

Vacant properties can be costly



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Vacant property (and vacant land) is once again on the increase due to the slow down in the economy and the uncertainty Brexit has brought to the UK property market.

Whilst statistics might still point to relatively low current vacancy rates, we have seen a recent notable increase in vacant properties across all sectors.

It is therefore timely to take stock and ensure you are prepared and that properties are in the best possible state of readiness for sale or letting, anticipating more turbulent times ahead.

Vacated properties can have significant financial and risk management implications. From a financial point of view, accounting provisions under the new UK GAAP (Section 21, FRS 102) make the treatment of contingent liabilities for leaseholds more onerous and the Occupiers Liability Act 1957 (As amended) and other legislation places various obligations on owners of property.

Running costs

Fixed costs - Planning ahead is key in mitigating losses and a strategy to reduce these costs is needed. This may include income from temporary lettings to contribute towards the upkeep.

Utilities - Maintaining services in a vacant property can be costly and an early assessment to identify which utilities can be terminated and those services that it is necessary to maintain is important in managing running costs.

Impact on asset value

If the asset is not secured immediately (and monitored

regularly) there is a good chance that the building may be systematically damaged, affecting asset value. Theft of copper and lead, as well as squatting and general vandalism such as graffiti can significantly impact asset value and prejudice insurance policies.

Increased costs of managing vacant properties

Property managers and owners can often be distracted from their core duties when managing vacant property. Vacant property management often involves issues which need to be acted upon immediately, which invariably means prioritising vacant property management over core activities (or employing extra EM/ FM resource to manage vacant assets).

Risk Management

Health and safety is a major concern for organisations holding vacant property as they need to ensure that the property is not only secure but safe. It is imperative that a Health & Safety Assessment is undertaken on any vacant property and land as soon as possible and any works identified as necessary should be instigated promptly. We have the experience to ensure that a cost effective, fit-for-purpose strategy is implemented for each and every vacant asset.

Rapleys can assist by providing a one stop solution for managing all aspects of your vacant property. Our Account Managers co-ordinate various services, act as a single point of contact and carry out financial and risk assessments so your team can focus on their core jobs. Please contact Yalpesh for more information.