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CHARITY PROPERTY BRIEFING COVID-19



The extent of the economic impact of the COVID-19 crisis is now becoming clearer, there is no V shaped economic recovery and with the emergence of another strain of the virus, another lockdown, post Brexit adjustments and forecasts of a double-dip recession, there is continuing uncertainty and financial hardship for many.

Many charities have shown that they are adaptable to the most challenging of situations by not only looking at new ways to fundraise and generate income but also considering ways to cut non-essential overheads – the biggest cost in this respect may be property. One thing that COVID has highlighted is that charities are adaptable – working from home is now the norm and after ten successful months, this new way of working is likely to stay with all of us to varying degrees for the future. Yes, we all need face to face time to stimulate ideas, for creativity and motivation but the balance going forward is likely to mean we need less physical office space and more flexible working practices that are adaptable to our changing needs.

We have always advised our clients to ensure their property strategies are up to date but events of last year were not predicted and have meant many charities have seen surplus property and associated burdens arise overnight. Many charity employees are currently operating from home with empty offices in towns and city centres, incurring rents, maintenance and insurance costs which could otherwise be invested into the charity. If you are not already doing so, you need to be giving serious consideration to current and future working practices and your space requirements so that your property works for you, not the other way around. The question is, where do you start.



TRENDS

- Working from home
- Difficulties with commuting during a pandemic
- Rationalisation/consolidation to suit operational needs
- Surplus space - freehold and leasehold
- Difficulties in exiting property
- More flexible layouts and meeting space/hubs needed
- More light and volume to promote wellbeing
- Air circulation and natural ventilation required
- Cycling and shower/changing amenities important
- Co-sharing spaces with other charities.



STRATEGIES

- Understand your assets and prepare an estate strategy
- Review the way you work and current and future space requirements
- Include property income, expenditure and capital release as part of your budgeting
- Explore opportunities to maximise rental income and minimise occupational costs
- Implement break clauses or negotiate lease exits or rent concessions
- Consolidate assets to optimise efficiency of space
- Identify surplus assets to dispose of to release capital or income
- Review if there is scope to enhance the use or value through planning
- Assess the trading performance – are you making a surplus or deficit?
- Consider current and future build or refurbishment projects, their timing and if they are essential.



OPPORTUNITIES

- Consolidate/rationalise and save on property costs
- Seek premises that are flexible and adaptable to your needs
- Consider shorter term flexible leases
- Release income or capital from surplus assets
- Opportunistic investors and developers keen to acquire assets sensing an opportunity
- Merge, sell or acquire trading assets
- Sale and leasebacks on flexible terms
- Share space with other Charities to reduce cost
- Short term lettings or venue hire for meetings/training
- Investment opportunities in property markets expected for financially stable charities
- Review, repurpose and consolidation of assets could release vital funds.

Gerald Eve are experienced in advising charities on estate strategy, helping charities understand property needs and helping to extract the most from property assets.

A review of your property holdings as noted may support this transformation.
If you need guidance on any property related matters please contact a member of our Charities Team.

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