

Escalating ground rents after CMA v Countryside Properties



On 15 September 2021, the Competition and Markets Authority (CMA) reached an agreement with Countryside Properties concerning escalating ground rents.

It follows recent investigations by the CMA into potential breaches of consumer law in the leasehold market by various UK developers and investors. With leasehold reform high on the political agenda, similar actions by the CMA are foreseeable.

What was the decision?

Following the CMA's investigations, Countryside agreed to give undertakings to the CMA to retrospectively remove all escalating clauses that lock leaseholders into ground rents that double every ten or fifteen years. Leaseholders' ground rents will remain at the original first year amount for the remainder of the term of their leases.

Countryside also agreed to remove doubling clauses that were later converted into escalating ground rent provisions in line with Retail Price Index (RPI). The company is also expected to make a further provision of £5m to their ground rent assistance scheme.

What next?

Against a backlash of recent investigations (similar actions taken by Persimmon Homes and Aviva back in June),



it is likely that other large developers and investors will follow suit.

These actions complement the governments appetite to discontinue the practice of ground rent in new leases as is anticipated through the enactment of the Leasehold Reform (Ground Rents) Bill.

Developers and investors will therefore need to assess whether they align their practices and leases with this growing trend or potentially face enforcement action in the future.

How we can help

Our [leasehold enfranchisement](#) team continually follow leasehold reforms, to ensure we provide the most up-to-date advice, including on ground rents, commonhold and right to manage. If you would like advice on any leasehold issue, [please get in touch](#).