

COVID 19 – Impacts on commercial tenants

#1 - Limited utilisation!

#2 - Economic hardship!



POLL

The impact of COVID 19 on your occupancy costs?

COVID 19 – What do commercial tenants need?

#1 - Interim occupancy cost relief!

#2 - Leases & premises fit for post COVID!

COVID 19 – What do commercial tenants need?

#1 - Interim occupancy cost relief! – CONTEXT?

#2 - Leases & premises fit for post COVID! – CONTEXT?

national breaking news

New code for commercial tenants, landlords

Prime Minister Scott Morrison has urged landlords and tenants to negotiate in good faith ahead of the release of a mandatory code for commercial leases.

Matt Coughlan

Commercial landlords will have to take the economic impact of coronavirus into account when determining possible rental waivers for business tenants.

A new mandatory code is expected to be finalised next week after Prime Minister Scott Morrison discussed the plan with state and territory counterparts on Friday.

"We want to make sure that smaller tenants have the protections they need to be able to sit down with their landlords," he told reporters in Canberra after the national cabinet meeting.



Receive our weekly COVID-19 updates for tenants. ✕

Register now

COVID 19 – What do commercial tenants need?

#1 - Interim occupancy cost relief! – CONTEXT?

#2 - Leases & premises fit for post COVID! – CONTEXT?



Code of conduct coming for commercial tenancies



Dan Wilkie 03 Apr 2020



Prime Minister Scott Morrison confirms mandatory code for commercial tenants and landlords during coronavirus crisis

SUE WILLIAMS | APR 7, 2020

COVID 19 – What do commercial tenants need?

#1 - Interim relief! – Unprecedented solutions!

#2 - Fit for post COVID! – Unprecedented representation!

PRE-COVID 19!

- The ink is dry!**
- Lessee beware!**
- Legal resolution!**

POST-COVID 19!

- The ink is not dry!**
- Lessor to share!**
- Negotiated resolution!**

COVID 19 Impacts - Presenters



Joint MD –
**Tenant
Representation**

Objective –
*Leases ‘fit for
purpose’*



MD –
**Project
Services**

Objective –
*Premises ‘fit for
purpose’*

COVID 19 Impacts | Commercial Tenants

- Immediate impact?
- Long-term impact?

Tenant Representation



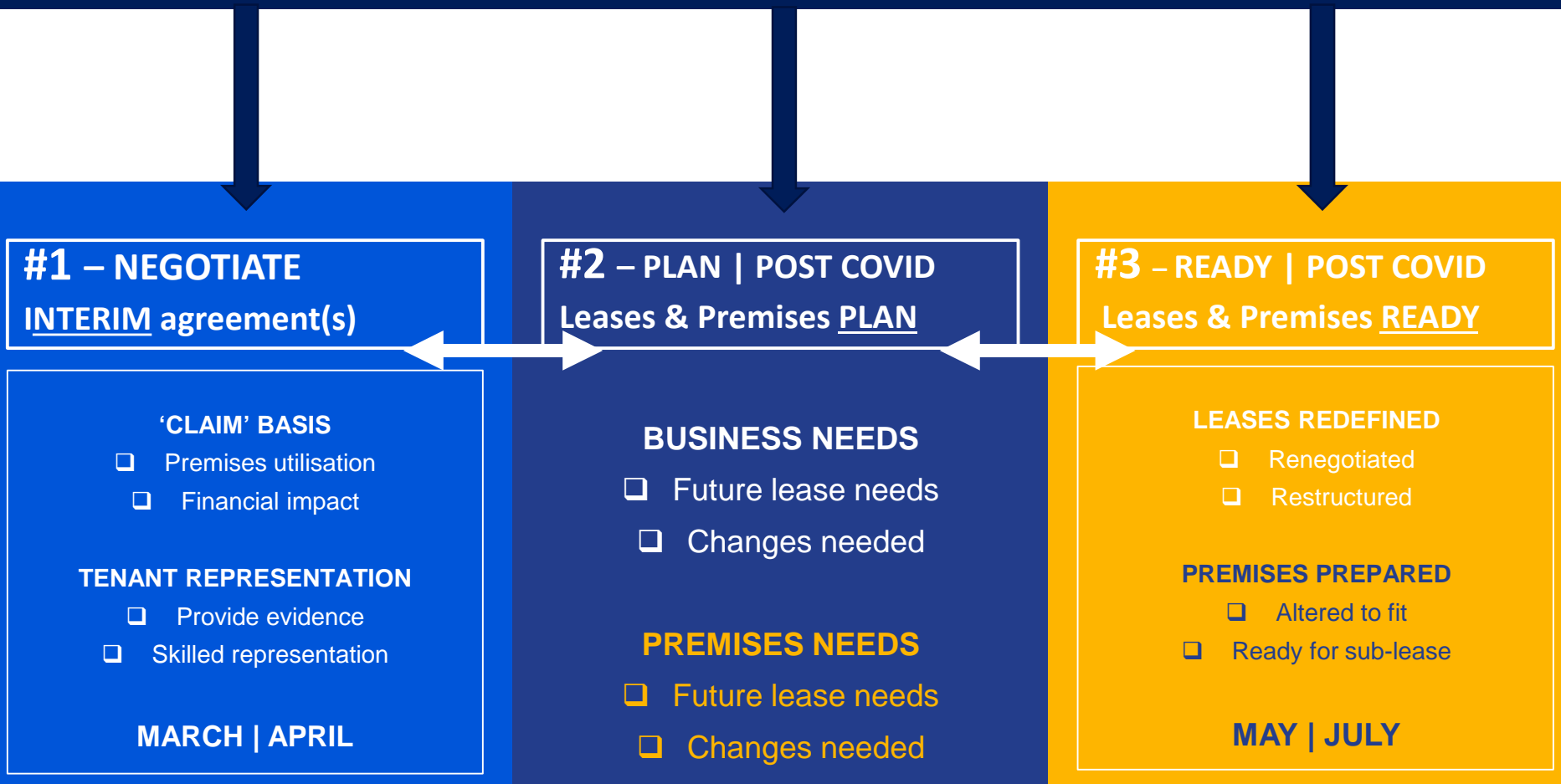
COVID-19 | Interim 'TR' Solution for:

