



POLICY AND RESOURCES COMMITTEE

Wednesday, 11 December 2024

| | |
|----------------------|---|
| REPORT TITLE: | COMMERCIAL PROPERTY UPDATE |
| REPORT OF: | DIRECTOR OF REGENERATION AND PLACE |

REPORT SUMMARY

The purpose of this report is to provide an update on the performance of the Council's commercial estate.

The Council Plan 2023-2027 has been developed and the recommendations within this report support the delivery of the following themes: People focused regeneration.

The matter affects the Birkenhead and Tranmere Ward and is not a key decision.

The appendices attached to this report contains exempt information as defined in Schedule 12A of the Local Government Act 1972. It is in the public interest to exclude the press and public under Paragraph 3 'Information relating to the financial or business affairs of any particular person (including the authority holding the information).'

RECOMMENDATION/S

The Policy and Resources Committee is recommended to note the update report on the performance of the Council's commercial estate.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 To update Members on the performance of the Council's commercial property estate.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 This report only seeks to present a review of the performance of the facilities, so no other options have been considered.

3.0 BACKGROUND INFORMATION

The Grange and Pyramids Shopping Centre

- 3.1 The Council purchased the Grange and Pyramids Shopping Centre on 3rd May 2023 following approval by the Policy and Resources Committee on 27 April 2023. At that meeting Members were advised that the acquisition aimed to support the regeneration of Birkenhead Town Centre, to activate the high street and stimulate new retail, leisure and commercial uses.
- 3.2 The Grange Shopping Centre was built in the 1970s providing 436,673 sq ft of retail and leisure floor space in an open-air format. The Pyramids was built in the 1980s and comprises 149,129 sq ft of primarily covered retail space including a food court.
- 3.3 For the purposes of a performance review, the Council's managing agents, appointed in respect of Birkenhead Shopping Centre, have produced a report on the performance of the asset since purchase. The full review is attached at appendix 1. It should be noted that the main purpose of acquiring the shopping centre was to support the regeneration plans for the town centre, so is not solely an income generating endeavour. As part of the management of the centre, the Council is seeking to provide security and longevity to its tenants, create the right mix and location and where necessary consolidate the centre. This is evidenced in the report with the noted strategic surrenders. Overall, the report shows a net operating income of £1,050,460.

Europa Centre

- 3.4 The Europa Centre is located just outside the main retail area in Birkenhead Shopping Centre, adjacent to the Council's new offices in Alice Ker Square, and was acquired by the Council on 1 March 2018. The building was substantially constructed around 1997 comprising ground floor retail and leisure to the first floor. The total floor space comprises nearly 98,000 sq. ft. When the Council acquired the property, 4 of the 5 units were let.
- 3.5 The Europa Centre was acquired to support the Council's plans for regeneration with the intention that it was going to be re-purposed. The property is allocated for housing in the Local Plan. As a consequence, prospective and existing tenants do not have certainty in the long term. Two tenants have been lost in the last couple of

years, one of these ceased trading and had a considerable floor area. Towards the end of the existing tenant's leases officers will work with them in terms of the future of the asset.

- 3.6 For the purposes of a performance review, the Council's managing agents, appointed in respect of Birkenhead Shopping Centre, have produced an update report on the asset. The full review is attached at appendix 2 and shows an income of £243,000 pa

The Vue Cinema

- 3.7 The Vue Cinema is a purpose-built facility constructed in the late 1990s and comprises a digital seven screen multi complex cinema with a floor area of approximately 32,000 sq. ft. It is let in its entirety to Vue Entertainment Ltd on a lease with approximately five years unexpired. Details of the lease and rents are contained in appendix 2. This shows an income of £598,319 pa.
- 3.8 Similar to the Europa Centre, the facility was acquired to support the Council's regeneration plans and is also allocated for housing use in the emerging Local Plan. Towards the end of the current lease, officers will be working with Vue Entertainments Ltd regarding the future of the site.

Birkenhead Commercial District – Mallory and Irvine Buildings

- 3.9 Birkenhead Commercial District primarily grade A offices totalling 148,876 sq. ft. The buildings known as Mallory and Irvine and are located within the main retail of area of Birkenhead Town Centre. The construction was a collaboration with the Wirral Growth Company and the facility achieved practical completion on 1 September 2023. The majority of Mallory is now used as the main offices for the Council since "fit out" was completed with staff taking occupation in spring of this year. The top floor and half of the ground floor are currently vacant.
- 3.10 Irvine comprises 59,439 sq. ft. of office space and is currently vacant. The opportunity to lease this building, together with the vacant spaces in Mallory is being marketed on the Council's behalf by property consultants CBRE.
- 3.11 Mallory and Irvine were constructed to provide Birkenhead Town centre with grade A office space and including for Council staff. It also aims to increase the footfall in the retail core of Birkenhead. Irvine, once fully let will also increase footfall but also aims to generate an income. Details of the leases and potential income are included in appendix 3. Appendix 3 contains exempt information as defined in Schedule 12A of the Local Government Act 1972. It is in the public interest to exclude the press and public under Paragraph 3 'Information relating to the financial or business affairs of any particular person (including the authority holding the information).

4.0 FINANCIAL IMPLICATIONS

- 4.1 The financial implications are set out the appendices.

5.0 LEGAL IMPLICATIONS

5.1 There are no legal implications arising directly from this review.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 The reviews have been prepared by the Council's managing agents for these assets.

7.0 RELEVANT RISKS

7.1 Due to the changes in shopping habits over time, that is faced by every high street, the management of town centre retail units is challenging. The approach that the Council is taking to manage that risk is the comprehensive regeneration of the Town Centre, including the delivery of the Irvine and Mallory Buildings and the introduction of a new market hall amongst other projects, alongside the steps set out in 3.3 of this report.

8.0 ENGAGEMENT/CONSULTATION

8.1 The marketing campaigns and events are set out in the review.

9.0 EQUALITY IMPLICATIONS

9.1 There are no direct equality implications arising from the report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 There are no direct environment and climate implications arising from the report.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 The management of the shopping centre aims to align with the Council's regeneration aspirations for the area, including increased footfall in the town centre.

REPORT AUTHOR: Steve McMorran
(Manager of Assets and Surveying)
telephone: 078031872410
email: stevemcmorran@wirral.gov.uk

APPENDICES

Appendix 1 summary of the management of The Grange and Pyramids Shopping Centres
Appendix 2 summary of the management of The Europa Centre and Vue Cinema
Appendix 3 Details of the Birkenhead Commercial District.

The appendices attached to this report contains exempt information as defined in Schedule 12A of the Local Government Act 1972. It is in the public interest to exclude the press and public under Paragraph 3 'Information relating to the financial or business affairs of any particular person (including the authority holding the information).

The PDF files may not be suitable to view for people with disabilities, users of assistive technology or mobile phone devices. Please contact stevemcmorran@wirral.gov.uk if you would like this document in an accessible format.

BACKGROUND PAPERS

Tenancy agreements and leases relating to the properties within this scope of this report.
Acquisition valuation reports.

TERMS OF REFERENCE

This report is being considered by the Policy and Resources Committee in accordance with section (b) of its Terms of Reference

SUBJECT HISTORY (last 3 years)

| Council Meeting | Date |
|---|---------------|
| Policy and Resources Committee -Strategic Acquisition | 27 April 2023 |