



“meanwhile leases” could overcome the problem of empty town centre shops

A policy, implemented by the previous Government, aimed at combating the increasing amount of vacant retail space has failed to make a much-needed impact on recession-hit town and city centres.

The publication of specimen “meanwhile” leases aims to facilitate temporary occupation of empty town centre retail premises by non-commercial occupiers and minimise the associated costs for both landlords and tenants.

However, Nicola Neilson, Commercial Property Partner, believes that meanwhile leases could be embraced more widely by the commercial property sector.

Nicola said: “Town centre vitality was the focus but there is no reason why the same concept cannot be applied to non-retail business premises in town centres or elsewhere if there are sound commercial reasons for doing so.

“Such leases are not appropriate in all cases. Landlords will need to seek professional advice, from solicitors or surveyors or both, to make sure that this is the best approach for them and, if it is, that the specimen wording is properly amended.

“However, if used in the right circumstances, the benefits to commercial landlords in a difficult market could be significant. For example, responsibility for business rates will normally be passed to the tenant.”

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fact file

There are three specimen meanwhile leases for use in the following circumstances:

- Direct lettings by a landlord to a temporary occupier.
- Lettings by a landlord to an intermediary for sub-letting purposes.
- Sub-lettings by an intermediary.

A typical intermediary would be a local authority.

key features

- No rent is payable under the lease.
- The lease does not impose any repairing obligations on the tenant.

benefits

- They should be relatively quick and cheap to use.
- They should enable the landlord to shift responsibility for payment of business rates and the cost of insuring the premises to the tenant.
- Let premises generally more secure than unlet ones.

points to consider

- Unsuitable if rent is to be paid or the tenant is to carry out repairs.
- Unlikely to be suitable for lettings of more than six months' duration.
- Such lettings should be contracted out of the security of tenure provisions (Landlord & Tenant Act 1954).
- Any necessary consent to the letting from a superior landlord or mortgagee will still be needed.
- The usual planning rules apply. For example, if there is to be a change of use requiring planning permission, a meanwhile lease will not get around that problem.