RM Insight®

Risk managing multi-tenanted properties

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For both single and multi-tenanted properties, the repair and maintenance of various items within the leased premises can easily be overlooked (particularly preventative maintenance items) if the obligations and responsibilities are not clearly defined and outlined. This can result in an increased risk of property loss and potential loss of rent, which is undesirable for all stakeholders involved.

Generally, the responsibilities of the tenants, landlord and property agent are bound by the terms of a commercial lease. Since each commercial lease arrangement is unique, it is important that each party is clear on who is responsible for items such as:

- heating, ventilation and air-conditioning (HVAC) equipment
- electrical switchboards (including thermographic scanning)
- testing and tagging of electrical equipment other plant & equipment
- fire protection systems including automatic sprinklers, fire hydrants and fire detection systems
- security
- making good of any fit-outs, penetrations and cut-outs
- grounds maintenance and landscaping
- cleaning of commercial kitchen exhaust hood ducts
- coordination of emergency evacuation drills.

Careful tenant selection is important; considering hazards associated with the trade and management attitude to safety and risk. Even though tenants are generally obliged to keep a leased premise "in good repair and condition" it is strongly encouraged that property owners conduct their own regular self-inspections relating to property and safety hazards. The self-inspection should be formalised to ensure greater consistency and traceability. A property agent may complete this on behalf of the landlord. Some common items which should be overseen by the landlord on a regular basis include the following:

- Housekeeping is in order, including storage of combustible materials, excess pallets, etc.
- Management controls are being followed by the tenants and any contractors employed by the tenants.
- The appropriate insurances are acquired and current.
- All fire protection systems are being maintained.
- All fire extinguishers, hose reels, hydrants, and fire doors are unobstructed.
- Fire protection impairment procedures are used accordingly.
- Dangerous goods/hazardous substance risk assessments are current.
- Any alterations and fit-outs have been approved.
- All valuables are secure as to not attract theft.
- The storage and handling of flammable and combustible liquids and gases are appropriate.
- Waste management, including the location, security and emptying of bins and skips and, disposal of unwanted and discarded items.
- There has been no disruption or deterioration of any asbestos containing materials within the building.

The above list is not exhaustive and a more comprehensive property loss self-inspection template can be provided on request.

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For more information

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