



Ministry for Communities, Housing and Local Government evidence on prohibiting upward only rents on commercial leases from the English Devolution Act.

Response from Propertymark

June 2026

Background

1. Propertymark is the UK’s leading professional body for estate and letting agents, property inventory service providers, commercial agents, auctioneers and valuers, comprising over 19,000 members representing over 12,800 branches¹. We are member-led with a Board which is made up of practicing agents, and we work closely with our members to set professional standards through regulation, accredited and recognised qualifications, an industry-leading training programme and mandatory Continuing Professional Development.

Overview

2. The English Devolution and Community Empowerment Act, proposes a significant reform to the commercial property sector by banning upward-only rent review clauses in new business leases in England and Wales. These clauses, which have traditionally ensured that rents can only increase or remain unchanged at review, would no longer be enforceable, allowing rents to move downwards where market conditions justify it. The Government has argued that the measure will help create fairer leasing arrangements, support businesses on high streets and improve access to commercial premises, while critics have warned of potential impacts on property values, investment confidence and development activity.
3. In response to the proposals, Propertymark has gathered feedback from its network of commercial property agents to better understand the likely implications for landlords, tenants and investors. Members have raised concerns about the effect that removing upward-only rent reviews could have on investment decisions, lending and property valuations, while also highlighting the need for careful implementation and industry engagement to avoid unintended consequences for the commercial property market. Propertymark is using this evidence to inform its policy response and engagement with government as the Bill progresses through Parliament.

Overview and Need for Consultation

4. Propertymark recently met with commercial property agents to discuss provisions within the English Devolution Act, which received Royal Assent on 29 April 2026. While many aspects of the legislation were broadly understood, significant concerns were raised regarding the proposal to prohibit upwards-only rent review clauses in new commercial leases in England and Wales.

¹ [The professional body for the property sector | Propertymark](https://www.propertymark.co.uk)



5. Members understand that this measure will require secondary legislation and is unlikely to come into force before 2027. There was a strong view across the sector that any implementation must be subject to robust and detailed consultation with commercial property professionals and investors. We would be happy to support consultation with commercial agents at a later date.

Impact on Investor Confidence and Town Centre Regeneration

6. A key concern raised by members was the potential impact on investor confidence, particularly within the retail sector and town centres. Members noted that upwards-only rent review clauses have traditionally provided landlords and investors with a degree of certainty over long-term income streams. Without that certainty, there is concern that family trusts and other long-term investors may choose to direct investment away from retail and high street property into sectors perceived to carry lower risk.
7. Members warned that town centres, which are already facing significant economic pressures, rely heavily on sustained private investment for redevelopment, refurbishment, and ongoing maintenance. Reduced confidence in rental income could therefore undermine regeneration efforts and further weaken the viability of high streets.

Implications for Mixed-Use Properties

8. Concerns were also raised regarding mixed-use properties where residential accommodation is located above commercial premises. Members explained that the commercial rental income from the ground floor often supports the viability and maintenance of the wider building. Greater volatility in commercial rents could therefore affect the financial sustainability of these properties and place additional pressure on smaller landlords who own mixed-use assets in town centres and local parades.

Risks of Market Manipulation and Rent Review Evidence

9. Another significant issue discussed was the possibility of tenants influencing market evidence in a way that could artificially suppress rents at review. Members referred to examples involving leisure parks or retail parades where a small number of occupiers may collectively seek to reduce rental values across neighbouring units.
10. There was concern that tenants in adjoining premises could work together, intentionally or otherwise, to establish lower comparable evidence that would then affect future rent reviews across an entire scheme. Members also expressed concern that surveyors involved in rent review negotiations may come under greater pressure to justify lower valuations, which could further distort the market. The view was expressed that the current upwards-only framework provides a degree of stability and helps to limit opportunities for coordinated downward pressure on rents.

Potential Consequences for Business Rates Revenue



11. Members also questioned how more frequent downward rent adjustments would interact with the business rates system. As commercial rents are commonly reviewed every four or five years, there is concern that lower rental values could lead to significant reductions in rateable values over time.
12. Questions were raised as to whether the Valuation Office Agency would adjust assessments following each rent review cycle and how quickly any reductions would feed through into business rates liabilities. Members noted that substantial reductions in rateable values could ultimately reduce income for local authorities and the Treasury, potentially creating wider financial implications for public services and local government funding.

Increased Use of Side Letters and Informal Arrangements

13. There was also concern that banning upwards-only rent review clauses may encourage greater use of side letters and informal arrangements between landlords and tenants. Members suggested that leases could increasingly record artificially low headline rents in order to influence future rental evidence, while separate side agreements would require tenants to pay a higher actual rent.
14. It was argued that this could reduce transparency within the market, distort comparable evidence, increase legal complexity and create additional difficulties around enforcement and dispute resolution.

Growth of Turnover-Based Rent Models

15. Some members anticipated that landlords may respond to the reforms by making greater use of turnover-based rents. While this may be manageable for larger national operators with sophisticated accounting systems, concerns were raised that smaller independent businesses would struggle with the additional administrative and reporting requirements associated with turnover rent arrangements. Members noted that this could place smaller occupiers at a disadvantage and increase reliance on accountants, auditors and specialist advisers.

Reliance on Index-Linked Rent Reviews

16. Questions were also raised about whether landlords would instead seek to rely more heavily on index-linked rent review mechanisms, such as Retail Price Index or Consumer Price Index reviews. Members pointed out that these approaches may not properly reflect local market conditions and could still result in rents increasing even where tenant trading performance is weak. There was therefore some doubt as to whether the proposed reforms would achieve the intended objective of improving affordability and flexibility for occupiers in practice.

Conclusion

17. Overall, Propertymark members considered that the proposed removal of upwards-only rent review clauses represents a significant intervention in the commercial property market with potentially far-reaching consequences. There was a clear view that comprehensive consultation with the sector will be essential before any secondary legislation is introduced, alongside detailed assessment of the likely impact on investment, valuation practices, business rates income, town centre regeneration and market transparency.