

Finance and Resources Committee

10.00am, Thursday, 12 August 2021

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

Executive/routine	Routine
Wards	Ward 3 – Drum Brae / Gyle
Council Commitments	2

1. Recommendations

It is recommended that Finance and Resources Committee approves a new 10-year lease to Nykobing Ltd of the second 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 Place.

Paul Lawrence

Executive Director of Place

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Report

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

2. Executive Summary

- 2.1 The second floor office suite at Phase 3 Ratho Park, Newbridge has been vacant since August 2018 with little 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 forms part of a modern office development built in 2007 by the EDI Group Ltd. The subject property is second floor accommodation and extends to 300 sq. m (3,230 sq. ft) or thereby, as shown shaded green 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 £35,530 per annum, set in 2013. The lease came to an end when the company entered administration, in August 2018, and the space has been actively marketed since this date, with minimal interest.
- 3.3 On [29 October 2020](#), Finance and Resources Committee approved a lease of the first floor to Nykobing Ltd. Nykobing Ltd are now seeking additional space to extend their 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: Second Floor Office Suite, Ratho Park – Phase 3;
 - Lease Term: 10-year lease from date of entry;
 - Break Option: Tenant only break on 2nd and 5th anniversary;
 - Rent: £27,455 per annum;

- Incentives: A 15 month rent free period will be granted, to be apportioned over the initial two years of the lease term. 3 months' rent will be repayable if the break option is exercised on the 2nd anniversary;
- Rent Reviews: Rent reviewed on the 5th anniversary;
- Use: As a Private Medical Centre;
- Condition: Subject to planning permission for change of use;
- Costs: Each party to meet their own costs; and
- Other terms: As contained in the Council's standard commercial terms.

4.2 The rent equates to a rate of £8.44 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 four similar new lettings at Ratho Park. These have resulted in 19,252 sq. ft of office space being leased, £176,997 pa of income being generated and removal of void costs in the region of £192,000 pa.

5. Next Steps

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

6. Financial impact

6.1 Removal of vacant property costs in the region of £30,000 per annum, plus new rental income of £27,455 per annum, payable to the General Property Account.

7. Stakeholder/Community Impact

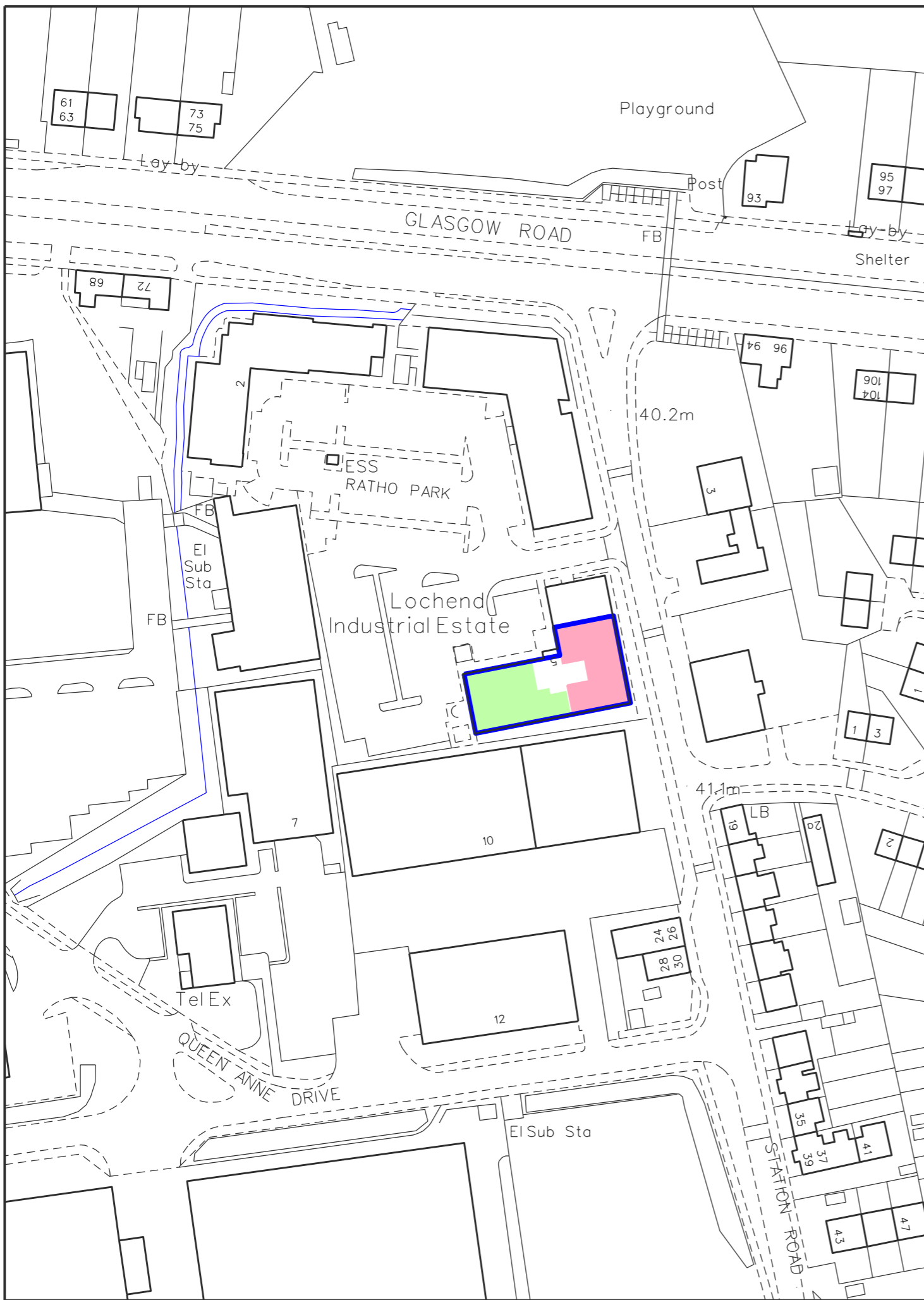
7.1 Ward members have been made aware of the recommendations of the report

