

Property Investment The Eastleigh Experience

Nick Tustian – Chief Executive Eastleigh Borough Council



- Ambitious regeneration plans – for Town and Local Centres
- Traditional mix of operational, community and commercial properties – value approx. £55M
- Asset Management Plan – adequate in terms of managing and maintaining property

What Happened



- Financial Pressure
 - Efficiency savings
 - Maximise income
- Interest rates at all time low
- Borrowing freedom – Prudential Code
- Property prices falling
- Companies/Pension Funds etc. in need of cash

- Pro-actively acquired property assets
- Prudential Borrowing
- Investment return
- Barriers Overcome:
 - Lack of skills & market intelligence
 - Bureaucratic decision making process
 - Legal
 - Perception – Media/Public





Financial Impact



| | 2007/08 £M | 2017/18 £M |
|----------------------------------|---------------|---------------|
| Asset Value | 55 | 250 |
| Rental Income | 1.7 | 7.5 |
| Borrowing | 6.2 | 120 |
| Net Surplus (After all Costs) | 1.2 | 5.5 |

Borrowing:

- Mix of short, medium and long term rates
- Asset values significantly exceed debt
- Treasury Management advice
- Interest equalisation reserve

Rent – how secure

- Strength of covenant
- Mixed portfolio of property
- Market intelligence
- Rent reserve

- Property Values
 - Short term – trend tends to be always increasing
 - Whole life costing – dilapidations, repairs and renewals

**WE UNDERSTAND THE RISK AND HAVE THE
SKILLS AND PROCESSES IN PLACE**

Where Are We Doing?



- Continuing to acquire properties – looking at investment outside Borough
- Regeneration/employment – working
- Protecting front-line services
- Understand what commercialism really means for EBC
- Accelerating Housing Delivery
 - Commercial Housing Company (JV)
 - Working with Developers, Land Owners etc