



Leasing Information Services Newsletter

June 2007 No. 4

Welcome

By Simon Fonteyn - Managing Director

LIS has had an exciting quarter with many new initiatives currently underway including:

- Discussions with a major West Australian Retail Organisation to exchange data
- Data interchange programme with several leading companies
- Sponsorship of the National Small Business Summit, where we will continue to push for National data registration.

LIS Welcomes Lorinda McRae

Linda McRae has joined LIS on a full time basis, as Client Services Manager, after previously working with us on a part time basis. Lorinda replaces David Matkovic, who has left to travel around the world. Please note that all data queries, should now be addressed to lorinda@leaseinfo.com.au

National Small Business Summit

The 2007 Small Business Summit convened by the Council of Small Business Organisations of Australia (COSBOA), will take place on Tuesday 03 July 2007 in Sydney. For further details visit www.smallbusinesssummit.com.au

The summit will be addressed by the Prime Minister John Howard and the Leader of the Opposition Kevin Rudd, with the Minister of Small Business, Chairman of ACCC and Opposition Small Business Minister also speaking.

LIS is a sponsor of the event and Simon Fonteyn will address the summit on key issues relating to retail rental data and registration in Australia. If you would like to attend the summit, as a guest of LIS, please email lorinda@leaseinfo.com.au. Please note that there is a charge for attending the summit.

LIS Media Strategy

By Monique Haylen of MINT PR

LIS has been shaking up the retail leasing industry over the past two months. It has expanded the database to include Victoria and now provides retailers with access to retailing leasing information and demographic data on the state for the first time. MINT PR has had the privilege of sharing this exciting news with journalists who have been particularly interested in the databases expansion, as they have been writing

about the lack of uniformity in the registration of leasing information in Australia and the problems it causes for tenants for a long time. They have been impressed that leaseinfo.com.au has taken a step to help retailers and provide access to this much needed information. The AFR in particular has been running a series of articles in regard to the conundrums of the retail leasing industry and were happy to include an article on the 6th of June re leaseinfo.com.au's developments in helping to create change in the retail leasing industry, announcing "Victorian retailers gain access to lease details".

My Business was also impressed with LIS developments and has invited Simon Fonteyn to participate in the National Small Business Summit. Simon will be a speaker at this event and will also have a stand so look out for him if you are there.

Leaders in the Industry – Barry Stevenson

Manager Leasing (Australia & NZ) – Subway Systems

1. How did you get into the retail property industry?

I joined Subway Systems Australia Pty Ltd (SSA) in April 2000 after a 25 year career with Westpac Banking Corporation, when as Queensland Manager for the Policy & Advice Unit, I was faced with a choice of an interstate transfer, or a redundancy package. The opportunity to join what was then a newly opened Australia and NZ regional office for SSA was referred to me via a contact, and I made the choice to join SSA as Leasing and Legal Manager - primarily responsible for leasing and property matters in Australia & NZ.

2. How do you see your sector of the retail market performing over the next twelve months?

Very well. I believe the fast food sector has a good future given the current busy lifestyle of Australians in general, and as a brand Subway is well placed to take advantage of this by our fresh and healthy menu options. Subway® has experienced remarkable growth worldwide over the past few years (Subway now has 27,731 stores in 86 countries - including 1019 stores in Australia and 183 in NZ), and this gives us a strong platform to continue our growth in the region.

3. What legislative amendments would you like to see, to improve the retail shopping centre industry from a tenant's perspective?

I would like to see a compulsory central register for leases established in each state and territory so that all lease transactions are a matter of public record. This would be very effective in assisting lessee's to compare their occupancy costs and create a more competitive environment in the retail leasing sector. At present, lease data is generally only readily available in Queensland, NSW and the territories.

I would also like to see an improvement in lease renewal processes whereby lessor's must advise a Lessee of the proposed new rental, or complete a market review, prior to exercising an option. Presently, in most states, a lessee must renew the lease before a market review is undertaken.

4. Which States are performing well for you from a sales growth perspective and occupancy cost perspective?

We are presently experiencing sales growth in all states and territories, however as always this fluctuates from state to state (and even within different areas within each state), dependent on seasonal and local economic conditions etc.. Occupancy costs are generally highest for us in NSW and Victorian metropolitan areas.

