

Landlord's Intention Must Be Long Term

When a tenant's lease is governed by the Landlord and Tenant Act 1954, the landlord has limited grounds for refusing to renew the lease. One possible ground is that the landlord wishes to make use of the premises for its own business purposes.

In a recent case, a tenant who had applied for a new lease had his application opposed. The landlord argued that he wished to use the premises in order to run a retail news agency. He offered to give an undertaking that he would not use the premises for any other business purpose for a period of two years.

The tenant believed that the landlord wished to have possession of the premises so that he could sell them, even though the property was not on the market and no prospective buyer was in place.

The legislation does not specify for how long a landlord must intend to occupy premises for the purposes of his business in order to be able to oppose the renewal of a lease. However, the Court of Appeal considered that if the landlord's intention was to sell the property within five years, he did not intend to occupy it for a long enough period to satisfy the 'for the purposes of his own business' condition.

The undertaking offered by the landlord merely prevented him from running any other type of business and was limited to two years. It did not require the landlord to trade and the landlord had closed an adjacent business he owned.

On the balance of the facts before it, the Court ruled that there was sufficient ground for doubting the landlord's intention to use the property for his own business purposes and the application to refuse a new lease to the tenant therefore failed.

Landlords who wish to obtain possession of leases covered by the Act can expect the courts to adopt the five-year time period referred to above as a rule of thumb for determining whether or not they have successfully made out the case that they require the premises for the purposes of their own business.