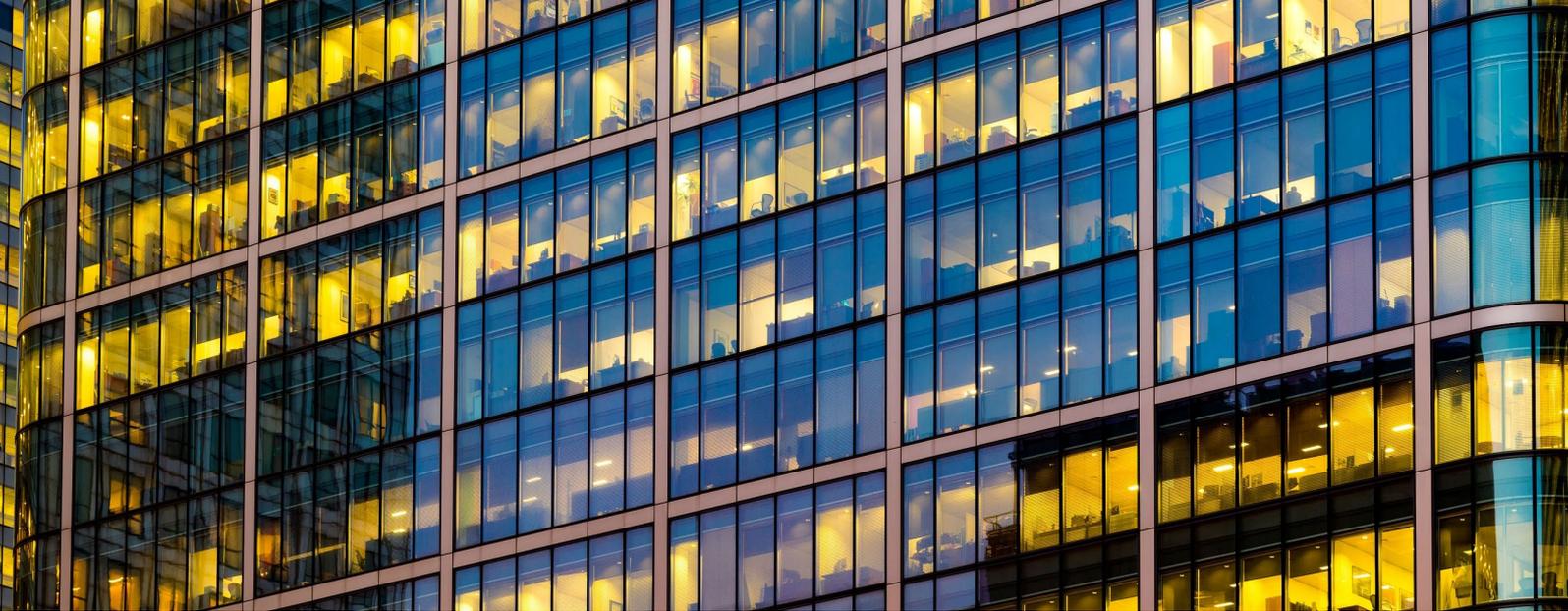


Key Legal Developments for Real Estate in England and Wales in 2026

January 2026



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The real estate sector in England and Wales faces a transformative year in 2026, with several significant legislative and regulatory changes reshaping the landscape for property owners, investors, and occupiers alike. This bulletin highlights some of the most significant anticipated developments. For more information, please contact [Warren Gordon](#), [Mark Haywood](#), [Marie Scott](#) or your other usual CMS Real Estate contact.

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1. Upwards only rent review ban for commercial property leases

The **English Devolution and Community Empowerment Bill** is currently going through Parliament. This Bill, among other matters, bans a mainstay of the market, upwards only rent reviews (“**UORR**”) in commercial leases. The political make-up of the House of Commons makes it quite likely that the ban on UORR will come into force, although the possibility of legal challenges cannot be ignored and the form of the legislation may have some changes particularly as it progresses through the House of Lords (it is currently at Committee stage in the Lords and the first Grand Committee debate on the relevant provisions was set for 20 January 2026). No timing is set for when this would come into force, but the fact that there is so much other substantial material in the Bill (unconnected to rent review) is only likely to delay matters. At the end of August 2025, the BPF stated that the expectation is that there will be a technical consultation on the proposals in early 2026 and that the proposals will not come into force until at least 2027.

