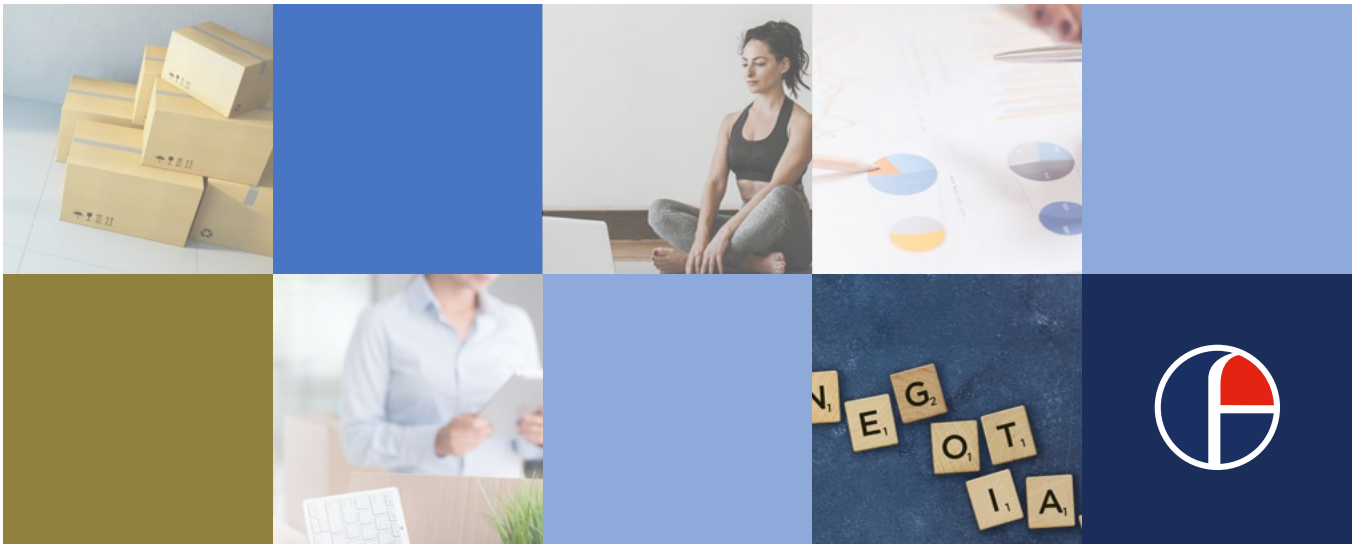




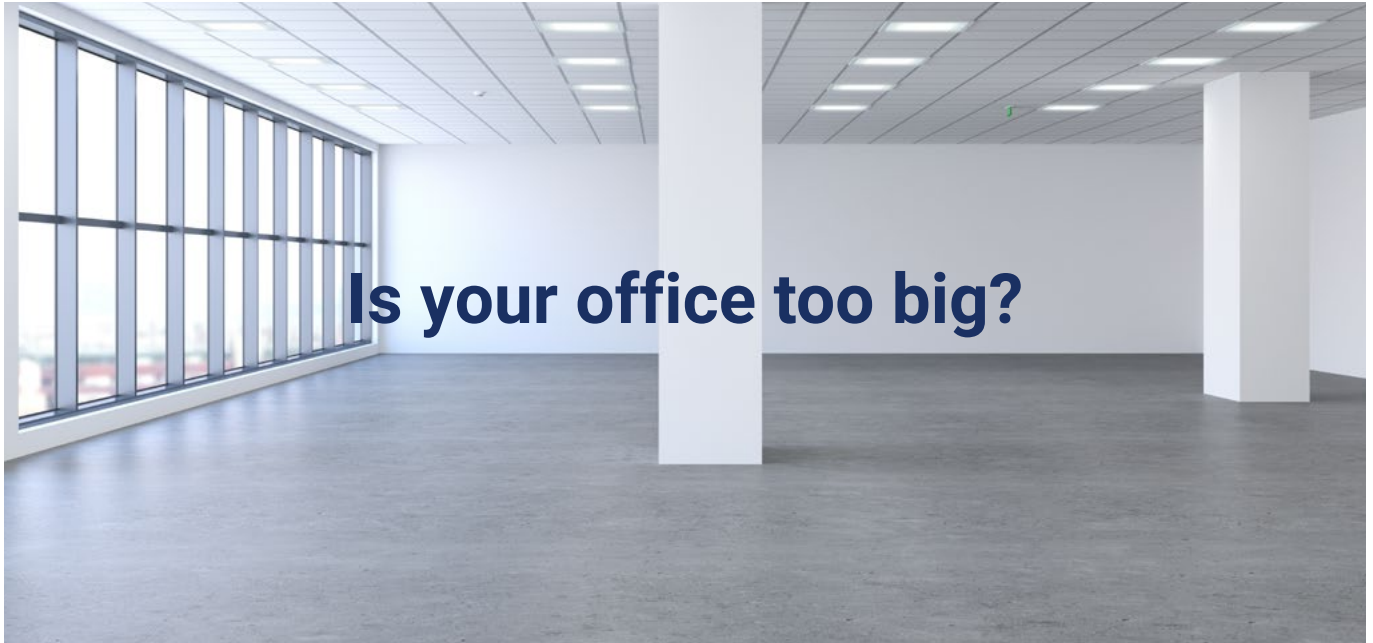
Is your office too big?



