

DILAPIDATIONS

When your commercial lease comes to an end, your landlord is likely to serve some form of dilapidations claim, seeking compensation for any damage or disrepair that has occurred or any physical changes you have made since being in occupation.

In many cases, landlords will attempt to recover more than they may be entitled to. Examples might include claiming for repairs and redecorations of an inappropriate quality, or claiming for works that will be undone by their own refurbishment plans.

To ensure that you do not pay for anything over and above your contractual liabilities, it is essential that you are properly advised.

Before signing your lease

The best way to protect yourself is to agree a schedule of condition before you even sign your lease. This establishes a detailed record of the condition of the property at the start of the lease, and if correctly referenced within your lease, will limit the amount of dilapidations that can be claimed by your landlord at the end of the term.

Before your lease is due to expire

In the absence of a schedule of condition, the next best thing is to make sure you are prepared before the landlord serves you with a schedule of dilapidations. Our Building Surveying team can help in this respect by examining the minutiae of your lease, inspecting your premises, and providing you with a full assessment of your dilapidations liabilities and how best to mitigate this.

Break clauses

If you are considering negotiating a break clause in your lease, you need to be aware that breaks are usually subject to certain conditions – including dilapidations being satisfied, before the break can be exercised.

What we do

Our team are highly skilled in dilapidations matters, and have successfully acted for tenants including Brakes, Cleanaway, Nationwide Building Society, SEB and Société Générale. We also represent landlords, which benefits our tenant clients too. It means we have a unique insight into the arguments and strategies that the landlord is likely to pursue to maximise its claim.

The dilapidations services we offer include:

- > initial strategic advice on how to try and minimise a tenant's dilapidations liabilities
- > inspection and preparation of the tenant's response to interim and terminal schedules of dilapidations, repairs notices and scott schedules
- > assessments of tenant's dilapidations liabilities
- > negotiations
- > expert evidence

At the start of any lease, our team could assist and safeguard your interests by preparing and agreeing a schedule of condition for your property.

“Dilapidations are a tricky subject, and it’s essential to have high quality professional advice. In a recent case, our contractual liability was shown to be 60% below the landlord’s original claim. I was very happy with the way Gerald Eve handled the case.”

John Fletcher, property portfolio Manager
Nationwide Building Society

OUR TRACK RECORD AND SPECIALIST EXPERTISE

Case study: Société Générale, 100 Ludgate Hill, London EC4

As part of its rationalisation programme, Société Générale decided to move out of one of its large offices in the City. We were asked to advise on its likely dilapidations liability and began with a detailed inspection of the property. The overall assessment amounted to a significant sum and for accounting reasons, any claim needed to be settled by the end of their financial year. Through detailed and delicate negotiations with the landlord, we were able to open up early discussion with them. Combined with the application of our detailed knowledge, we achieved a settlement figure of over 40% below the original claim.

Case study: Cleanaway Ltd, UK-wide

We have been appointed as strategic advisers to Cleanaway at various sites across the country, ranging from depots and waste disposal plants, to offices and warehouses. Our specialist knowledge within the sector, combined with our technical dilapidations expertise has achieved reductions of 40-80% of the landlords’ initial claims.

Landlord and tenant services

“Landlord and tenant” is a collective term which covers a number of specialist building surveying skills that we undertake including:

- > building surveys
- > schedules of condition
- > schedules of dilapidations
- > project management of building works
- > negotiations
- > expert witness

The firm

Gerald Eve LLP is a leading firm of chartered surveyors and property consultants operating from a network of nine offices across the UK. We have achieved one star accreditation and are classified as a ‘first class place to work’ by The Sunday Times Best Companies to Work For’ survey.

Our clients – including 40 per cent of the FTSE100 – hold some of the largest property portfolios in the country. We provide advice to ensure that our clients’ operational and non-operational properties cost them as little as possible and deliver the maximum return possible.

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