



**Commercial Lease
Specialists**

INFORMATION SHEET

Tenant Wants a Shorter Renewal Period?

What happens when a tenant has a right of renewal for, let's say, five years but comes to the landlord and says that they only want to renew for one year.

This has become increasingly often the case in these uncertain economic times and presents a real dilemma for landlords.

A right of renewal is exactly that. A right that the tenant has (not the landlord) to demand that the lease is extended for a further period. The way we word the right of renewal clause is so that the tenant must jump through a certain number of hoops before they can exercise that right but provided they meet all of the criteria then the landlord cannot refuse to allow the tenant to exercise that right.

The words "that right" are important here because when the original lease was negotiated the tenant was given a right to demand a certain fixed period of years (eg five years). If they want something other than that period then they have no right to demand anything else. They can only demand the right that they were given at the time the lease was entered to.

When a tenant comes to a landlord and asks for something other than the right of renewal as set out in the lease then the landlord is obviously free to sit down and negotiate with the tenant but at the end of the day if no agreement can be reached the landlord can say to the tenant - you take the five years that was originally your right or you leave. They have no right to demand anything else. Of course, in today's commercial climate landlords would be silly not to sit down with their tenants and try to negotiate an outcome that suits both parties. But they are under no obligation to give the tenant anything other than exactly what was specified in the original lease.

Legally Binding Documents

Reasonable Fixed Fees

Documents in 48 hours

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