

COMMERCIAL LEASE RENEWAL

History

The 1954 Landlord and Tenant Act created protection for tenants of business premises including the automatic right to a new lease following the determination of the previous lease – the lease may end but the tenancy continues.

A landlord may resist the right of renewal if he can prove one or more of several grounds prescribed in the Act. However, the majority of business leases are renewed without recourse to these grounds.

The Procedures

To determine a lease the landlord must serve a notice of not less than 6 months in a prescribed form expiring on (or after) the termination date. This notice must indicate whether the landlord will or will not object to an application to the Court for a new lease and if there is an objection he must state the grounds.

The tenant has a fixed period in which to reply and time is of the essence. There is then a period during which the parties can attempt to agree the rent but failure will mean that either party can apply to the Court to determine the terms - including rent - of the new lease.

Similarly a tenant can require a new lease within the final year of his existing lease by serving a notice to the landlord who must then respond in a similar way to that described above.

If all the appropriate steps are taken within the time limits then the parties will still be in a negotiating position but always against the background that the Court will intervene if the parties cannot agree.

Why Professional Representation?

As with any legal procedure it is important that the parties are adequately represented not only by their solicitors but also by surveyors familiar with the type of property and market trends and also with the practice of legal representation and interpretation of modern leases.

The law on commercial leases changes from time to time and up to date advice should be sought.

At Michael Parkes we have highly qualified and experienced surveyors familiar with the procedures required by the Courts in the negotiation and settlement of new leases.

To discuss your Lease Renewal, contact Emma Catterall.

Head of Agency & Property Management

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Fees

Before the abolition of fee scales surveyors would seek a sum based on a percentage of the final rent agreed which included the base rent already being paid. At Michael Parkes we prefer to charge fees which are incentive related so that the better the gain for the client the higher our fee.

“At Michael Parkes we have highly qualified and experienced surveyors”

Managing Director

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