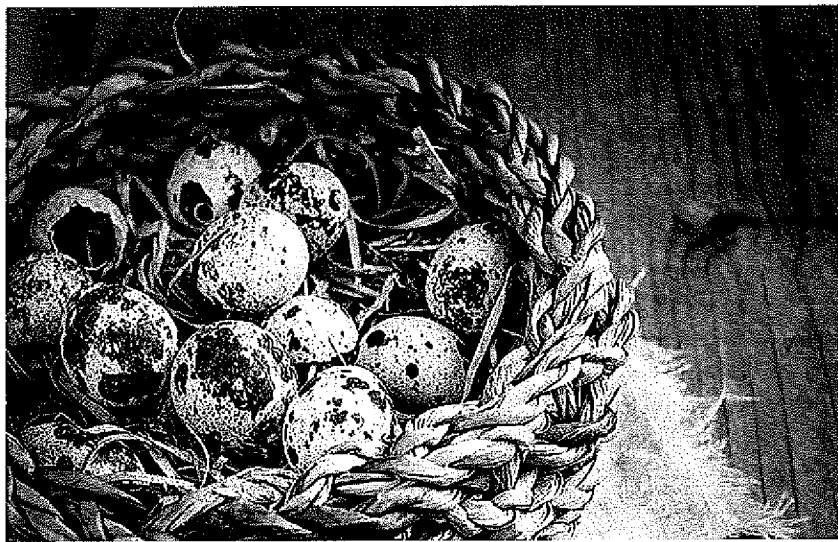


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Are you making the most of your commercial assets?

Whilst there are certainly challenges ahead for Registered Providers, one thing is becoming increasingly clear. Registered Providers need to look beyond their traditional sources of income. Commercial stock is often overlooked but, if managed correctly, could provide a much needed injection of income.

A substantial number of social housing developments are of a mixed use nature. A number of commercial elements such as ground-floor shops below residential blocks, pubs, offices, community centres and telecoms masts are often overlooked.

Key contacts



Our top tips for maximising the returns from your commercial stock

1. Replace expired leases and historic rents with modern leases at market rents. Landlords should consider whether to serve notice under the Landlord and Tenant Act 1954 to ensure that interim rent can be claimed if rents are increasing whilst negotiations progress. As part of that process, whilst the tenant will be entitled to a new lease on substantially the same terms (save for rent) the lease can be modernised and any outdated clauses removed.
2. Implement previously overlooked rent reviews. For example; in many older telecoms leases the rent is subject to an annual increase by reference to RPI which if not been implemented, could be lost and may mean a substantial increase in income.
3. Get on top of rent and service charge collections. Ensure as much expenditure as possible is re-charged to tenants and charge interest on late payments if the lease provides for this.
4. Enforce repairing covenants. Pursue tenants for dilapidations at the end of the term and also consider whether to serve notice during the term to force the tenant to carry out repairs and decoration. There is often a provision in the lease which will enable landlords to serve notice giving the tenant a reasonable time to carry out repairs, failing which the landlord is able to enter the property to carry out those works and recover the cost as a debt from the tenant. Generally, this is more beneficial for landlords than pursuing a dilapidations claim. Tangible benefits result from the enforcement of repairing covenants by way of a higher standard of commercial stock. This results in higher quality tenants which in turn makes for a higher quality mixed use environment, increasing desirability, rental values and lowering residential voids.
5. When renewing a lease, plan ahead and consider the development potential and whether it would be helpful to have a break clause in the new lease.
6. Future commercial stock is as important as existing. During the planning stage of future mixed use developments, as the appreciation of commercial stock grows more consideration will be given to the placement, sizing and specification of commercial elements at the planning stage of new developments, to ensure that the commercial units are both desirable and lettable from day one. Rather than being an afterthought once the residential is let, early lettings of the commercial units to respectable 'anchor tenants' can in fact drive demand for the residential units.

Our asset management team has significant experience advising Registered Providers on their commercial assets. We provide substantive reviews of commercial stock to identify opportunities for increased

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income for a fixed fee. We provide extranets to our clients free of charge for deeds storage and actively support our clients in managing their key dates (prompting clients to avoid missing break opportunities and lease end dates). Becoming proactive in the management of commercial assets can lead to significant financial results.

To find out more please contact **Kary Withers** and **Aaron Macauley**.

Posted: **10 May 2016**

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