



# Property Investment Strategy 2026/27 to 2028/29

The 2021 -2026 Property Investment Strategy delivered exceptional results for Basingstoke and Deane Borough Council securing vital revenue for public services and providing the value for public services and proving the value of proactive, strategic asset management. Key Successes include a 19% (£3.1M) increase in annual rental income.

The new strategy for 2026/27 to 2028/29 is designed to build decisively upon that foundation. In a climate of ongoing financial constraint and evolving market dynamics our property portfolio remains critical for self sufficient funding of services. Our approach continues to balance prudent financial return with tangible socio-economic benefit for the borough.

While the core principles of the previous strategy remain valid – active management, capital recycling, and diversification - this updated framework provides a sharper focus on sustainability, modernisation, and strategic regeneration. It ensures our portfolio is resilient, future proofed and aligned with our climate change ambitions. While adhering to robust governance that underpinned our past success.

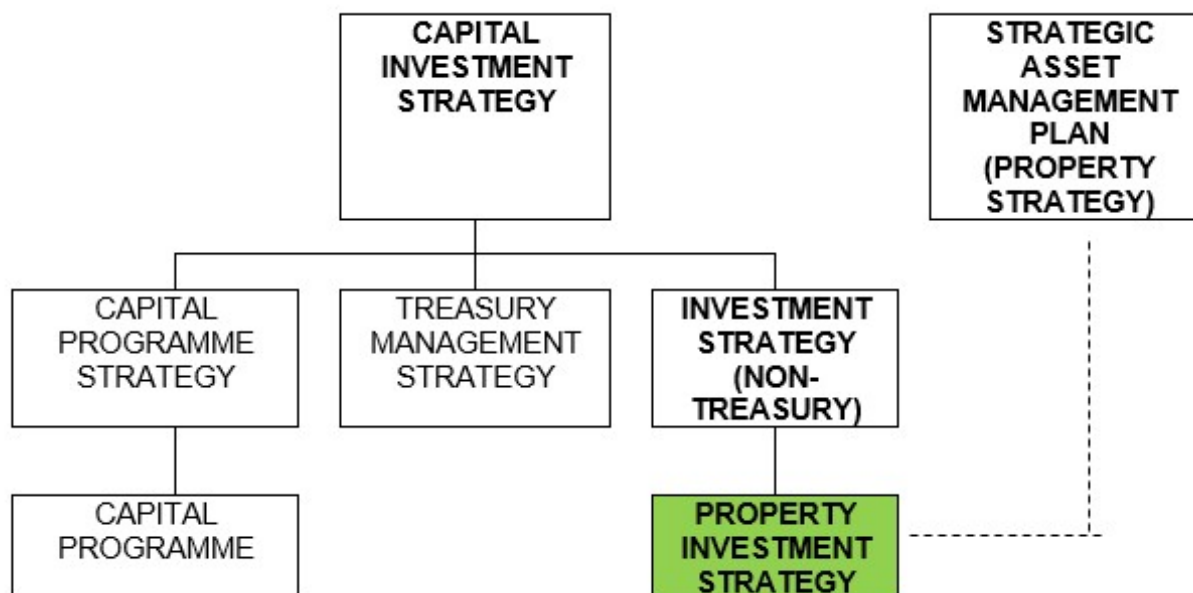
## Contents

- [Strategic Context and Links](#)
  - [Scope of Property Investment Strategy](#)
  - [Building on the Principle for the 2021-2026 Strategy](#)
  - [Revised Strategy for 2026/27 to 2028/29](#)
  - [Progress to Date and Performance Highlights 2021-2026](#)
  - [Strategic Objectives 2026/27 to 2028/29](#)
  - [Governance](#)
  - [Delegated Authority](#)
  - [Monitoring and Reporting](#)
  - [Due Diligence protocol](#)
  - [Acquisitions and Disposals](#)
  - [Sustainability and Climate Change](#)
  - [Conclusion](#)
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# Strategic Context and Links

The Property Investment Strategy is an integral component of the council's Investment Strategy (Non-Treasury) and directly supports the Strategic Asset Management Plan (Property Strategy) 2026/27 to 2028/29. It operates within a coherent hierarchy of financial and asset management planning, as outlined below.