- ❑ Limited utilisation!!!!
- ❑ Financial hardship!!!!

COVID-19 | Long term 'TR' solution for:

- ❑ Post COVID 19 - Adoption of mobile working?
- ❑ Post COVID 19 - business requirements?
- ❑ Post COVID 19 - lease requirements?

COVID 19 – What do commercial tenants need?



APRIL | MAY

Our COVID-19 advice – ‘start with the end in mind’

Know what a ‘fair proportion’ INTERIM COVID-19 outcome looks like!

Mr. Morrison said the commercial tenancies code would set rules around negotiations between landlords and tenants to get them through the crisis.

"What is important as part of this code is that both parties negotiate in good faith," he said. "The turnover reduction of the tenant needs to be reflected in the rental waiver of the landlord."

www.news.com.au – 3/4/20



To begin with the end in mind means to start with a clear understanding of your destination. It means to know where you're going so that you better understand where you are now and so that the steps you take are always in the right direction.

— Stephen Covey —

AZ QUOTES

POLL

Interim relief checkpoint?

Our COVID-19 advice – INTERIM SOLUTION

Know what a fair COVID-19 outcome looks like!

Mr Morrison said the commercial tenancies code would set rules around negotiations between landlords and tenants to get them through the crisis.

"What is important as part of this code is that both parties negotiate in good faith," he said. "The turnover reduction of the tenant needs to be reflected in the rental waiver of the landlord."

www.news.com.au – 3/4/20

lpcresasa

Covid-19 Outcome Rating Tool

FAVOURABLE	Solution	Requirement to Repay
	1 Rent Free Period	No
	2 Rental Reduction %	No
	3 Rent Free Period	Partial Repayment only - with repayment plan
	4 Rental Reduction %	Partial Repayment only - with repayment plan
	5 Turnover Rental	Rent will be based on gross sales at an agreed %
	6 Ability to reduce space	No, hand back space early
NOT FAVOURABLE	Solution	Requirement to Repay
	7 Rent Free Period	Partial Repayment only - immediate repayment
	6 Rental Reduction %	Partial Repayment only - immediate repayment
	8 Rent Free Period	Repayment plan over a longer period and delayed
	9 Rental Reduction %	Repayment plan over a longer period and delayed
	10 Rent Free Period	Immediate repayment - No Payment plan
	11 Rental Reduction %	Immediate repayment - No Payment plan
	12 No Relief	

Getting to a COVID-19 'INTERIM' leasing solution

'Start with the end in mind'

Lets talk **business**,
before we talk
space.

lpc cresa 

1 – COVID | INTERIM

- Advise relief is required + basis
- Review responses v 'end in mind'
- Revert - Principles + Substantiated 'claim'
- Be careful about trade-offs
- Formalise if accepted or revert
- Establish principles for long-term

Getting to a POST COVID-19 'leasing' solution

'Start with the end in mind'

Businesses cannot get away from bad leasing decisions once they are made.

Attend our 1 day course
Visit lpc.com.au/courses

lpc cresa 

3 – POST COVID 19

- Business plan & premises need
- Premises need & lease terms
- Interim agreement principles
- Negotiate early with leverage
- Finalise

COVID 19 Impacts | Commercial Tenants

Project Services



Getting to a POST COVID-19 'premises' solution :

- Post COVID 19 – restate business requirements?
- Post COVID 19 – restate premises requirements?
- Post COVID 19 - NB: Adoption of mobile working?

Getting to a POST COVID-19 'premises' solution



Pre-COVID 19 'norm'



Post-COVID 19 'norm'



Getting to a POST COVID-19 'premises' solution



Pre-COVID 19 'norm



Post-COVID 19 'norm

Premises 'Ready'

- Business needs
- Mobile working!
- Refocus & refresh!
- Low cost wins!
- Premises plan
- Implement
- Operate



COVID 19 – What do commercial tenants need?

#1 - Interim occupancy cost relief!

- Shared pain principle
- Substantiate position
- Skilled representation

#2 - Leases & premises fit for post COVID!

- Leases – Renegotiate and restructure to ‘fit’
- Premises – Rethink, reshape, refresh to ‘fit’

COVID 19 – Impacts on commercial tenants

Q & A

Contact Lpc Cresa

www.lpc.com.au

Reception@lpc.com.au

1300 415 215



Receive our weekly COVID-19 updates for tenants.



Register now