

MOVING MADE EASY

THINKING OF MOVING PREMISES? WHAT ABOUT MAKING ALTERATIONS TO EXISTING PREMISES OR AMENDING LEASE TERMS? IS MOVING REALLY SUCH A MINEFIELD? **RUPERT VISICK**, PARTNER AT GENT VISICK, SHARES HIS VIEWS AND EXPERIENCE

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WORDS BY **RUPERT VISICK**

I am told, by those in the know, that driving a Formula 1 racing car, welding stainless steel and, perhaps most frustratingly - plastering are easy once you have learnt the art and practised the trade. The commercial property market is no different and the principles of moving remain the same whether it's offices, shops or any other commercial property.

I speak to lots of people wanting to either move premises, alter their current premises or carry out some form of 'lease engineering' to amend the terms of their existing lease. My response to them is the same - what are you looking to achieve; have you considered all of the possible options and the consequences to you

and your business of those differing options? Furthermore, who is going to be responsible for delivering the solution, do they have the expertise, enthusiasm and, most importantly time to do so?

Most companies look to move when they have outgrown their existing premises; their building is no longer in the right place or the right image; or they need to contract into smaller premises. If the building is owned freehold then this is, in theory, extremely straightforward and doesn't really differ from the process of buying and selling a house, a process with which most people are familiar.

If however, you are a tenant whose lease is not nearing expiry then this process can be more complex. As a tenant you are bound by the terms of your lease and in order to move from these premises you need to fully understand what options the lease provides to you. Bear in mind

it is always worthwhile speaking to your landlord - he may have other property and, in an ideal world, may let you walk away from your existing lease in exchange for you committing to a larger property elsewhere.

If you are moving for purely economic reasons i.e. the rent is too high or you are not happy with the state of repair of the property or any other aspect in the direct control of the landlord, then the first thing to do is to contact them. The one thing that no lease ever mentions is that anything and everything is open to negotiation.

The landlord's primary interest is in the value of their asset - the key component of that value is typically the tenant paying the rent and staying in occupation. Therefore, provided that there is an advantage to the landlord in varying the terms of the lease, then this is not necessarily out of the question. If your request is reasonable then they may well be sympathetic and willing



to help. However, before you speak to your landlord, ensure that you have done your research. Find out what units are vacant nearby, what rents are being achieved on new lettings, how much incentive is being given to new tenants and soon, armed with this knowledge your discussion will be considerably more fruitful.

A further point to bear in mind is that a number of leases have been negotiated which incorporate tenant break options. Whether you have any real intention of moving or not, the break clause has a value to you as a tenant. If you intend to stay then speak to your landlord and ask what they would give you in exchange for staying and removing the break.

You may need to brush up on your poker skills but if you can present a sufficiently compelling argument and convince your landlord that you have every intention of exercising the break then you

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should be able to extract some value. This is typically in the form of additional rent free or some other concession.

Another consideration is that a number of investors have been badly hit by the downturn in the property market, finding themselves in negative equity or in an uncomfortable financial position. The banks are typically seeking to reduce their exposure to this sector and are applying pressure on these investors.

It may be a very good time to ask your landlord if they want to sell. Banks will be a lot keener to lend money to an occupier of property rather than an investor. Having reviewed some of the opportunities

that are available to you as an occupier contemplating a move, the single biggest enemy of SMEs when dealing with property, and probably many other non core issues, is time.

Hence the best advice I can give anyone is to be organised, have a plan and, most importantly, accept that you may need to take professional advice. Anyway back to plastering – anyone can do it but it takes a professional to do it well and the consequences of a bad plastering job will be with you for a very long time!

Gent Visick is a Leeds-based specialist industrial property agency