

concession

NEWS

UPDATE



CONCESSION AGREEMENTS



In this week's edition of Concession News, we learn more about the importance of Concession agreements and the unique ways that they can help landlord and tenant create a long term on site partnership.

A number of national, high street and out of town retailers are diversifying their businesses as they are looking to introduce new ranges in the most cost effective way possible. As a result, Concessions have increased in popularity as the introduction of new brands and ranges, in this way, provides an excellent way for landlords, or host retailers to improve their offer to their customers.

The increase in popularity of Concessions has made the agreements a crucial factor in the operation to ensure that the terms are maximised, as well as providing an understanding between retailers to ensure they work together to create a long term partnership when they are on site.

Despite the importance of these agreements, the format of the contracts varies and landlords are not always aware of all the elements that can be included.

Richard Lewis, Business Development & Marketing Manager of First Franchise Ltd said *"We have seen lots of different agreements during our time, including High Street leases, two page licences and even installs completed on signature of Heads of Term! There is a standard which can be applied to these types of arrangements and we have been involved in numerous types of discussion for every type of retail operation."*

As agreements are managed, it provides landlords with the opportunity to maximise the returns from every sqft of retail space and improve their cash flows thanks to the consistent, year round revenue they provide. Agreements often have rent reviews or renewal options built in, to ensure that there is manageable growth during the term.

As a result of this long term growth, Concessions are no longer seen as ‘filling dead space,’ they are now part of a successful retail model and have been adopted by garden centres (for example) to help weatherproof the traditionally seasonal business.



Making sure that the agreements are correct is a crucial part of a successful relationship, as is making sure that the tenant sees out the duration of the term. Integrating the team in to the day to day operation of the business and having the onsite teams working together makes for a much better overall proposition for the customers.

Stephen Cooper, First Franchise Ltd’s Property Expert added *“Including rent reviews are a good way for the landlord to have regular interaction with the tenant so they can understand their performance before the discussions are due. The relationship between the two parties needs to be maintained throughout the term and the most successful operations are those where the tenant feels part of the main business.”*



Having recently established, FF-Garden Centre Services, a service dedicated to the management of Concession Agreements, First Franchise Ltd have been working with site owners to ensure they are protected from the pitfalls of these agreements and profits are maximised. They have found that the best way to achieve this is to work with both parties to understand the requirements of each other’s operation and agree an agreement format which works for the long term benefit of both.

Richard Lewis also said, *“Our knowledge of the agreements enables us to put together a deal that works for landlord and tenant as it is essential that both parties benefit. Agreements that are not signed or completed should be very concerning for the host so these retailers should be aware of when the contracts have lapsed.”*

Graham Pugh of **Pughs Garden Centres** who has used the service provided by FF-Garden Centre Services commented *“Using First Franchise to provide new agreements for our existing tenants provided us with the best possible arrangement going forward. The communication with both my tenants and myself was excellent. We are now able to plan for the future in partnership.”*

Richard Lewis added *“Using our expertise of installing and managing Concessions within Garden Centres, we are able to work with garden centre owners to ensure they achieve the best rents for their tenants and secure agreements.”*

The first stage is identifying the best space available on site for a Concession operation, from there the opportunity to generate returns, maximise profitability and generate new footfalls to the site is becoming an increasingly important part of any retail proposition.



For more information about how First Franchise can assist you in finding a concession or maximise an existing agreement, Contact Us now – 01737 735041, richard.lewis@firstfranchise.com

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