Is your office too big?

3. What are your options?
4. Let us do all your heavy lifting
5. Take the stress out of subletting
6. Renegotiate your lease
7. Outgoings - consider the following
9. Contact us

CONTENTS



What are your options?



Move to smaller premises if your lease allows



Sublet part of your premises if your lease allows



Renegotiate your lease



Let us do all your heavy lifting

Move if your lease allows it

If your lease allows you to move office there are many things to consider.

Start by considering your ideal location, preferred costs, size of premises, and timing.

Fortunately at Fisher German, our experts have the experience and expertise to help organisations like yours make the right decision.

However, if moving is not the right choice for you, consider your other options - we will happily explore these and take away the stress of even thinking about moving office - let alone project manage an activity which will inevitably distract you from your day job.

This would be the optimum result - if your lease is almost at an end, or you are approaching a lease break.

It will allow you to exit the contract and the space.

If you decide to move, a landlord may serve you with a claim for dilapidations. This sets out any repairs and/or remedial works, which you are contractually obliged to undertake. It could prove costly.

Some leases have a clause for 'Full Repairing and Insuring' (FRI), which requires the tenant to undertake a full repair of the property and decorate it before they hand it back to the landlord. Even if the property was in poor repair when you moved in, you will still be responsible for restoring it to an A1 condition before moving out – if you signed the contract without challenging this clause.

Many tenants will have entered into a Schedule of Condition, which ensures that a property does not have to be handed back in a better condition than when it was when the contract was signed.

Be careful, a landlord can also claim for the rent during the repair period – after you have vacated the premises.

If you move out without fulfilling any repairs and/or remedial work (as specified by your lease), your landlord will appoint a surveyor to prepare a Schedule of Dilapidations. This highlights all the remedial work required – which you will have to pay for.

- Protect yourself from this:
- Check your lease terms before signing it
- Ensure you have photographs/evidence of the condition of the premises when you moved in
- Negotiate from a position of knowledge/expertise – or appoint a Dilapidations professional to do it for you. It is worth speaking to a Building Surveyor, as a good one could save you significant time and money

Breathe. We know the best way to take the stress out of subletting



If your lease allows it, subletting may be an option for you.

But do secure your landlord's permission first.

When subletting, there are three key things to bear in mind:

1. How much will you charge for the space

Portal trawling could help you decide on an indicative price, but do seek the advice of a property professional first. They will have access to comparable data and good local knowledge of 'grey space'

2. What are you including in the rental charge

From access rights and broadband usage, to how the utility bills will be paid; consider whether you will share the cost (how do you define 'sharing'), or whether it will be included in the rental fee

3. Is your subletting contractual agreement in place

Before you even think about giving your new tenant a key to the space, ensure you have a subletting contract in place. Seek the advice of a property professional before entering into any agreement

Issues to consider include:

How do you find the right tenant – it's not just about finding them, it's also about checking their financial credentials and taking up and assessing their references

Manage the whole process whilst continuing to do your day job

We have a team of professionals, with a wealth of experience, who can help you every step of the way. This will allow you to do what you do best – focus on financial and corporate goals.