8. Background reading/external references

8.1 [1st Floor, Ratho Park \(Phase 3\), Edinburgh – Proposed New Lease – Report to Finance and Resources Committee 29 October 2020.](#)

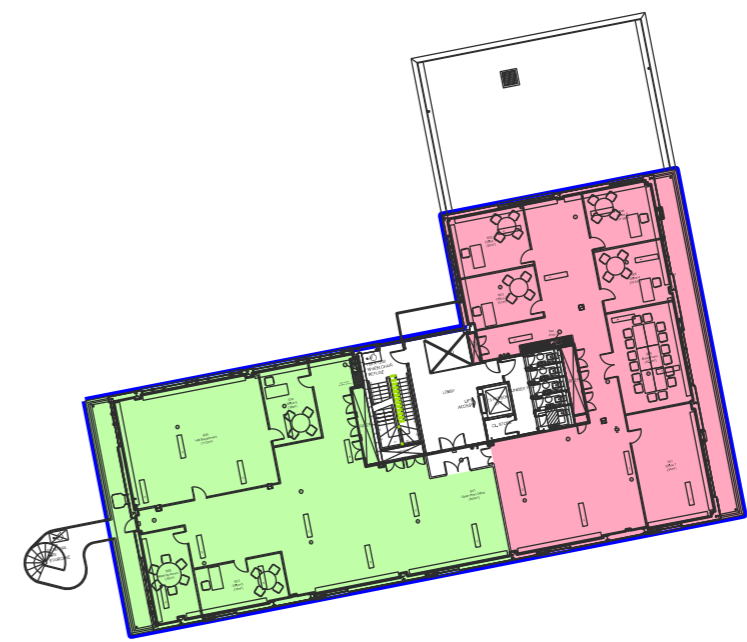
9. Appendices

9.1 Appendix 1 – Location Plan (Area marked Green).



LOCATION PLAN

SCALE 1:1250



SECOND FLOOR

SITE PLAN

SCALE 1:500

• EDINBURGH • THE CITY OF EDINBURGH COUNCIL	
PROPERTY AND FACILITIES MANAGEMENT PLACE DIRECTORATE	
SECOND FLOOR RATHO PARK STATION ROAD RATHO STATION	
DATE	29/10/19
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	1:500 @ A3 SIZE
NEG. NO.	A3/1759b