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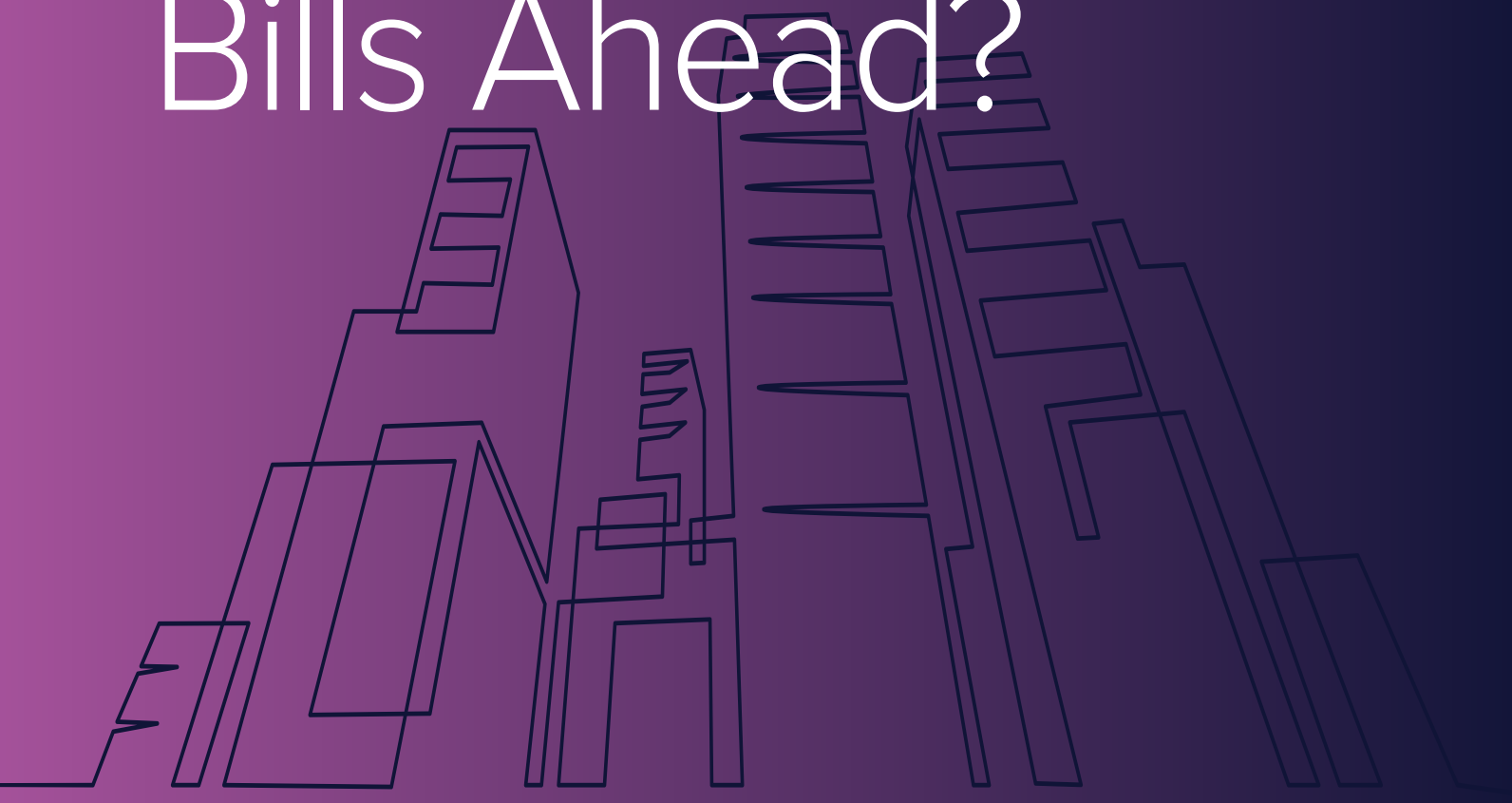

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Bring on the disruption

"Are there things still to address? Of course... [but] the foundations of what happens next are now strongly and firmly in place."

When ex-CBRE boss Martin Samworth ended his three years as chair of the RICS last month, he told *Estates Gazette* that the trade body was in better shape than when he arrived but that there was more hard work – and greater opportunities to grasp – ahead.

This week new president and fellow CBRE alumni Nick Maclean mapped out the areas he wants to focus on: the talent pipeline, the housing crisis, the sustainability agenda and the digital revolution.

But not the elephant in the room, which was Maclean's predecessor Justin Sullivan, who stepped aside almost a year ago during an independent regulatory review into his conduct as an expert witness in a court case over a mansion that was sold with a moth infestation. Maclean has been acting president since.

With no new timescale for the results of that review, the question will be whether it matters. In a sense, no, in so far as Sullivan's presidency is now over. In another sense, yes. Given criticisms from members of how the organisation has dealt with other thorny issues, the ways in which it has managed this incident – and the findings of that review – are still important and should still be addressed.

Maclean's focus as he starts his permanent presidency is absolutely right. But with (another) ongoing review into the governance structure of the RICS set to conclude later this year, there will be a need to look closely at internal matters too. As Samworth knew, the renovations aren't over yet.

In the same way that Maclean's appointment shouldn't mean that the review of Sullivan's conduct is downplayed, so too should the fresh start of 2026 be tempered – many of the challenges of recent months remain.

There are high hopes for a stronger year ahead than the one just passed (see p.10), but members of our editorial advisory board offering their thoughts on the outlook this week nonetheless flag a lot of the same headaches that players suffered from during 2025 (p.17).

"We are still very much in continuing evolution mode," said Deepa Deb, head of international real estate investment at law firm Watson Farley & Williams. "There is increased market confidence and greater pricing/returns alignment, but this does not necessarily translate to more deals and certainly not at pace. In my view, the market remains selective and overall slow."

And viability pressures will be just as tough, added Hanna Afolabi at consultancy Mood and Space. Not least in the residential space, which will necessitate an even greater focus on collaboration between developers, financiers and local authorities.

"We'll see greater reliance on public/private partnerships and not just in the form of the traditional joint ventures," Afolabi added. "This will mean a stronger role for organisations able to blend social value, patient capital, and development expertise. Overall, affordability will be addressed more through policy and partnership than market correction, reinforcing the divide between homes as assets and homes as infrastructure."

So a last word to the always-on-point Jackie Sadek – if we're facing the same problems this year as last, then what changes has to be the approach to solving them. She predicts "more disruptors and some new ways of thinking". Bring on the disruption – don't let Jackie down.