5. As an International Company, how do rents occupancy costs compare with other countries such as US, NZ, UK?

We do not routinely obtain occupancy costs data from other countries (apart from NZ), and whilst we could do this it is not seen as being particularly relevant to our regional operations. We are aware, however that occupancy costs in the UK are generally much higher than in Australia. New Zealand leasing is managed from our Regional Office here in Brisbane and occupancy costs are substantially lower in that country than in Australia.

END OF LEASE, OPTIONS AND CURRENT MARKET RENT

By BK Carlsund – Registrar of Retail Tenancy Unit, NSW Government State and Regional Development

The Retail Tenancy Unit provides a free information and advice service to people involved in retail leasing, and offers cost effective resolution processes to parties in dispute that allows them to reach agreement and avoid time consuming and expensive litigation.

If your lease has an option make sure you exercise it, in time and in the manner set out in the lease. Missing the date or not putting your intention in writing can mean you lose the option.

If market rent is the method to determine the new rent at the time of exercising the option, give a written request for an 'early determination of current market rent' to your landlord six to three months before the last day on which the option is exercised. You then have 21 days from the time the determination is provided to consider the proposed rent and whether to exercise your option. If you and your landlord cannot agree to the amount of current market rent, it can be determined by a specialist valuer appointed by the Administrative Decisions Tribunal.

If your lease is due to end, your landlord should give you notice, six months before the end of the lease, stating whether they plan to offer you a new lease or not. If it is not given, should request it in writing during the term of the lease, and the lease can be extended to six months from the time this notice is given.

At the end of your lease, the landlord does not have to give you an additional term. If negotiations are started for a new term, the can be ended by either party at any time. If the landlord has made an offer for a further term, it may only be open for one month.

The Act prevents a landlord who is negotiating a new lease with the tenant from advertising the shop. The negotiations with the sitting tenant should be carried out prior to advertisement or public tendering of the premises. The landlord is allowed to test the market with select tenants.

If you don't accept a landlord's offer of renewal, if you agree to vacate the shop, or if you give written consent the landlord is then free to tender or advertise the premises. If negotiations broke down with your landlord and the premises are up for tender, you can decide whether to take part in any subsequent open tender process.

Tenants, landlords and advisors to the industry are invited to discuss any concerns and questions with the Unit by ringing 1300 795 534, **emailing RTU@business.nsw.gov.au or visiting our website.**

Franchising Concepts

By Stephen Giles Partner Deacons Lawyers

Interested in expanding your business? Do you have a concept that could be franchised, or products or technology that you wish to licence or distribute? Are you interested in expanding internationally? Deacons is Australia's leading law firm in the area of retail, franchising, licensing and distribution, with offices in Melbourne, Sydney, Perth, Brisbane, Canberra and at 10 locations throughout Asia. We represent many of Australia's leading brands, such as Australia Post, ANZ Mortgage Solutions, Bakers Delight, Boost Juice, Brumby's, Dymocks, Fernwood, Gloria Jeans, Hairhouse Warehouse, House, Hungry Jack's, KFC, Mars, National Foods, Priceline, 7Eleven and Snap Printing. Contact stephen.giles@deacons.com.au for more information, or to obtain a copy of some of our free publications.

Joke of the Month

Tenant Excuses for Not Paying the Rent

"I can't pay my rent as my BMW is in the shop, and I cannot afford to pay for both."

"I can't pay my rent because the checks come out of Japan and the plane crashed."

"It's your fault. You deposited my check too late. My automatic withdrawals went through the bank before the rent check."

"There is nowhere else to go. The place I applied to will not take me because you are evicting me."

More Info?

If you would like more information about any topic in this newsletter or need assistance with the system, please call us on (02) 8354-0211 or email enquiries@leaseinfo.com.au

Sydney 139 Foveaux Street, Surry Hills NSW 2010
Melbourne Level 1, 448 St Kilda Road, St Kilda 3004

[To unsubscribe from our email list click here - please type unsubscribe in your email](#)