

COVID-19 AND LEGAL ASPECTS OF THE SPANISH REAL ESTATE MARKET

EXTENSION OF LEASE CONTRACTS

The real estate market in Spain, especially in cities like Madrid and Barcelona as well as the coastal areas, is highly competitive and difficult to deal with especially for Expats and other foreigners.

Recently, many tenants, whose lease contracts expire within the period of the state of emergency declared by the Spanish Government due to the coronavirus, are forced by their landlords to either leave their rented apartment or house according to the regular termination of the contract, even though they could hardly find any alternative due to the restrictions of the state of emergency, or they are "generously" offered to stay for sometimes disproportionate amounts of money, as sometimes, the landlords had already planned to rent the property otherwise; now in summer mainly to tourists.

So, do the tenants have any rights in those circumstances?

The answer is easy and positive: By means of the Royal Decree-Act 11/2020 of 31 March, which stipulates *urgent complementary measures on the social and economic field in order to face COVID-19*, the regular **lease contracts expiring during the state of emergency and its prolongations, including the period of two months afterwards, can be extended for a maximum of six months.**

However, the contract will not extend automatically. The tenant must notify the landlord an application of extension, but the landlord is obliged to accept it by law. Such extension will be done under the **same terms and conditions stipulated in the original contract**, so that the landlord is neither entitled to oppose the extension of the contract, nor can he claim a higher rent, or any other payment not foreseen in the original contract.

Concluding, no tenant, whose lease contract expires during the state of emergency and within two months afterwards, will be in the necessity of looking for an alternative accommodation and does not have to accept any increase of the rent.

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