALE 1:500 @ A3 SIZE
NEG. NO. A3/1759

SCALE 1:500

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SITE PLAN

SCALE 1:1250

LOCATION PLAN