Tim Burke
Editor

MISSION STATEMENT: *Estates Gazette* is the UK's longest-established source of news and analysis for the commercial real estate industry. Through our magazine, website and events, we inform, educate and entertain a community of industry professionals by bringing them the latest deals, developments and the trends shaping their work. Our aim is to help readers stay ahead of the market and identify new opportunities for growth. We believe in fair and rigorous reporting and expect to be held to the same high standards we apply when holding real estate companies large and small to account.

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Interest rate relief and income–led strategies set tone for 2026

AKANKSHA SONI

UK real estate enters 2026 with cautious confidence, shaped by a shift toward lower interest rates and a renewed focus on income resilience.

Savills expects a projected 50bps reduction to bring rates closer to 3%, easing financing pressure and narrowing bid-ask spreads. This change is less about igniting a rapid rebound and more about restoring functionality to markets that have been constrained by uncertainty.

As borrowing costs stabilise, capital is beginning to re-engage selectively, favouring sectors and assets where income visibility is strongest.

Savills believes 2026 will be a clear improvement on the past year, underpinned by the sector's resilience and an improving macro backdrop.

While 2025 proved frustrating for many, the underlying fundamentals have remained intact. That resilience is translating into a more constructive outlook for the next phase of the cycle.

Global forces will continue to influence UK property markets. Savills notes that easing geopolitical stress would support a calmer environment for decision-making, with confidence becoming almost as important as fundamentals in unlocking activity.

ADOBE STOCK

The UK's relative stability, combined with clearer fiscal signalling from government, is helping to reduce the risk premium that dominated 2025.

Encouragingly, the outlook for interest rates is improving, even if inflation has proved stickier than hoped. With CPI ending 2025 at 3.2%, some rate cuts have been pushed further out, but the overall direction of travel remains supportive.

The agency said residual pent-up demand in residential markets and scarcity across prime commercial stock creates conditions for increased transactional momentum.

Savills highlights 2025 as a pivotal year for residential, with several regulatory milestones shaping performance. For housebuilders, conditions remain mixed.

Land appetite is expected to return gradually from 2027 as pricing strengthens and transaction volumes recover. Institutional demand for build-to-rent is also set to revive as financing costs fall and gilt yields stabilise.

Housing associations are likely to re-enter the land market as new grant funding under the Social and Affordable Homes Programme is allocated, creating a narrow window to secure sites capable of delivering by April 2029.

Rental reform remains a defining feature of the investment landscape. Larger landlords are better positioned to absorb regulatory complexity, while smaller investors may continue to exit.

Living sectors continue to attract capital, having grown from 11% of UK investment in 2015 to 25% in 2025. More than £32bn is earmarked for deployment over the next three years, with single-family housing accounting for around half of build-to-rent investment since 2023.

On the commercial side, Savills' outlook is shaped by a constrained supply. Limited development and normalised tenant demand have supported above-average rental growth.

Offices remain Savills' preferred commercial play for 2026, while retail is further along the recovery curve and logistics faces growing competition for land.

Savills forecasts a steady recovery. UK investment volumes are expected to rise 10% in 2026 to approximately £55bn, with a modest yield compression of 25-50bps. Income will remain dominant with total returns forecast at 7.8% per annum over five years. In Savills' view, 2026 will reward patience, realism and disciplined stock selection, with fundamentals firmly back in focus.

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Mike Ashley takes 3.1% stake in BTR giant Grainger

Mike Ashley, founder of Frasers Group, has taken a 3.1% stake in listed FTSE-250 built-to-rent developer Grainger via spread betting.

The holding is in Ashley's personal name, according to regulatory filings, although the spread betting structure means he is not the direct owner of the shares.

Grainger has not made a statement on the news, and *Estates Gazette* understands that no conversation has taken place between the two parties.

But a source close to Grainger described Ashley as a "savvy business investor" and added that the stake was likely a personal bet on Grainger's current share price representing good value.

Ashley's investment comes after Grainger officially completed its transition to a real estate investment trust last year, which had been a plan chief executive Helen Gordon had set out in her strategy when she took the role in 2016.

In its last results, the 11,000 home BTR giant said like-for-like rental growth hit 3.6% for the year to the end of September, in line with guidance and above the long-term average. Occupancy stood at 98.1%, up from 96% at the half-year stage.

The company has a £1.3bn committed pipeline of higher-yielding BTR developments, which will add 4,565 new homes and an estimated £70m in additional net rental income.

Last month, Ashley pledged around £670m worth of shares in his sportswear and fashion retailer Frasers Group as collateral for a loan from HSBC.

Ashley's holding company, Mash Beta, which holds the majority of Frasers' issued share capital, pledged about 103.6m ordinary shares.

Palace Capital backer moves to oust chair

TIM BURKE

The largest shareholder in regional real estate investor Palace Capital has called for chair Steven Owen to be removed and replaced with its own founders as its wind-down continues.

Switzerland-based Lakestreet Capital Partners has been a shareholder in Palace Capital since early 2024 and alongside holdings of its founders' families has a 22.53% total shareholding in the REIT.

In a stock exchange notice, Lakestreet said it has requested a general meeting to remove Owen and replace him with Christian Kappelhoff-Wulff and Valentin Pierburg.

The firm said: "Lakestreet is deeply troubled by the excessive amount of remuneration that Steven Owen continues to extract for himself and the value destruction that shareholders suffer as a result."

Owen has received roughly £200,000 a year for the past four years, it said, four times that of the previous chair. This year's remuneration package could be as much as £720,000. Lakestreet said that the current cost of the two-person board of directors is equivalent to almost a quarter of the net property income of Palace Capital's remaining two properties in Newcastle and Northampton, adding: "This ratio is wholly unacceptable and demonstrates the urgency of our intervention."

It continued: "Lakestreet is confident it can accelerate the sale of the remaining assets while removing all unnecessary costs from the business to deliver greater returns for shareholders. Lakestreet will not take a fee for the work."

The company said it will "consider rescinding the requisition" if certain conditions are met, including Owen completing the strategy to realise asset sales and return capital to shareholders for a "reasonable fee" of £40,000, as well as undertaking to use the £720,000 he will receive this financial year to purchase shares of Palace Capital.

Kappelhoff-Wulff said: "There is a striking disconnect between the interests of Steven Owen versus the interests of shareholders in Palace Capital. Steven Owen receives excessive remuneration while not owning a single share in Palace Capital.

"On the other hand, Lakestreet has a substantial investment in Palace Capital. We will not benefit financially unless the share price of Palace Capital appreciates and/or Palace Capital delivers returns on its shares."

Palace Capital said: "The board, which currently consists of Steven Owen as executive chairman and Mark Davies as senior independent director, will consider the proposals and make such further announcements as are appropriate in due course."

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DELOITTE

MEPC signs Deloitte for Birmingham Paradise HQ

Deloitte is moving its Midlands operation to MEPC's Paradise development in Birmingham.