If sub-letting is not the right choice for you, take a look at your other options.



Renegotiating your lease – let us take the pain out of it

Renegotiating your lease can be daunting.

In reality, you're just looking for a fair deal for the premises you rent.

Our team of expert negotiators have considerable experience of working through all the complexities of your lease and will negotiate the best possible terms for you.

Because we have access to local market intel and historic (tenancy) data, we know how to secure a good 'deal' with landlords and how to counter any complex strategies they might adopt.

If renegotiating your lease is not the right choice for you, take a look at your other options.

Our team has just one goal - your success.

Finding the right advisors to help you make the right decisions for your business is a skill we have.

That is why we make sure we go the extra mile to make you comfortable and confident about the advice we give you and our implementation skills. Every member of our team has deep expertise and experience across a broad range of property disciplines, which ensures that our clients always get the right result, on the best terms, at the right time.

Review your workplace strategy

Is it time to review your workplace strategy and/or your financial relationship with your landlord.

Employees expectations of work practices have changed, which is why employers are now reviewing their workplace strategies. To ensure you secure the best 'space' on the optimum terms, research the market and identify the evidence you need to negotiate with your existing or prospective landlord.

Unless you are good at it, appoint a seasoned lease negotiator to represent your interests.

Many business owners/managers think that the only bargaining chip they have is rent. Wrong; there are other factors which need to be considered to ensure you do not commit to any expensive long term liabilities or, are locked into unfavourable (and expensive) terms.

Common lease negotiating variables include:

- Negotiate a lower rent
- Adjust the frequency of rent payment
- Soften repair obligations
- Add or remove break clauses
- Reduce the size of a premises
- Secure upgraded premises with the same landlord

NOTE: a landlord may have their own reasons for wanting to change the terms of a lease – for example, they may want to redevelop the property. It is important that you are aware of issues like this when entering into a renegotiation.



Outgoings... consider the following



Cost Management

Managing a commercial property portfolio includes monitoring and reviewing all costs and charges relating to the maintenance and general upkeep of premises.

Identify them, ascertain what they are and what they are for, and price-match them. But don't just look at the £££, consider service, reputation and track record.



Service Charge

What are the costs of maintaining and repairing the property.

What is covered by a commercial property service charge will differ from unit to unit, but tenants can typically expect a service charge to include items such as:

- General interior or structural repairs
- Cleaning all areas
- Refuse and recycling collection
- Central heating
- CCTV security
- Air-conditioning systems
- Insurance costs
- Property management fees



Rent

Rent reviews are an integral part of commercial leases.

Typically, rent reviews happen every three to five years, but exactly when they occur will depend on the review clauses in the lease agreement.

In the UK, there are three common methods used to calculate the commercial rent:

1. Open market - how much is the property's current market value
2. Periodic - the rent will be reviewed at intervals detailed in the lease, in line with the Retail Price Index (RPI)
3. Turnover - how much rent should be paid based on a business's financial turnover. Turnover-based rental values are used in the retail sector



Utilities

Every organisation should review all its utilities' costs regularly/annually.

Unlike domestic energy users, they are offered bespoke energy quotes to reflect the needs and consumption patterns of the organisation, which means that business prices will vary and shopping around pays dividends.

When checking your utility charges, pay particular attention to the unit cost and the standing charge, as they make the biggest difference to the amount you pay for gas and electricity.

Unit cost - how much you will be charged for each kWh of energy used

Standing charge - a daily amount that covers the cost of transporting energy to your premises and maintaining the National Grid

For the latest information on the average business energy rates, visit the [UK Power website](#).



Business Rates

Business rates are a tax on property applied to non-domestic premises.

Although your local council calculates and collects your business rates, they cannot change your rateable value or the multiplier - these are set nationally.

Whilst it can be difficult to change the amount you have to pay, you are within your right to challenge it. It might be worth speaking to a Business Rates Specialist.



If you'd like to speak to us
about your options,
then contact us today



Richard Clarke

Partner

Richard.Clark@fishergerman.co.uk
020 7367 5530



David Laws

Partner

David.Laws@fishergerman.co.uk
0161 214 4661