

QUICK GUIDE TO MOVING PREMISES

# PROPERTY RELOCATION CHECKLIST

FOR THE TECHNOLOGY TRANSFER SECTOR

**MANCHES**

meesonwilliams

## WHY HAVE A GUIDE?

The specialist fit out requirements and dynamic business models typical in the Technology Transfer sector can produce a challenging set of issues when it comes to selecting business premises and negotiating the terms of a new lease with a Landlord.

Manches Solicitors and Meeson Williams Chartered Surveyors have worked together on many occasions for mutual Technology Transfer clients and have combined their expertise to provide this simple guide on key issues for you to consider when thinking about a relocation of your business.

## THE CHECKLIST

### 1. THE BUSINESS MODEL

- ✓ Start with your Business Plan. Consider the effect of existing and emerging markets on location, growth plans, team structures, emerging working practices and technology.
- ✓ With the exception of serviced suites most leases are for three – five years, with expensive fit out requirements acting as a potential longer-term barrier to relocation.
- ✓ Consider flexibility and whether an early termination option might be required.

### 2. LOCATION

- ✓ Accessibility for existing staff and new employees.
- ✓ Clustering with other businesses and support networks.
- ✓ Profile and image.
- ✓ Public transport and road links.
- ✓ Broadband availability.

### 3. PROPERTY TYPE AND SIZE

- ✓ Start with a rough space audit and flow chart: view the building as an 'envelope' for the operation. Different building layouts will affect the size of premises required. Transfer plans to a CAD drawing to make variations easier.
- ✓ See the relocation as an opportunity to review everything.
- ✓ Industrial or office base unit? Rents for offices will be two to three times industrial although charged on Net rather than Gross area.
- ✓ Review the need now, or in the future, to alter or extend the premises and carefully consider reinstatement costs in the light of any physical alterations you require.
- ✓ Consider requirements for car parking, bicycle parking, loading and unloading of delivery vehicles.

- ✓ Production/laboratory requirements: consider power supply (history of failure, back up generator), water and gas, floor loading, clear eaves and loading door height, lighting, heating, drainage and storage tanks, need for extraction and siting of outside storage cylinders and compounds.
- ✓ Office requirements: consider raised floors, data cabling, DDA compliant for staff and visitors, heating/cooling systems and their life expectancy, canteen facilities, potential requirements for partitioning.

### 4. PROPERTY CONDITION

- ✓ Check repairing responsibility in the lease and commission a survey of the condition of the building and the mechanical and electrical systems. Dilapidation costs can be very expensive at the end of the lease and service charges may be high.
- ✓ The surveyor should comment on obsolescence and possible replacement of fixtures and fittings at lease expiry.

### 5. STATUTORY ISSUES

- ✓ Check the authorised planning use: B1(a) offices; B1(b) laboratories; B1(c) light industrial; B2 general industrial. Advice should be taken about your principal use in a mixed operation and the need for planning permission for the use and for any alterations to the building.
- ✓ Environmental permits: check with local EA or HSE for special permits or locational restrictions for hazardous uses.
- ✓ Check maintenance records for M&E: asbestos register, Energy Performance Certificates, sources of potential contamination of the ground.
- ✓ Check health and safety risk assessments that will be needed in the workplace.

### 6. LEASE TERMS

- ✓ **Rental:** check that the proposed rent is at the market level. What does the rent include e.g. use of common services and car parking? Is it payable quarterly or monthly in advance?
- ✓ **Incentives:** incentive packages are agreed by negotiation and can include rent free, stepped rental or Landlord agreeing to do or contribute towards works.
- ✓ **Repairs:** is there a full repairing obligation for the whole building or only an internal repairing obligation with external repair costs paid indirectly through a service charge? Liability can be limited in the repairing clause by referral to the current condition of the premises.
- ✓ **Alterations:** alterations usually require Landlord's consent which is not to be unreasonably withheld. It is possible to negotiate that some alterations are improvements and should not be reinstated at the end of the lease which will save costs.
- ✓ **Building insurance:** the Landlord will usually insure the building and recover the premium from the Tenant. Does the building insurance cover your use, especially the storage of anything hazardous or combustible?
- ✓ **Use:** ensure that the user clause covers your intended use of the building.



## 6. LEASE TERMS (cont)

- ✓ **Service charge:** Is it covered by a recognised "tenant friendly" Code for accounting? Audited accounts should be made available. If there are concerns about financial costs then liability can be limited by a cap on the annual service charge.
- ✓ **VAT:** is VAT levied on the rent?
- ✓ **Tax:** Take advice on capital allowances and other tax implications.
- ✓ **Alienation:** this covers your ability to assign or sub-let (all or part of the premises). The general rule is to have as much flexibility as possible.
- ✓ **Rent deposit:** Landlords will usually ask for copies of audited company accounts to assess the covenant strength of the company. A rent deposit is often requested to provide added security and usually amounts to between three and six months' rental.
- ✓ **Break options:** a minefield! The ability to terminate the lease early provides good flexibility. You should resist any pre-condition which the Landlord suggests as a requirement to being able to terminate the lease earlier than the full term of years.

## 7. DESIGN AND BUILD AGREEMENT: NEW BUILDINGS

- ✓ Is there to be a pre-sale agreement for a new building or a pre-lease agreement between the Landlord who builds (or refurbishes) for the Tenant in return for the Tenant taking a new lease?
- ✓ It will involve negotiation of terms for a sale or lease contract as well as a design specification and conditions for timing etc. The obligations in the agreement will need to be considered very carefully.
- ✓ The lease may make you responsible for the structural and non-structural parts of the building so check that you will have a remedy against the building contractors, architect and sub-contractors or ensure that problems with the design and construction of the building are excluded from your responsibilities.

## FOR FURTHER INFORMATION

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