

Tenants Cannot Invoke Rent Review

The courts have confirmed that where a lease stipulates that the landlord (only) can undertake periodic rent reviews, the tenants have no right to require a rent review.

In the case in question, the tenants had held a lease, since 1982, which had a clause allowing the landlord to undertake a rent review at seven-year intervals. Reviews had been undertaken in 1989 and 1996, bringing the rent to £375,000 per annum. Unusually, the review provisions allowed for a decrease as well as an increase in rent. Believing that the rent payable would fall if a review were undertaken in 2003, the tenants went to court to obtain an order for a rent review to be instigated when the landlord refused to permit one.

The tenants argued that if they were unable to require a rent review, the practical effect would be that the rent reviews would be 'upward-only', as the landlord had only to decline to carry out the periodic rent review for it to remain at the same level.

However, the judge was not persuaded that there should be a presumption that the clause should be exercisable by both parties when the lease specifically reserved the right to the landlord.

"This case demonstrates the old adage that you get what you negotiate, not what you deserve," says <<CONTACT DETAILS>>. "There is no substitute when negotiating any agreement for making sure that the wording reflects your intentions precisely. Failure to do so can be very expensive."