Here is our Law-Now [Upwards only rent review ban – update to Bill and tenant impacts](#)

2. Renters’ Rights Act 2025

On **1 May 2026** key parts of the **Renters’ Rights Act 2025** (“**2025 Act**”) come into force and apply to England only. This includes the abolition of (residential) assured shorthold tenancy agreements (which has retrospective impact with existing assured shorthold tenancies (“**AST**”) becoming assured periodic tenancies (“**APT**”)), contractual rent review provisions and Section 21 notices. From 1 May 2026 there will also be implementation of the ban on advance rent and rental bidding, anti-discrimination provisions, increased fines and the changes to pet consent. PBSA tenancies are an exception for new tenancies, but there is a transition period when the 2025 Act’s changes will affect existing PBSA tenancies. It is anticipated that the PRS Ombudsman and PRS database will be introduced in late 2026 as a second phase. No definite timings have been given regarding Awaab’s Law and the Decent Homes Standard.



It is worth flagging the following dates:

30 April 2026 will be the last date on which an AST tenant can be served with a section 21 notice. Landlords will be able to enforce this notice either from six months from service or up to 1 August 2026, whichever comes first. Any proceedings that have already been issued will be unaffected.

Standard form ASTs need to be updated to the new assured periodic tenancy and the new form should be used for new tenancies from 1 May 2026. Landlords will need to provide all existing tenants with the Government published 'Information Sheet' on or before 31 May 2026 to update tenants of the changes. This sheet will be published in March 2026. We are also still awaiting the final position on what will need to be included in the written Statement of Terms and hope that will be around the same time.

The exemption for PBSA providers is likewise due to be introduced on **1 May 2026**. So long as the provider satisfies the new PBSA exemption (primarily whether it, or its agent, is signed up to the Government approved codes of practice, being the ANUK/Unipol Code), it will automatically grant a common law tenancy from this date rather than an APT. It will not therefore be caught by the key changes in the 2025 Act, for example the removal of the fixed term.

Tenancies entered into by 30 April 2026 can still demand more than a month's rent up front and the landlord will not need to return this upon the introduction of the advance rent ban on 1 May 2026.

A new digitised possession claim service is to be introduced in 2026 with the intention that the full service will be operational 18 months after the 2025 Act received Royal Assent, i.e. April 2027. In the meantime, the Government has confirmed that 'sufficient capacity' will be in place for the Courts to handle new possession cases, though has provided no details. Likewise, similar assurances have been given for the Tribunal but with no details.

Here is our Law-Now [Renters' Rights Bill becomes Renters' Rights Act – 15 key points you need to know](#)

3. Construction

Here is a summary of [key legal issues likely to affect the construction industry in 2026](#). The flyer takes a look at what is on the horizon for the year ahead with bite-size snippets of important changes and influences. Topics include updates to building safety, tax changes, procurement, employment rights and reforms to planning.



4. The Building Safety Levy: comes into effect in October 2026

The building safety levy (which is a new charge on certain residential developments in England that is designed to contribute to the remediation of building safety defects) will apply to building control applications and initial notices submitted on or after **1 October 2026**. The implementation date was deferred from October 2025 to allow local authorities time to prepare, and to enable developers to plan for the cost. Applications submitted before 1 October 2026 remain outside of its scope, even if later varied, subject to limited exceptions.

For projects expected to submit building control applications on or after 1 October 2026, the levy should be priced into land bids, viability appraisals, heads of terms, and funding models now, using the published authority-level rates. Transaction documents—including development agreements, forward funding and forward purchase arrangements—may need express allocation of levy risk and mechanics for updates if the levy is recalculated due to design change.

We anticipate that the levy may influence site selection, market shares of types of developments and design efficiency, particularly for large schemes and those with substantial communal or amenity space. The brownfield reduction offers a meaningful counterweight, but the benefit should be assessed against other recognised risks to those schemes. As the regime beds in, market practice on risk allocation is likely to standardise. Until then, early planning and disciplined compliance will be the best mitigants to programme delay and certification risk.

