

Rent Increase at Castledene Allotments Response from Northumberland Estates

AGENDA 11, Enc xiii)

Thu 07/02/2019 15:37 (sent via email)

Dear Sarah

Thank you for the letter attached in the below.

Whilst I appreciate the request to undertake the review in line with inflation I feel it necessary to get to a figure in line with the proposed. Hopefully the below will provide some rationale for the proposed rent and help explain what appears a large increase.

I understand the area let to the Council extends to approx. 4330m². Within this area, accounting for paths etc. I would suspect that there are around 16 allotments of an average of say 200m². Working off a market rent of £76 (North Tyneside Council comparable) should generate an income of £1,216 for the site. Whilst I appreciate there is an element of management costs to attribute, I feel a rent of £100p.a. is reasonable if not competitive when considering the revenue. In other circumstances we have allowed for 1/3 management costs, 1/3 tenant profit and 1/3 landlord rent suggesting this figure may actually be slightly low, set at only 8% of income.

Further supporting this fee, if we were to let the 1 acre site out for grazing purposes we would look to achieve a minimum rent of around £100. We would therefore find it difficult to drop below this level, particularly as significantly as what has been requested.

I would ask that you consider the above and should you have any other queries please get in touch.

Regards

Grant



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