The accountancy firm has signed for 46,000 sq ft across the seventh and eighth floors at One Centenary Way and expects to move its 1,000 members of staff from 4 Brindleyplace in the autumn.

Juliet Halfhead, practice senior partner at Deloitte Midlands, said: "This move reinforces our commitment to growth in the region. One Centenary Way will become an integral part of our offering in the Midlands to our clients, partners and visitors, and will be the perfect environment for our people to develop their skills and careers with us.

"Birmingham continues to transform, and we're looking forward to moving into a modern, sophisticated and environmentally conscious building that encapsulates that feeling of progress."

Ross Fittall, commercial development director at MEPC, which is the specialist development arm of Federated Hermes, added: "Deloitte's new space will offer... some of the city's best connectivity, retail and leisure amenities."

Edge and Mitsubishi recap Shaftesbury office project

Edge and Mitsubishi Estate London have brought fresh partners on board to recapitalise a speculative London office development.

The pair has linked up with Japanese equity investors Tokyo Tatemono, Toko Electrical Construction and Fuyo General Lease on 125 Shaftesbury Avenue, as well as securing a £360m loan from Sumitomo Mitsui Trust Bank.

Work is set to begin on the 1980s block, increasing its height to 13 storeys with 250,000 sq ft of workspace. Completion is expected in 2028.

Fons van Dorst, executive managing director for the UK at Edge, said: "This project will bring new life to a key part of the West End while setting a high bar for future-focused workspaces."

JLL advised on the deals.

Law firm moves Newcastle home to Reuben Brothers' Wellbar Central

Law firm Thompsons Solicitors has picked the Reuben Brothers' Wellbar Central as its new office in Newcastle.

The deal has been signed on a 10-year term, covering 5,000 sq ft of upgraded office space on the top floor of Wellbar in Gallowgate. Thompsons will move a team of up to 80 from its current base at Maybrook House on Grainger Street.

According to market sources, asking rents for the grade-A workspace are in the low £30s per sq ft. The building was bought by the Reuben Brothers in December 2023, triggering refurbishment works focused on improving its environmental credentials.

Wellbar also serves as home to Kennedy's Law, Careline Lifestyles, Turnitin and Sky.

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Retail tops property shopping lists

SHIFALI GORKA

Retail property has emerged as the strongest real estate investment sector, outperforming all traditional classes in 2025, and is forecast to deliver total returns of roughly 9.5% in 2026.

In 2025, the sector delivered 9.2% total returns as of the end of Q3, outperforming industrial (9.1%), offices (3.2%) and all property (6.6%), according to research by Knight Frank.

Shopping centres and food-stores were joint winners, each delivering 10.2%.

This increase in total returns is due to improving occupational fundamentals and stabilising pricing, which has renewed investor confidence. Online penetration has flatlined at around 28%, and retailers are now actively investing capital back into their physical estates.

Total retail investment volumes are forecast to reach £5.83bn in 2025, down 17% year-on-year and 8% below the 10-year average, with the decline largely driven by a lack of available stock rather than weakening demand.

ADOBE STOCK

With improving pricing and rental growth, transaction levels were up in the second half of the year and momentum is expected to carry into 2026.

Occupational conditions across retail are now in their strongest position for more than a decade, supported by declining vacancy rates, sustainable rental growth and a slowdown in large-scale occupier distress.

National retail vacancies stood at 13.5% in Q3 of 2025, their lowest level since 2020, with further compression anticipated this year. Income returns of about 5.7% are expected to continue to beat the all property average, reinforcing retail's appeal to income-focused investors.

Of all sub-sectors, retail warehousing remains the occupational outperformer, due to the lowest vacancy rates in the sector (about 5%), continued appetite for out-of-town formats and limited development supply. Foodstores are now one of the most sought-after asset classes with a renewed uptick in sale-and-leaseback transactions.

Meanwhile, shopping centre transactions accelerated sharply in H2 of 2025, with more than £1bn traded and prime yields tightening by 25bps to 7.25% NIY.

High street retail also saw a 150% rebound in activity on H1, with £420m transacted in H2.

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UK hotel investment checks out at £5bn

Investment in the UK's hotel market surged during the final months of 2025, though not by enough to prevent a year-on-year fall in the annual figure.

Savills said 2025's total investment of £5bn was a 15% drop on 2024, despite still beating the 10-year average of £4.7bn. The agency said that showed the market's "continued resilience and sustained investor demand".

Fourth-quarter investment stood at above £2bn, more than 40% higher than the final three months of 2024. According to Savills, that uplift puts the market "on firmer footing" for 2026.

ADOBE STOCK

"UK hotel transactions proved resilient in 2025, driven by a liquid single-asset market and the enduring appeal of London, which had its strongest year of investment volumes since 2018," said David Kellett, Savills' head of hotel capital markets for Europe, the Middle East and Africa.

"Despite continuing cost challenges for hospitality businesses, we anticipate a strong 2026 with more portfolio deals, building on the positive momentum in the fourth quarter of 2025."

Portfolio transaction volumes plunged to just £750m from £3.1bn in 2024, with single-asset deals accounting for 85% of investment volumes.

Investment in London outperformed the regions, with a 25% jump to £3bn. Regional investment dropped to £2bn from £3.3bn.

NEWS IN BRIEF

Maclean takes up RICS permanent presidency

Former CBRE boss Nick Maclean has become the new president of the Royal Institution of Chartered Surveyors. Maclean has been acting president for the trade body since March 2025, when Justin Sullivan stepped aside during an investigation into his conduct as an expert witness in a court case over a mansion that was sold with a moth infestation. The results of that investigation have yet to be published.

Shaw to lead next phase of Savills' 'evolution'

Savills' Simon Shaw has stepped into his new chief executive role as the agency prepares for what he says will be its next "evolution". Shaw was group chief financial officer for nearly 17 years and now takes on the chief executive post from Mark Ridley. Nick Sanderson of Great Portland Estates will join Savills as group CFO in the spring.

Ex-CBRE team sets up architecture practice

A new architecture and interior design practice has launched following CBRE's decision to shutter its design and collective operations in the UK and Ireland. Ruumi Studio's five-strong founding team is led by Dominic McAndrew, CBRE's former head of design collective for the UK and Ireland, and Darius Baniabassian, its former studio director in Manchester. The team's past projects include Le Pole Square in Dublin and XPS Group's Manchester headquarters.

BILL POST

Peter Bill

What we can know about AI

The plan today was to produce a jokey "not to do" list of late New Year's resolutions related to real estate. ChatGPT produced some surprisingly insightful truisms. The machine then asked if I wanted 750 words on the topic "in the style of Peter Bill". What? Well... go on then. Horror! Intelligible copy flashed up. I could have cut and pasted the text below, with no one much the wiser. After some searching, I found my conscience. My late New Year's resolution: "Get ye behind me, Satan!"

