

Commercial Property Assets and Investment Performance

January 2023

Striving for excellence



Presentation on Investment Property

- Estate overview
 - Strategic Property Services purpose
 - Our vision
 - Extent of ownership
 - Non-operational (investment) property holdings
- Performance
 - ‘Yield’ against benchmarks
 - Rental income performance
- Optimisation
- Outlook

Strategic Property Services Remit

- Responsible for the management, performance and optimisation of the Council's corporate property estate: everything less social housing and public highways
- Total property portfolio of 1,200 assets
- Property direction provided by Strategic Asset Management Plan (SAMP)
- Our top priorities are:
 - Optimising assets to deliver corporate objectives
 - Income generation
 - Consolidating our estate
 - Ensuring our property estate is safe and compliant

Our Vision

- An optimised property estate which helps the Council meet corporate, community & financial objectives
- A rightsized operational estate which generates additional long-term revenue and capital receipts
- Reinvestment of capital returns into housing & employment revitalisation projects
- 100% of lease matters resolved
- 100% freehold ownership of property estate
- 100% health & safety compliance across property portfolio

Council ownership mix

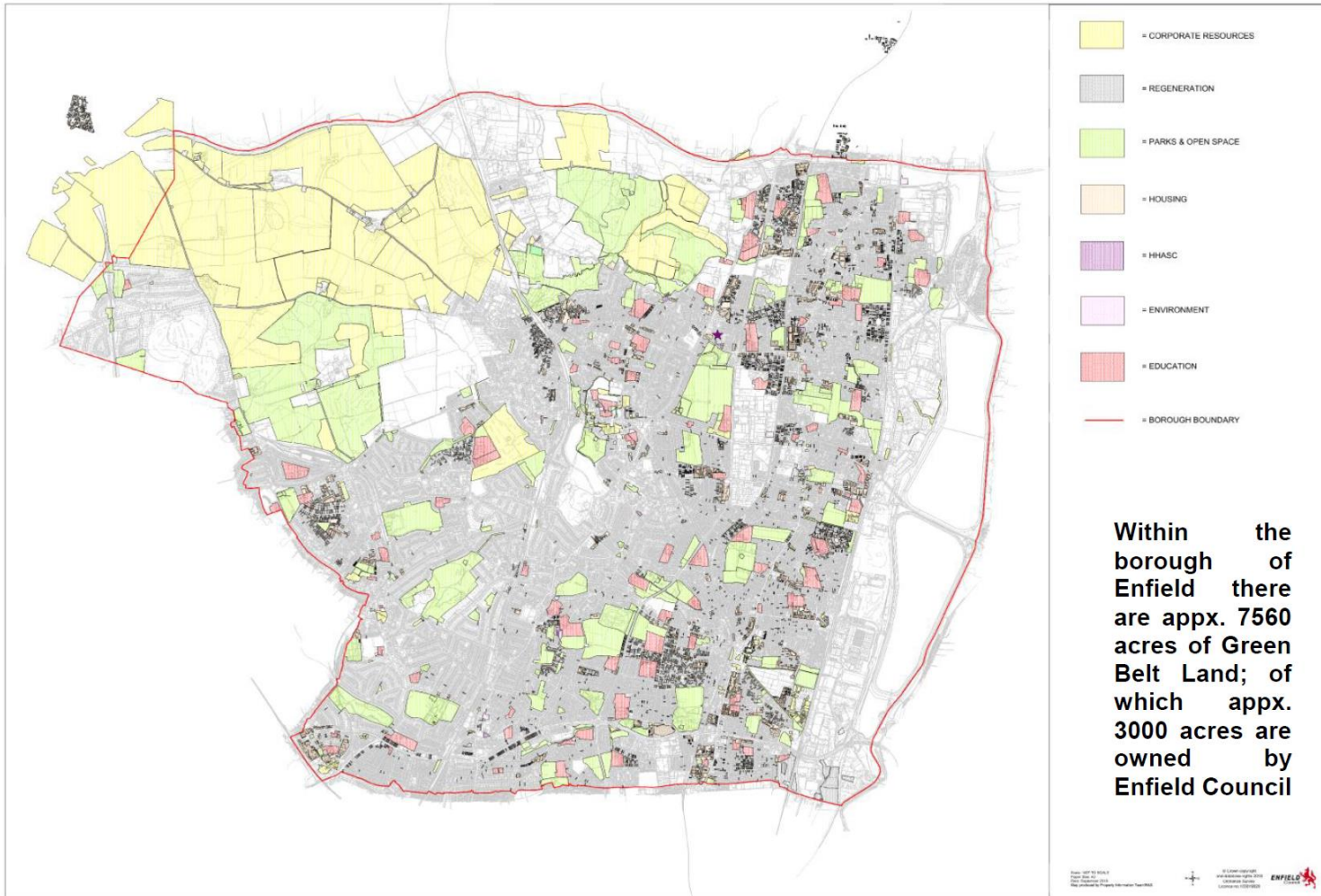


Figure: Council Assets by Service Area

Investment Property Holdings



Enfield Investment market yields

Investment yields are used to produce a capital value of a property based on its annual rent, length of lease term(s), financial strength of tenant, quality of asset, and general market sentiment for the specific property sector.

