



WOODFORD AND COMPANY FACTSHEET

No. 3 **LEASE RENEWALS**

HOW CAN A SURVEYOR HELP ME WITH A LEASE RENEWAL?

Whether you are a landlord or tenant, you need to be aware of various matters which could have an important bearing on how you approach a lease renewal. This is an important time and you probably need to start thinking about your strategy at least 12 months in advance of the lease expiry date.

Future Property Needs:

- Whether landlord or tenant, start thinking about your strategy well in advance of the lease expiry date.
- As landlord, think about opportunities such as redevelopment. Alternately, protecting your current income may be more important.
- As tenant, do the premises meet your future requirements? Do you have space for expansion? Do you wish to reduce the scale of your operations?

What Happens When a Lease Comes to an End?

- Do you want to end the tenancy or renew the lease?
- If the lease is inside the Landlord & Tenant Act 1954, certain rules must be followed depending on what outcome you want.
- If the lease is outside the Act, there is likely to be no formal procedure and a tenant will not have a right to a new lease.
- Are you entitled to, or liable to pay compensation, if the lease is not renewed?
- Does the tenant have to wait for the landlord to initiate matters?
- What happens if you want to renew the lease but cannot agree the terms?

New Lease Terms:

- The main terms to be negotiated will be concerned with the rent and the term of the lease.
- If the current lease is inside the Landlord and Tenant Act 1954, some modernisation is allowed but most of the existing terms cannot be materially altered without the consent of the parties.
- If the current lease is outside the Act, the same rules do not apply and the tenant may have no protection.

Market conditions:

- The biggest influence on the terms will be the prevailing market conditions.
- In a rising market, the landlord may have the upper hand, and vice versa.
- Consider using a surveyor with good local knowledge to help you get the best settlement

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Dilapidations:

- The tenant may be responsible for the cost of works to put the property into a condition determined by the terms of the lease if he does not renew.
- Whether you are the landlord or the tenant, ensure that a schedule is prepared at the earliest opportunity.
- As a landlord, you will probably want to minimise the period that your property might remain empty due to necessary works.
- As a tenant, you might want the option to undertake the works yourself as opposed to making the landlord a cash settlement.

This is a critical time and you need to ensure that you make the right decisions, take the initiative and make the most of your position based upon an understanding of the market conditions and knowledge of the legal implications. When you are contemplating a lease expiry, it is a good idea to seek professional advice. A professional can help you get the best arrangement out of a property transaction.

The only way you can be sure of getting the best deal in negotiations is by employing someone with the necessary knowledge combined with sound negotiating skills.

If you would like to discuss these matters in more detail, Woodford & Company would be pleased to offer assistance.

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