Artificial intelligence had been nationalised by 2119 in Ian McEwan's unsettling new novel *What We Can Know*. Users must sit at approved desktops to gain entry and wait five days between sessions to prevent over-dependence. "The Machine", as it is called by students in McEwan's mythical Bodleian Snowdonia Library, will terminate sessions if asked to write an essay. The thought floats past, why don't the freebooters building the various AI engines build that stop sign into their algorithms?

What we can know now is this: If AI can be framed to do 100% of your job, you may not have a job in a few years. If the services offered to clients by your business offer little more than what customers can conjure up using AI themselves, then the value of your offer will fall. Best face that threat squarely, accept that what's already out there can be found by anyone's robot. The opportunities lie in the answer to the question, "what can our human employees offer of value that is never going to be out there?"

Restrict what's out there? No. After 15 minutes on ChatGPT, I became sufficiently attuned to the East Midlands industrial market to identify a 30,000 sq ft shed that might suit my mythical storage business. AI suggested the likely rent and heads of terms. Any client, anywhere, in any sector, can now do just that. Should agents act in concert to starve the AI dragon of up-to-date deals data? Herding cats would be easier, even without the fear of the competition watchdog barking.

Keep what's restricted, restricted? Yes. Commercial real estate has long kept detailed information beyond public grasp, stored in pooled, paywalled databases. With the real gold locked in proprietary systems. The market's lifeblood is carried in the circulation of this fine detail. This guarded data provides the foundational intelligence for decisions made by buyers, sellers, valuers, lenders, investors and developers. Keep it that way and real estate will not suffer the same fate sadly befalling much of journalism.

> *"If the services offered to clients by your business offer little more than customers can conjure up using AI themselves, then the value of your offer will fall"*

Bubbling in the neocloud

"Those inside a bubble cannot see the bubble and do not believe it exists." An aphorism Jon Gray would not agree with. Late last year in a video clip, Blackstone's boss poured scorn on scaremongers who suggest AI is a bubble. Gray is right, in the sense that what might be better understood as accelerated intelligence is here to stay. But, boy, is Gray wrong, in the sense that billions are going to be lost by real estate investors in what is shaping up in the US to be a repeat of the dotcom crash 25 years ago.

There are more bubbles forming in what's called the "neocloud" than trapped in a magnum of Bollinger. Google, Apple, Amazon and Meta are spending zillions on chip sheds of their own. Although, tellingly, passing on some risk to JV investors. The bigger risk comes from "neocloud" suppliers. Spec builders who rent out space to all of the above – and anyone else. These guys currently account for 40% of the US market. Neocloud suppliers lease "time" on the chips and charge by electricity usage

Monthly construction spending in the US on AI-related projects soared to $3.8bn last summer and will soon overtake the dollars spent on office building. The scramble that destroyed duffers in the dotcom era looms. Warning. There is a lot more real estate at risk this time. Then it was a few folk in small offices. Today it is huge sheds. Take Project Jupiter in New Mexico. A $165bn (yes, billion) plan with no visible means of financial support to build data centres on 1,400-acres in a silicon desert.

"A fever dream of a modern pharaoh," sniffed the *New York Times*.

Peter Bill is a former editor of *Estates Gazette*

Gareth Magrath
Senior associate director, Brawdia

> *"Student accommodation has demonstrated resilience through cycles of change. Gateway delays introduce a new challenge"*

The Building Safety Act was designed to deliver a more rigorous regime for higher-risk residential buildings. While few dispute the need for increased oversight, after three years, an unintended consequence has arisen: the regulatory bottleneck caused by the Building Safety Regulator's Gateway 2 and 3 approvals. This issue is especially notable in purpose-built student accommodation, where many meet the threshold of what is a higher-risk building.

Under the act, any residential building over 18 metres or seven storeys with sleeping accommodation is categorised as a higher-risk building. A large proportion of the UK's student accommodation stock exceeds this threshold. Providers therefore find themselves subject to the approval process, even when the work needed is minor.

Tasks like replacing fire doors, replacing a ceiling after a leak, or upgrading windows may require Gateway 2 approval before work can commence. In principle, approval should take around eight to 12 weeks. However, delays within the regulator mean these timelines are often extended significantly. This issue has been widely reported in property media. For student accommodation providers, whose entire operational model relies on strict academic schedules, such delays can have a major impact.

Timing problems

The student lettings cycle is fixed. Summer refurbishment windows are narrow, reoccupation dates cannot be moved and rooms that cannot be let have direct financial consequences.

Some providers attempt partial reinstatement, completing non-notifiable tasks while approvals for the rest are pending, but this requires careful planning and involves operational risks. If approval is delayed, providers must choose between postponing works, decanting residents to alternative accommodation or reducing occupancy. Each option has cost and reputation implications. When it comes to making a gateway submission, incomplete or inconsistent documentation with the regulator's expectations can cause clarification requests that add weeks. There is also an emergency route that can be taken; however, the criteria for what constitutes an emergency can be unclear, and currently there is little support from the BSR to confirm what qualifies as emergency works.

The demands of the new regime have exceeded the system's capacity. Gateway submissions require a volume and level of technical detail that many building owners have not previously provided. There is a shortage of specialists capable of preparing submissions that satisfy the regulator and the BSR itself is still building resources to handle applications at the speed originally envisaged. For existing buildings, especially those with high turnover and continuous occupation, the process remains particularly challenging.

A workable approach

Although providers cannot resolve all structural issues alone, there are steps to reduce delays. First, providers should be prepared to adopt a more strategic approach to planned works. Identifying parts of the estate that trigger gateway requirements allows teams to plan well in advance of the summer period, rather than simply reacting.

Second, technical collaboration is vital. Engaging surveyors and consultants who understand both the regulatory framework and the operational realities of student accommodation improves

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submission quality. Well-prepared documentation lowers the risk of rejections or restarts.

Third, early dialogue between owners, surveyors and insurers is essential following insurable incidents. Phasing non-notifiable elements can enable partial reoccupation while awaiting approval for regulated works, thereby reducing operational disruption.

Finally, there is a case for exploring proportionality in the regime for lower-risk interventions within existing stock. While safety standards must remain high, the current system captures works that, although technically notifiable, do not pose the same level of structural or fire safety risk as major refurbishments.

The student accommodation sector has demonstrated resilience through cycles of regulatory and market changes. However, gateway delays introduce a new challenge; one that affects operational management, financial performance and asset planning. As the new safety regime becomes established, clarity, forward planning and technical collaboration will be crucial for providers to maintain safe buildings while ensuring continuity for the students who depend on them.

