

Managing the logistics of change



Our client was considering plans to relocate subject to their client contract being signed and needed more flexibility in their current leasing arrangements.

Our client's property scenario

Our client, a leading international logistics company, occupied two industrial units in Peterborough, operating as separate units a short distance apart.

A 'tenant only' break option was swiftly approaching and SBM was commissioned to push the break clause to a later date to create flexibility aligned with our client's business needs.

“We had a lot of work to do in a short space of time - complete a Deed of Variation in a matter of days and conduct market research to deliver leverage in negotiations.”

Property challenges

Our client was considering plans to relocate to an area close to a client, subject to a contract being signed. They needed flexibility in their current lease arrangements with a view to relocating and consolidating operations.

SBM was required to research various markets to ensure all eventualities were considered.

There had been a significant shift in market levels since the client had originally signed the leases and they would have been liable for higher rental levels. It was imperative to find the correct specification within budget.

We also discovered that the landlord's long-term plans were to upgrade the units to a high-spec office space in an attempt to increase the rent.

A broker in the locality had a monopoly over market information and available properties, which provided a challenge to client confidentiality during initial negotiations.

Property solution

SBM acted quickly to negotiate the imminent break clause to enable a lease exit scenario at a later date to give our client flexibility.

The Deed of Variation was successfully completed just four days after instruction and just before the expiry of the period in which notice to operate the break option could

be served. Whilst renegotiating the break clause, a future rent review was also settled, providing certainty of the future rental cost to our client at a below market level and saving significant professional fees required for a rent review.

During our research, SBM kept our client's identity strictly confidential, ensuring the landlord did not benefit from prior warning of our client's intentions. It gave us a strong negotiating position and delivered market integrity.

Result

- ✓ **By swiftly renegotiating the break clause, the client had flexibility to consolidate to a lower cost base, meaning savings of over £680,000 had been secured**
- ✓ **Agreeing a rent review ahead of the rent review date whilst negotiating the Deed of Variation resulted in additional savings of approximately £429,200**
- ✓ **Extensive research and strict confidentiality levels ensured maximum leverage during negotiations with the landlord and we acted swiftly to meet tight timescales.**

SBM expertise applied



Research

Confidential market review of comparable evidence in tough local market conditions and a broker that controlled the majority of local information and property options.



Negotiations

Effectively negotiated a commercial deal that supported our client's business strategy within tight timescales.

