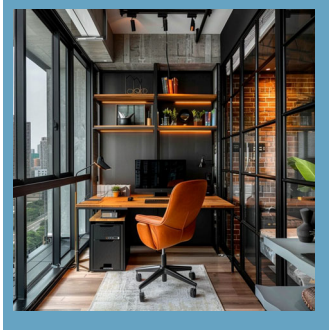


- A tenant of business premises will qualify for statutory protection from rent increases and lease expiry under the Landlord and Tenant Act 1954.
- This is sometimes called a "statutory tenancy", or a "sitting tenancy".
- Tenancies granted with an original term of 6 months or more or where no tenancy is granted and rent is paid weekly or monthly, will qualify for protection.
- Where a business occupies land and/or buildings as a tenant the landlord is not permitted to increase the rent, or end the occupation, without first servicing legal notices on the tenant.
- To increase the rent the Landlord must offer the tenant a new lease at the same time, or if it wants to end the tenancy it must prove statutory grounds for repossession, e.g., re-development.
- Where a landlord ends a tenancy on certain no-fault grounds, compensation is payable to the tenant.
- Orme Associates can provide free initial advice on a business tenancy's.

Orme Associates
78 Mount Pleasant
Liverpool
L3 5SL

M/WhatsApp: 07553 343 365
E: andreworme@orme-associates.co.uk
W: orme-associates.co.uk



Orme Associates
Property Advisers

BUSINESS SECURITY OF TENURE
LANDLORD AND TENANT ACT 1954

What We Do
Orme Associates Property Advisors can advise owners or occupiers of business premises on rent increases, lease renewals and compensation for lease termination under the Landlord and Tenant Act 1954.

Introduction
The Landlord and Tenant Act 1954 provides statutory protection to occupiers of business premises. Business tenants have a right to renew at the end of their fixed term, and will be protected from rent increases during the term and where the lease has expired.

Most business premises are included within the 1954 Act. This includes premises where the tenant lives in part of the premises. A few types of business premises are excluded, for example farms and mines.

It is possible to "contract out" of the provisions of the 1954 Act, by agreement at the beginning of the tenancy. The validity of any exclusion will depend on the correct procedures being followed prior to the grant of the tenancy, and whether the tenant remains in occupation following expiry.

At the end of a tenancy, or where rent is paid periodically, e.g., monthly, a landlord can only end the tenancy on specified grounds, these are either fault based, e.g., persistent rent arrears, or no-fault based, e.g., the landlord wishes to occupy himself, or he intends to re-develop the property being the most common.

Qualification
To qualify for protection the tenancy must be for a fixed term of at least 6 months, or it must be a periodic tenancy, e.g., where rent is paid monthly. The tenancy does not need to be in writing, the mere payment and acceptance of rent is sufficient.

Additionally the tenant (or sub-tenant) must be in occupation to qualify either personally or via his belongings, or any absence must be temporary.

The Process of Renewal/Rent Increase/Termination
Where a tenancy is at lest 12 months from expiry a tenant may ask the landlord for a new tenancy, by way of statutory notice. Similarly a landlord may do the same. The new tenancy will be at a new rent by agreement based on market, or where there is no agreement a court can decide.

Where neither party asks for a new tenancy, and the fixed term comes to an end through efflux-ion of time, providing the tenant does not vacate, the tenancy will continue under the 1954 Act on the same terms as before. This is commonly called "holding over". Only if the tenant vacates will the tenancy end usually the tenant serves a notice to quit on the landlord giving two months notice.

Where a landlords s.25 notice is serve seeking termination of the existing tenancy it is important to take action.

Tenant not wanting to remain
If there is a fixed term or a periodic tenancy, the tenant may leave on the term (end date) or on the day before the rent is due (periodic tenancy). Where the tenant is holding over, either vacation or a notice to quit is required to end the tenancy.

Landlord seeking possession
A landlord wishing to end a tenancy must provide genuine grounds for possession. The most common are:-

(a) tenants failure to repair
(b) persistent rent arrears
(c) breach of lease terms
(d) the landlord is able to offer suitable alternative premises
(e) a sub-tenant seeking a new lease of part only of the property would reduce the value of the whole
(f) the landlord wishes to re-develop
(g) the landlord wishes to occupy itself

Tenants right to compensation
Where the landlord is able to oppose a new tenancy on grounds e, f or g above there compensation is payable to the tenant.

This is 1 x Rateable Value where occupation has been less than 14 years, and 2 x the Rateable Value for more than 14 years occupation.

Where the landlord is a local authority, or other organisation possession compulsory purchase powers, e.g., the Department of Transport, compensation may be available for "disturbance" under s.37 of the Land Compensation Act 1973.

Contracting Out
A business tenancy call fall outside of the protection of the 1954 Act where the parties agree to this before the grant of the tenancy.

Any such agreement will only be valid where a prescribed warning notice has been given to the tenant and either (i) at least 14 days elapses afterwards before the start of the tenancy or (ii) where a statutory declaration is made stating the tenant has read and understood the warning in front of a notary.

Stamp Duty Land Tax (SDLT)
Where a tenancy is renewed Stamp Duty may be payable (search for "SDLT Calculator" in your browser) to gain an estimate of SDLT payable.

Further Information / Appraisal
For further information and advice on Business Leases contact:-

Andrew Orme BSc(Hons) PgDip(Law) PgDip(EUCompLaw)
Orme Associates
78 Mount Pleasant
Liverpool
L3 5SL

M/WhatsApp: 07553 343 365
E: andreworme@orme-associates.co.uk
W: orme-associates.co.uk
linkedin.com/in/andreworme/

Orme Associates Property Advisers is the trading name of Monument Square Ltd (Reg. No. 09909965), registered office: 78 Mount Pleasant, Liverpool, L3 5SL