Charity–turned–developer makes a hub for hope

TIM BURKE

In west London's White City, already a hotbed of regeneration and fresh thinking, a tie-up between the local authority and an education charity is attempting to draw a new blueprint for delivering social value with a £150m real estate project.

EdCity is overseen by a not-for-profit partnership between charity Ark and Hammersmith & Fulham council. A once-waterlogged site next to a 1960s school building has been transformed into a new masterplan that includes a school, 132 affordable homes and, crucially, a 10-storey, 95,000 sq ft office building from which rental income is reinvested in improving children's education via the work of Ark, which runs schools in London, Birmingham, Hastings and Portsmouth.

It's a bold initiative on the part of Ark, which had a leasehold on the site from the council, and has been years in the making.

As Ark chief executive Lucy Heller put it when showing *Estates Gazette* around the site, it started in 2017 with the question, "Can we take this big, unwieldy and at the moment unusable and underutilised site and build EdCity?" Then, as the team navigated the aftermath of the UK's Brexit vote and the Covid pandemic, it became a "rollercoaster" – but one that Heller and colleagues believe is worth the ride.

Friends in flex

Challenges during recent years mean the EdCity project could have "died on the operating table", Heller said, but everyone pulled together as costs went up and prospective rents went down. She praised council leader Stephen Cowan as "a fantastic visionary" who never lost sight of what EdCity could bring to an area already seeing "phenomenal regeneration".

Originally, the plan was that the office building would be entirely for education charities, at below market rates. "It's fair to say that Covid and Brexit put paid to some of the economics of that," Heller said. Now, half of the building is up for commercial let, with Savills and Bray Fox Smith marketing it. Four other floors are given over to education charities in flexible office space – with Ark's own headquarters in the building.

"There is real synergy in who we've got in the flex space at the moment," said Ark's Guy Cochrane. "Lots of them have commented on how nice it is to meet people who are in the same building, on the same journey as you. A lot of people have delayed their return to the office post-Covid and some organisations are for the first time trying to have a roof over their head. This is now an incubator for smaller organisations."

That meeting of minds is important to Ark on the commercial floors, too. "We hope it's a happy ecosystem and that we find tenants who are interested in that kind of CSR," Heller said.

And by "that kind", she added, she means something as far away from "value washing" as the team can get.

"It's a very direct thing," she said. "It's not that you're buying carbon offsets or trees somewhere you never see. It's precisely on that intersection: you're doing your work as a corporate and all around you is that sense of something that's driving a community regeneration and engagement, and the space for collaboration for the education sector."

Time and effort

Sitting in the cafe in the office building, Heller and Cochrane are open about just how tough the journey has been so far. For charity professionals effectively becoming real estate developers, some of the project has proved "a bruising experience", Heller acknowledged. "This is brilliant and I love it," she said. "But it took such a lot of effort and time."

The investment is all on Ark and the council, comprising equity, philanthropic funding and debt. "There is still financial risk attached to this and that's daunting," Heller said. "You wouldn't choose to be long of commercial real estate right now."

But if EdCity fills, companies bond and Ark's work gains new funding through the commercial rents, the risk will have been worth it. And for Heller, it will prove a more existential point – that companies need offices, and workers need each other, to thrive.

"Life has become smaller for almost everybody post-Covid," she said. "You see it in schools and with kids, but for adults, too. People go out less, spend less time talking to each other face-to-face. That's a big loss. Proximity matters."

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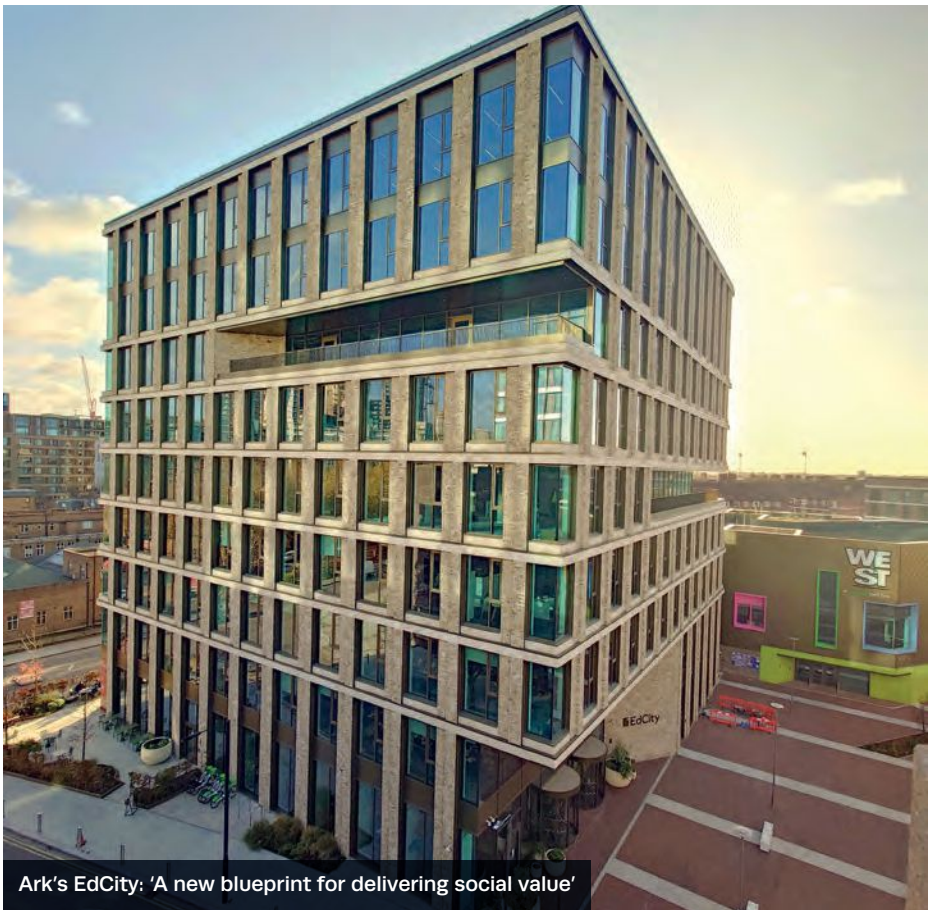

ARK

Ark's EdCity: 'A new blueprint for delivering social value'

Jim Groves
Chief executive, Rubberdesk

> *"Those who behave badly will stifle commerce, and the industry will self-regulate"*

The broker model has been in and out of headlines and LinkedIn debates lately, with lively responses on both sides. So is this the year when fault lines become cracks in the broker model?

It's a fair question. The model has been tested. And publicly so. It's right that we don't bury our heads in the sand. Tech has also taken centre stage in the conversation. Is technology taking us further away from the strong relationships that are the backbone of our industry?

