



OVERVIEW OF RESIDENTIAL LEASES

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Recently the national media has reported that it is getting increasingly difficult for Millennials to own their own homes. Based on current trends, up to half of all Millennials could be renting into their 40s and a third by the time they claim their pensions. At present 40% are renting privately at age 30, which is double the rate for Generation X, and four times that of the Baby Boomers.

Whilst the above relates to the UK, it is fair to say that in Guernsey the number of rented properties has increased dramatically over the past 5 to 10 years, partly due to a slower housing market compared to previous years, and lower interest rates making buy to let properties more attractive for investors.

If you are looking at renting your first property you will need to be aware of the terms and status of your tenancy.

It is likely that you will find the property through an estate agent.

Most, if not all, agents will have a lease prepared either by them or the landlord. This is the written document that constitutes a legal contract setting out the terms of your tenancy, and will be signed by both the tenant and the landlord.

The main terms of the lease will state the name of the parties and the property, the term (duration) of the lease, the amount of rent payable and when it is due. It will also set out the rights and obligations of both the landlord and tenant, and what will happen in the event of non-payment of rent or other disputes.

So what should you look out for as a tenant?

1. First and foremost do not sign anything before reading the lease carefully. If you do not understand any of the terms you should ask. Whilst the agent will be helpful you must remember that they are acting for the landlord and so while they may assist you, they will not be able to advise you.
2. Check that the amount of rent is correct and when it is due. There will usually be interest payable for late payment. More importantly non-payment of rent will constitute a fundamental breach and may allow the landlord to terminate the lease.
3. Factor in your costs. You will be expected to pay for your outgoings, such as electricity, telephone and water, as well as occupier's rate. Usually the landlord will pay the TRP.
4. Most landlords will require a deposit of some sort. Make sure that it is a reasonable amount (1 month deposit for a 1 year lease is quite normal). Check carefully how it is held and how it may be used by the landlord. Most short term leases are quite light on this point.
5. What are the repairing obligations? Most residential leases are short term, usually one year, which sometimes allow a tenant to

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renew. These types of leases should be “internal repair” only – in other words the tenant will be expected to maintain the interior, and the landlord the exterior and structure.

6. What is the current state of repair and what contents are there? You should not be expected to put the premises in a better state of repair than its current condition. A photographic schedule of condition is recommended, which may avoid disputes at the end of the lease.

7. Check your obligations at lease expiry. You may be required to have carpets or ovens professionally cleaned.

Whilst most landlords will require references for tenants, it is a good idea to find out about the landlord if you can. Do you know anyone who has rented from them before? Maintaining a good relationship is key to a successful tenancy and can really help if any issues arise during the term of the lease.

The above is a very brief summary of some of the issues for short term residential leases. Longer term residential leases will vary, and commercial leases are on a whole different level and will require much more detailed advice and guidance. Advice is strongly recommended.

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