

## BREAKING NEWS

# Forty six per cent of June Quarter Day commercial rent now collected

Significant variations between sector and city, while credit notes double as rent relief increasingly agreed



Restaurants are re-opening from 4 July. Picture: GettyImages

By Paul Norman  
CoStar News



July 2, 2020 | 12:17 P.M.

Commercial tenants in the UK have paid 46% of the 24 June Quarter day rent, up from 18.2% a week ago, according to the up-to-the minute figures from Re-Leased, the cloud-based commercial property management platform, *CoStar News* can reveal.

The figures reveal that as of 1 July and one week on from the 24 June Rent Quarter, 54% of rent is still due but with significant variations across sectors and regions.

Tom Wallace, Re-Leased's CEO, said in a statement: "While it's encouraging to see the rate of rent collection has jumped by nearly 30% in seven days, commercial tenants have paid less than half of the rent due for this quarter. The level of pressure both tenants and landlords are now under should not be underestimated, especially in the retail sector which remains hardest hit.

"Continued rent collection for the remainder of the quarter will be challenging, and we continue to encourage transparency between landlord and tenant as outlined in the recently published Code of Practice."

The data confirms that sectors are responding differently to pandemic.

The Retail sector continues to be the hardest hit, while the Industrial sector is proving most resilient and is trending upwards compared to the March quarter. The Office sector has softened by -1% compared to the last quarter.

#### Total % of rent collected Mar Qtr 2020 Jun Qtr 2020

(as of day 7)

UK – all commercial*	47%	46%
Industrial	50%	53%
Office	53%	52%
Retail	41%	40%

*\*Includes other asset classes with smaller sample sizes (e.g. leisure)*

Wallace continued: "As the crisis lengthens and people continue to work from home, the office sector could be the one to watch longer-term. The conversation around the future of the office is only really beginning. Working from home policies and the impact that will have on workspace requirements are yet to be fully appreciated."

There are significant variations in rent collection across the country. A breakdown of the UK's 10 regions shows the West Midlands to be the most resilient region, while the East of England is the least resilient. London ranks 5<sup>th</sup> and is slightly below the UK average.

**Total % of rent collected Mar Qtr 2020Jun Qtr 2020***(as of day 7)*

West Midlands	54%	<b>61%</b>
North East	50%	<b>50%</b>
East Midlands	49%	<b>49%</b>
Wales	45%	<b>49%</b>
London	44%	<b>45%</b>
South East	36%	<b>42%</b>
Yorkshire & Humber	45%	<b>40%</b>
North West	42%	<b>35%</b>
South West	37%	<b>28%</b>
East of England	46%	<b>25%</b>

Data for the June quarter also shows that credit notes have doubled, highlighting where tenants have already made agreements for rent free periods.

Wallace said: “Both landlords and tenants have had several months to make these arrangements ahead of the quarter date and this data illustrates a larger proportion of rent is being forfeited by landlords to ensure tenant longevity. Interestingly, industrial occupiers were once again the greatest benefactors from these credits with 3.9% of total rent being credited after just 7 days. If momentum continues in a similar fashion to last quarter, we may see a further rise in rent relief offered.”

**Total % of rent received Mar Qtr 2020Jun Qtr 2020***(as of day 7)*

UK – all commercial*	1.00%	<b>2.20%</b>
Industrial	1.50%	<b>3.90%</b>
Retail	0.50%	<b>2.40%</b>

Office	0.90%	<b>1.80%</b>
--------	-------	--------------

*\*Includes other asset classes with smaller sample sizes (e.g. leisure)*

Re-Leased's analysis is based on live rental collection data from over 10,000 commercial properties and 35,000 leases on its UK platform.

pnorman@costar.co.uk

---