

Commercial Property Investment Update

Corporate Policy and Scrutiny Committee
24th February 2022



Essex County Council

History



Original ambition £150m over a number of phases. Cabinet approved initial phase of £50m in July 2017

Policy decision to invest outside Essex, driven by financial return

£34m invested in property portfolio 3 locations (balanced portfolio – retail, light industrial, office)

Paused 2018 (Brexit, PWLB borrowing ahead of need/primarily for yield)

Current Investment Portfolio



Keighley Retail Park

65,556 sq. ft of purpose-built retail warehouse accommodation, constructed in 1998 and arranged as 8 retail warehouse units in 2 terraces along with a drive through restaurant, a pod outlet and a portacabin outlet



Moorfield Centre, Guildford

A single terrace of steel portal frame construction which is divided into four modern trade counter units with two adjoining units. Constructed in 1996, the estate provides 23,025 sq. ft (GIA) of trade-counter/warehouse accommodation. The units provide ancillary office accommodation on ground and first floors.



45 Clarendon Road, Watford

A modern office building providing 23,219 sq. ft (2,157.2 sq. m) of open plan accommodation arranged over ground and three upper floors.

Current position



2021/22 budget expected to be delivered – small £50k pressure currently

Market uncertainty due to the impacts of the pandemic especially in retail and office sectors

Improving retail lease positions and office break clauses not exercised point to a better overall portfolio outlook

Value of the portfolio has decreased by £3.8m to £25.3m, mainly due to Covid uncertainty impact on the market

Access to PWLB borrowing now dependent on not investing in assets primarily for yield & Prudential Code requires exit review of assets before new borrowing but no “fire sale” requirement

Work underway on next phase Economic Renewal Investment Fund within Essex to deliver economic growth benefits