

Case Study

Re-negotiating leases, saving £750,000 for the NHS

NEWBURN RIVERSIDE NEWCASTLE

Background

Context:

Five head leases on the same terms across two buildings

Customers:

- NHS England
- NHS Improvement
- Health Education England
- Public Health England
- Newcastle Gateshead Clinical Commissioning Group (CCG)
- North of England Commissioning Support Unit (CSU)

NHSPS representatives:

- Karl Bartholomew (Principal National Office Programme Manager)
- Emma Fisher (Senior Property Manager)
- Pavan Sehmi (Property Analyst)

The Challenge

Our head leases expire in March 2023 but had originally included tenant break options in June 2019. Options analysis was undertaken, which considered consolidating space and relocating altogether, but following discussions with the customers and detailed financial analysis, it was decided that the best option was to stay in the current buildings and pursue lease regears which would provide an opportunity to extract value from the lease breaks.

The Solution

Using our expertise in lease negotiations, we were able to take advantage of the upcoming lease breaks for the benefit of the NHS. An occupier requirement was issued to the market in advance of the break notice date (Dec 2018) and proposals were sought on alternative properties so that our current landlord was aware that we were seriously considering vacating Newburn Riverside.

The Result

All 5 of the leases were regearred, and in lieu of surrendering our tenant break options, we secured nine months' rent free (saving £575,000) and nil increases at rent review (estimated savings of £180,000), giving a total of over £750,000 in savings.

Customer Feedback

"NHSPS dealt with the whole review of the options in a very professional and helpful way, they were able to recommend a clear course of action that made sense for all occupiers, and benefitted the NHS system as a whole. Karl was very helpful, available to offer individual advice and expertise, and ensured the whole process went smoothly."

John Ross, Head of Corporate Services, NHS Improvement

