

Coronavirus Advice for Businesses – 9 April 2020

COMMERCIAL RENT DEFERRAL

To support UK businesses, the Government has confirmed that commercial tenants who are unable to pay their rent due to disruption caused by the Coronavirus pandemic will not face eviction.

The Government had already banned evictions on private residential tenants but has now confirmed that the three-month moratorium on evictions and debt enforcement will be extended to cover commercial leases as well.

Although many commercial landlords and tenants are already coming to voluntary arrangements about rental payments, the Government is taking steps to support businesses struggling with their cash flow due to Coronavirus who are concerned about the prospect of debts and possible eviction.

The new measures confirmed in the emergency Coronavirus Bill ensures that no business will be forced out of their premises if they miss a payment in the next three months.

However, tenants will still be liable for the rent due in arrears after this period and the Government has said it is actively monitoring the impact on commercial landlords' cash flow to ensure their operations are not put at risk. Landlords (residential and commercial) are able to ask any mortgage provider for a 3 month repayment holiday.

It is not yet clear how tenants will be expected to repay deferred rent payments and this might differ from one lease to another, but a variety of options may be available, including:

- Extending the length of the lease to cover the time lost
- Distributing the lost rental income across the entirety of the remaining lease period
- Increasing rents in future to make up for any loss.

Tenants and landlords must discuss these options and agree on the future arrangements of the lease.

If you are affected by this change then you should seek advice at the earliest opportunity.