

# Harvey Centre Asset Management Update



<b>Report to:</b>	Cabinet
<b>Date:</b>	10 December 2024
<b>Portfolio Holder:</b>	Councillor Dan Swords, Leader of the Council
<b>Lead Officer:</b>	James Gardner – Assistant Director – Regeneration and Commercial Development (01279) 446449
<b>Key Decision:</b>	No
<b>Forward Plan:</b>	Forward Plan number I017712
<b>Call In:</b>	This item is not subject to call in procedures as it is for noting only.
<b>Corporate Mission:</b>	Rebuild Our Town/Secure Investment for Harlow's Future
<b>Wards Affected:</b>	Little Parndon and Town Centre

## Executive Summary

**A** The report provides an Asset Management progress and performance update for the commercial activities of the Harvey Centre. The Harvey Centre performance has significantly exceeded the projections, assumptions and business planning that informed the acquisition. The asset is carefully managed by specialist asset managers and significant investments into the centre are planned in line with the council's corporate missions.

## Recommended that:

**A** Cabinet notes the impressive progress and exceeding performance of the Harvey Centre for reported period.

## Other Options

**A** None.

## Background

1. The council acquired the freehold title of The Harvey Centre from Tristan Capital Partners in December 2022 following extensive due diligence and specialist advice.
2. The Harvey Centre comprises approximately 450,000 sq ft covered shopping centre of retail, leisure and community accommodation arranged over two floors with sales accommodation on ground and first floor levels and occupies a nine acre site.
3. The Centre also benefits from a modern leisure provision completed in 2016. The leisure provision consists of six cinema screens operated by Cineworld, a further six first floor restaurant units, a gym operated by JD and a laser tag arena operated by Quasar.
4. At the time of acquisition, the council appointed specialist company for both the strategic and operational asset management. These arrangements have since been reviewed and continue to perform extremely well.

## Issues/Proposals

5. The retail market has experienced several challenges in recent years including the Covid-19 pandemic, challenged economic conditions, localism and hybrid working, the cost-of-living crisis, changes in retailer strategy etc. Whilst there are ongoing stressors in the retail market, the Harvey Centre has performed robustly in recent years with existing and new retailers showing penchant for the scheme and the town centre.
6. In the six quarters from April 2023, the Business Plan projected a Net Operating Income (“NOI”) including Capital Expenditure, voids and shortfalls on business rates, service charges, insurance and transactional letting fees. However, the actual NOI provided a significant improvement on this projection. In short, this means that the Harvey Centre performance has significantly exceeded the projections, assumptions and business planning that informed the acquisition. Details of this performance can be found in Confidential Appendix A - Annual Asset Management report November 2024
7. Despite several unprecedented challenges including Wilkos entering administration and subsequently vacating their unit and Tesco’s relocation and downsizing, the actual performance exceeded the business plan forecast that was agreed at point of acquisition which is mainly due to national retailers renewing at lease expiry at a re-based rent rather than vacating as assumed on acquisition and unrequired capital expenditure that were forecast in the event of non-renewals.
8. Through proactive asset management and early engagement with existing tenants and their representatives, the commercial asset management have completed 30 lease agreements since January 2023. Examples of retained tenants include Tesco, Starbucks and Deichmann whilst new tenants brought into the centre are Trespass, Specsavers and ShoeZone.

9. In addition to securing national tenants to stabilise the centre's NOI and footfall, supporting the town's residents and businesses has also been achieved through implementing multiple community initiatives. Kiosk space has been provided to several local businesses to support and incubate through the provision of space on a low commercial-risk basis. Multiple charitable partners have been provided space on the first and ground floor – an initiative to drive awareness, provide essential community services and support commercial operating costs.
10. Several asset management initiatives to correspond with the council's wider town centre objectives have been completed. For example, a reverse premium for the long leasehold of the former BHS has been obtained and the council have commenced the strip out of the building in preparation for demolition.
11. Another ongoing asset management initiative is to undertake the structural repairs identified for the car park at acquisition, and which drove improved commercial consideration for the council. Technical delivery reports have been presented to the council and a timeline for the project works to commence is expected in Summer 2025.

## **Implications**

### **Equalities and Diversity**

None

### **Climate Change**

None

### **Finance**

Financial implications are included within Confidential - Appendix A. The Harvey Centre is managed within the Medium-Term Financial Plan. Major variances of the Harvey Centre are reported within the performance, finance and risk report, that is reported to each cabinet meeting. The Harvey Centre is returning better than expected revenue and profit.

Author: Jacqueline Van Mellaerts, Assistant Director – Finance and Section 151 Officer

### **Governance**

This report is for noting only. Full and robust governance is in place for the asset management of the centre and this report, forms part of that governance.

Lead Officers have identified Confidential Appendix A - Annual Asset Management report November 2024 as containing commercially confidential information and therefore exempt information per paragraph 9.4 (c) Part 4 Article 4 of the Constitution.

Author: Julie Galvin, Legal Services Manager and Monitoring Officer

## **Appendices**

Confidential Appendix A - Annual Asset Management report November 2024

**Background Papers**

None.

**Glossary of terms/abbreviations used**

None.