

Finance and Resources Committee

10.00am, Friday, 1 February 2019

Pentad, 17F South Gyle Crescent – Proposed Lease of First Floor Office Space

Item number	8.5
Report number	
Executive/routine	Routine
Wards	3 – Drum Brae/Gyle
Council Commitments	C2, C3

Executive Summary

The first floor office suite at Pentad, 17F South Gyle Crescent has been vacant since 2011, with minimal interest.

The property has been actively marketed since falling vacant and a closing date was set for 29 March 2018. Only one offer was received, and this party subsequently withdrew their interest.

Following the closing date, a direct approach was received from Hope City Church. The report seeks approval to grant a 10-year lease to Hope City Church on the terms and conditions outlined in the report.

Pentad, 17F South Gyle Crescent – Proposed Lease of First Floor Office Space

1. Recommendations

1.1 That Committee:

- 1.1.1 Approves a new 10-year lease to Hope City Church of first floor Office Suite, Pentad, 17F South Gyle Crescent on the terms outlined in this report and on other terms and conditions to be agreed by the Executive Director of Resources.

2. Background

- 2.1 The premises at 17F South Gyle Crescent forms part of a terraced development built in 2009, with a retail parade to the ground floor and office accommodation above. The subject property, a first floor office suite, extends to 466.37sq m (5,020 sq ft) or thereby, as shown outlined in red on the attached plan.
- 2.2 The property was previously leased to the Office Depot Ltd for use as their regional offices at a passing rent of £50,000 per annum. This lease expired in May 2011 and the property has been actively marketed since this date, with minimal interest. A closing date, set in March 2018, resulted in one offer being received although this party subsequently withdrew their interest.
- 2.3 Subsequently, a direct approach has been received from Hope City Church.
- 2.4 Given the minimal interest in the building since it became vacant and the unsuccessful closing date in March 2018, direct negotiations have been entered into without a further closing date being set.

3. Main report

- 3.1 Hope City Church are a newly formed subsidiary of Charlotte Chapel (Shandwick Place, Edinburgh) and will provide more informal Sunday morning gatherings. The church are seeking to establish a permanent location and will use the property as a place of worship and auxiliary office accommodation.
- 3.2 Following negotiations between the Council and Hope City Church, the following terms have been provisionally agreed:

- Subjects: 1st Floor Office Suite, Pentad, 17F South Gyle Crescent (outlined red on attached plan);
- Lease term: 10-year lease from date of entry;
- Break Options: Tenant only break option on the 3rd and 6th anniversaries;
- Rent: £38,000 per annum;
- Repair: Full repairing and insuring lease subject to a schedule of condition, to be prepared by the tenant at their expense;
- Incentives: 6 month rent free period at the date of entry. A further 3 month rent free period will be granted if the tenant does not exercise their break option on the 3rd anniversary;
- Rent Review: The rent will be reviewed on the 5th anniversary, upwards only, to open market rental value;
- Use: The tenant shall use the premises as a place of worship, with auxiliary office accommodation;
- Planning: Subject to planning permission being granted for a change to use;
- Costs: Both parties to meet their own costs;
- Other terms: As contained in a standard commercial lease.

4. Measures of success

- 4.1 Granting a new 10-year lease of the premises will bring a vacant unit back into beneficial use, reducing the Council's vacant property costs and generating a rental income.

5. Financial impact

- 5.1 Removal of vacant costs in the sum of £27,000 per annum, plus new rental income of £38,000 per annum, payable to the General Property Account.

6. Risk, policy, compliance and governance impact

- 6.1 This is a new 10-year lease on a property that has been vacant since May 2011. It is considered there is little or no impact on Risk, Policy, Compliance or Governance issues.

7. Equalities impact

- 7.1 The proposal in this report is to grant a new lease on a vacant property for worship and office purposes, providing the Hope Church with a permanent location. It is not

considered that this will have a significant additional impact on people, equalities, the economy, and the environment.

8. Sustainability impact

- 8.1 There are no sustainability issues arising from this report as it is a new lease being proposed for a property that has been in vacant for a number of years.

9. Consultation and engagement

- 9.1 Ward elected members have been made aware of the recommendations of this report.

10. Background reading/external references

- 10.1 Not applicable.

