

## Early dilapidation consideration holds the key at lease expiry

*Dilapidations – to cause or allow a building to fall into disrepair, as by misuse or neglect – dictionary.com*

It is a common fact that wherever there is a landlord and tenant relationship, there are dilapidation considerations. As owners and occupiers work harder to derive value from property, pressing market conditions are resulting in a significant uplift in dilapidation disputes at lease expiry. The question is – is this short sighted?

It is also the case that 2009 has seen arguably the introduction of one of the most highly-incentivised rental markets driven by an increase in accommodation supply and a negative trend in rental forecasts. The result has seen highly geared incentives being offered to lure occupiers. In essence, the balance of power has swung in favour of tenants looking for space.

So why is it that this uplift in dilapidation matters coincides with more aggressive claims by the landlord which is often the driving factor incentivising tenants to look elsewhere rather than renew their existing lease. Of course it is natural for a landlord to want to mitigate his losses associated with an outgoing tenant, but within the last two months we have acted for four occupiers relocating within central Bristol whereby we have slashed the landlord's claims by on average 65%. In tandem, we see the space being vacated expected to remain on the market for a considerable period even with heavy incentives offered.

In these scenarios, who are the real winners? The occupier has accrued the costs and business disruption associated with relocating, the original landlord has vacant space and incentives to finance and the new landlord has incentivised.

Of course it is true that other factors often drive a need to relocate. But it is clear that in a number of cases, occupiers are being driven out by excessive dilapidation claims and a lack of landlord incentives to renew. By taking a holistic approach to dilapidation matters with early intervention a true dilapidations consultancy can often take the initiative and provide very real advice in regards to cost comparison of lease renewal against relocation, presenting these in a fully transparent and substantiated manner to the landlord in order to encourage the best financial way forward for all concerned. All too often dilapidation matters are handled by surveyors who "dabble" which often frustrates matters to no single parties benefit.



Our **Dilapidations Consultancy** provides the following core services:

- **Schedule Preparation**
- **Dilapidations Assessments**
- **Strategic Asset Management**
- **Claim Negotiation**
- **Strategic Advice to mitigate liability**

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