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The Tenant Lease Cycle

The renewal of business tenancies in England and Wales can be complicated and time-consuming, but preparation and planning can take the pain out of the process.

While the recently amended Landlord and Tenant Act 1954 was meant to make the renewal of business tenancies more straightforward, the process is still not without its pitfalls.

Tenants should be reviewing their property needs far in advance of tenancy expiry.



24 - 18 months before expiry

You should know by this stage whether you want to renew your tenancy. You should be reviewing your business and personal goals to determine the length of term and flexibility required within the new lease. You should also be considering any terms of the present lease that you would like to have amended, deleted or additional clauses added.

If your landlord wants to redevelop or oppose renewal on some other ground, he will be preparing his evidence to support its position.

You might already know that the landlord is going to oppose renewal and so you need to assess the likelihood of them being able to do so. You should be considering the cost of relocation as well as what can be done to use the tenancy renewal process to play for time.

If you are certain you will not need the premises after its tenancy expires, you should consider whether to serve a section 27(1) notice.

12 months before expiry

This is the start of the period when the landlord can serve its section 25 notice offering or opposing a new tenancy. Equally, the tenant is now able to serve its section 26 request for a new tenancy.

Tactics are important. You need to be thinking about interim rent. The rule is that if an application for interim rent is later made, the interim rent period will start six months after service of the section 25 notice or section 26 request. So, if the market is falling and the passing rent is higher, the landlord might want to delay serving its section 25 notice, or possibly not serve one at all, if it does not intend to oppose renewal.

Equally, you will need to consider whether you should immediately serve a section 26 request to start the interim rent period as soon as possible.

Two months before expiry

If a section 25 notice or section 26 request was served to expire at or after the tenancy expiry date, what is happening at the moment?

Are negotiations for a new tenancy continuing well or are you being stonewalled?

You need to consider whether to agree an extension to the date in the section 25 notice or section 26 request.

The tenant must apply to the court for a new tenancy before the date in the notice or any agreed extension of it, else it loses its right to seek a new tenancy.

If the parties are negotiating well then there is no point spending money on lawyers' and court fees. Agree in writing a suitable extension (eg. three months) to the notice date and continue the negotiations.

You need to make sure that you give yourself ample time to apply to court for a new tenancy in case you cannot agree a further extension when the new deadline approaches expiry.



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If negotiations are non-existent or not appropriate (eg. because renewal is opposed) then you need to consider making a court application to force the issue to a final decision.

Tenancy expiry

If a section 25 notice or section 26 request has been served and is to expire now, and you have not agreed an extension or applied to court seeking/opposing a new tenancy, the tenant's legal right to occupy the premises will end when the tenancy expires.

If no notice has yet been served (or if it has but it expires after tenancy expiry) then the tenancy is continued by the 1954 Act until it is brought to an end either by a section 25, 26 or 27 notice, by court order, by the grant of a new tenancy, or by forfeiture or surrender.