



## An international retailer's guide to investing in UK retail space

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Are you thinking about joining Liberty in opening a flagship store on the famous Regent Street? Or perhaps you would like to rub shoulders with the likes of Cartier, Mulberry and Fendi on Bond Street?

You certainly would not be alone as London is currently a prime hub for international retailer expansion.

International brands currently outnumber British retailers on Regent Street for the first time since the iconic London shopping avenue was developed in the 19th century, demonstrating the city's status as a global capital.

In addition, recent research from Savills shows that London has now risen above Paris, Tokyo and Singapore in taking the top spot for global luxury store openings.

Against that background, we set out below our top tips for international retailers wishing to take a lease of high-end retail space.

### Get a professional team

It all starts with your team of professionals – you must ensure that you employ a trusted property agent! Their role is to work alongside you in finding that all-important property.

Once the asset is sourced, the agent will then negotiate a deal with the landlord and guide you through the process as simply as possible. Your agent will be invaluable in brokering the best deal and will illustrate to potential landlords that you are genuinely interested in acquiring the property.



You should also instruct a solicitor experienced in acting for retailers. Your solicitor will work in tandem with your property agent to ensure that the legal document accurately reflects what has been agreed between the parties and protects your position.

## UK company

You should consider incorporating a private limited company in the UK to enter into the lease. Private limited companies are the most popular choice of trading vehicle in the UK and are recognised in the global marketplace.

Once incorporated, the UK company can freely enter into contracts and acquire assets in its own name.

Having a UK company incorporated also negates the requirement to provide a legal opinion on behalf of any overseas companies which frequently leads to further costs and time being incurred on the matter.

## Security

Heads of terms will typically be drawn up once the property is sourced. Once drawn, you will have to consider the form of security package to be offered to the landlord.

Landlords typically require a form of security from the tenant as a precondition of granting a lease or providing its consent to assign an existing lease.

Examples of security include a bank guarantee or a parent company guarantee. However, a rent deposit is the most common form of security provided by the tenant as security for payment of the rent and performance of the obligations contained in the lease.

Again, your property agent will be able to negotiate the amount of deposit to be held by the landlord.

## Repair

Tenants' repairing obligations in the UK can be more stringent than in other jurisdictions.

A full repairing lease will place direct responsibility on the tenant for repairing the property which can also include an obligation to put the property in a better state of repair unless carefully avoided.

A shop will usually form part of a building for which the tenant can be expected to contribute towards maintenance costs and structural repairs in relation to the exterior and common parts via service charges.

At the outset of the transaction, you should obtain a survey of the property to assess the state of repair and to ascertain your likely future costs liability.

## Shop fit out

Once the property has been found, the deal has been struck and you have lined up your solicitor, we recommend you prepare your shop fit out plans and specifications and submit these to the landlord for approval well in advance.

You should also consider whether any other consents will be needed, such as planning permission, listed building consent and/or building regulations approval.



You will require the landlord's consent to your fit out proposals before you can commence works. It often takes some time to reach agreement on the fit out proposals so be mindful of this and seek to obtain the landlord's consent at an early stage to avoid unnecessary delays.

Taking a lease in another jurisdiction might feel like a big jump. However, by planning ahead and seeking advice from trusted professionals, you will be in a strong position to expand into UK retail space.

## How we can help

If you are thinking about taking a lease or would like more information on the above, please get in touch with our [real estate](#) team.