My view is this: it's not the model or the tech that's at fault – it's a few individuals.

What operators want

Technology should be an enabler, a conversation starter. Technology makes it easier for customers to research the market and become more educated buyers, and in the technology age it's how we shop. But technology is the start of the process, not the end, and people need to continue those customer conversations in the real world. Relationships still are, and should be, at the heart of what we do.

Bad practice, sadly, exists in every industry, and of course it's fair to call it out. But we also need to cut off the bad actors' behaviour – a fire can't spread without oxygen, after all. I don't believe it's a cultural issue (though if whole companies are at fault, they should absolutely be held accountable).

Ultimately, those who behave badly will stifle commerce, and the industry will self-regulate.

At Rubberdesk's recent GoFlex event, operators were clear about the broker behaviours they value.

- Well-qualified occupier requirements lead to better outcomes for all.
- Taking the time to explain the flexible workspace landscape to occupiers is important. It helps manage expectations and provides much-needed reassurance throughout the process.
- Communication – and that's frequent communication – is essential. It keeps everyone aligned and builds trust between all parties involved.

On the other hand, there are certain behaviours that frustrate operators. Here's what they don't value.

- Sending out unqualified "spray-and-pray" enquiries results in customers being bombarded with numerous calls about unsuitable options, and is ultimately a bad experience for everyone.
- When brokers' engagement is only to send an invoice and have no meaningful interaction otherwise, this transactional approach undermines trust and damages long-term relationships.

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Ghost tours

Another example of frustrating behaviours comes in the form of "ghost tours". In most cases, occupiers work non-exclusively with brokers, which allows them to receive advice without direct cost. Brokers are typically compensated via a referral fee paid by the office operator once a deal is signed.

To be eligible for this fee, brokers must nominate their client with the operator and arrange a tour of the building where the occupier eventually signs.

However, complications arise when operators offer increased commissions to incentivise brokers toward their product – while this is a legitimate practice, it raises concerns about impartiality. Or when occupiers engage multiple brokers simultaneously – although they're fully entitled to do so, it creates a chaotic environment.

Brokers, eager to secure a fee position, often compete aggressively, which can lead to questionable tactics.

One of the most frustrating outcomes of this competitive scramble is the ghost tour. This is where brokers book tours on behalf of clients without their knowledge or consent, simply to establish fee eligibility.

We've seen numerous instances where an occupier requests a tour, only for the operator to inform us that another broker has already booked the same client for a different time without the client having any idea. This not only confuses the occupier but also damages the credibility of everyone involved.

In short, the broker model works when relationships work. Tech can help, but it can't replace the human element. Let's call out bad practice, champion the good and remember: the model isn't broken – but some relationships need mending.

‘Detail will matter’ as the market finds its footing

TIM BURKE

With signs of improvement across many sections of the real estate market as 2025 drew to a close, *Estates Gazette* asked members of its editorial advisory board to offer their thoughts on the big themes and pressing questions front of mind for them as the new year gets under way.

Deepa Deb, head of international real estate investment, Watson Farley & Williams

We are still in continuing evolution mode. There is increased market confidence and greater pricing/returns alignment, but this does not necessarily translate to more deals and certainly not at pace. The market remains selective and overall slow.

Global political uncertainty and instability remain a prominent concern. Is democracy out of favour? Can the real estate sector adapt to these risks such that we remain in business?

Then there’s the increasing strength of private capital, which is not stymied by investment committee requirements or return rate hurdles. Will they kickstart transactional activity and lead the way towards transactional recovery?

What defines “quality” in the flight to quality we saw in 2025 across asset classes? Is it longer-term sustainable/resilient income or is it geographically specific/new and novel?

Jackie Sadek, chair, UK Innovation Corridor

The market will lift in early 2026, mainly because it has to. It would be an understatement to say the industry found the Budget to be a disappointment. But – in more positive news – the sure-footed publication of the NPPF before Christmas gives us more of a platform for growth. There will be a solid and decisive move back to strategic planning in 2026, which has to be good for certainty and stability.

Things are not easy. As far as the housing sector is concerned, we know that neither the volume housebuilders nor the housing associations can meet the immense challenges we are facing. But at least there is a widespread consensus that we cannot go on as we are. So I predict some more new entrants to the housing market, some more disruptors and some new ways of thinking.

WATSON FARLEY & WILLIAMS

‘Continuing evolution mode’: Deepa Deb

Martin Prince–Parrott, founder, Romullus

I am increasingly focused on how we can approach cities as singular pieces of technology, and use this perspective to bridge the gap between their strategic importance to the nation and the narrow way in which urban development and real estate markets are still approached.

Cities are not passive collections of buildings; they are the primary mechanisms through which states convert energy, capital and technology into health, productivity and power. Yet much of the built environment has not kept pace with emerging national priorities or commercial opportunities, particularly those arising from the autonomous industrial revolution now reshaping cities through AI, robotics and distributed infrastructure.

This shift is already creating new asset classes and infrastructure requirements, but they remain undercapitalised within mainstream real estate thinking. The question for me is how cities can once again become the primary vehicle through which grand strategy is implemented – and a bridge to a more resilient future.

***Estates Gazette*’s editorial advisory board comprises:**

- **Hanna Afolabi**, Mood and Space
- **Rob Bould**, Bould Consulting
- **Deepa Deb**, Watson Farley & Williams
- **Andy Martin**, Andy Martin Consulting
- **Gary Murphy**, Savills
- **Martin Prince–Parrott**, Romullus
- **Jackie Sadek**, UK Innovation Corridor

Rob Bould, principal, Bould Consulting

I feel 2026 will be the year the market finds its footing: more transactions, selective pricing uplift and prime assets leading the way. A more mature, discerning cycle – well-positioned stock should deliver attractive risk-adjusted returns. Investors concerned about a tech bubble will seek a bricks and mortar underwrite.

Detail will matter – location, asset quality and ESG credentials. Upside comes from further rate cuts and policy support. Downside risks include slower-than-expected growth, fiscal tightening or external shocks.

Rightsizing of the big advisers will continue as boards address operational costs in a sluggish market.

Gary Murphy, auctions director, Savills

Ongoing economic pressures are expected to bring more stock to auction, with a particular increase in buy-to-let sales during the first half of the year following the introduction of the Renters’ Rights Act.

While further base rate cuts are anticipated, buyer sentiment is likely to remain cautious and risk-averse. We are therefore forecasting modest average house price growth of around 2% in 2026, reflecting a delayed market recovery.

Conditions are expected to improve from 2027 as economic confidence and affordability strengthen. With the FCA reviewing mortgage regulations to support first-time buyers and the self-employed, buyer demand should broaden over the next 12-24 months.