Here is our Law-Now [The Building Safety Levy: new guidance and draft regulations](#)

5. Commercial landlord and tenant

There is an ongoing Law Commission project looking at Part 2 of the Landlord and Tenant Act 1954 with a view to modernising commercial leasehold legislation, with an emphasis on:

- creating a legal framework that is widely used rather than opted out of, without limiting the rights of parties to reach their own agreements, by making sure legislation is clear, easy to use, and beneficial to landlords and tenants
- supporting the efficient use of space in high streets and town centres, now and in future, by making sure current legislation is fit for today's commercial market, taking into account other legislative frameworks and wider government priorities, such as the “net zero” and “levelling up” agendas
- fostering a productive and beneficial commercial leasing relationship between landlords and tenants

There was an initial consultation on the process to contract out leases from 1954 Act rights. The Law Commission expect to publish a second consultation paper in **spring 2026**, which will focus on the technical detail of how the 1954 Act might be reformed.



The Law Commission will also be undertaking projects

- to review two aspects of the law relating to commercial leasehold transactions:
 1. issues with the Landlord and Tenant (Covenants) Act 1995; and
 2. rights of first refusal under the Landlord and Tenant Act 1987 (in so far as the law relates to commercial premises).

The Law Commission have heard that those aspects of the law are causing significant problems in practice for commercial leasehold transactions, creating barriers for businesses, preventing commercially sound transactions and imposing needless bureaucracy;

- focusing on the law governing the maintenance, repair and upgrading of leased commercial buildings. As part of this scoping work, they will consider the law relating to dilapidations, service charges, and the interaction between environmental frameworks and commercial leasehold law. The Law Commission have heard about the law governing the maintenance, repair and upgrading of leased commercial buildings. There is concern that the law in this area is causing confusion and unfairness, and that it is has not kept pace with modern priorities (such as the need to improve the environmental sustainability of buildings or to reinvigorate the high street).

No timeframe is set for those projects. See here [Commercial leasehold – Law Commission](#) for further details.

6. Commercial service charge

A new 2nd edition of the RICS Professional Standard on Service charges in commercial property was effective from **31 December 2025**. Aimed at commercial property managers and occupiers in the UK, the professional standard promotes best practice, uniformity, fairness and transparency in the management and administration of service charges in commercial property.

This professional standard aims to help ensure that budgets and year-end certificates are issued in a timely manner and encourages a reduction in the causes of disputes (and where there are disputes, provide guidance on resolution). It provides guidance to solicitors, their clients (whether owners or occupiers) and managers of service charges, in the negotiation, drafting, interpretation and operation of leases, in accordance with best practice. This professional standard also sets mandatory requirements for RICS members and RICS-regulated firms, which will encourage service charges to be managed with greater consistency and due diligence. Even if a landlord is not regulated by the RICS, they may still wish to comply with some or all of the professional standard.

The application of both the Professional Standard and Technical Release 09/14 Accountants' Reports on Commercial Property Statements of Service Charge Expenditure (TECH 09/14 BL), may have regard to the version that was in place at the commencement of the service charge period under review. Whilst the RICS supports early adoption of the RICS Professional Standard, it appreciates that some of these new provisions cannot be retrospectively implemented for service charge years that commenced prior to 31 December 2025. For clarity, the RICS expects the provisions to be fully in place and adopted in service charges with **31 December 2026** year ends and beyond.

See here [Service charges in commercial property](#) for further details.

7. Business rates

In the Autumn 2025 Budget, the Government announced in relation to business rates:

From **1 April 2026**, eligible properties used for retail, hospitality and leisure with rateable values below £500,000 will be charged at 5 pence lower than the national multipliers. This reduction will be funded by a higher business rates multiplier for properties with a value of £500,000 or more [HC 1492 – Budget 2025 Strong Foundations, Secure Future – November 2025](#) – see paragraphs 4.32 and 4.33.

A 10-year 100% business rates relief for electric vehicle (EV) charging points that are separately assessed by the Valuation Office Agency and EV-only forecourts, to ensure that they face no business rates liability [HC 1492 – Budget 2025 Strong Foundations, Secure Future – November 2025](#) – see paragraph 4.236.

8. Residential Leasehold and Freehold Reform

The Government has an ongoing programme to reform the residential leasehold system with the aim of improving protections for residential leaseholders and homeowners on freehold estates.

