

How will you be paying – in cricket balls, horse shoes or seafood? A brief history of the peppercorn rent



Last month, the Leasehold Reform (Ground Rent) Act became law.

The Act confirms that on any new residential lease of more than 21 years, the ground rent demanded cannot be for more than one peppercorn per year. It also bans administration fees for collecting the peppercorn rent. Amy Jackson's previous blog, [Leasehold Reform \(ground rent\) Act 2022 receives royal assent](#), has more details about the new Act.

But where did the 'peppercorn rent' originate, and why do we even need to refer to it in leases at all if it has no real value?

What is a peppercorn rent?

In short, the practical effect of a peppercorn rent is to denote a rent-free period – either for some or all of a lease term.

In order for contracts to be legally enforceable, they must meet set criteria – one of which is consideration. In order for something to be consideration, it must be something of value which is given by one party to another and it can come in many different forms. Whilst money (rent in this circumstance) would be obvious consideration, a promise to do something (e.g. provide a service) or a promise not to do something would also meet the requirements. As a separate piece of law, specifically relevant in the context of real estate contracts, [case law](#) states that one of the requirements of a lease is to reserve a rent.



A single peppercorn therefore acts as both the nominal consideration, and the rent in leases – it still has a value, albeit very little. The use of the term ‘peppercorn rent’ is believed to have been seen as early as the 16th century. So the humble peppercorn has therefore taken the role of consideration in lease contracts for hundreds of years.

You will often see the phrase “a peppercorn (if demanded)”, so in practice landlords will generally not seek to ever actually demand it. However, we have only recently seen an extra cautious tenant enclose a peppercorn with a break notice, to ensure they had complied with their break conditions of paying up rent arrears.

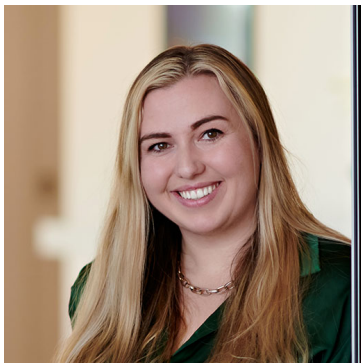
Examples of nominal rents

The rent does not have to be a peppercorn. Anything of nominal value would work, and there are several interesting examples of it:

- Sevenoaks Cricket Club lease the cricket pavilion at the Vine Cricket Ground from Lord Sackville, for a rent of one cricket ball a year.
- The National Coastwatch Institution on the Encombe Estate pay their landlord one crab per year.
- The Covent Garden Area Trust pay a rent of five red apples and five posies of flowers (which pays homage to the marketplace history of Covent Garden).
- The City of London pay rent to the Crown for two pieces of land of two knives (one blunt, one sharp) for one lease and six horse shoes with 61 nails for the other.

How we can help

If you are a developer or landlord seeking advice on how leasehold reforms might affect your business, contact our [real estate](#) team.



[Elizabeth Robertson](#)

Senior Associate