

Law No. 49-16 on Leases of Buildings for Commercial, Industrial or Craft Use

Reference: Dahir No. 1-16-99 of 13 Chaoual 1437 (18 July 2016) promulgating Law No. 49-16

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Practice areas: Commercial law and debt recovery, Real estate and land law, Business law

Law 49-16 replaced the 1955 Dahir on commercial leases. It requires a written lease, grants the tenant a right to renewal after two years of occupation, and regulates eviction and the related compensation, rent review, subletting and assignment of the lease.

Scope and form

- Applies to premises in which a commercial, industrial or craft business is operated, under a written lease with a certain date (Arts. 1 to 3).
- A jointly prepared inventory of fixtures is mandatory on taking possession.

Right to renewal and eviction

- The tenant is entitled to renewal after two years of actual occupation (Art. 4).
- A landlord who refuses renewal must pay eviction compensation equal to the loss suffered (value of the business, moving costs, loss of customers), except on legitimate grounds: non-payment, unauthorised change of activity, damage to the premises, demolition and reconstruction (Arts. 7 and 8).
- A reasoned notice to quit served by extrajudicial act, with fifteen days' notice for serious grounds, and a validation procedure.

Rent and assignment

- Rent review under Law 07-03 (every three years, capped at 8% or 10% depending on use).
- Assignment of the lease together with the business without the landlord's consent, subject to notification (Art. 25).

Key articles

ART. 4

The right to renewal of the lease is acquired by a tenant who proves occupation of the premises for two consecutive years, under one or more successive leases.

ART. 7

The landlord may refuse to renew the lease provided that it pays the evicted tenant eviction compensation equal to the loss caused by the failure to renew.

Points to watch

- Without a written lease, the tenant loses the protection of Law 49-16: put any oral lease in writing.
- A formal notice to pay with a fifteen-day deadline is an essential prerequisite to eviction for unpaid rent.
- Eviction compensation is negotiated on the basis of an expert valuation; plan ahead for the valuation of the business.

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