



Peter Bill, editor

Tenants: easier to pluck than serve

Property advisers instinctively regard landlords as customers – and tenants (after the lease is signed) as no more than a damn nuisance for the semi-incompetent property management department to exploit and keep warm until the next deal comes along. An unfair judgment? Not if you accept the evidence of a major new report (p41 and p182) into the administration of service charges imposed on 386 multilet commercial office blocks over the past eight years.

On p66, Alastair Ross Goobey warns against the contempt exhibited towards tenants who, as he suggests, are just as much customers as are the landlords. Well, the contempt shown towards this particular group of tenants is shaming. First and foremost, 87% of them were not paid interest on advance service charge payments. Second, 78% of managing agents were charging their fees as a percentage of the total bill – hardly an incentive to keep costs down. Almost nobody was delivering the

budget before the start of the year and only 15% of the bills came in within 2% of budget.

In April 2007, the RICS code of practice on service charges, which uses the above metrics to gauge performance, comes into play. So those who fall below the standards will be opening themselves up to both professional and legal challenge. Will that stimulate improvement? Some. There are beacon firms of advisers keen to bring professionalism to this ramshackle business. The field lies open.

That said, the key word in this report is “multilet”. Just as in the residential block management business, it is easy to divide and rule largely uncaring tenants. That makes it easy to hang onto the interest on forward payments, make a killing on exorbitant insurance “commissions” and still simply charge a percentage on top of the bill. Will tenants ever become fully fledged customers rather than birds ripe for plucking? It’s unlikely.