Diagram 1 below shows how the Property Investment Strategy links to other council strategies.



This strategy provides the high-level policy for managing the council's commercial property investments. It defines how these assets contribute to revenue generation, service provision, and economic regeneration, while explicitly outlining the governance and risk management processes that guide all decisions.

## Scope of Property Investment Strategy

The Property Investment Strategy governs the council's commercial property investment portfolio and land holdings for the next three years period from April 2026 to March 2029. It expands on the portfolio's role in key regeneration areas.

## Building on the Principle for the 2021-2026 Strategy

**The success of the previous period validates our continued commitment to:**

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Active Asset Management - proactively managing leases, disposals and refurbishments to optimise income and value.

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Capital Recycling - disposing of non-core or underperforming assets to fund new, higher yielding and more sustainable investments.

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Diversification - spreading risk and positioning for growth across sectors and acting cautiously on the geography where we invest.

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## The success of the previous period validates our continued commitment to:

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Income Focus - prioritising secure, sustainable revenue streams to support council services.

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It is intended to build on relationships with key stakeholders where there are joint and vested interests on strategic assets and investigate where both organisations can work together for improved outcomes, examples include Festival Place.

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## Revised Strategy for 2026/27 to 2028/29

### Building on the principles, this strategy introduces enhanced focus on:

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Sustainability and Modernisation - driving the portfolio towards net-zero carbon and prioritising high-quality, future proofed assets.

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Strategic Regeneration - explicitly linking investment activity to the economic revitalisation of key sites like Basing View and the Leisure Park.

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Portfolio Rebalancing - should opportunities arise there will be a deliberate shift towards larger lot sizes and emerging sectors subject to business case such as PRS and Life Sciences to improve efficiency and growth prospects.

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## Progress to Date and Performance Highlights 2021-2026

The council appointed Jones Lang Lasalle (JLL) as its strategic property advisers in 2020. The strategy identified and proposed set of actions to help achieve the objectives of the Property Investment Strategy alongside advising the development of the strategy.

### The 2021-2026 strategy delivered against its objectives, providing a solid platform for future growth:

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Revenue Growth	The Annual portfolio rent increased by £3.1M (19%) since March 2021.
Income Security	The Average Weighted Unexpired Lease Term (AWULT) improved by 6 years enhancing income reliability.
Successful Acquisitions	£9.4M of new capital was invested in two leisure sector purchases, diversifying the portfolio and adding £856,656 pa in immediate revenue.
Active Management	Value was released through lease re-gears and developments at sites such as Jay's close. Two leases re-gears at Basing View resulted in £40M of internal investment and bringing derelict office buildings into economic use.
Sector Performance	The strategic overweight position in industrial assets performed strongly as focused.

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The performance demonstrates the effectiveness of the existing governance and strategic advice which will be maintained and strengthened.

Whilst the capital value decreased during the period many macro-economic factors influenced this.

### The table shows key statistics for the period 2021-2025

Category	March-21	March-25	Variance
No. Property Assets	214	217	+3
Capital Value	£291.8m	£289.0m	-£2.8m (-0.96%)
Gross Income p.a.	£16.2m	£19.3m	+£3.1m (19%)
ERV	£19.6m	£23.0m	+£3.4m (17%)
Reversionary ERV	£31.2m	£31.2m	£0
Portfolio Initial Yield	5.20%	6.20%	+1.00%
Income Security (AWULT)	46 Years	52 Years	+6 Years
Annuity Asset Value	£229.6m	£174.2m	-£55.4m (-24.0%)
Standard Investments Value	£62.2m	£114.8m	+£52.6m (+84.5%)

In regard performance of the portfolio compared to the industry benchmark of the MSCI index the council's property portfolio compares well against most measures as is demonstrated in the following tables below:

Total Return	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
BDBC Portfolio	6.0%	21.3%	-6.6%	-0.9%	9.3%
MSCI All Property	0.9%	19.9%	-13.1%	-0.5%	6.5%
Relative Performance	5.1%	1.2%	7.5%	-0.4%	2.6%

BDBC's portfolio demonstrated notable success, outperforming the UK MSCI all property benchmark in four of the past five years. These performance figures are derived from a comprehensive evaluation, incorporating capital movement based on annual independent valuations, in-year capital expenditure, and income received.

