SHORT-TERM COMMERCIAL LEASE

The British Property Federation (BPF) short-term commercial lease, with the related agreement for lease, aims to provide landlords and tenants with straightforward, industry-standard documentation to cover short-term commercial lettings of property, typically a few months, possibly up to two or three years. The BPF has prepared this documentation in as simple a form as possible to ensure that it can be understood by a wide audience. Where plain English can be used, it has been. More complicated terms have only been used where legal certainty requires them. However, any prospective landlord or tenant should always seek appropriate professional advice before entering into a binding agreement such as a lease, and is strongly advised to consult the pan-industry Code of Practice Commercial Property Leases in England and Wales.

With a short-term commercial letting, the landlord should be in a position to use his knowledge and experience of the property to produce a package which, so far as is possible, does not give rise to any unexpected costs to be paid by the tenant. Accordingly, the BPF short-term commercial lease provides an option for the rent to be inclusive of rates, contains no service charge and places the obligation to repair the premises on the landlord. The BPF is confident that landlords will be increasingly willing to offer such an all-inclusive product with short-term commercial lettings.

Every effort has been made to keep the tenant’s obligations short and to the point. The lease deliberately omits a number of the typical provisions found in longer leases. For example, there is no obligation on the landlord to insure the premises and, therefore, no obligation on the tenant to pay the costs of any such insurance. The landlord remains, however, contractually obliged to repair the property, and many are likely to wish to insure against the costs of repairs arising from accidental damage; others may wish to carry this risk themselves. Whichever option the landlord prefers, the costs will be included within the proposed rent, which will remain fixed for the period of the lease.

It is important that tenants understand that the short-term commercial lease has been designed for property being offered for a relatively short period of occupation. The lease (and the related agreement for lease) provide for the letting to be granted without security of tenure. This means that, when the lease expires, the tenant will not have the legal right he or she would normally have under the Landlord and Tenant Act 1954 to apply to the Court for a new tenancy. The removal of this right does not stop the landlord and the tenant agreeing to a new lease at the end of the tenancy, but this can only occur if both the landlord and the tenant so wish. Landlords must note that, if the tenant remains in occupation after the end of the tenancy, there is a possibility that a new tenancy will be created, and that the new tenancy will have security of tenure under the 1954 Act.

Tenants wanting to guarantee that they can remain in the same business premises once the initial lease has expired should consult their professional advisers about seeking other premises where such terms are on offer. In such