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| <b>TO:</b>   | PLANNING & DEVELOPMENT (BUILDINGS AND PROPERTY) SUBCOMMITTEE | <b>SUBJECT:</b><br><b>SAFEWAY STORE</b><br><b>19/27 GRAHAM STREET,</b><br><b>AIRDRIE</b> |
| <b>FROM:</b> | DIRECTOR OF PLANNING & DEVELOPMENT                           |  |
| <b>DATE:</b> | 16 FEBRUARY 1999   |  |

### 1. PURPOSE OF REPORT

To propose a mechanism by which Safeway can become feuhold owners of their building to then allow its redevelopment.

### 2. BACKGROUND

The Council own the site shown outlined on the above plan. It was leased to the T.S.B. Pension Funds in 1977 for a period of 125 years.

The fund developed the site which now includes shops, offices, a public house and a Safeway supermarket. The Council receive 20% of the rents received. Currently this is £120,000 of which £43,000 is attributable to the share of the rent paid by Safeway to the T.S.B.

The Safeway building has lain empty since the Company developed their new store on the Broomfield Stadium site.

The vacant shop has become a matter of concern as it reflects badly on Airdrie Town Centre to have such a prominent building lying empty for this length of time.

### 3. SAFEWAY'S POSITION

The Company have stated that there is no market for a shop of this size. I would agree with this assertion. The answer is likely to be to subdivide the unit to provide smaller more lettable units. However, they are not prepared to put in the level of investment required to achieve this as they have a limited period left to run in their lease, i.e. to 2009 with options for a further 20 year. Their preferred position would be to sell their interest to another developer to sub-divide the shop. Safeway have indicated that they would be prepared to make a contribution to these costs in order to guarantee a successful redevelopment.

### 4. DISCUSSIONS

Discussions have taken place with Safeway and T.S.B.'s Agents to look at mechanisms by which could produce the occupation of the shop once again albeit in a different layout.

The outcome which is most likely to succeed is for Safeway to acquire both the owner's and the tenant's interest in the store and sell the property on as a feuhold title with vacant possession. This would require the Council and T.S.B. to sell them their interests.

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A provisional agreement has been reached where Safeway have agreed to purchase both interests for £1.9M resulting in the council receiving a 20% share of this sum, i.e. £380,000. The property will have to be excised from the T.S.B. lease.

**5. CONDITIONS**

It is important that the Council do not end up in a situation where the shop remains unoccupied when sold on. Therefore conditions will be included in any sale which will allow the Council to have sight of and approve the purchasers and their proposals prior to concluding the sale.


**6. REVENUE IMPLICATIONS**

Selling the Council's interest will reduce the revenue obtained from commercial properties. Members should be aware of the effect on the Council's revenue budget of giving up the income stream of £43,000 per annum. It is Council policy not to sell income generating assets. However these particular circumstances may warrant a divergence from this.

**7. RECOMMENDATION**

That the Committee approve

- (a) The excising of the Safeway building from the T.S.B. lease.
- (b) The sale of the land on which the Safeway building is located to Safeway for the sum of £380,000 and subsequently note the reduction in income of £43,000 which will result from these proposals.



**STANLEY COOK**  
**Director of Planning & Development**

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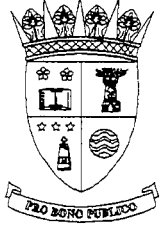
# LOCATION PLAN - For Information Only

Title : **Graham Street**

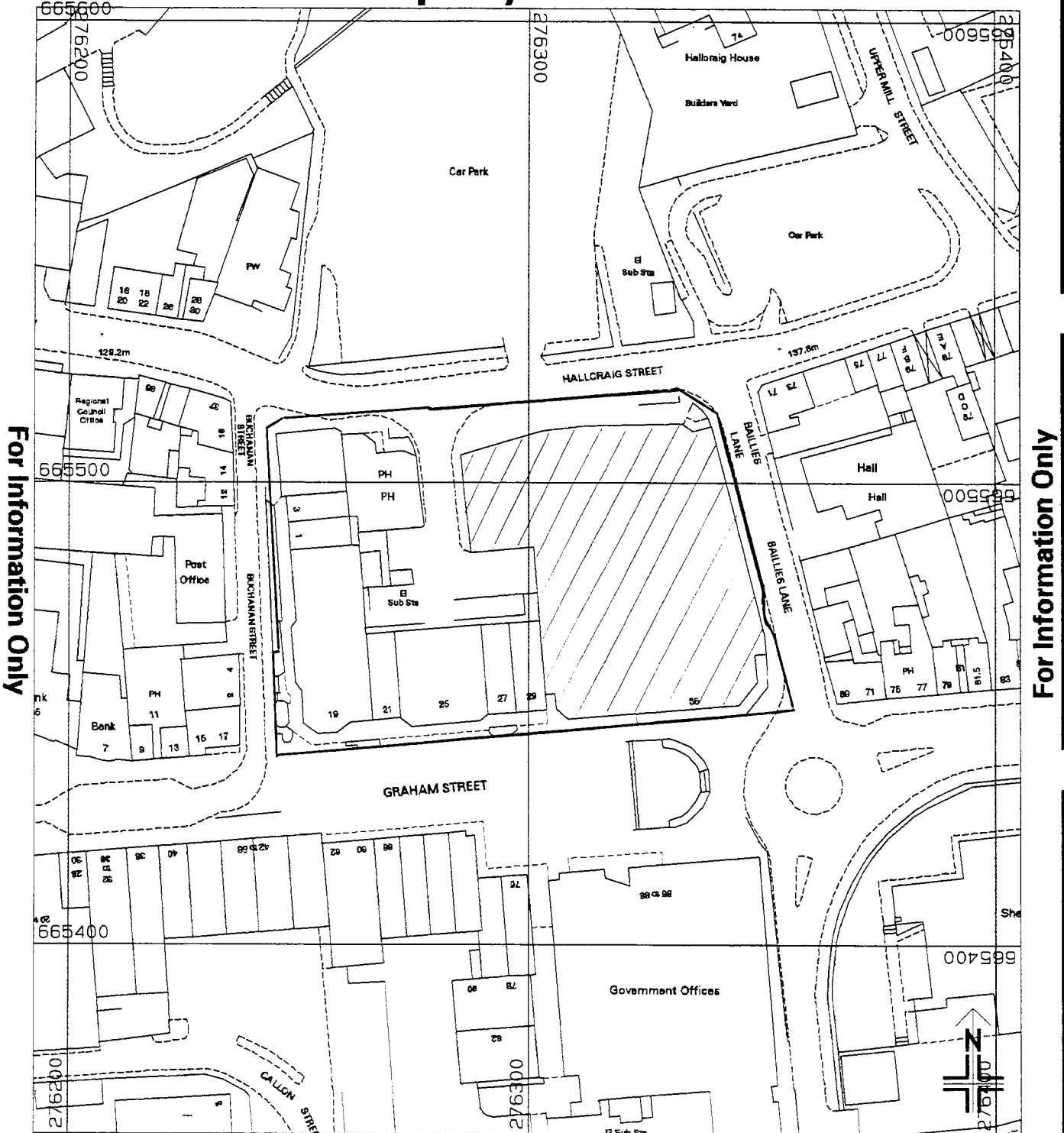
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Town: **Airdrie**

Date : 08 Feb 99



## Property Division



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## DEPARTMENT OF PLANNING & DEVELOPMENT

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