Browne Jacobson

Retailers and landlords, are your commercial leases future-proof?

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The last two weeks have seen yet another flurry of announcements regarding big high street names. On 23 September, Thomas Cook ceased trading and around 600 stores simultaneously shut their doors. Two days later, Sainsbury's announced it would shut another 60-70 Argos stores to cut costs, as it relocates 80 further stores into its supermarkets. Monday saw the confirmation from administrators that all Karen Millen and Coast stores and concessions have now closed.

The wider trend is a difficult picture for high streets. Recent analysis suggested that twice as many chain retailer stores were closed than were opened in the first six months of 2019. The trend of store closures stretches back to 2018 and beyond, as store vacancies on high streets hit a 4-year high this summer.

Much ink has been spilled about the various pressures ranging from rising labour costs, falling revenues, rising business rates (or the modest relief available), online retail, changing consumer habits and tastes, and the shift towards experience-driven shopping.

In and among all these challenges, we are seeing opportunities. Whether landlord or tenant, future-proofing your interests can start through looking closely at your portfolio and your lease provisions. We have seen all manner of open and frank discussions start anywhere from competitor exclusions and turnover rent provisions, to break clauses, sub-lets, shared occupation or lease surrenders.

What is clear is that it is more important than ever to understand where your leases leave you, and what your options (or opportunities!) may be in the current market. No one wins when stores are left empty.

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