

# DILAPIDATION SERVICES

A TENANT'S GUIDE

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# DILAPIDATIONS

## WHAT IT MEANS

As a tenant, you will be familiar with the costs of rents and rates. However, there are additional costs associated with leases, including dilapidations. These can add significantly to the financial aspects of any lease. In this guide, we set out the extent of those obligations and show how, with the right planning, tenants can minimise costs.





## WHAT ARE DILAPIDATIONS?

“Dilapidations” generally refers to the tenant’s obligations to repair and redecorate a landlord’s property at the end of their lease. A landlord should issue a schedule of dilapidation charges at this time.

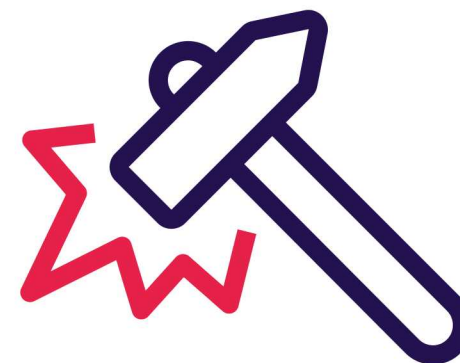
The charges are limited to the diminution of the value of the property being returned to the Landlord.



## WHAT CAN BE DONE TO MITIGATE AGAINST DILAPIDATION CHARGES?

When signing any lease, you should seek professional advice regarding the likely impact of dilapidations charges.

It is vital to agree a schedule of condition at the start of any lease, which will accurately record the condition of the premises at Lease commencement. The repairing covenant can then be limited to no better than that at lease commencement.

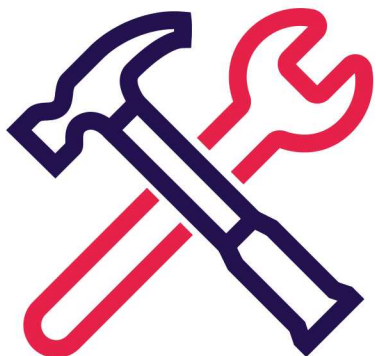


## IF DAMAGE TO YOUR LEASED PROPERTY OCCURS

If damage occurs, you need to consider dilapidations well ahead of lease expiry. You should appoint appropriately qualified advisors who can assess the level of liability and open discussions with the landlord. This will help reach an amicable solution, which might include undertaking the works or a cash settlement.

It is good practice to keep on top of dilapidations. Repairs are best dealt with annually to avoid a backlog of repairs at lease expiry, since this can lead to unexpected cash flow problems.



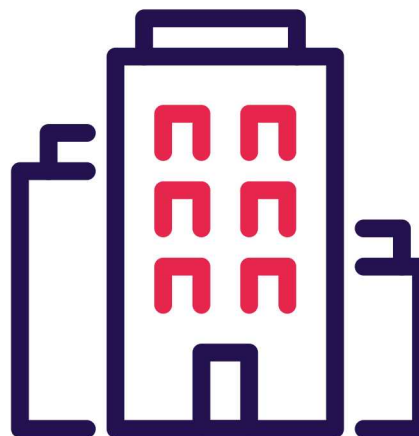


## ALTERATIONS TO A LEASED PROPERTY

Dilapidations are not the same as alterations to a leased property.

If you alter a property, you will usually be liable to “reinstatement” – in other words, to put the property back into the condition and layout of at the start of the lease. The extent of the reinstatement works will be set out in any Licence for Alterations you may have agreed, and are obligatory.

Dilapidations are usually limited to the diminution of the value of the property being returned to the Landlord, however re-instatement clauses are obligatory and the Landlord can demand money in lieu of reinstatement works even if the alterations are an improvement to the value of the freehold property.



## LIMITING YOUR LIABILITY

It's essential that you, as tenant, understand the Landlord's intentions for the property at lease end, since this can influence your liability.

For example, if a Landlord intends to re-let the property and there are dilapidations, the tenant is liable for repairs or paying for repairs. However, if the Landlord intends to carry out significant alterations to the property (converting an office into a residence, for example) then a tenant would not be liable, since repairing the building would have no value once the conversion was finished.

## CONTACT US

Our Building Consultancy team are experienced professionals who specialise in advising both owners and occupiers on legal and valuation issues that surround dilapidation claims upon the expiry of a commercial or residential lease.

We typically reduce tenant liabilities by an average of 40%-45% and can support clients at every stage throughout the dilapidations process – from initial lease advice and preparing a Schedule of Condition, to negotiating break clauses and disputes. Operating from locations across the UK and with core offices in Leeds, Newcastle, Manchester and London, we have full national coverage with expertise available locally.

Request a **free quote** or a call back from a trusted Dilapidations expert. Complete the short form available online and one of our team will call you to discuss your requirements.

Alternatively for more information, please contact Ian Harrington on **0113 209 1039**

The logo for Eddisons, featuring the word "Eddisons" in a white, sans-serif font. A small red square is positioned above the letter 'i'.