

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 01 March 2021

Portfolio:	Policy and Resources
Subject:	Future of 42/44 West Street, Fareham
Report of:	Director of Planning and Regeneration Providing Housing Choices
Corporate Priorities:	Maintain and Extend Prosperity Dynamic, Prudent and Progressive Council

Purpose:

To seek approval for the marketing of 42/44 West Street (“the Property”) on the basis of a Freehold as well as a Leasehold disposal depending on interest received to ensure best value is obtained for the Council.

Executive summary:

The Property comprises retail accommodation on the ground floor and offices on the upper floors. The ground floor has been vacant since the end of 2019 and the Leasehold interest in the ground floor has been advertised since mid-2019. The upper floors are currently let on a monthly tenancy agreement.

Recommendation:

It is recommended that the Executive agrees to:

- (a) commence marketing the Property on a Freehold basis as well as continuing to advertise the Leasehold interest in the Property; and
- (b) delegates authority to the Director of Planning and Regeneration, following consultation with the Executive Member for Policy and Resources, to complete a Freehold or Leasehold disposal of the Property in the event of receiving an acceptable offer.

Reason:

The Property is management intensive and not considered to be a strong investment property on a Leasehold basis, particularly in the current economic climate. A better value could be achieved in the current market by disposing of the Freehold. If authority is given to market the Freehold interest in the property as well as the Leasehold interest then it enables the Council to ensure that best value is obtained. If a Freehold disposal is completed, then the capital receipt achieved from

the sale of the Property will contribute towards future projects in the Council's capital programme.

Cost of proposals:
Outlined in the Confidential Appendix A.

Appendices: Confidential Appendix A: Options Appraisal

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Executive Briefing Paper

Date:	01 March 2021
Subject:	Future of 42/44 West Street, Fareham
Briefing by:	Director of Planning and Regeneration
Portfolio:	Policy and Resources

INTRODUCTION

1. 42/44 West Street (“the Property”) is an Edwardian double fronted character building, which has a Net Internal Area of approximately 2,465 square feet and is arranged over three floors. It occupies a prominent location in West Street opposite Fareham Shopping Centre and between Beal’s estate agents and The Crown Inn.
2. The Property was acquired by Fareham Borough Council (“the Council”) in the late 1980s/early 1990s in connection with the Market Quay redevelopment scheme. However, the Property was not utilised as part of that scheme and has subsequently been retained by the Council as part of its portfolio.

CURRENT POSITION – GROUND FLOOR

3. The ground floor of the Property was most recently leased by a nail bar. The tenant did not renew their lease when it expired in November 2019.
4. The Council has been marketing the ground floor via an external commercial letting agent since mid-2019 and has had limited interest from retail occupiers.
5. Over this period only two parties have expressed an interest in the ground floor. Neither proposals have yet proceeded as far as agreeing Heads of Terms.

CURRENT POSITION – FIRST AND SECOND FLOORS

6. The first and second floors of the Property are currently occupied by Nexus Independent Financial Advisors under a monthly tenancy agreement.

OPTIONS AND FINANCIAL IMPLICATIONS

7. A confidential Appendix A to the Executive report contains details of options for the future of the Property and estimated capital values.

CONCLUSION

8. This Property was originally acquired to potentially form part of the Market Quay

development and not as a long-term investment. It is not considered to be a strong investment property because of the impacts of the Covid-19 pandemic on small businesses, the macroeconomic challenges faced by the retail sector and the officer time involved in its management. The best value for the Council may be achieved through a Freehold sale, although a Leasehold disposal should still be considered if an appropriate offer is received. The Freehold sale of property requires the approval of the Executive.

9. Whilst it is still possible that a suitable offer for the Leasehold interest be received it should be noted that the Property is likely to be management intensive even if new leases can be granted for the ground and upper floors. The Council is likely to incur costs in future relating to liability for empty property rates, building insurance and ad-hoc repairs.

Enquiries:

For further information on this report please contact Alex Duggan (Ext 4578) or Grant Hobday (Ext 4320).