



Disaster Recovery Fact Sheet Commercial Leases & Natural Disaster Issues

▼ CHAMBER OF COMMERCE AND INDUSTRY QUEENSLAND FACT SHEET

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COMMERCIAL LEASES & NATURAL DISASTER ISSUES

If your business operates from leased premises, and the premises are damaged during a natural disaster, you may wish to seek a reduction in rent or other fees. No two leases are the same with different protection awarded under different clauses. It is important that you understand what these clauses say and what your rights are as a tenant.

TYPES OF LEASES

There are many different types of leases including:

- Commercial Tenancy
- Retail Shop Lease
- General Commercial Lease
- Industrial Lease

PROTECTION PROVIDED FOR TENANTS

In clause 11.1(1) of the REIQ Commercial Tenancy Agreement (edition EF024 of 07/00), a landlord must reduce the rent and any other amounts owing to the landlord by a reasonable amount depending on the type and extent of the damage to the premises.

Alternatively you may be bound to undertake and pay for any repairs to your business premises because of a natural disaster. But conversely the landlord may be liable and responsible in this regard.

Notwithstanding the above paragraph the parties may wish to agree to terminate the lease because of any issues related a natural disaster.

Also, your business premises may not be occupiable by virtue of the natural disaster and the Courts have deemed that some tenants may be released from liability under the lease which would enable you to find new premises. Some premises may require demolition and this issue may then affect you.

Other factors that come into play are the insurance policies held by the landlord and tenant and any indemnity and exclusion clauses.

HOW CAN I CONFIRM MY LEGAL RIGHTS?

It is important that you have your specific individual lease document reviewed by an experienced commercial lawyer to ensure that you understand the relevant clauses of your lease.

CCIQ Law's Senior Lawyers can help you in these very difficult times to understand your rights. We are here to assist all parties (namely business owners, landlords and/or tenants) with any issues you may experience following a natural disaster.

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