

EAST AYRSHIRE COUNCIL

DEVELOPMENT SERVICES COMMITTEE – 14 DECEMBER 2004

SURPLUS PROPERTY - UNITS 2- 4 BONNYTON INDUSTRIAL ESTATE, MUNRO PLACE, KILMARNOCK

Report by Executive Director of Development and Property Services

1. PURPOSE OF REPORT

- 1.1 To request that Committee declare surplus to the Department's operational requirements, the premises comprising industrial units 2-4 Bonnyton Industrial Estate, Munro Place, Kilmarnock for the purposes of a sale to the adjoining owner of Unit 5, Ayrshire Estates Limited.

2. BACKGROUND

- 2.1 The premises comprise of 3 units in a single storey terrace of 6 industrial units, each extending to 232 sq. m. (2,500 sq. ft.), or thereby, with associated car parking, all as shown hatched on the attached plan. The units are located within a larger industrial estate to the north of Kilmarnock town centre.
- 2.2 The terrace of 6 industrial units was constructed circa 1980, jointly by Kilmarnock & Loudoun District Council and Strathclyde Regional Council.
- 2.3 Unit 5 was previously disposed of by Kilmarnock and Loudoun District Council to Detection Instruments (Northern) Limited to whom the Council are currently in the process of disposing their interest in Unit 5A, as required in terms of their lease.

3. PRESENT POSITION

- 3.1 The Council has been approached by Ayrshire Estates Limited, the owner of the adjoining Unit 5, seeking to purchase the Council's interest in Units 1-4 following their recent acquisition of the unit from Detection Instruments (Northern) Limited.
- 3.2 Ayrshire Estates Limited have indicated that, in the long term, they wish to acquire all the units within the terrace with a view to carrying out a refurbishment programme to meet the demands of the current industrial letting market. It is understood that they have further approached Detection Instruments (Northern) Limited with a view to a subsequent acquisition of Unit 5A.
- 3.3 All 4 units in which an interest has been expressed are currently occupied, 3 of which are leased to private parties providing a rental income to the Council of £27,250. Unit 1 is currently occupied by the Department's Roads and Transportation Division (Lighting Section).

- 3.4 Given Ayrshire Estate Limited's ownership of unit 5 they have a special interest in acquiring the remaining units which would result in the Council achieving a greater capital receipt than they would by placing the property on the open market, due to the marriage value of the units to the adjoining owner.
- 3.5 Should the proposed disposal of Units 2 to 4 proceed and should Unit 1 no longer be required for operational purposes, a further report will be presented to Committee with regard to the potential disposal of Unit 1.

4. FINANCIAL IMPLICATIONS

- 4.1 By declaring the subjects surplus to operational requirements a rental income of £27,250 per annum would require to be forgone.
- 4.2 If the property is declared surplus, any capital receipt received will be credited to the General Services Capital Account.

5. LEGAL IMPLICATIONS

- 5.1 It is normal policy to advertise any property surplus to operational requirements for sale on the open market unless there are special reasons to do otherwise. It is considered that this policy does not apply in this instance for the reasons detailed in section 3.4 above.

6. RECOMMENDATION

- 6.1 It is recommended that Committee:-
- (i) Declare the subjects surplus to the requirements of Development and Property Services for the purposes of sale to Ayrshire Estates Limited and,
 - (ii) Refer the matter thereafter to the Executive Director of Development and Property Services to negotiate the terms and conditions of sale and to report any provisional agreement reached to the Policy and Resources Committee for consideration.

James Lavery
Executive Director of Development and Property Services
6 December 2004

LIST OF BACKGROUND PAPERS

Nil

For further information please contact Iain Edenborough on 01563 576189

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