

22.3% p.a. Jump in Tenant Failures

In the past six US recessions, tenant failure rates jumped 22.3% p.a. compared to annual averages. Tenants Future-Proofing needed- SmallBusinessProsperity.com

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The economy faces perhaps its biggest test since the Second World War. We face a potential confluence of calamities.”

*IMF Managing Director
Kristalina Georgieva*

AMERICA, August 10, 2022 /EINPresswire.com/ -- According to research from SmallBusinessProsperity.com- the [future-proofing](#) experts- only 50% of US small tenants make it past five years, a 10% p.a. annual failure rate.

During the last six US recessions, the tenant failure rate jumped to an average of 12.23%p.a., an increase of 22.3% p.a.

During normal economic conditions, only 40% of UK and Australian small business tenants survive beyond three

years.

“Real estate investors and landlords need to future-proof their tenants to not only survive but also to prosper during what could turn out to be a recession, possible stagflation, followed by a low growth economy.

These economic predictions were recently partially or wholly made by the IMF, World Bank, Ben Bernanke, former US Federal Reserve Chairman, JP Morgan Chase’s CEO Jamie Dimon, Business Roundtable- a US CEO lobby group and others”, said SmallBusinessProsperity.com founder [Neville Berkowitz](#) (70), a 45- year veteran entrepreneur, business advisor, global real estate economist, and future-proofing expert.

The last time this sequence of possible economic events occurred was in the 1970s decade when the US inflation rate peaked in March 1980 at 14.8%p.a. To quell inflation, the US Fed Fund Rate skyrocketed to 20% p.a. in 1981. A two-year recession followed.

“I began my real estate career in March 1973 as a mortgage fund manager. In October 1973, the “Oil Crisis” occurred. This unexpected crisis kickstarted a cascading negative economic effect ending ten years later.

Amid this turmoil, I began my real estate economic consulting business in 1977, and it was a

steep learning future-proofing curve in those difficult times,” said Neville Berkowitz.

Future-proofing involves investors and landlords taking a holistic view of their tenant’s business. Only looking at the tenant’s past financial performances is no longer acceptable.

The initial future-proofing assessment involves the analysis of existing customers and identifying potential new customers, analyzing debtors, creditors, marketing, management, staffing, financial performance, and financial reporting. There is a need to assess the impact of high-interest rates and high inflation on the business to test its resilience and breaking point. A SWOT analysis determines the tenant’s strengths, weaknesses, opportunities, threats, etc.

Subsequently, a Proactive Business Strategy, Strategic Advisory Service and an executable Creative Action Plan are responsible for the survival and prosperity of the tenant.

“I have come out of retirement as I felt a calling to help landlord’s tenants survive and prosper in the bleak economic times ahead. In addition to assisting the landlord, I am attempting to ensure that we can avoid the financial and psychological consequences of a tenant’s failure on them and their families. My philosophy is that it’s better to light one candle than curse the darkness,” said SmallBusinessProsperity.com Neville Berkowitz.

“Investors looking to acquire real estate assets and landlords with existing tenants face an outlook of falling revenues from a 22.3% p.a. jump in tenant failures and closures, rapidly rising interest rates on their variable interest rate borrowings, and high inflationary input on their operating costs.

Their real estate asset values are under pressure from falling net revenues and increasing capitalization rates as interest rates rise and investors perceive higher risks in the bleak economic times ahead.

Financiers funding real estate assets become nervous as their security margins reduce. Certain financiers may require additional equity from the landlords to improve their security margins. Investors and landlords can’t control high inflation and rising interest rates, but they can help



Neville Berkowitz (70), Founder, SmallBusinessProsperity.com- 45 years of experience as an Entrepreneur, Strategic Business Advisor, Global Real Estate Economist and Future-Proofing Expert, locally and globally

ensure that their lifeblood tenants are future-proofed to survive and prosper for mutual benefit,” said future-proofing expert Neville Berkowitz, founder of SmallBusinessProsperity.com

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