

Dilapidations & Loss Of Rent: Lost In Translation

James McAllister, Director of The Dilapidations Consultancy, explores the oft misunderstood Loss of Rent claim in dilapidations.

[Abstract]

Loss of Rent is perhaps the most misunderstood and misplaced aspect of any dilapidations claim. This has become more prevalent in recent years, fuelled by the economic climate and an ever-increasing need for landlords to stem the inevitable loss they will suffer by owning a vacant property. But is the loss of rent claim ever actionable? If so, when?

Many landlords, and indeed their surveyors, see the loss of rent claim as a means of compensating the landlord for the rental void that will invariably follow the outgoing tenant's departure at the end of the lease. This is most commonly applied in situations where the tenant vacates without fully observing their repairing obligations under the lease, leaving a dilapidations claim to be 'negotiated'. The landlord (ably encouraged by his surveyor) will usually include, as part of this claim, an allowance for 'loss of rent'. This allowance being a crude computation of the time in weeks it would take a hypothetical contractor to undertake the works the tenant *should have done*, multiplied by the weekly rent. Depending on the extent of works claimed and the passing rent, this could range from being a minor embellishment to the original claim, or could even eclipse the core value of the building works altogether. Some landlords and their poorly researched surveyors even opt to include loss of rent for the ensuing void period following vacation by the outgoing tenant.

It is therefore not difficult to see why the loss of rent element of a claim is irresistible to landlords as a further tool for bolstering the claim; but it is perhaps equally clear to see why such a claim is so rarely successful.

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