

DECISION TAKEN UNDER DELEGATION TO THE CHIEF EXECUTIVE

Subject:

Disposal of Land at the Odeon Cinema, The Meadows, Chelmsford CM2 6FD

Date of Decision:

15th June 2026

Decision Number:

4/2026

Background:

The ownership of the Odeon Cinema site is held within a complex, multi-layered lease structure. Chelmsford City Council holds the freehold interest in the land and in 1992 granted a 150-year headlease over The Meadows estate (expiring in 2142), the headlease is now assigned to Dominus (in administration). Beneath this sits an intermediate underlease interest held by LMP Green Park Cinemas Ltd, with the property itself occupied by Odeon Cinemas under a commercial occupational lease.

Whilst the Odeon currently pay an annual rent, this income does not accrue to the Council due to the intervening leasehold interests. As a result, the Council's freehold interest is reversionary in nature, and the Council will receive no income from this property during the term of the lease. Without proceeding with a disposal, the Council would be unlikely to achieve any financial benefit from this part of the landholding until the expiry of the headlease in 2142. The proposed disposal therefore presents a rare opportunity to unlock value from an otherwise long-dated and non-income-producing asset.

This matter was approved by Cabinet in July 2019, however the transaction stalled due to the COVID-19 pandemic.

Urgency powers are sought due to the time-sensitive nature of the proposed transaction to align with the tenants financing arrangements. Should the prospective purchaser, LMP Green Park Cinemas Ltd, withdraw from the deal, it is considered unlikely that the Council would be able to secure a disposal of this interest to an alternative party in the short term. Chelmsford City Council has been approached by LMP Green Park Cinemas Ltd with a proposal to acquire the freehold interest, and terms have been agreed in conjunction with the leaseholder..

Independent valuation advice prepared by Fenn Wright LLP supports the agreed price.. This advice has been informed by an analysis of comparable rental and investment transactions within the leisure sector.

Freehold leisure investment transactions considered as part of the valuation demonstrate yields typically in the region of 7.7% to 8.2%, with pricing heavily influenced by the strength of the tenant covenant, lease length, and certainty of income. Longer, secure income streams result in stronger values, whereas shorter or more uncertain income examples result in higher yields and lower capital values.

The valuation also highlights long leasehold transactions, where significantly higher yields (more than 16–26%) have been observed. These reflect the impact of diminishing lease terms and uncertainty over future income beyond lease expiry. This is particularly relevant in the case of the Odeon, where the occupational lease expires in 2041 (with a potential extension to 2051), after which there is uncertainty regarding future use, tenant demand, and rental levels.

The comparable evidence also demonstrates wider market caution toward large-format leisure assets, particularly cinemas, due to structural shifts in consumer behaviour, such as the growth of streaming services. This is reflected in the valuation by applying conservative assumptions to future rental performance and redevelopment potential.

It is therefore considered that the agreed sale price represents best consideration reasonably obtainable in the current market. It is recommended that authority is granted to dispose of the Council's freehold interest and authorise officers to progress with the immediate sale at the agreed consideration.

Supporting Information:

The Leader of the Council was consulted before making this decision and had no objection to it.