

British Land Chief Slams UK Government's Rent Review Ban

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The chief executive of British Land, Simon Carter, has strongly criticised the UK government's decision to ban "upward-only rent reviews" in commercial leases, warning that the move could erode investor confidence and fail to address the deeper problems affecting Britain's struggling high streets.

In an interview with the Financial Times, Carter described the government's proposal, embedded in the English Devolution and Community Empowerment Bill, as a "complete surprise" that risks deterring investment. "Investors are drawn to the UK for the transparency and stability of its property market," he said. "Sudden, unconsulted changes like this create uncertainty and make the UK less attractive for capital investment."

The bill, introduced earlier this month, targets clauses in commercial leases that prevent rents from decreasing during renewals. These clauses, common in longer-term leases, offer landlords financial stability but can trap tenants in above-market rents, potentially undermining business viability. The government argues that abolishing these clauses will support small businesses by making rents more affordable, thereby sustaining high street vitality.

However,. Carter, who also holds the role of president at the British Property Federation, rejects this rationale. In a letter to Deputy Prime Minister Angela Rayner, seen by the Financial Times, he accused the government of bypassing consultation and relying on "assertions of unnamed stakeholders" rather than robust evidence. He took particular issue with the bill's language, which refers to "supernormal profits for landlords" and "landlord manipulation of the market" without substantiation. "This rhetoric risks damaging the partnership we've sought to build to promote economic growth and revitalise town centres," Carter wrote.

A government spokesperson defended the policy, stating that "outdated" upward-only rent review clauses have artificially inflated commercial rents, pricing out small and medium-sized enterprises (SMEs). "This legislation levels the playing field, particularly for SMEs, fostering job creation and local growth," they said.

Carter, however, argues that the ban is unlikely to deliver the promised high street revival. He noted that most high street shop leases, typically under five years, do not include rent review clauses, meaning the policy's impact on retail will be minimal. Instead, he attributes the high street's decline to fragmented property ownership, inadequate investment, and burdensome business rates issues that the government has yet to address effectively.

The legislation could also have unintended consequences for other commercial sectors, such as offices and data centres, where tenants are often sophisticated businesses capable of negotiating lease terms. "Such tenants do not require blanket protections,"

Carter wrote. “Imposing them could discourage the investment needed to fuel economic growth.”

While the property sector has voiced concerns, some tenants have welcomed the change. Tom Ironside, director of business and regulation at the British Retail Consortium, said in a statement: “We support the government’s move to ban upward-only rent reviews, which will ease pressures on certain tenants. Combined with meaningful reforms to business rates, this could bolster high street viability.”

Carter’s criticisms highlight a broader frustration with the government’s approach, particularly its failure to include the measure in Labour’s election manifesto or to engage with industry stakeholders. As the bill progresses, its impact on the delicate balance between landlords, tenants, and investors will be closely watched.