Sector	Benchmark market yield range	LBE own assets yield range
Industrial	4% - 6 %	4.5% - 8%
Offices	6.5% - 9.5%	7% - 10%
Secondary Shops	8% - 10%	5% - 12%
Supermarket	3.5% - 5%	4%

Enfield asset yields based on Capital accts 21/22

Investment Estate Benchmarking

	Council	Leadership	Financial Year of data	Value of Investment Properties	Gross Income per annum	Operating Costs of Investment Properties	Net Rental Income per annum	Return on Investment Value
1	Haringey	Labour	2020/21	£89,212,000	£11,476,000	£3,801,000	£7,675,000	8.60%
2	H'smith & Fulham	Labour	2021/22	£81,131,000	£7,433,000	£460,000	£6,973,000	8.59%
3	Kingston	Labour	2020/21	£80,986,000	£7,201,000	£674,000	£6,527,000	8.06%
4	Greenwich	Labour	2021/22	£4,840,000	Not stated	Not stated	£358,000	7.40%
5	Redbridge	Labour	2021/22	£106,770,000	£7,904,000	£714,000	£7,190,000	6.73%
6	Havering	No Control	n/k	£61,313,000	£4,384,000	£427,000	£3,957,000	6.45%
7	Enfield	Labour	2021/22	£131,150,000	£8,227,000	£213,000	£8,014,000	6.11%
8	Westminster	Labour	2021/22	£462,801,000	£39,977,000	£13,798,000	£26,179,000	5.66%
9	Harrow	Labour	2021/22	£77,930,000	£4,300,000	Not stated	£4,300,000	5.52%
10	Kensington & Chelsea	Conservative	2020/21	£250,575,000	£16,810,000	£3,495,000	£13,315,000	5.31%
11	Newham	Labour	n/k	£319,048,000	£12,719,000	Not stated	£12,719,000	3.99%
12	Islington	Labour	2020/21	£32,633,000	£2,030,000	£865,000	£1,165,000	3.57%
13	Waltham Forest	Labour	2021/22	£8,703,000	£432,000	£163,000	£269,000	3.09%
14	Hackney	Labour	2021/22	£199,043,000	£5,843,000	£246,000	£5,597,000	2.81%
15	Barnet	Labour	2021/22	£167,543,000	£3,112,000	£0	£3,112,000	1.86%

- Assumes rent and service charge yield consistent with neighbouring authorities
- All data taken from each LA's published accounts

Performance breakdown FY 22/23

Asset Class	Estimated annual Income 22/23*	Capital Value as at 31/3/22**	Voids
Industrial	£2,485,000	£37.9m	3.39%
Retail***	£2,313,900	£31.5m	0%
Rural	£770,119	£33.3m	0%
Other Classes	£4,031,685	£49.0m	0%
TOTAL	£9,600,704	£151.7m	

* Income information based on actual assets available to let and which are not being considered for Council initiatives or redevelopment

** Valuations based on annual capital account valuations

*** Includes HRA shops income

Past performance on rental income (all properties)

Income Source	FY 19/20	FY 20/21	FY 21/22	FY 22/23 (est.)
Investment Estate	£7,237,089	£6,494,025	£8,766,522	£9,600,704
Non-investment Estate	£1,302,907	£4,861,245	£4,800,373	£4,448,857
Total	£8,539,996	£11,355,270	£13,566,895	£14,049,561

Optimising our assets to deliver better returns and outcomes

- We are revitalising our industrial estates to deliver quality employment opportunities and improved long-term income streams
- We are utilising our rural estate to create a new national forest and alternative sources of income
- We are working towards unlocking £800m of capital value by selling greenbelt land
- We are supporting parks usage via delivery of new cafes and toilets in major parks

The next 5 years & growth of income

- Catch up on backlog of rent reviews
- Continue to maximising opportunities across the commercial estate to drive income to market rental levels in line with the SAMP
- Where appropriate move surplus operational property into the investment portfolio
- Consider alternative uses that produce higher returns
- Constantly review the portfolio to ensure it is fit for purpose
- Consider new income generation opportunities e.g. 're-gear' long leases
- Adopting a target of 5% p.a. increase in investment income

Questions



Appendices

Commercial Estate Overview

Asset Category	Portfolio	No of Assets
Investment	Academy	27
	Allotments	5
	Allotment Buildings	5
	Arts & Culture	1
	Car Parking	13
	Community / Third Sector	19
	Depots	1
	Development	2
	Farms	18

Asset Category	Portfolio	No of Assets
	Garages	2
	Health & Social Care Buildings	11
	Industrial	114
	Infrastructure	40
	Land	5
	Library	1
	Office & Residential	1
	Offices	6
	Parks Buildings	11
	Regeneration	15
	Residential	21
	Retail / Food & Beverage	204
	Rural	23
	School	23
	School Playing Field	2
	Shopping Centre	3
	Sports & Leisure	52
Total		625