

Surrey council pioneers prop-co

Local authority to launch company under Localism Act powers

BY RHIANNON BURY

Surrey County Council plans to launch an investment property arm to ensure a guaranteed revenue stream for the future.

Documents published by the council and seen by *Property Week* detail its intention to launch a wholly owned property company to "enhance income" in the long term, in the face of cuts to the council grant from central government.

Officers at Surrey council will present a business case to members for the company by the end of the year.

It would be the first company designed to invest in commercial property to launch under the government's new "general power of competence" for local authorities, which was legislated through the 2011 Localism Act.

The power means councils are allowed to do anything a private individual is allowed to do – such as undertake investment for commercial purposes – but this must be carried out through a separate company.

Other councils have used the power to develop growth funds for local businesses and a local authority mortgage scheme.

Surrey council said the company fits the council's wider strategy for investment to guarantee a revenue stream.

The newly formed property investment company is unusual because it would be funded by loans from the council to the company, and the company would meet the borrowing costs, rather than drawing cash from a pension fund.

The council has set aside £20m to fund initial capital

financing costs in the short term until investments generate a return.

The company would invest in a mix of retail, industrial and office property, with an 80:20 split between investment in assets and development.

Around a quarter of the investment will be in properties outside of London and the south-east.

Where there is a choice of investment opportunities with a comparable financial return, priority would be given to assets with benefits to Surrey.

The documents said: "Property assets will be of good quality with income derived from good covenanted tenants in good or growth locations, to include mixed schemes avoiding, at least in the short term, asset management requirements."



Scape scopes out Mile End

Scape Student Living has placed under offer a disused Network Rail site in Mile End for the creation of a £65m student housing scheme with 412 beds.

The site was granted full planning permission in March for two four-storey podium blocks of student flats. The eastern block will be flanked by two eight-storey towers, and the western block by an eight-storey block and a 10-storey tower.

The disused railway viaduct site on Westfield Way sits

behind Queen Mary University.

Scape owns Scape East student scheme in Mile End, which opened in 2012 with 590 studios. The Network Rail site will provide studio and cluster flats. It has a targeted opening of summer of 2016.

Scape chief executive Adam Brockley said: "The site has existing consent and is ready to go ahead of CIL [community infrastructure levy] changes, and because it's effectively on campus for Queen Mary."

Jones Lang LaSalle advised Network Rail.

33 Kingsway's cloud solution

ChannelAdvisor has placed under offer around 21,000 sq ft at Aviva Investor's 33 Kingsway in Covent Garden in London.

It is expanding from nearby 65 Kingsway, and is thought to be paying around the asking rent of £57.50/sq ft.

The fast-growing business provides cloud-based e-commerce solutions for retailers and manufacturers, including Amazon, Google,

Ebay and Facebook. It will join tenants such as Michael Kors and Cannes Lions. Only the sixth floor at the 56,000 sq ft scheme remains empty.

Aviva Investors refurbished the office block to create floors with balconies around a central atrium. The work was completed in May 2012.

Gerald Eve advised ChannelAdvisor; CBRE and Knight Frank are letting agents.

London hotels to get £70m Amba revamp

GLH, the new name for Guoman Hotel Management (UK), has launched the Amba brand with 2,088 rooms across four London hotels: in Charing Cross, Buckingham Palace Road, Marble Arch and Tower Bridge (right), all previously operated under the Guoman & Thistle brand. GLH will invest £70m on refurbishing the sites.

The Tower Bridge hotel had been earmarked by residential developers as a development site, but will now be revamped.



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