

Mission Impossible: Should you choose to accept it?

CLIENT:	Rosewood Pet Products
SECTOR:	Manufacturing Pet Products
COST CATEGORIES:	Business Rates, Utilities and Repair

Expense Reduction Analysts (ERA) Associate, Steve Jones contacted the network's Property Team to request their assistance in a review of the rent and rates of a client, Rosewood Pet Products Limited, based in Shropshire.

THE CLIENT

The company has grown rapidly in recent years to become a leading wholesaler of pet products to retailers and independent high street stores across the UK. Based at a freehold site in the village of Broseley, the business had acquired an overspill warehouse and distribution facility approximately three miles away at Halesfield in Telford some years ago to cater for a short-term expansion. That short term expansion has now grown to ongoing requirement of approximately 43,000 square feet and was a cornerstone of the current business growth. The brief was to agree a renewal of the lease on more competitive terms, if possible, from the leases' expiration at the end of October 2011.

THE CHALLENGE

Steve Jones obtained the lease documents and identified that the leases were on an "all inclusive" rental including business rates, utilities and repairs. Net of business rates, the rent equated to £96,806 per annum, or £2.25 per square feet - not much to work with given the Property Team's usual contingency fee basis.

Nonetheless, the Property Team agreed to undertake a consultant day review with the client which includes a number of generic stages including reviewing company documentation, inspecting sites, conducting a market assessment and creating a recommendation report.

The review established that the business undertaken at Halesfield had grown very rapidly through winning key large accounts with major retailers.



Rosewood
It's a pet thing!

The outcome achieved saw renewal terms agreed on a five years basis with a Tenant-only option to break the lease at the end of the third year. Furthermore, a revised rent was agreed of £1.90 per square foot (£0.30 per square foot saving or £15,068 per annum), making a useful saving of over £45,000 for the duration of the lease term up to the break option alone.

MARK BOLLANDS
FINANCIAL DIRECTOR, ROSEWOOD PET PRODUCTS