

Treasury and Capital Management Group
30th April 2026

Report by: Simon Messervy

Lead Cllr: Cllr Jo Harvey
Executive Councillor for Finance & Resources



Wards
ALL

Open / Exempt
Exempt

Key Decision?
No

Commercial Investment Strategy (CIS) Report

Executive Summary:

This report provides the Treasury and Capital Management Group with an update on the current performance of the commercial investment portfolio which comprises seven diverse assets in terms of location, class and size and which has the potential to generate an estimated rental value of £3.09m per annum.

It identifies the principal threats and opportunities together with recent success as identified in (Red) the attached detailed spreadsheet update.

Since the last July 2026 update, headline income has increased from £2.151M pa to £2.383M, an increase of £232k and uplift of c10.8%.

This is largely due to a new letting and existing incentives materialising at Fareham which results in an increase in rental income of £167K (c295%) since July, and completion of the rent review at Hitchin (£62k increase).

Recommendations

1.1. Committee note the report

Key Corporate Plan Priorities

Priority 2 - Creating a better Huntingdonshire for future generations.

1

- Forward-thinking economic growth
- Lowering carbon emissions

Priority 3 - Doing our core work well.

2

- Delivering good quality, high value-for-money services

Report Author(s)

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1. PURPOSE OF THE REPORT

- 1.1** The purpose of this report and attached spreadsheet is to provide an update and overview of the performance of the commercial investment portfolio. It seeks to identify the principal threats, opportunities and provides an update on the work s to improve performance and generate increased rental income.

2. BACKGROUND & CONTEXT

- 2.1** The CIS portfolio comprises the following assets summarised below and with further highlights set out in the financial section below: -

2.2 In area Assets

- 2.2.1** Stonehill Huntingdon. Industrial unit. Vacant. Current local interest in taking unit once refurbished. Separate report at the following TCMG.

- 2.2.2** Little End Rd St Neots, 4 x Industrial units. Fully let.

- 2.2.3** Rowley Centre St Neots. Leisure. Fully let.

2.3 Out of area Assets

- 2.3.1** Wakefield. Warehouse Unit. Biggest asset, let but c2 years to lease expiry.

- 2.3.2** Hitchin. Office. Let. Poor carbon footprint. Just over 2 years to expiry.

- 2.3.3** Sudbury. Retail Park. Poundland short term let. Other renewals agreed. Next letting with solicitors.

- 2.3.4** Fareham. 2x office buildings. Both partially let and now 50% occupied. Recent letting completed and existing tenant not exercising break.

3. ALTERNATIVE OPTIONS CONSIDERED & NOT RECOMMENDED

- 3.1** N/A at present.

4. COMMENTS OF OVERVIEW & SCRUTINY

- 4.1** N/A

5. POST-DECISION IMPLEMENTATION

- 5.1** N/A

6. IMPLICATIONS OF THE DECISION

- 6.1 Council Key Priorities and Performance**

The CIS links to Priorities 2 and 3 of the Councils Corporate Plan.

Priority 2 – Creating a better Huntingdonshire for Future Generations.



Maximisation of the rental income from the CIS portfolio will allow for economic growth within Huntingdonshire either directly for in area assets, or via income generation to support wider HDC priorities from those outside the area. Sustainability across the portfolio is key to securing long term asset performance and directly addresses a key initiative to lower carbon emissions.

Priority 3 – Doing our Core work well.



Following the feasibility at Stonehill it will allow the property to either be marketed providing a large competitively priced industrial unit/s with good control and compliance or sold for further development.

6.2 Financial Implications

6.2.1 The report is provided for information purposes, but the principal Financial Implications are highlighted below. An Estimated Rental Value (ERV) column has now been added to the attached spreadsheet to highlight the steps required to move the current rent receivable (£2.383M pa) to the full potential of the portfolio at £3.09M pa.

- Stonehill Huntingdon.
 - Vacant. Lost income c£230K pax. Feasibility to identify best options for the asset. Several recent interests all who want the property refurbished. Persistent interest currently from a local company in taking the premises in a refurbished state.
- Little End Rd St Neots.

- Fully let and occupied. New 10-year lease completed to replace short-term letting with modest growth.
- Rowley Centre St Neots.
 - Now fully let. The Cineworld corporate restructuring saw the rent on that unit drop from c£208K to a turnover rent of C£50k. Following a recently completed deed of variation we have secured a revised rent of £90k pa which avoided a substantial void and retained the local amenity. Letting incentives on the other units have now concluded and the income is stable.
- Wakefield.
 - This is the biggest asset with an annual rent of £996K pax. The lease has a little over two years to run with the potential for a significant void. Recent discussions with the tenant have identified that they are wishing to invest in the site and are looking for increased certainty and are keen to extend the terms. Very early days but tentatively we could change the lease to provide a new 10-year term with 5yr break and rent review and capture some rental uplift. It is likely the tenant will seek some financial contribution. A change in lease would avoid the costs of a substantial void period and enhance the value of the asset providing options to maximise receipts in the event of any future disposal. We are currently procuring expert advice to assist in those negotiations.
- Hitchin.
 - Currently let but with a lease expiry in just over 2 years. The tenant is currently assessed as likely to vacate due to a corporate requirement to hit Net Zero. Initial studies have suggested that the costs to bring this property to such a standard are uneconomic. An outstanding rent review has been completed at an uplift from £175k to £237K) backdated to Dec 2023. Further discussions are planned with the tenant to monitor their corporate plans against the backdrop of changing priorities and a challenging market. This income is at risk on lease expiry.
- Sudbury.
 - Following the earlier collapse of Carpetright and letting to Pure Gym HDC has agreed outstanding lease renewals to protect the investment. Poundland decided to close the location and are currently on a short term “keep open” agreement while we remarket. Their unit is currently under offer to Next PLC at £130k pa subject to planning and survey.
- Fareham.
 - Two floors of one building let to IFAST who have not exercised their break option and the full rent is now due from the end of Oct. We have completed a letting of the first floor of 1400 with Corrigenda who are in occupation Terms consistent with what has been agreed previously. Current rental reflects 12 months’ rent free over two years. Market remains difficult and we are seeking a second agent

to strengthen marketing efforts. Rental income increased from c£57k to c£224k from July to end Oct 126.

6.3 Policy Implications

6.3.1 N/A at present

6.4 Legal & Constitutional Implications

6.4.1 N/A

6.5 Community Impact

6.5.1 N/A at present

6.6 Environment & Climate Change Implications

6.6.1 N/A at present

6.7 Equality & Diversity Implications

6.7.1 N/A

6.8 Implications on Resources

6.8.1 A full breakdown with implication on resources will be provided based on the recommendations submitted in response to individual asset enhancement initiatives.

6.9 Health & Wellbeing Implications

6.9.1 N/A

6.10 Local Government Reorganisation (LGR) Implications

6.10.1 Further details will be provided in respect of significant asset improvement plans as these are bought forward.

7. RISK MANAGEMENT

7.1 N/A at present

8. BACKGROUND PAPERS– LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

8.1 The previous CIS spreadsheet is attached for information alongside an updated version.

Document List	Custodian	File Location
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Appendix 1 - CIS Properties 14 July 26	Simon Messervy	Attached
Appendix 2 CIS Properties Oct 2026	Simon Messervy	Attached