

Schedule of Conditions for Commercial Premises

INTRODUCTION

We are going to look at Schedule of Conditions and the effect that we find it has on Commercial leases. We will consider in our experience the problems that can arise which we have seen when carrying out Commercial surveys of properties due to new tenants taking up a leases for however many years due to new business plans that a tenant may have be it any kind of business.



SYNOPSIS

We are going to look specifically at the problems and issues we have found with tenants taking up a lease which can vary from any number of years and can change the effect that dilapidations have on tenants during or at the end of a lease. We are also going to speak more widely about experiences we have had with Schedules of conditions reports in tenant leases and its effect on property, and also going to advise you of research if any which has been in this area, i.e. Learned Institutes or Bodies such as Royal Chartered Institution of Surveyors, we may even look at Wikipedia but we will not take it as gospel!

CONSTRUCTION SUMMARY

To give you a flavour of the property that we are going to be considering, here is the construction summary.

External summary

Brick Building with a flat Georgian type of roof not visible from ground level, building was about 5000 square metres large formerly used as a laundry before the last World War.

Internal summary

Tiny commercial premises with double glazed front with PVC panels, set off a corridor of common areas leading to neighbouring commercial suites of offices, all based off a long corridor with natural light and reception upon entrance to building.



Ceilings Suspended ceiling tiles

Walls Blockwork and Plasterboard

Floors Carpets and laminate flooring

Staircase Steel leading to tiny 1st floor space

Kitchen fitted on ground floor

Standard fixtures and fittings to be removed.

As mentioned we are going to look at the Schedules of conditions during tenant leases, we relate it back to a specific example that we have surveyed recently when an educational establishment who provides public sector training for the unemployed took up a lease for this tiny commercial premises described. This will show you just how important we think it is to have a Schedule of condition during a Commercial Survey or as part of a Commercial Survey carried out.

We have used the term assumed' as we have not opened up the structure.

EXECUTIVE SUMMARY

Executive summaries are always dangerous as they try and encapsulate relatively complex problems in a few precise and succinct words. Having said that here is our executive summary and recommendations:

For those short of time, just like we have in our building surveys we have an Executive Summary here which identifies the main issues with a brief explanation.

What is the background to having a Schedule of Condition?

We often find that a lease can involve ongoing dilapidations during the lease, or dilapidations at the end of the lease. This involves a landlord serving notice on a tenant for repairs which can be often exaggerated! Therefore we often advise a tenant has a Schedule of condition that limits the liability they have imposed on them by the Dilapidations Notice.



Our tenant in this circumstance was a manager for an education health provider to the unemployed and had a lease that meant her liability would be for the internal redecoration and repairs of the building. Therefore we offered a Schedule of Conditions for the small office unit which was only about 500 square feet. Although it was a Schedule of Condition this could have saved our tenant thousands of pounds in the future when the liability can be exaggerated by the landlord and a Surveyor that they may employ. Can you imagine what would have happened if a schedule of conditions were not done, at the end of the lease what would the tenant refer to protect her from a notice served by the landlord?

Recently we have found that Landlords have not had any works done for repairs to their commercial buildings and tenants leave, however many tenants do not know that a Dilapidations Notice can be served up to four years after a lease ends under legislation! Without a Surveyors Schedule of Condition they could face problems in finding the money to pay for repairs that may be beyond liability!

For further information regarding dilapidations we refer you to our dilapidations lectures on www.DilapsHelp.com