

Commercial property landlords and tenants must work together

Are you a commercial property landlord concerned about your investment(s) in these ever-changing times? Or, are you a business owner worried about how to pay your rent and rates?

During periods of economic uncertainty all relationships, professional and personal will be tested. But now more than ever, landlords and tenants must pull together to ride it through.

A good relationship between a landlord and tenant builds a virtuous circle – landlords get a regular income stream and businesses owners have a premise to operate from.

Great, everyone is happy going about their business until boom without warning we're catapulted into a period of financial doubt.

Suddenly, a business owner needs to reduce trading or shut up shop completely. They're worried about takings and how to meet their financial commitments.

Property costs like business rents and rates, are a primary concern for commercial property landlords and tenants.

Quarter days - a day where many tenants settle three months' rent in advance, are particularly important to both parties given the sum of money due.

Now, landlords are anxious that tenants are going to be able to pay rent and how this will affect their income and financial commitments.

The virtuous circle begins to crumble.

As a qualified Chartered Surveyor with 30 years' property experience, I have seen the highs and lows in the commercial property market.

To stop the circle becoming a vicious one, I believe landlords and tenants must work together to find a harmonious solution.

I am a tenant worried about paying my rent what can I do?

Tenants worried about meeting their financial commitments need to talk to their landlord as soon as possible.

The fact is, it's within both parties' interests to find a constructive solution.

Often there's a misconception that landlords are cash-rich, but that's not always the case.

A landlord's wealth is often tied up in the properties they own, providing a necessary income or a crucial part of their retirement plans. If the rent isn't paid it has a knock-on effect.

Tenants being open and honest about their situation will build trust and a willingness for landlords to explore alternative ways to ease financial burdens.

Also, check you are receiving the appropriate business rate reliefs for your business, such as Small Business, Retail & Hospitality and Empty Property reliefs.

What are some of the alternative ways to cover rent costs?

If both parties are willing to have an open and frank conversation, they are more likely to explore and agree on unconventional ways to manage rent.

Firstly, tenants should speak to their landlord early to avoid paying interest on defaulting on rent. You don't want to end up owing even more than you do!

Secondly, if you paid a holding deposit, ask if this can be used towards on-going rental payments. Agree a future date to pay back this security guarantee.

You could also ask if it is possible to pay a percentage of your rent costs for a limited period. Or, if staggering rent payments is an option.

Finally, landlords and tenants who feel uncomfortable or unable to have these conversations can consider using a property consultant like myself.

An unbiased third party is often best placed to mediate difficult situations like these to achieve the best outcome for everyone.

Worried? Let's chat. You can call 01295 983 333 or email: neil@wild-property.co.uk.