Boodle Hatfield.

Boodle Hatfield Property Insights

August 2026

The legal framework governing property ownership continues to evolve at pace. For owners, the key challenge is not any single reform, but rather the cumulative effect of a number of overlapping changes. While some reforms are already in force, many remain subject to consultation or await implementation. This update highlights the principal developments and the direction of travel.

Ban on upwards-only rent reviews

In April 2026 the **English Devolution and Community Empowerment Act 2026** received Royal Assent, introducing a ban on upwards-only rent reviews in business tenancies. The relevant provisions are not yet in force and are expected to commence in 2027 at the earliest, subject to secondary legislation.

The ban will apply to both new and renewal commercial leases once in force. Provisions in existing leases will generally remain unaffected, although there will be a limited retrospective element affecting certain renewal arrangements entered into on or after 17 March 2026.

Traditional mechanisms such as open market or index-linked reviews will be permitted, if they can operate on both an upwards and downwards basis. Fixed or stepped rents are expected to remain permissible. The position on more complex mechanisms (such as caps and collars) remains under consideration.

Removing upwards-only reviews is a fundamental change to the way commercial leases have traditionally operated. Landlords and investors will need to revisit assumptions around income certainty and rental growth, particularly when looking at acquisitions, valuations, and refinancing.

For more information see:

- Understanding the ban on upwards-only reviews

David Rawlence, Commercial Real Estate Partner

Increased transparency of land control arrangements

A further significant development is the introduction of a new disclosure regime for contractual control agreement introduced under the **Levelling-up and Regeneration Act 2023**.

Details of certain agreements, including options, promotion agreements and conditional contracts will need to be registered at HM Land Registry, with key details becoming publicly available once the register is fully operational (currently anticipated to be late 2028).

The new regime applies to all new control agreements entered into on or after 8 June 2026. Variations to existing control agreements (where the variation affects registrable information) made after 6 April 2027 will also come within scope on that date and will require registration.

This marks a clear move towards transparency in an area traditionally characterised by confidentiality and may influence how developers and landowners choose to structure and negotiate such arrangements going forward.

For more information see:

- Disclosure of Contractual Control Agreements

Andrew Wilmot-Smith, Partner & Head of Real Estate

Reform of security of tenure provisions

Reform of Part 2 of the **Landlord and Tenant Act 1954** remains under active consideration.

The Law Commission published a consultation paper in November 2024: **Business tenancies: the right to renew - models of security of tenure** which sought views on proposals to modernise the legislation. The interim conclusions from the consultation were published in June 2026, with the conclusion being that the current "contracting out" model should stay, subject to a proposal to raise the threshold for tenancies within the scope of the Act from 6 months to 2 years.

A further consultation: **Business tenancies: the right to renew - modernising security of tenure** was published in June 2026, focusing on how the regime should operate in practice to improve clarity and efficiency. Proposals include simplification of the contracting-out process and updates to certain statutory grounds (including Ground F) to reflect modern development practices. The consultation is open until mid-September 2026.

Kate Symons, Residential Property Senior Associate

Reform of commercial leases

The 1954 Act is not the only Act to be under scrutiny from the Law Commission. A Consultation Paper: **Commercial leasehold: overcoming barriers to transactions** was published in June 2026.

The Consultation Paper focuses on issues that impact on commercial lettings, including the right of first refusal where a landlord proposes to dispose of certain assets, as provided in Part 1 of the Landlord and Tenant Act 1987, and the application of the Landlord and Tenant (Covenants) Act 1995 which releases the parties to a lease from future liability following assignment.

Although the review is not wholesale, the intention is to streamline transactions and reduce unnecessary complexity, delay and cost. Responses are required by 16 September 2026.

Kate Symons, Residential Property Senior Associate

Introduction of Martyn's Law

The **Terrorism (Protection of Premises) Act 2025**, referred to as "Martyn's Law" is another key but not yet operative reform. It is expected to come into force in Spring 2027 following a two-year implementation period.

The Act will require those responsible for certain publicly accessible premises and events to assess terrorism risks and put appropriate protective measures in place. The legislation is likely to be of particular relevance to owners and occupiers of retail, leisure, hospitality, mixed-use and event-space assets that regularly attract significant numbers of visitors.

