

Quarter Day payments bring unwelcome Christmas concerns for North East business owners

The North East's business advisory trade body has warned businesses over looming rental payments amid rising insolvency figures.

Business owners worried about meeting their end-of-year property payments should be speaking to their landlords now before they slip into arrears, according to Chris Ferguson, North East chairman of insolvency and restructuring trade body R3. He was speaking ahead of the final Quarter Day of 2022, which falls on Christmas Day.

Quarter Days, which traditionally occur towards the end of March, June, September and December, are the dates on which commercial rental payments are due and they can prove to be a pressure point for companies already struggling with long-term financial challenges.

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The December Quarter Day is also compounded by the end of temporary legislation which prevented landlords from trying to recover rent arrears from tenants who were not able to operate as normal or at all during the pandemic. The warning from R3 comes as the latest official Insolvency Service figures show a 15.7% month-on-month increase from the 1,684 cases of corporate insolvency registered across England and Wales in September up to the 1,948 cases lodged in October.

The October 2022 figure is also 38.2% higher than the number

for the same month last year and 31.9% higher than the number for October 2019.

Mr Ferguson, who is head of recovery and insolvency at Gosforth-based RMT Accountants and Business Advisors, said: "Rent is typically one of the largest business expenses and many directors have found the amount they owe has increased where the pandemic has affected their ability to trade – especially those in industries yet to be fully back on their feet after the pandemic.

"Quarter Day costs always have the potential to have a substantial impact on businesses' cashflow situations. With everyone watching what they spend at the moment due to rising energy bills, fuel costs and food prices, there's every chance many North East firms will have even less room for manoeuvre in their cashflow forecasts than usual.

"The latest footfall figures showed improvements around the start of the month for city centres, high streets and retail parks across the UK and having the festive season getting into full swing and the World Cup may still provide a boost for end-of-year trading figures in the retail and hospitality sectors.

"However, whether this will be enough to see everyone through the first quarter of the new year, which is traditionally the quietest part of the year for many in this sector, remains to be seen.

"North East business owners who think they may be facing financial difficulty in the New Year should engage with their landlords as early as possible to make them aware of potential delay to rent payments. Most landlords would far rather see their tenants engage and discuss payment issues rather than face the risk of being left with void units if a business failed.

"Many will be willing to listen, negotiate or compromise with

sitting tenants who are having short-term financial problems to support them during a difficult trading period.”

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