

Property Advice Factsheet

How to negotiate a rent holiday

This advice factsheet has been prepared in the light of the COVID-19 outbreak. It has been prepared to help micro and small businesses. The retail, leisure and hospitality industries have been particularly badly affected. If you rent your premises from a landlord, and your business has been affected by the COVID-19 outbreak, or you are concerned that it will be, then:

- Speak to your landlord as soon as you can about a rent holiday (sometimes called a rent suspension). Some private landlords are already looking at this with their tenants.
- Landlords know that if they lose their tenant, they will have a rent void (that is, a period with no tenant and no rent). If they have an empty property they may also get squatters. Most landlords would prefer to avoid this.
- Your lease may say something about rent suspension. If it does, consider taking legal advice about it. Rent suspension clauses usually only apply where something has happened like the building has been damaged by fire, or some other hazard. But you should think about whether the clause is relevant.
- The lease may also have clauses that deal with insurance. This may or may not cover you and your landlord. If in doubt, take legal advice. But it is certainly worth talking to your landlord about what, if anything, their insurance will cover.
- If you have your own insurance policy, then obviously you should consider it carefully with your insurer as soon as possible.
- Whatever your lease says, keep talking to your landlord. Let them know what your situation is. For example, if you think you will be able to get a loan, or agree a payment plan, then discuss that with them.
- Check your rights and whether, as a last resort, you are able to give notice to terminate your lease, and how you can do that.
- Finally, your lease may have what is called a frustration clause, or a force majeure clause, which will say what happens to the lease in this type of emergency situation. These types of clauses are not very common. If there is a clause like this in your lease, consider taking legal advice.

UPDATE 1 April 2020: Coronavirus Act 2020 – Business Tenancies

From 26 March 2020 to 30 June 2020 a landlord's right of re-entry or forfeiture arising from non-payment of rent cannot be enforced. No order for possession can be enforced and any order for possession made during that period must take effect after 30 June 2020. This period may be extended by the Government later but has not been as at 1 April 2020. Please note that rent and other sums due under a lease are still payable during this period and this new law does not stop rent reviews or lease renewals from taking place. The guidance in this note is therefore not affected by this change to the law, but we hope you find this information useful.

This factsheet is for general guidance only and should not be relied on as specific legal or professional advice. If in any doubt you should always seek your own independent legal or other professional advice.

The situation is constantly changing. You should continue to seek information from the Government and from the GLA. Measures to assist businesses of all sizes are likely to be announced soon.

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