

Guide to becoming a Commercial Partner in Port Sunlight



Thank you for your interest in opening a business in the village.

We are passionate about providing a great place and a fantastic experience for our residents and visitors, so we believe that it is important we work together with our partners – supporting you as you become established, and sharing the success when you begin to thrive. This means that the way we let our properties is a little different to a typical high street landlord.

The process for bidding on an opportunity

It's important that we get the right mix of businesses that will add value to our residents and visitors and ensure that there is plenty of variety in the products and services on sale.

For this reason, we do not set a fixed rent, or let to the highest bidder. Instead, we will need to understand your business, its vision, aims and ethos. As a first step we will meet for a chat, and if we believe that your business is a good fit for the property and for the village, we will invite you to submit a bid along with a business plan setting out your sales forecast and some details on how the business will operate. Depending on the level of interest in each property, we may set a deadline for bids to be submitted.

How the finances work

Most of our opportunities are for retail or hospitality businesses that will be directly serving customers – our residents and visitors. For this type of business, we will negotiate a 'turnover rent'. This means that instead of paying a fixed sum each year in rent, you pay an agreed % of your net turnover (sales excluding VAT). The % agreed will be dependent on your business plan and your sales and profit projections, though typically this will be between 5% and 12%.

In year one of the lease turnover rent is paid monthly in arrears based on the actual turnover you achieved – this means that during those early months when you are getting established, your rent payments are likely to be low.

From year two onwards we set a 'base rent' at 80% of whatever you paid in the previous year – this is paid in twelve monthly instalments, then at the end of each month the turnover rent is calculated and if this exceeds the base rent paid, you pay the difference. At the end of the year, we do a wash up to make sure that you haven't over- or under-paid in total.

Here is a worked example for the first few years of a lease using simple numbers:

- Agreed Turnover Rent is 10%
- Year 1 turnover is £120,000 (£10,000 a month)
- Year 1 turnover rent is £12,000
- Year 2 base rent is 80% of £12,000 = £9,600 (£800 a month)
- Year 2 turnover is £180,000 (£15,000 a month)
- Year 2 turnover rent is £18,000
- Year 3 base rent is 80% of £18,000

This style of lease is designed to support you as your business grows and gives us the incentive to help you with marketing and community initiatives – as we see a direct benefit from the turnover rent, we receive. It does mean however that whilst in the early years you are likely to pay less rent than a similar sized property in the area, in the later years you may be paying more rent than you would elsewhere – over the life of the lease this should even out.

The Practicalities

Our leases are generally for five years and are contracted out of the Landlord & Tenant Act, this means that there is no automatic right of renewal at the end of the lease.

We use MC Legal to draft our leases, they are a local business offering competitive prices and the cost is typically £900 and payable by the tenant.

Responsibilities are similar to other commercial properties in the area:

- VAT is payable on our rent charges
- We insure all the commercial buildings in the village and pass the cost on to you with no mark-up
- You are responsible for:
 - paying business rates direct to Wirral Council
 - paying electricity, water and gas charges – usually this is direct to the utility company, unless you are in a multi-tenant building with a shared supply, where you will pay a fair proportion of the bill
 - arranging your own telecoms / broadband services
 - arranging your own refuse services
- We are responsible for maintaining the structure of the properties and you are responsible for maintaining the interior.
- We paint the outside parts of our properties on a 5-7 year cycle, by agreement you can arrange for the outside parts to be painted more frequently at your cost, to an agreed standard and specification.
- Most of our properties are Grade II listed, so statutory consents are required for some works (such as installing external signage) – we can support you through this process, which is administered by Wirral Council

Next steps

If this all sounds like the right move for your business, please get in touch for an initial chat and if appropriate to arrange a viewing..