The level of obligation will operate on a two-tier basis as set out below:

- A "standard tier" will apply where at least 200 people are expected to be on the premises at any one time.
- An "enhanced tier" will apply for larger premises and events where more than 800 people are expected to be present.

Statutory guidance was published in April 2026 to provide support for those within the scope of the Act, alongside additional material and resources published by the National Protective Security Authority.

For landlords, particularly in the retail, leisure and mixed-use sectors, the key issue will be responsibility. Leases will need to address whether compliance sits with the landlord, the tenant, or an operator, and how costs are shared. This is likely to influence both future lease drafting and day-to-day management.

Kate Symons, Residential Property Senior Associate

Tighter minimum energy efficiency standards (MEES)

Energy performance remains firmly on the policy agenda with the recent publication of the Government interim response to the 2019 and 2021 consultations on MEES for commercial premises.

The response sets out how the Government "intends to implement a targeted approach to strengthening the policy, focused on supporting businesses that rent larger premises by helping to cut energy costs and improve energy efficiency". The headlines of which are that:

- From 2031 an EPC of Band B or above will be required for commercial rented buildings over 1,000 square metres.
- Buildings below 1,000 square metres will continue to be subject to the current minimum standard of EPC Band E.
- The previously proposed interim EPC Band C milestone for 2027 will no longer be taken forward.
- Existing provisions, including the seven-year payback test, and current statutory exemptions will remain in place with the stated intention of ensuring that only improvements that are "practical, affordable and cost-effective" will be required.

Full details of the proposed measures will be set out in a further Government response to be published at the "earliest opportunity" and will require secondary legislation. The proposed introduction of the Band B requirement will undoubtedly focus attention on the need to review the energy performance of existing let properties and future acquisitions. In many cases landlords will not have the ability to carry out the necessary energy efficiency improvement works within the constraints of existing leases, meaning that, in practice landlords, will need to rely on the consent exemption and / or wait for the lease expiry before carrying out improvement works.

The proposed changes set out above only relate to non-domestic (commercial) let properties. A separate regime applies to domestic (residential) let properties; with domestic let properties set to require an EPC of Band C or higher from October 2030, alongside changes to the methodology used to prepare an EPC for a domestic property.

Sophie Henwood, Commercial Real Estate Partner

Residential reforms

Renters' Rights Act

Although primarily focused on the residential sector, recent residential reforms are increasingly relevant to commercial landlords including those with mixed-use portfolios.

The **Renters' Rights Act 2025** is the most significant change for the residential sector for some considerable time. Largely in force from 1 May 2026, the Act replaces assured shorthold tenancies with a single system of assured periodic tenancies.

Among the headline changes are the abolition of both fixed term tenancies and section 21 "no fault" evictions, the move to periodic tenancies that can be ended by the tenant on two months' notice and a shift to an annual statutory process for rent increases. Restrictions on demands for rent in advance and strengthened tenant rights (including in relation to pets) as well as measures to increase transparency and anti-discrimination in the letting process have also been introduced.

Importantly, the changes introduced by the Act have a retrospective effect and (with very limited exceptions) apply to existing tenancies as well as new ones.

The Act also lays the groundwork for the introduction of a Private Rented Sector database, a Landlord Ombudsman, and expanded housing standards, including the Decent Homes Standard and Awaab's Law.

While not yet fully in force, the direction is towards a more regulated and compliance-heavy regime, with greater emphasis on transparency and record-keeping, both of which come with associated costs.

For more information see:

- Renters' Rights Act: Key points for Landlords

High-Value Council Tax Surcharge

The Government's proposal for a **High-Value Council Tax Surcharge**, commonly referred to as the **Mansion Tax**, was announced in the Autumn Budget 2025, with a proposed commencement date of 1 April 2028. Under the proposals, an annual surcharge will be levied on residential properties in England valued at more than £2 million, with properties in the highest band (those valued in excess of £5 million) attracting an annual charge of £7,500. Despite the initial attention generated by the announcement, there has been little further indication of progress towards implementation.

