

Insights

THE BAN ON UPWARDS ONLY RENT REVIEWS

WHERE ARE WE NOW AND WHAT WILL HAPPEN NEXT?

Apr 24, 2026

SUMMARY

Since our initial analysis last Summer, the Bill has moved through Parliament at a faster pace than many anticipated. Here we take stock of where things stand and what landlords, tenants and the broader industry need to be thinking about now.

BACKGROUND

The Government introduced the English Devolution and Community Empowerment Bill into the Commons on 10 July 2025. Amongst other matters, the Bill seeks to reignite a Labour policy last seen at the turn of the century - a ban on upwards only rent review (**UORR**) mechanisms in business leases. Ultimately the Bill will achieve this by amending the Landlord & Tenant Act 1954 (**the 1954 Act**).

WHAT WOULD THIS MEAN IN PRACTICE?

Which landlords?

The ban would affect all landlords, irrespective of sector.

When the Bill was first proposed there was some press indicating it may have focused on retail, but as drafted it applies across the board.

Which leases?

All business leases (even those that are contracted out of the security of tenure provisions of the 1954 Act) granted from the effective date will be caught, provided that the tenant is, or could potentially be, in occupation of the premises for the purposes of their business at the time of the review. The permitted use stated in the lease is key here.

The following **will** be caught:

- + New leases including renewal leases (pursuant to the 1954 Act or otherwise) granted on or after the effective date;
- + Put and call options - where a tenant is contractually obliged to enter into a lease or a landlord is obliged to grant a lease at a future date, whether contained in a lease or in a standalone document - are also within scope where that contract/arrangement was entered into on or after 17 March 2026. **Note: This retrospective element is a significant amendment introduced by the Government which seems likely to survive the remainder of the parliamentary process in its current form;** and
- + Underleases that are granted post the effective date even where the relevant head lease (granted before the effective date) provides that underleases must contain UORRs. In this scenario the tenant and undertenant will be expected to agree an alternative review basis that does not include an upwards only element. The landlord may not insist on a particular alternative in this scenario (though it is open to them to approach the head tenant to vary the head lease to replace the UORR requirement with its preferred alternative).

The following **will not** be caught:

- Existing Leases - leases currently in place (unless they are varied to include UORR provisions);
- Agreements for Lease - leases granted pursuant to Agreements for Lease exchanged prior to the effective date;
- New Leases (including reversionary leases) - granted before the effective date; and
- Put and call options - where a tenant is contractually obliged to enter into a lease or a landlord is obliged to grant a lease at a future date, whether contained in a lease or in a standalone document where that contractual arrangement was entered into before 17 March 2026,

but underleases granted post the effective date out of any of these leases will be within scope (for the reasons set out above).

Which rent reviews?

Open market, index-linked and turnover rents would all be affected to the extent that they contain an upwards only element. Conversely, fixed stepped rents would be outside the scope of the ban - as they are by their nature pre-determined.

Can you contract out as per security of tenure?

No, and there are anti-avoidance provisions. There are also provisions in the Bill that allow tenants to trigger reviews and enable them to happen effectively, if leases have been drafted to prevent that.

What happens if a lease within scope contains an upwards only rent review?

Variable rent reviews can still be used in leases, but if they contain upwards only elements, the upwards only element will be ignored - the rest of the provision will remain.

In these cases if the remainder of the review mechanism would result in a lower rent - due to a falling rental market, deflation or a drop in the tenant's turnover, for example - the reviewed rent will be reduced to that lower figure.

Timings and the Effective Date - what we know so far

Timings are difficult, as ever, to predict and the rent review section is a relatively small part of this Bill. The Bill has now entered the "ping-pong" stage where the Commons considers the Lords' amends and vice versa. That said, Royal Assent within the next few weeks or months (subject to parliamentary recesses over May half term and the Summer holidays) now appears likely.

However, the legislation's effective date (otherwise known as commencement) is a separate question from Royal Assent. This is because the Government confirmed that the Act will not come into force until it has completed a consultation on the impact of caps and collars. The Act is therefore likely to provide for an effective date or dates to be appointed by the Secretary of State via Regulations - pushing the practical operation of the Act out until 2027 or even 2028.

This could result in the creation of a twilight zone where leases are going to ultimately be within scope but, feasibly, UORRs may still take place prior to the ban biting, e.g. prior to the effective date of the ban.

What impact might the Act have?

The prohibition creates concerns for landlords who have traditionally relied on UORRs for income certainty. They now face the prospect that income can decrease if market/economic conditions deteriorate.

The ban could affect property valuations, and lenders may be more cautious given that the rental income stream their borrowers' assets generate could reduce over the term of a lease.

What should landlords be doing now?

Leases granted before the effective date will be outside of scope and so some deals may be restructured to include longer initial lease terms or even a series of reversionary leases rather than,

for example, a lease with a contractual renewal right (since this would now fall foul of the new 17 March 2026 date for options and renewal arrangements).

The twilight period before the effective date(s) adds further complexity, and the consultation on caps and collars could yet alter the shape of the final regime.

Remember that leases being granted now, whilst outside scope, may contain underletting provisions that would fall foul of the Act - parties should consider whether there should be different rent review mechanisms within those provisions.

The industry should bear in mind that UORRs are not a common phenomenon outside of England & Wales and other jurisdictions have other solutions. Ultimately the market will react to the ban by introducing different ways to structure rents. That may mean a change to the level of landlords' incentives offered on the grant of a lease, it could mean shorter terms or a heavier reliance on stepped or index linked rents. The market will also need to adjust to dealing with rents with valid UORRs alongside those without it.

We will continue to monitor developments closely. Please do not hesitate to get in touch with a member of our team if you would like to discuss what these changes might mean for your business, whatever its sector.

RELATED CAPABILITIES

- Real Estate
- Commercial Real Estate

MEET THE TEAM



Victoria Duxbury

Co-Author, London

victoria.duxbury@bcplaw.com

[+44 \(0\) 20 3400 3190](tel:+442034003190)



Harriet Raff

Co-Author, London

harriet.raff@bcplaw.com

[+44 \(0\) 20 3400 4217](tel:+442034004217)



Chris Rowe

Co-Author, London

chris.rowe@bcplaw.com

[+44 \(0\) 20 3400 4589](tel:+442034004589)



Elasa Mastin

Co-Author, London

elasah.mastin@bclplaw.com

+44 (0) 20 3400 2237

This material is not comprehensive, is for informational purposes only, and is not legal advice. Your use or receipt of this material does not create an attorney-client relationship between us. If you require legal advice, you should consult an attorney regarding your particular circumstances. The choice of a lawyer is an important decision and should not be based solely upon advertisements. This material may be “Attorney Advertising” under the ethics and professional rules of certain jurisdictions. For advertising purposes, St. Louis, Missouri, is designated BCLP’s principal office and Kathrine Dixon (kathrine.dixon@bclplaw.com) as the responsible attorney.