As a result, purchasers buying well at auction in 2026 stand to benefit from both attractive entry prices and subsequent market-led growth.

Hanna Afolabi, Mood and Space

For affordable housing, specifically in London, delivery will remain structurally constrained because of viability pressures. As a result, we’ll see greater reliance on public/private partnerships and not just in the form of the traditional joint ventures. This will mean a stronger role for organisations able to blend social value, patient capital and development expertise.

Overall, affordability will be addressed more through policy and partnership than market correction, reinforcing the divide between homes as assets and homes as infrastructure.

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Single-family housing moves centre stage

AKANKSHA SONI

Guests at an Allsop and *Estates Gazette* roundtable shared a belief that the asset class can become one of the most significant in the UK

The UK's single-family housing sector has entered a new phase of maturity, one driven by supply scarcity, operational performance and investor appetite that shows no sign of slowing.

At a recent Allsop and *Estates Gazette* roundtable, leaders from across development, investment, asset management and operations dissected the dynamics shaping the sector's trajectory.

The picture that emerged was of an asset class that has moved from new entrant to being a central pillar of institutional residential strategies – but not without profound questions about viability, regulation and future growth.

Andy Pointon, partner and head of build-to-rent investment and development at Allsop, set the scene with a clear message, saying that the structural imbalance between rental supply and demand remains the sector's most powerful tailwind.

"Yields in the sector remain robust, supported by strong occupancy and good rental growth," Pointon said. "Speed of delivery, take-up rates, low vacancies and low churn are all contributing factors to why the sector is attractive."

Pointon added that investors now see the sector as underpinned by a pipeline that continues to expand. "Investors now feel that the sector is truly scalable, with multiple major housebuilders trading in the sector."

That scalability was already visible in the operational data shared by Alex Masters, Allsop's senior asset manager for single-family housing, who has overseen a rapid expansion in managed schemes.

Masters emphasised the depth of demand stretching well beyond new-build lease-up. "Our occupancy in stabilised schemes averages between 95% and 98%, showing that there's continued demand even once the new-build brand new homes comes out with the marketing material," he said.

Absorption rates, too, are becoming clearer as the sector matures. "What

ALLSOP

> *"Speed of delivery, take-up rates, low vacancies and low churn are all contributing factors to why the sector is attractive"*
>
> **Andy Pointon, Allsop**

we've learned over the last three years is that there is an absorption rate of about 10 houses a month," Masters said.

These fundamentals are driving a growing preference for SFH over multifamily, particularly in today's construction and regulatory climate.

In the 'burbs

The economy may be challenging for development, but for SFH the pressures are also reinforcing its strategic value. Haroon Akram, director of strategy, investment and business development at Harworth, spoke bluntly about the realities developers face. "Development economics now are far more challenging than they ever have been, there's a floor price to delivering serviced land, and that cannot move," he said.

Despite this, Akram added that SFH remains one of the strongest outlets for delivery provided pricing expectations align. What's often lacking, he suggested, is consistency from planning authorities. "Sometimes the product even isn't that different. I think it's inconsistent at the minute. You'll find some proactive local authorities and then some that are very opinionated."

Even with planning friction and cost inflation, the investor case for SFH continues to strengthen. Danny Pinder, director of policy for real estate at the British Property Federation, said: "There is a huge amount of demand. But a not-insignificant part of what's driving decisions is the slow accumulation of tax and regulatory changes over the last few years. The risk is at that point now where we are seeing an increasing attractiveness, relatively speaking, for single-family housing, because you're not tied up in Gateway 2 and those sorts of things."

Pinder added: "Single-family housing, by its nature, tends to be more suburban rather than city centre. You're starting at a lower baseline in a world where affordability is topping out in London. That goes to a key attractiveness: you've got that space for rental growth to continue to rise."

An easier ask

No speaker captured the investor perspective as succinctly as Jack Spearman, managing director of SFH at Long Harbour. In contrast to the complexities of multifamily development and operation, he described SFH as an opportunity that "ticks all the boxes".

"Single-family can sit right across the spectrum," Spearman said. "It's interesting to see so many people coming out with that mid-market, low-rise suburban product where you've got low amenity, you've got a large number of units... You can see how new-build multifamily is basically impossible to find at the moment. Yields are shifting out in multifamily because the market is more mature and people bought in different vintages at much tighter cap rates. But in single-family, you've got much stronger tailwinds. It's an easier ask for an investor."

Spearman went further in positioning SFH as central to the UK's structural housing shortage: "The only way to get

prices down is to increase supply – that's where we come in."

He also highlighted SFH's unique defensive characteristics. Unlike multifamily, SFH assets can be sold individually, offering a built-in hedge during downturns, a quality increasingly valuable amid interest-rate volatility and shifting yields.

From the developer's viewpoint, the attraction is just as clear. Arthur Coxon, associate investment director at Dandara, underscored SFH's quicker delivery and lower risk profile.

"A lot of it comes down to speed of delivery and ease of execution," Coxon said. "Single-family schemes are far quicker to buy, to start on site, to build out. There's generally far less risk from our perspective. We're still buying land on the high-rise side, but at this point in the cycle, single-family can be delivered quickly and without as much acquisition risk. At a point in time we think it will all come back, but right now we're leaning more towards single-family because we can deliver it quickly and confidently."

He also noted that emerging forms of intermediate housing, such as discount market rent, could broaden the model's reach if planning frameworks evolve. "DMR tenure coming in would be very useful – it gives you a different price point and tends to let up quite quickly."

Held to account

A crucial developer perspective came from Tom Hill, executive director at The Hill Group, who highlighted how SFH requires a fundamental rethinking of product mix and site design. "The challenge we have is, at the moment, all our sites are designed to be bigger houses," Hill said. "We're looking long-term at how we can have flexibility between sales of smaller units that also work for rental."

Hill also emphasised the strategic advantage of a dual-outlet approach, one that allows developers to pivot between private sale and rental depending on market conditions. "It's fluid – we can do both on a multitude of sites and if it doesn't work in the rental market, it falls away and you can pivot back to the sales market."

This echoes a broader theme: SFH is not just another tenure, but a lever for resilience, allowing developers to maintain momentum even amid volatile sales markets.

Regulatory change, particularly the Renters' Rights Act, surfaced repeatedly as a factor reshaping institutional investment strategies. Susannah Roberts, portfolio manager at Armstone, described SFH as well-positioned to absorb the coming changes. "Families are less transient in nature," she said. "Single-family housing stands very strongly in that legislation due to the demographics."

But Armstone warned that maintaining service quality will become increasingly exacting, adding: "This legislation now holds us much more to account and that's where property manager–asset manager relationships really come into their own."