Stephen S. Moir

Executive Director of Resources

Contact: Andrew McCurrach, Investment Portfolio Officer,

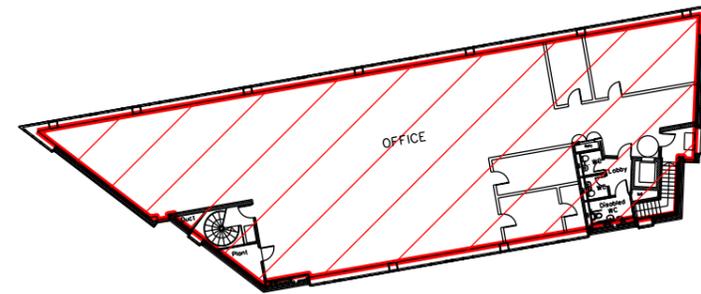
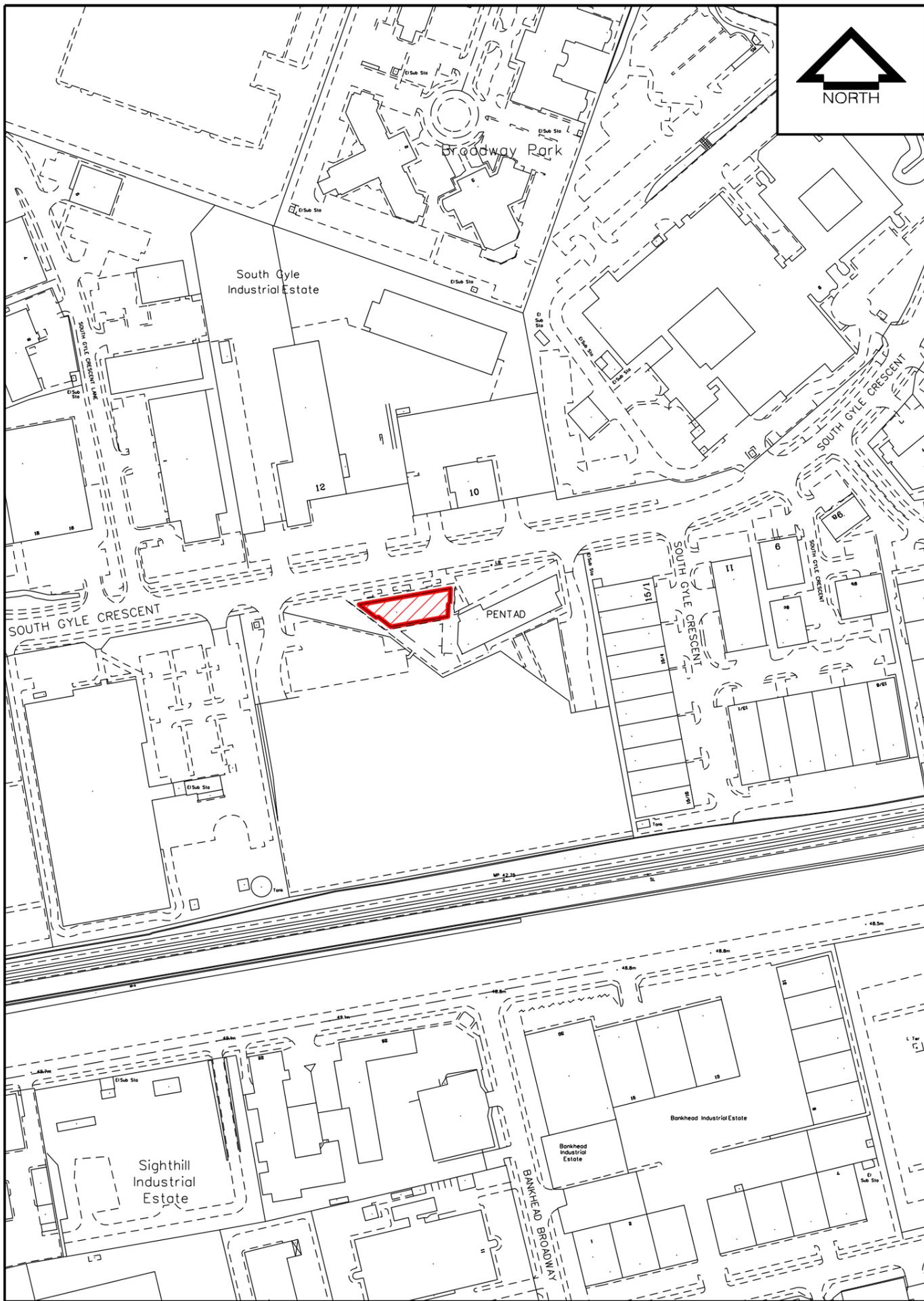
Property and Facilities Management Division, Resources Directorate

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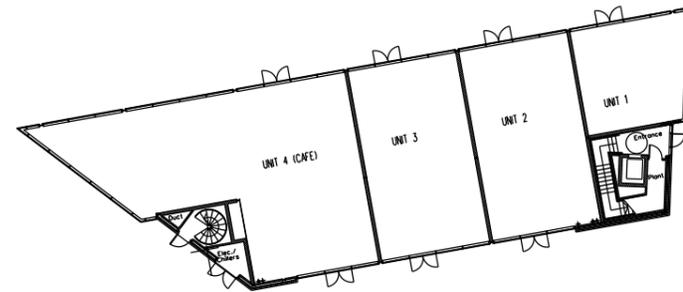
11. Appendices

- 11.1 Appendix 1 - Location Plan.

1st FLOOR PENTAD OFFICE
17 SOUTH GYLE CRESCENT



FIRST FLOOR



GROUND FLOOR SHOPS

• EDINBURGH •
THE CITY OF EDINBURGH COUNCIL

PROPERTY AND FACILITIES MANAGEMENT
RESOURCES

1st FLOOR PENTAD OFFICE
17F SOUTH GYLE CRESCENT
EDINBURGH

DATE	3/12/18
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	1:500 @ A3 SIZE
NEG. NO.	A3/2042

LOCATION PLAN

SCALE 1:1250

SITE PLAN

SCALE 1:500