The **Leasehold and Freehold Reform Act 2024** (“**2024 Act**”) aims to improve the rights of residential long leaseholders in England and Wales. The principal changes include the ban on granting new long residential leases for houses, subject to permitted exceptions; substantial amendments to leasehold enfranchisement and lease extensions for both houses and flats, such as the removal of the two-year ownership requirement, the extension of lease terms by 990 years, and new valuation methods that abolish marriage value. There is also expansion of the Right to Manage, increased regulation of service and administration charges, and the introduction of new protections for freehold homeowners regarding estate management charges. There will be new requirements for landlords and estate managers to join redress schemes and significant changes to the enforcement regime for regulated rentcharges.

The provisions of the 2024 Act which are already in force are:

- Since 24 July 2024, the changes to the enforcement of, and remedies for, rentcharges.
- Since 31 January 2025, removal of the two year ownership requirement for leaseholders wanting to buy the freehold or extend their lease.
- Since 3 March 2025, the changes to the RTM.

The remaining provisions in the 2024 Act will be brought into force by regulations on a day or days to be appointed.

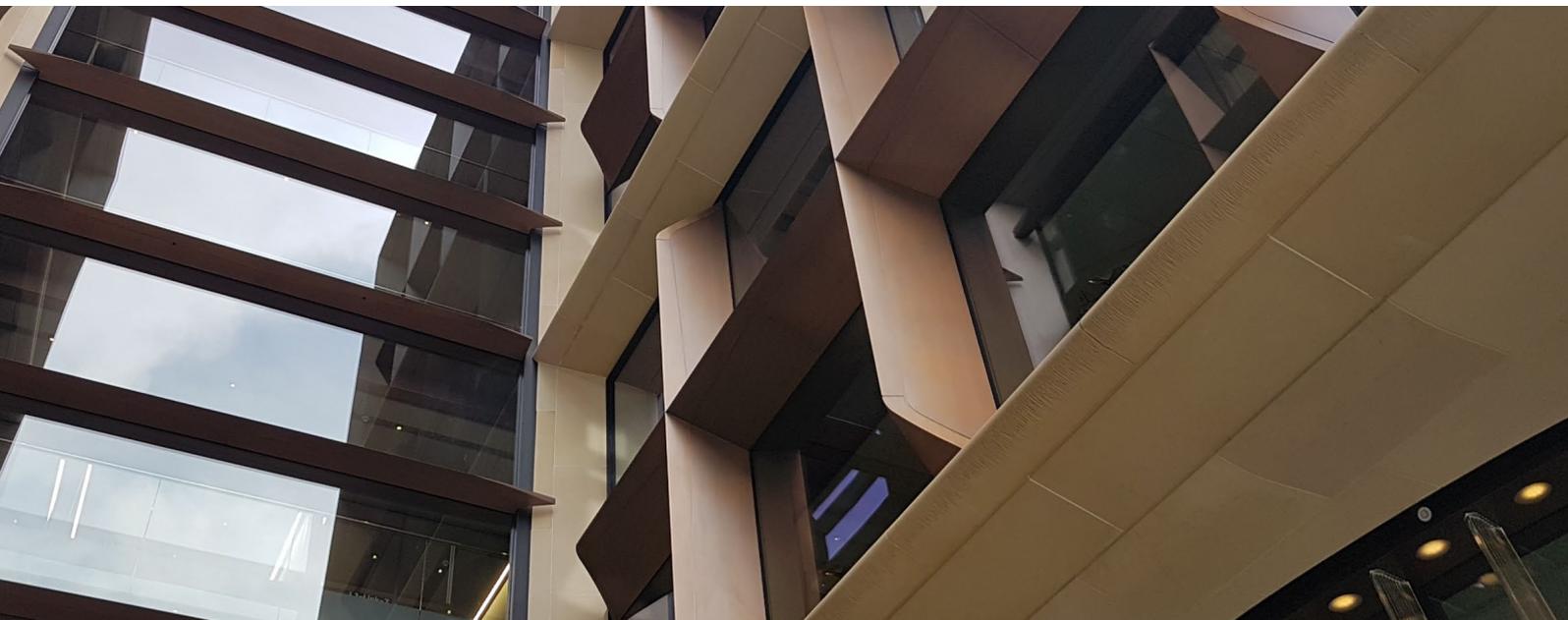
In July 2025 the Government launched a comprehensive public consultation on the implementation aspects of the 2024 Act. Details of what was covered can be found here [Leasehold Reform 2025: Consultation on Implementing New Protections and Future Reforms](#). The implementation of this legislation will be a major focus in 2026.

