



Your Guide to Building & Maintaining a Commercial Property Portfolio

Property can be an exciting and profitable investment. It is always advisable to instruct the expertise of a Commercial Property Solicitor from the outset as this can often help ensure that the transaction is completed as efficiently as possible. You may also face legal complexities along the way therefore it is important to have the right advice at hand to avoid timely and expensive errors.

Our team of Commercial Property specialists understands that completing your transaction as quickly and cost-effectively as possible is key in managing a successful portfolio of properties.



We invest time to understand your needs and consider the long term objectives of your property requirements. If you are considering building a property portfolio it is important to think about the type of property you wish to invest in. Properties for 'residential' use differ hugely to that of 'commercial' use and it is important to consider the legalities of each before investing.

The following information will guide you through some of the more common questions we are asked by our clients as they start their property journey; it's our way of helping you to make informed decisions about your future in property.

Whether you are starting out in a new venture, adding to an existing property portfolio or selling your property, Kirwans can guide you in the right direction and put your property investments on the right track.

Our Client Commitment

- 24/7 access to Commercial Property legal specialists
- Day to day support and advice
- Concise and honest advice tailored to your needs
- Regular updates ensuring you are fully informed
- Transparent pricing with no hidden costs
- Prompt and thorough response to enquiries

Q. I want to invest in commercial properties – where do I start?

When starting out there are important decisions you need to make in relation to where you invest. Consider the following;

- Is the property for your own business or to let out?
- What type of property do you want?
- Where do you want the property to be located?
- What type of business will operate from it?
- Who would be your desirable tenants? Would they be suitable for the property type and location?

Identifying your target area and prospective tenants is crucial in maintaining a successful and profitable portfolio which will continue to grow. Location and business research is vital, so the more background information you have the better. It is important that you make informed decisions.

Q. What types of commercial properties and businesses should I be considering?

First and foremost establish what type of business property you wish to invest in. For example a restaurant, a bar or perhaps a shop. Do you want a selection of shops, for example a chain, or parade, to rent out to individual businesses? Perhaps you are considering empty storage units to rent out to private individuals for storage of personal belongings/equipment?

Each pose different legal questions so understanding what you are entering into beforehand is vital. Some of the common types of properties include:

- Factories/warehouses
- Agricultural land and/or outbuildings
- Stand-alone retail units
- Multiple shopping unit centres/schemes
- Offices
- Cafes/bar/restaurants

Q. What are the most important things I should consider?

Location

Consider the locality and the type of business tenants the locality will attract. You should also be aware of nearby competitors to ensure you attract the right business tenants so you aren't left with an empty property. Once you've selected a property in the right locality you need to ensure that the building lends itself to the business that's being operated there.

Restriction on Business Operation

Ensure that the property can be used for the purpose you/your tenant intend. For example, if you want to run a dentist practice are you permitted by the Local Council, the head landlord or your lender (if any)? If you are intending to operate a bar, pub or restaurant you will also need to consider specific licences, such as a *Premises Licence* for serving alcohol.

Operations and Functionality

It can be beneficial to seek a property where a business of that nature has operated previously as it can be costly, and time consuming, to start from a scratch with fixtures and fittings. For example, if you purchase a restaurant but you/your perspective tenant intend to operate a hair salon. Without the correct legal advice you may find the property has restrictions on the potential business being able to function fully and/or prevention of the intended use for the property altogether.

Ancillary Costs

Do your homework and research the local business rates that the investment will attract and be realistic with the rental amount you plan to charge your tenants.

Buying in a managed scheme has its advantages in that all the services are provided by the landlord's agent. These can be easier to manage as the responsibility for maintenance sits with the landlord but don't forget, this comes at a cost.

At the other end of the scale, there are advantages of letting a high-street shop as all profits are yours, but you have other considerations. As the landlord be clear as to who is accountable for any maintenance issues. Ensure that the lease provides the correct terms to help in the limitation of liability.

Other ancillary costs can include ground rent, sinking fund, insurance and service charges as well as the initial outlay, all of which our legal experts can advise you on.

Leasehold Considerations

If taking on a commercial leasehold for yourself, or letting a property you own, you must consider;

- The length of the lease;
- Rent deposit;
- Limits on alteration;
- Personal guarantees;
- Repairing obligations;
- Prohibitions on assignment and subletting; and
- Security of tenure.

Taking these factors into account by instructing a Commercial Property legal specialist before committing to a leasehold can avoid costly errors in the long run.

Development

If you are looking to purchase land that has an existing building and planning to either demolish the building and redevelop the land or perhaps to expand the existing building, it's important to establish whether you have the permission to do so.

You may also have to consider the vendor when it comes to development as they could be entitled to a percentage of the profits from future sales of the land. This is commonly known as an 'overage clause' and legal expertise is essential as this can be a very complicated issue.

You may be faced with other limitations. For example, the building may be listed on, or in, a conservation area. Our team of Commercial Property experts can advise on any restrictions in place from the Local Authorities. This can be imperative in avoiding costly mistakes.

For all your Commercial Property needs contact our team today

E: info@kirwans.co.uk

T: 0800 525 035

www.kirwans.co.uk