

### Corporate Property Services - The A-Z of effective Property Management

This is the 24<sup>th</sup> in a series of alphabetical property management tips and reminders aimed at Corporate Occupiers with operational and non-operational/surplus properties.

# Xtra Value

Much of this series has related to efficiency and cost savings, but in this newsletter we consider ways in which a corporate occupier might add value through their property portfolio.

Freehold properties generally provide the greater potential with fewer restrictions on opportunities to generate income and with the possibilities of raising capital via sale and leasebacks. However, many corporate occupier portfolios are predominantly leasehold with fairly restrictive covenants. Nevertheless there may still be opportunities, either where the lease permits, or by sharing any added value with the landlord.

#### **Income generating opportunities**

When considering such options, the priority must be to ensure that they do not detrimentally impact on operations and, if the premises are leasehold, that they are permitted within the lease (or agreed with the landlord).

Where the premises are too large, it may be possible to subdivide the space to form additional accommodation that can be sublet. Even where it isn't feasible to physically separate surplus space, there may be an opportunity for sharing of space via concessions. Although usually associated with retail premises, there are occasionally opportunities within other premises; for example, coffee kiosks and banking services within large office buildings.

In certain locations, particularly within town centres and near football grounds, car parking is in great demand. Although car parking arrangements can be management intensive, the management can be outsourced and the income produced should more than cover the costs involved.

Other income generating opportunities require very little in the way of physical space; for example, telecommunication masts, ATMs, car washes and advertising hoardings. In general, demand for these types of agreement has peaked and they are often not without their problems, but on the right sites they can prove beneficial.

#### **Change of use**

Changing the use of a property (or part of it) can be very profitable.

Generally this is considered in relation to surplus space, however, there may also be opportunities in relation to operational properties, providing that there are suitable relocation options for the business.

#### **Physical Alterations**

Extensions, refurbishments and alterations can all add value. When considering these in respect of leasehold properties, it is sensible to link them with other potential opportunities, for example, a lease regear.

#### **Lease Regears**

We have already covered the potential to add value through lease regearing under our 'R' newsletter.

**Rapleys multi-disciplined teams are experienced in finding angles to add value. For further details of how we can help, please call 0870 777 6292 or contact one of our nationwide specialists directly, as below:**

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