## Strategic Objectives 2026/27 to 2028/29

Our objectives are designed to preserve past gains adopting the principles of the previous strategy and drive future performance:

### Financial and Portfolio Objectives - Funding

The strategy is designed to be self-funding through reinvesting capital receipts from disposals.

- Preserve and Enhance Capital Value and Revenue
- Recycle Capital from disposals of non-performing assets and latent value in long leases.

## Financial and Portfolio Objectives - Funding

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- Reinvest Proceeds where appropriate in property and to enable regeneration projects
  - Improve Sustainability targeting annual improvements in EPC ratings
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## Economic and Place marketing

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- Stimulate Economic Growth by utilising capital receipts to invest in new sectors and regeneration areas.
  - Support Strategic Regeneration of key sites such as but not limited to Basing View and the Leisure Park
  - Enhance Environmental Sustainability across the portfolio contributing to the boroughs net zero carbon goal.
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## Governance

A robust governance framework with appropriate delegations, proven in the last strategy period is recommended to be adopted and essential for managing risk and ensuring accountability.

## Delegated Authority

The council will be asked to re-approve delegations for the Director of Regeneration in consultation with the Chief Finance Officer (s151 officer) and relevant Portfolio Holder to make decisions within the strategy parameters.

Transaction limit individual investment/disposal are limited to 5% of the total portfolio valuation (e.g. £15M on a £300M portfolio).

## Monitoring and Reporting

- Annual Property Plan (APP) A detailed annual property plan will be approved by cabinet every February.
- Scrutiny - the Audit and Accounts Committee will review the APP and monitor investment activity.
- Transparency - reports to cabinet and the relevant portfolio holders to provide updates on acquisitions, disposals and performance.
- MSCI/IPD remains the index of choice when constructing market benchmarks in the UK, these are calculated by our external advisors

## Due Diligence protocol

All opportunities must undergo comprehensive due diligence, including obtaining independent valuation advice and surveys, if required.

Financial and Risk Analysis - robust assessment of tenant covenants, market assessments, sector risk and abortive costs assessments will be undertaken when exploring opportunities

Property Analysis - all appropriate reports need to be undertaken detailed reports on the market and an independent section 123 valuation on any acquisitions and disposals

Legal and Compliance Checks to assess the legal powers to invest or dispose of properties and adopting usual legal checks.

## Acquisitions and Disposals

### Asset Management Disposals and Lease Regears

A proactive disposal programme will target non-core, underperforming or low sustainability assets. This will run alongside a programme of lease regears with under 75 years expired to regear leases with the goal of releasing latent value capital, increasing income and improving rent review frequency to mitigate inflation. This is reviewed regularly, and the specific properties are referred to on a target list which forms part of the Annual Property Plan.

### Acquisitions and Portfolio Development

Should appropriate opportunities arise consideration will be given to purchasing them to modernise the portfolio or facilitate regeneration. Any purchases would be assessed against the scoring matrix of the previous strategy in full consultation with the Portfolio Holder for Property and Finance.

## Sustainability and Climate Change

Sustainability criteria are a key consideration for both active asset management and in the consideration of potential purchases. Engagement with occupiers, promoting the council's sustainability, are reviewed and implemented where opportunities arise.

## Conclusion

The Property Investment Strategy sets a clear, ambitious and responsible course for 2026/27 to 2028/29 by building on the demonstrable success of the previous strategy, maintaining rigorous governance, and focusing on sustainable growth, we will ensure our property portfolio continues to provide a resilient and significant contribution to the public services and the economic vitality of Basingstoke and Deane.

## Related

[Strategic Asset Management Plan 2026-2029](#)

[Annual Property Plan 2026/27](#)