In particular, the consultation process envisaged by the Government has yet to produce any substantive guidance on the scope or operation of the proposed regime. For owners of prime central London property, country estates and other high-value residential assets, the more immediate consequence of measures of this nature is often not the eventual tax burden itself, but the uncertainty created by anticipated valuation reviews, potential market reactions and the prospect of future legislative change. Until draft legislation is published and the outcome of the consultation process is known, the Mansion Tax remains a policy proposal rather than an enacted tax. Clients should therefore remain alert to developments, whilst avoiding significant transactional decisions based solely on speculation as to the form or timing of any future charge.

Saskia Arthur, Partner & Head of Residential Property

Leasehold reform and commonhold

The **Leasehold and Freehold Reform Act 2024** is intended to simplify the lease extension and enfranchisement regimes. Measures already in force include the removal of the two-year ownership requirement, whilst further reforms, including the introduction of 990-year lease extensions at a peppercorn are not yet implemented.

Although the commencement of several key provisions remains uncertain pending the ongoing legal challenge, the Government has seemingly signalled its commitment to progressing the reforms. In July 2026, it launched consultations on the valuation rates to be used in enfranchisement and lease extension claims, as well as the proposed exceptions to the new principle that each party should bear its own non-litigation costs. The outcome of these consultations is likely to shape the final form of the reformed regime.

Further reform is anticipated in relation to ground rents. The Government has indicated that it intends to cap ground rents in existing residential long leases at £250 per annum through the proposed **Commonhold and Leasehold Reform Bill**, with such rents reducing to a peppercorn after 40 years. In July 2026, the Government published a consultation seeking views on whether so called "quid pro quo" leases - where a leaseholder has agreed to pay a higher ground rent in return for a lower premium or other benefit - should be exempt, or treated differently under, the proposed cap. The outcome of that consultation may influence the scope of any future ground rent restrictions and reflects the Government's recognition that some ground rent arrangements may have formed part of a negotiated commercial bargain. However, neither the proposed cap nor any exemption regime is currently in force.

There is also renewed momentum behind the introduction or “reinvigoration” of the commonhold regime. The draft **Commonhold and Leasehold Bill** published in early 2026 forms part of a wider plan to make commonhold the default tenure for new flats, and an optional conversion for existing leaseholds.

Under the proposed modernised regime, unit owners would hold freehold commonhold interests and collectively manage shared areas through a commonhold association. The proposals build on earlier Law Commission recommendations and aim to address previous barriers to take-up. For commercial investors, particularly those involved in mixed-use developments, this could complicate management structures and reduce traditional control. More broadly, it raises questions for those relying on long leasehold income streams.

For more information see:

- Commonhold and Leasehold Reform Bill

Simon Kerrigan, Real Estate Partner

Looking ahead

Whilst no single reform is likely to transform the commercial property market, the developments outlined above collectively reflect a clear direction of travel towards greater regulation, transparency and accountability across the sector.

From rent review reform and enhanced disclosure obligations to more demanding energy efficiency standards, increased security requirements and significant leasehold reform, property owners are operating within an increasingly complex legal and regulatory framework.

Although the timing and final form of a number of these measures remain uncertain, owners, investors and developers should remain mindful of their cumulative effect and ensure that they are able to adapt and respond to the evolving legislative landscape.

This document is intended to provide a first point of reference for current developments in aspects of the law. It should not be relied on as a substitute for professional advice. If advice on a particular circumstance is required please contact your Boodle Hatfield lawyer.

Andrew Wilmot-Smith
Partner and Head of Property
+44 (0)20 7079 8138
awilmot-smith@boodlehatfield.com

Boodle Hatfield LLP

240 Blackfriars Road, London, SE1 8NW, DX 53 Chancery Lane
+44 (0)20 7629 7411 | bh@boodlehatfield.com | www.boodlehatfield.com

© Boodle Hatfield LLP 2026. Boodle Hatfield is not authorised under the Financial Services and Markets Act 2000 but we are able in certain circumstances to offer a limited range of investment services under the supervision of and regulation by the Solicitors Regulation Authority. We can provide these investment services if they are an incidental part of the professional services we have been engaged to provide.