

**NORTH LANARKSHIRE COUNCIL  
REPORT**

To: <b>POLICY &amp; RESOURCES (PROPERTY) SUBCOMMITTEE</b>		Subject: <b>PROPOSED LEASE EXTENSION FOR SHOP PREMISES AT 116 MERRY STREET, MOTHERWELL</b>  <b>TENANT : MR S Y CHAN</b>
From: <b>HEAD OF PROPERTY SERVICES</b>		
Date: <b>27 April 2011</b>	Ref: <b>DAB/R3590465</b>	

**1. INTRODUCTION**

1.1 The purpose of this report is to seek Committee approval to extend the lease of the shop at 116 Merry Street, Motherwell for a period of 25 years from 28 August 2011.

**2. BACKGROUND**

2.1 A rent review is due for this shop as at 25 August 2011 and, during negotiations to settle this review, the tenant has indicated that they wish to extend their lease for a further period of 25 years subject to revised terms and conditions, to provide the tenant with longer term security for their business.

2.2 The current lease for this property commenced on 25 August 1993 for a period of 19 years until 25 August 2012 and is currently rented at £3,360 per annum.

2.3 This shop supports 2 full time jobs and 2 part time staff.

**3. DESCRIPTION**

3.1 The property is situated on the ground floor, of a two storey tenement, within a parade of retail units in Merry Street, Motherwell.

3.2 This parade of shops is located just off the pedestrian town centre area in Motherwell, as is shown on the attached plan and is within Ward 17.

3.3 The building extends to 38.73 square metres (417 square feet) or thereby.

**4. PROPOSED LEASE TERMS**

4.1 The rental for this shop has been negotiated to reflect the large rise from the current rental of £3,360 per annum to the market rent of £6,600 per annum. Given the current recession and the difficult trading conditions which currently prevail, and to ensure the sustainability of the business, it has been provisionally agreed to step the rental up to market value on the following terms and conditions:-

- (i) **Extension to the Lease Term:** 25 years.
- (ii) **Rental:** £4,600 per annum from 25 August 2011.  
£5,600 per annum from 25 August 2012.  
£6,600 per annum from 25 August 2013 till next rent review.
- (iii) **Date of Extension:** 25 August 2011.
- (iv) **Rent Review:** 25 August 2016 and 5-yearly thereafter.
- (v) **Break Options:** At the 10<sup>th</sup> anniversary of the date of extension.
- (vi) **Rent Free:** Not applicable.
- (vii) **Use:** Chinese hot food carry out shop.
- (viii) All other terms and conditions and alterations to be in accordance with the standard lease terms for industrial/commercial ground.

## 5. CORPORATE CONSIDERATIONS

- 5.1 This property is within the Non Operational Investment Portfolio and is held to support economic development and revenue generation purposes.
- 5.2 It is considered good estate management practice to secure good tenants on as long a lease term as possible and this proposal is therefore of benefit to the Council in revenue and economic development terms.
- 5.3 The approach negotiated in this rent review will increase rents in a sustainable manner, which will enable the Council to support local businesses through the current challenging economic times, whilst still meeting the Council's long term revenue generation targets.

## 6. RECOMMENDATIONS

- 6.1 It is recommended that the Committee agrees to the extension of the lease in line with the proposed lease terms noted above for the shop at 116 Merry Street for a period of 25 years.
- 6.2 All other terms to be adjusted by the Head of Property Services.

  
**IAN NISBET**  
**Head of Property Services**  
 CARB

Members seeking further information on the contents of this report are asked to contact Ian Nisbet, Head of Property Services, on 01236 616305



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# LOCATION PLAN - For Information Only

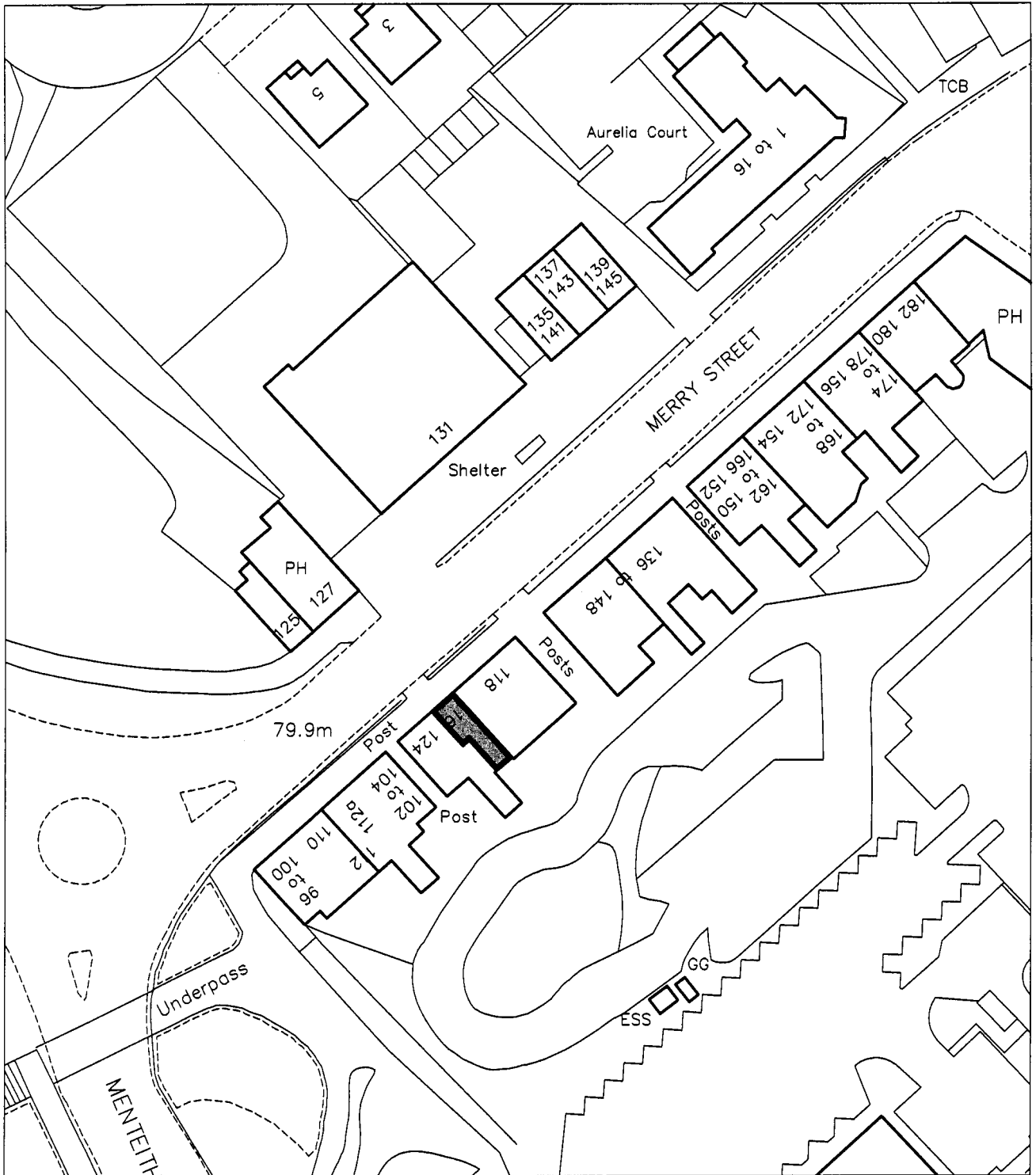
Title: 116 Merry Street

Scale 1:NTS



Town: Motherwell

Date: 28/04/11



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## Property Services

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