

Landlord & Tenant

– an agent's perspective



Kate Irlam MRICS | 20th June 2023



Agenda

- Introduction
- Hot topics
 - Retail market overview
 - Martyn's Law
 - Sustainability
- Future of Service Charges



Introduction

- Introduction to Bellrock and Kate Irlam
- What are landlords generally thinking about today?
- What is driving some of their decision making?



Hot Topics – Changes to the retail market

- Investment market – retail warehousing continues to perform well.
- Average shopping centres yields moved out by 100 bps to 8.5% compared to retail warehousing at 5.75% in 2022.
- Knight Frank Investment Report H2 2022 - Further consolidation and restructuring to continue among occupiers for 2023. Higher debt rates for retailers and spending squeeze for their customers could increase vacancy rates.
- Drapers Online survey May 2023 - A trend emerging for shorter, flexible leases with lower rent – 5 year lease, tenant break at yr 3. This is becoming more prevalent as portfolios age and leases renew.



Source:- Knight Frank, CBRE, Drapers Online – May 2023



Hot Topics – Martyn’s Law

Terrorism (Protection of Premises) Bill

- Likely to be enacted as has cross party support – draft bill published 2nd May 2023
- Provides regulations on public spaces including shopping centres to be ready and prepared for a terrorist attack
- Requires additional training, specialist security reviews and risk assessments to comply.
- Standard Tier (100-799 capacity) and Enhanced Tier (800+)
- Penalty for non-compliance up to £10k for Standard Tier, up to £18m or 5% of global revenue for Enhanced Tier.
- Costs can be analysed to see if they are fair and reasonable.



Hot Topics – Martyn’s Law

“Property managers have historically relied on security providers to specify security measures in commercial properties.

However, there is a common misconception that industry-recognised security risk assessments are being carried out, thereby discharging a Landlord’s responsibility in respect of Health and Safety legislation.

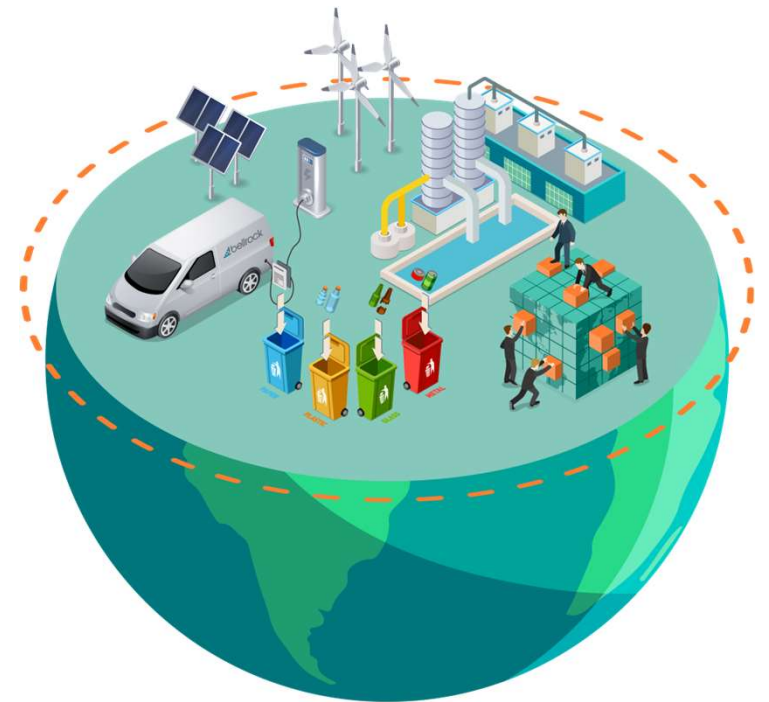
The Bill, currently in draft form, will place an obligation on persons responsible for public venues (e.g. property managers) to consider the threat from terrorism.”

Keith Douglas PSP PGDip



Hot Topics – Sustainability – EPCs minimum standards

- EPCs need to be rated E or above from 1 April 2023 onwards.
- Government will raise the bar to a B by 2030.
- Penalty fines greater of £10k or 20% of the RV up to max of £150k.
- Landlords have a legislative requirement to comply.
- Replacement of inefficient heating and cooling and lighting.
- Payback calculations should be requested.
- Shared cost 50:50 between landlord and tenant.



Hot Topics – Sustainability – Social Value/ ESG

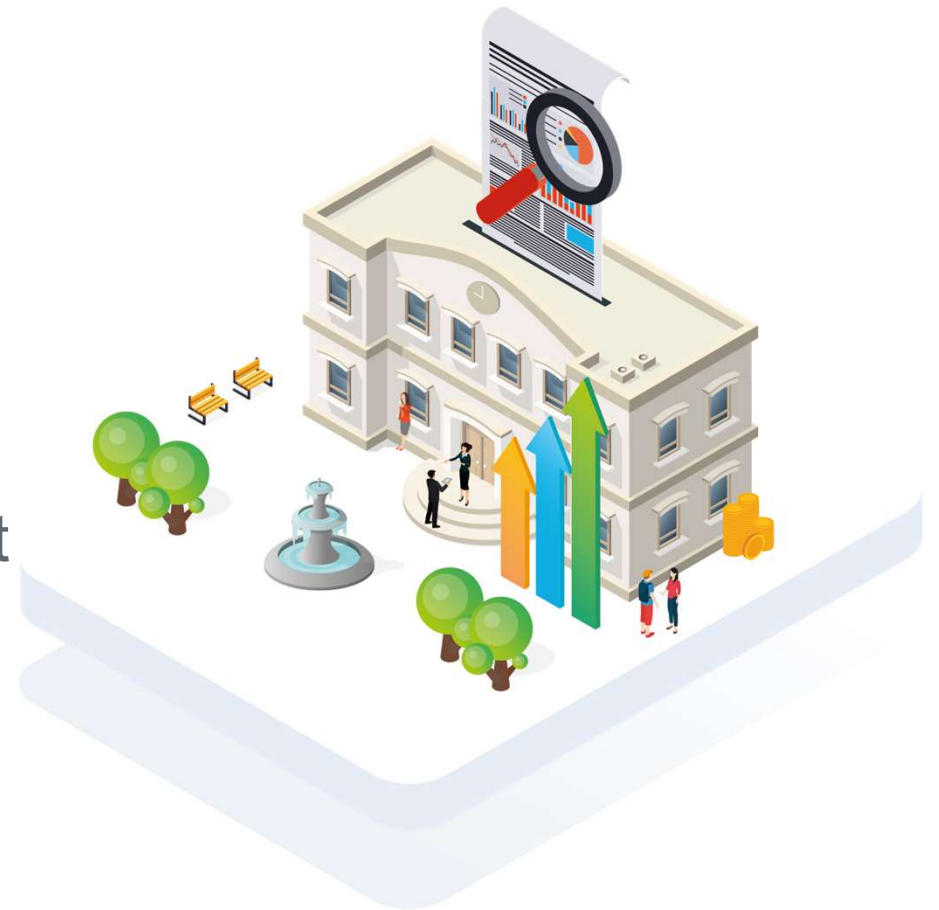
4 main drivers for properties to become more sustainable:

- Legislative
- Investor's appetite
- Cost
- PR



Future of Service Charges

- COVID impact
- Marketing
- Updated RICS professional statement



Q&A

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Thank you!

