

COMMERCIAL PROPERTY CONSULTANTS

The most effective Commercial Property
Consultants in the region

Tenant/Lease Information & FAQ's

What is a Lease?

A lease is a contract which is drawn up between a tenant and a landlord.

Key points included within a lease for you to consider are:

- **Break Clause**
Some landlords will allow a break clause at a certain point within the lease term – to allow the tenant to end the lease early.
- **Photographic Schedule of Condition**
Some leases may require a photographic schedule of condition which is agreed by the landlord and the tenant. Photographs are taken of the property and at the end of the lease the building must be left in no worse repair than shown in the photos.
- **Rent Deposit/Financial Information**
The landlord may require the tenant to provide financial information – i.e. copies of business accounts and/or a rent deposit equal to a certain amount of month's rent (typically 3-6 months but entirely dependent on the tenants financial covenant).
- **Rent Free Period**
The landlord may grant a rent free period to allow the ingoing tenant to set up their business.
- **Rent Payable**
A guide rent is usually provided however can sometimes be negotiated, along with how often this is paid (often quarterly or monthly).
- **Rent Review**
This is usually specified to take place during a certain time within the lease term (i.e. after three years) and is when the rent payable is reviewed. There are different types of review, i.e. Upward Only, Open Market or RPI. Please refer to the RICS Small Tenant Guide for further information on Rent Reviews: http://www.rics.org/Global/Small_business_property_guide.pdf
- **Repairs**
The property will usually be let out on either a 'full repairing' basis – the tenant is then responsible for any repairing liabilities to the whole building or on a 'internal repairing' basis.
- **Term**
This is how long the lease is taken out for.

White Commercial Surveyors act on behalf of clients in Oxfordshire, Northamptonshire, Buckinghamshire and Warwickshire along the London to Birmingham M40 motorway.

- Offices
- Retail
- Industrial Commercial Property Development and Investments
- Rent Review
- Lease Renewal
- Commercial and Residential Property Management
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Are there any other costs?

When taking a commercial lease there are a number of costs to consider along with the rent:

- **Alterations**
You may want to change the layout or décor of the property. The lease will state what you are allowed to do and you also need to consider the costs of reinstating/tidying up the property at the end of the lease.
- **Broadband**
If you need a specific broadband speed you may need to check the broadband available in the area you are looking to take a lease, this is the tenants responsibility.
- **Building Insurance**
If not included within the service charge you will either need to reimburse the landlord for the building insurance costs or take out your own building insurance –for your contents or the property or both.
- **Electricity/Gas/Water**
If not included within the rent you will need to pay for utilities.
- **Rates**
You can check the rates payable on a commercial property here:
<https://www.tax.service.gov.uk/business-rates-find/search>
This is not the amount that you pay as there may be rates relief available. Please look at our Business Rate Guide for further information.
- **Service Charges**
There may be a service charge to pay alongside the rent. This *can* include charges for following but always find out exactly what you are paying for in the service charge:
 - Cleaning
 - Maintenance of any shared spaces (i.e. shared kitchen or entrance)
 - Grounds or Roadways maintenance
 - Electricity/heating/water/sewerage
 - External/Roofing repairs
- **Solicitors fees**
You will most likely to need to appoint solicitor to deal with your transaction, we would recommend contacting local solicitors for a quote for fees before proceeding, as a very rough guide they are likely to start at £800.00 plus VAT for a small property.
- **VAT**
Check if VAT is payable in addition to the rent or other charges.

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Are there any other factors to consider?

- **EPCs**
It is the landlord's responsibility to have a valid EPC for the property. These will show you how energy efficient the property is. You can find the EPC on the non-domestic register www.ndepcregister.com or ask the landlord for a copy.
- **Planning**
You will need to check that the property you want to lease has the correct planning (Use Class) for the business you want to run. If the property does not have the correct use you will need to apply to your Local Authority's Planning department for a change of use. Please view our Commercial Property Use Class document for further information.
- **Sub Letting**
You may wish to sub-lease part of all of the property you are renting. The lease will advise if sub-letting is allowed.

Further information/Useful sites:

Broadband Speed Test <https://www.uswitch.com/broadband/speedtest/>

Business Rates www.tax.service.gov.uk/business-rates-find/search

EPC Register (Commercial Property) www.ndepcregister.com

Planning (Cherwell District Council) www.cherwell.gov.uk/planning

White Commercial Surveyors www.whitecommercial.co.uk

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