

Heathrow Airport - Property Guide Price Rents 2011/12

Decision Document

Date: 29th July 2011

Prepared by: Heathrow Airport Limited

1.0 Introduction and Consultation Programme

Purpose

- 1.1 Heathrow Airport Limited (HAL) has reviewed the Property Rental Guidelines for 2011/12. The purpose of this document is to set out HAL's decision.
- 1.2 HAL has maintained the Rental Guidelines at 2008/9 level and the residual banked formula deficit of -3.03% will be carried forward to future years. Rents will not increase in future years until the formula deficit is offset by increases in future years.
- 1.3 The 2011/12 Rental Guidelines are effective from 1st April 2011.

Background

- 1.4 Since 1996 Heathrow has had a list of published Guide Prices. The Guide Prices are either a band or spot rent for the majority of standard property products.
- 1.5 Since 1996, Guide Prices have been adjusted by the percentage change in a rental formula, which is applied annually to the Guide Prices which is consulted with the AOC Rents Group.
- 1.6 In consultation with the AOC Rents Group the tariff rents were simplified in 2008 and the formula has evolved since it was first introduced.
- 1.7 The components of the current formula, revised in 2002, are as follows:
 - Passenger Numbers.
 - Retail Price Index.
 - Investment Property Databank (IPD) Annual Property Index – the average of Central, Outer and West of London Office Indices (see Appendix 1 for the geographical area).
- 1.8 The formula gives equal weighting to each component.
- 1.9 The formula seeks to provide consistent growth flattening the peaks and troughs associated with the external property market.
- 1.10 Desk licence fees are reviewed bi-annually on the same basis as rents, the next review is 2012.
- 1.11 The consultation sought views on:
 - the outcome of the formula calculation
 - HAL's proposal to hold property rents at prior year's levels
 - carry forward the banked formula deficit to future years

Consultation Programme

- 1.12 The consultation was launched on 26th May 2011 with the publication of the Consultation Document; an Addendum was subsequently published on 10th June 2011 to address feedback from the AOC Rents Group. Consultation meetings were held with the AOC Rents Group on 3rd June and 20th July 2011 to seek feedback on the proposals.
- 1.13 The consultation documents have been available on the HAL website. HAL communicated the consultation documents and requested feedback from users, the AOC and the Chair of the AOC Rents Group via an e-mail communication sent out on 26th May 2011. A subsequent e-mail was circulated to the same recipients with a link to the Addendum document on 14th June 2011.
- 1.14 The Consultation programme HAL has followed is:

Table 1

Date	Milestone
26 th May 2011	HAL publish consultation document letter on Heathrow 2011/12 rental proposals
3 rd June 2011	First consultation meeting
30 th June 2011	Property customer written responses due
w/c 11 th July 2011	Second consultation meeting to review responses
w/c 25 th July 2011	HAL publishes 2011/12 rents effective from 1 st April 2011

Further Information

1.15 This document informs all users of HAL's decision and concludes this Consultation on Heathrow Property Guide Price Rents 2011/12.

1.16 If you have any questions on the decision please contact:

Heathrow Property Department
Heathrow Airport Ltd
The Compass Centre
Nelson Road
Hounslow
Middlesex
TW6 2GW

E-mail: hal_property@baa.com

2.0 Review of Responses and Decision

2.1 There have been no responses from individual users.

2.2 The AOC Rents Group, at the meeting held on 20th July 2011 supported HAL's proposal.

3.0 Summary of Decision

3.1 Heathrow will hold property rents for 2011/12 at the same level as 2008/9, 2009/10 and 2010/11. The desk licence fees remain unchanged from 2010 in line with the bi-annual review pattern.

3.2 The residual banked formula deficit of -3.03% will be carried forward to future years. HAL will not seek to increase rents in future years until the formula deficit is offset by increases in future years.

3.3 A full schedule of the rents is attached at Appendix 1.

4.0 Implementation Timescale

4.1 The 2011/12 Guide Prices are effective from 1st April 2011 and will be implemented immediately for any property rental transactions effective from this date.

5.0 List of Respondents

5.1 Heathrow AOC Rents Group.

Appendix 1 – Heathrow Rental Guide Prices 2011/12

	Rent £ / sq ft		Rent £ / sq m	
	Min	Max	Min	Max
Terminal 1				
Second floor office		£62.46		£672.36
CIP		£70.30		£756.65
Piers - standard ramp	£35.14	£41.61	£378.27	£447.86
Piers - first floor	£36.55	£43.02	£393.42	£463.02
Terminal 3				
North Wing		£56.23		£605.23
South Wing		£62.46		£672.36
East Wing		£60.45		£650.69
Departures ground floor R/O check-in		£47.80		£514.54
Departures ground floor off back corridor		£42.17		£453.92
Infill Offices		£62.46		£672.36
CIP - Departures		£70.30		£756.65
CIP - Arrivals	£66.76	£70.30	£718.60	£756.65
Piers - standard ramp	£35.14	£41.61	£378.27	£447.86
Building 820				
First and Second floor		£50.00		£538.22
Ground floor		£52.71		£567.41
Bays		£32.78		£352.79
D'Albiac House				
Bays		£29.50		£317.54
Offices (Outer offices)		£45.27		£487.32
Offices (Inner offices)		£44.01		£473.67
Terminal 4				
NE Extension, Balcony		£62.46		£672.36
Departures rear of check in		£47.80		£514.54
Mezzanine airside		£45.00		£484.34
Standard ramp	£35.14	£41.61	£378.27	£447.86
CIP		£70.30		£756.65
Terminal 5				
CIP - T5A		£77.31		£832.19
CIP - T5B/C		£73.46		£790.66
T5A - Landside offices/support accommodation		£67.77		£729.49
T5A - Airside offices/support accommodation		£55.73		£599.84
T5A - Airside apron level support accommodation (Ramp)		£43.69		£470.31
T5B/C - Airside offices/support accommodation		£53.08		£571.33
T5B/C - Apron level support accommodation (Ramp)		£42.65		£459.09
Desk Frontage Rates - All Terminals		Rent £ / ft		Rent £ / m
Check-In		£499.12		£1,637.51
Sales and Reservation		£1,033.39		£3,390.35
Transfer		£499.12		£1,637.51
Information		£766.26		£2,513.95

Unless otherwise stated:
Typically, new build will be at the top of range.