

Trend towards flexible leases for businesses

Commercial tenants' are becoming more and more aware of the potential impact of their obligations under a lease, and how this coincides with their short term and long term plans for their business.

There appears to be a definite shift towards (i) shorter leases, (ii) more frequent break clauses, and/or (iii) increased alienation provisions allowing for assignment, subletting or occupation sharing. These provide businesses the flexibility to react quicker to any change in their business or sector. Savvy landlords are responding to the shift in trend in order to keep up with competition in the rental market, as most workspaces are even completely moving away from the traditional 'fully repairing and insuring leases', and opting for alternatives such as 'serviced' buildings and offices.

A way out of your Commercial Lease

There may be many instances which could lead to your need or desire to come out of your existing lease early. Perhaps your business would benefit from a fresh start in a more advantageous location, or you have outgrown your premises and there is a practical and physical need to move into bigger premises, or perhaps your business has found itself in a downward struggle and you can no longer afford your rental payments. Whatever your reason, the ability to come out of your lease early will much depend on the terms of your lease, your relationship with your landlord and the rental market at the given time.



Our Commercial Property Solicitor Vahideh Hojatoleslami will, "assist you in drawing up leases that meet your bespoke business needs."

Contractual Right - An Option to Break

If your lease contains an option to break, then you can exercise this option. Be sure to consider the following:

- Conditions of a break clause.
- Potential claims for dilapidations which can be brought by your landlord at a later date.
- The form of the break notice to be served.
- Time is likely to be of the essence when it comes to serving any such notice.
- An incorrectly served notice could be rendered invalid.

Negotiating a Surrender

You may be able to negotiate a surrender of your lease with your landlord but bear in mind that there could be:

- Conditions attached to the surrender, such as the payment of a premium.
- An ongoing obligation even after the lease has been surrendered.

In order to achieve a 'clean break' from the lease and your liabilities deriving from it, it is advisable to enter into what is called a 'Deed of Surrender' which will release you from your liabilities, and any existing and future claims by your landlord.

'Holding Over' after the end of a fixed term

Often landlords are content with allowing tenants to continue occupation of the premises even after the end of a fixed term lease, without formally renewing the lease. If you find yourself in this situation, you are known to be 'holding over' the lease under section 24 of the Landlord and Tenant Act 1954 (the Act). In order to end the lease during any 'holding over' period, you will have follow a separate procedure contained within Section 26 of the Act.

It is important to consider the options available to you when you are looking to end your lease early, and the route to be taken to ensure you avoid a costly blunder. It is highly recommended to obtain legal advice if you are looking to serve a notice to break, or agree a surrender with your landlord.

Please contact our Commercial Property Solicitor, Miss Vahideh Hojatoleslami on 01582870822 or via email to Vahideh.hojatoleslami@pictons.co.uk