

Contributor



Working on Flexibility

The formerly very traditional landlord and tenant relationship seems to be evolving into a relationship akin to supplier and consumer. The Model Commercial Lease is being increasingly adopted in the market, and that itself is evidence of the move towards 'fairer' and more flexible lease terms. Factors such as agile working and better technology have also led to a reduction in the demand for space and more Kent-based landlords are offering space on competitive terms and seeking to make their assets more flexible and more community based.

Co-working in Kent

In the office sector, few will have avoided hearing of the global brand WeWork especially as they are in the process of going to an initial public offering. But there are plenty more businesses which specialise in either running or brokering serviced office space. From the likes of Dragon Co-working with its trendy industrial offering to Crossways in Dartford to smaller community offerings such as The House in Tunbridge Wells, where creative freelancers and start-ups can share facilities and ideas. These sorts of spaces can more easily be matched with the needs of their occupiers.

In comparison to a traditional office, where tenants must pay out for their own fit out, install their own



Aimed at start-up firms, Coachworks is a mixed-use campus providing co-working space in Ashford.

telecommunications and have the liability of an unknown service charge bill every year, the serviced office option offers certainty in more fixed outgoings. In order to stay competitive in the market, more landlords are offering shorter lease terms. Tenant break options are being negotiated to make it easier for a tenant to walk away if they find the space no longer fulfils their needs. The more agile work becomes the norm, sharing clauses are becoming a key consideration in negotiations. If a tenant ends up with more space than it needs for itself then the option to share the spare desks with a group/company is desirable. Landlords have therefore started to agree to more flexible sharing clauses to allow for these eventualities.

In the retail world...

It is no secret that bricks and mortar retail is facing difficult times. Landlords with retail interests, in order to avoid empty units, are agreeing to shorter term lets which could at its extreme be as short as a few months to a year with rolling break options. For the very short term lets, rents could be all inclusive of service charge and insurance so the tenant has certainty here.

Practically, shorter term lets can be beneficial in that they come with minimal to no Stamp Duty Land Tax. However, security at the end of a short term lease is often the trade-off, if the landlord decides they do not wish to renew the lease.

Managers reviewing retail spaces such as Royal Victoria Place in Tunbridge Wells and Park Mall, Ashford, are rising to the challenge of repositioning and re-purposing their assets to widen and adapt their leisure and retail offerings. Retail leases can also be made more flexible by widening the possible market you can transfer the lease to which allows Asset Managers to take on tenants with fresh ideas and offerings. This can be done by relaxing the conditions on the ability to assign or to under let. Alternatively, the permitted use can be widened so that retailers in a different trade can take the lease without too much fuss (though the landlord will likely want to retain some control here).

Place-making

Landlords can utilise the flexible lease to their advantage by getting in tenants such as street food retailers, pop up kitchens or coffee kiosks, that help give the 'added value' that tenants are coming to expect. This market-like atmosphere is an attractive one and likely to make these locations engaging places to spend time and allows for evolution to meet the challenges currently facing the industry.

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