On commonhold, the Government published in March 2025 a white paper proposing a reinvigorated form of commonhold as a new form of ownership for flat owners. New leasehold flats will be banned and will be replaced by commonhold as the default tenure, with flat owners becoming commonhold unit owners. Commonhold will give flat owners a stake in the ownership of their buildings, providing them with greater control, power and security over their properties. Our Law-Now on this is here [Proposals for Commonhold to Replace Leasehold for New Flats](#). It is expected that there will be further Government announcements on this early in 2026.

9. Environmental and Sustainability Requirements

We await Government announcements on the future of energy performance certificates and the minimum energy efficiency standards for commercial property.

This is a link to the most recent consultation on the Government's EPC proposals from December 2024 - [Reforms to Building Energy Performance: Consultation Details](#). On 21 January 2026 the Government issued a partial [response](#) to the consultation focusing primarily on domestic EPCs.



On 17 December 2024 the Government stated in its response [Committee on Climate Change 2024 progress report: government response](#) to the Climate Change Committee's (CCC) [Annual Progress Report to Parliament](#) that it was planning to publish the response to the Non-Domestic Private Rented Sector MEES consultation early in 2025. This hasn't been produced as of yet. The original consultation (under the previous Government) from 2021 can be found here [Important new Government consultations on energy efficiency](#).

In February 2025 the Government ran a consultation on raising the minimum energy efficiency standard required of privately rented homes in England and Wales to the equivalent of Energy Performance Certificate (EPC) C by 2030. Click [here](#) for the consultation. On 21 January 2026 the Government issued a [response](#) to the consultation – most notably, this states that the minimum energy efficiency standard required of privately rented homes in England and Wales will be raised to the equivalent of Energy Performance Certificate (EPC) C by 1 October 2030 (there will be exemptions). So, by 1 October 2030, all tenancies of privately rented homes must meet the higher standard set against new metrics unless the landlord has made use of a grandfathering clause or registered a valid exemption for the property on the relevant exemptions register.

Another consultation was run on the Government's proposal to set a minimum energy efficiency standard (MEES) for socially rented homes (click [here](#)) and again further news is awaited from the Government.

10. Electronic communications tenancies

New regulations have been passed that bring into force on **7 April 2026** (subject to saving and transitional provisions) important sections of the [Product Security and Telecommunications Infrastructure Act 2022](#). Those sections harmonise the rent and compensation payable on an electronic communications tenancy renewal under Part 2 of the *Landlord and Tenant Act 1954* ("**1954 Act**"), with the rent and compensation payable on an electronic communications tenancy renewal under the *Electronic Communications Code* ("**Code**"). This will close the current loophole of 1954 Act renewals of electronic communications tenancies having a more flexible (and generous to landlords) valuation regime and will bring them strictly in line with renewals under the Code. There is an important point for landlords to note on the level of rent chargeable for the statutory continuation period following expiry of the tenancy being renewed. The changes affect England, Wales and Northern Ireland. Our Law-Now here [Harmonising Rent for Electronic Communications Tenancy Renewals](#) provides further details and covers the position in England and Wales.

11. Planning

The **Planning and Infrastructure Act 2025** ("**2025 Act**") represents one of the most ambitious efforts to redefine England's planning and development framework in recent years. As part of the Government's broader "Plan for Change", it seeks to deliver 1.5 million new homes, support the transition to clean energy by 2030, and accelerate the delivery of critical infrastructure. The 2025 Act is not just about timely delivery. It addresses multiple aspects of planning, introducing new provisions on planning permissions, environmental protections, compulsory purchase powers, and judicial review, to name a few. The result is a complex - and in some respects, contentious - set of reforms that will have far-reaching implications for developers, landowners, and local authorities alike. The 2025 Act gained Royal Assent on 18 December 2025 but much of it has yet to come into force.

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