Andrew Davey, head of long income and housing at CBRE IM, agreed that scale will be decisive as new regulatory processes increase operational demands. He said: "The winners from [the Renters' Rights Act] will be the people that can scale and effectively drive down potentially additional bureaucratic costs within that.

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> *"Single-family schemes are far quicker to buy, to start on site, to build out. There's generally far less risk from our perspective"*
>
> **Arthur Coxon, Dandara**

"I can envisage, especially on the rent review process, potential for increased gross-to-net. But if you've got economies of scale, but also the ability to really engage with customers, the potential for that growth and that leakage is reduced. So scale will win out from the renters' reform. That's partly the government's intention around that piece of legislation, really feeding into institutional involvement in terms of management, not just multifamily but single-family as well."

Beyond regulation, Davey struck a note of longer-term confidence in the demographic and economic fundamentals underpinning SFH, adding: "I can't imagine what Rachel Reeves would say that would change the demographic support for rental, especially single-family housing."

No drama

Geographically, the roundtable revealed a cautious but growing conviction that SFH's next chapter will be more diversified. Matt Bench, group managing director of partnerships at Miller Homes, pointed to Scotland as a breakout opportunity pending resolution of its rent-control framework.

"Almost every location from our perspective still seems to be pretty popular," he added. "Unsurprising to hear, I'd probably put the South East [of England] at the bottom of that, and then the Midlands into the North East and North West seems to be pretty active across the piece.

"I think there's a real opportunity for Scotland. I know there's some associated risk as we sit here today... but I think there's a big opportunity out there for someone – if not everyone – to make an entrance into that market. The demographics and transportation links might be perceived as not as good, but actually, almost every location outside the major two cities of Edinburgh and Glasgow are accessible inside 15 to 30 minutes."

Despite SFH's momentum, significant ESG obstacles remain. Joe Bridger, director at Kennedy Wilson, highlighted a tension that many in the sector feel. "From an investment perspective, ESG is obviously at the core of what we are looking for, or what most LP groups are looking for. But that being said, we try not to be dramatic.

"Fundamentally, the grid cannot support everyone flipping to an air source heat pump. There's an infrastructure problem there. So from an underwriting perspective, you have to know that what you're buying is going to have the rental demand, and then we try to do the best we possibly can with 80% air source heat pumps."

Long Harbour's Spearman added: "There's also some benefit to going later with these things in terms of technology. Some of the earlier adopters had problems – whether that's battery capacity or the systems, or over-the-wire diagnostics when things go wrong. Even just the adoption curve for people learning to use them."

Good for PLC

If one theme united the roundtable, it was the belief that single-family housing is on the cusp of becoming one of the UK's most significant real estate asset classes – provided government policy remains stable and capital continues to flow.

Spearman captured the sentiment with a call for explicit political support: "If the housing businesses are talking about institutional BTR, that type of investment is good for the UK PLC."

With rental demand rising, homeownership affordability eroding and the private rented sector shrinking at pace, SFH is positioned to fill a critical gap. Operators are proving the model works; developers are embedding it into strategies; and investors are increasingly backing it as a stable, inflation-linked, long-duration income stream.

The coming years will determine whether this sector becomes a permanent, scaled feature of the UK housing market or a transitional phase in the evolution of institutional residential investment. Based on the insight shared around the table, the momentum is firmly with SFH.

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The art of making a name in life sciences

As Carter Jonas continues to sign up science and tech clients, sector head Matt Lee reflects on his three years at the helm. **Evelina Grecenko** reports

Carter Jonas has put its stamp on more than a dozen science and technology developments across the UK in the past three years. With the consultancy now set to sign its 20th client in the sector, science and technology lead Matt Lee sat down with *Estates Gazette* to reflect on the drivers behind this success.

With roots in Cambridge dating back to 1855, Carter Jonas has watched the evolution of the science and tech industry and gained first-hand experience of its growth within the region, across to Oxford and down to London.

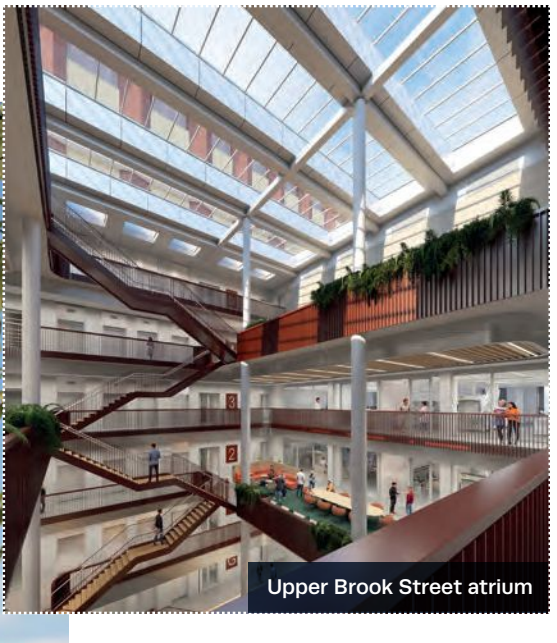
The expansion of the sector has more recently accelerated nationwide, thanks to skyrocketing private investment and backing from the UK government. Carter Jonas has also embedded science and tech at the heart of the company's strategy, first in 2025 and then as part of its Vision 2030 plan, giving Lee a lengthening to-do list.

Having joined the firm from Manchester University NHS Foundation Trust in October 2022, Lee was tasked with capitalising on work Carter Jonas had been already doing in the areas of science and technology by bringing the respective regional teams together and scaling up the consultancy's national services offering.

"I brought some different experience to Carter Jonas," Lee said. "I worked on the developer side, in the NHS, and then came on the consultancy side, working with individual [Carter Jonas] regional offices to help them understand how to curate an opportunity."

ALL PHOTOS PROVIDED BY CARTER JONAS

The Upper Brook Street scheme in Manchester



Upper Brook Street atrium

> *"The 'leave no stone unturned' approach really resonates. You have to work harder during the quieter times to engage with companies before they realise they need additional space"*

And that opportunity will increasingly be outside the regular hotspots, added Lee, a strong believer that science and tech can thrive beyond the Golden Triangle.

"What attracts companies to Manchester, to Teesside, Liverpool or Birmingham?" he said. "Not everyone should go to Oxford, Cambridge, London."

Getting the blend right

Lee gained a deep understanding of regional markets in his role at the NHS, where he was charged with attracting companies to Manchester and encouraging collaboration within the sector. Prior to that, he had worked at Bruntwood for almost 14 years, driving its commercial business in Liverpool, before being tasked with overseeing the commercial side of operations for the Manchester portfolio at Bruntwood SciTech.

"There wasn't a defined science and tech portfolio there at the time," Lee said. "In Liverpool, I was working with companies across the creative industries and gaming sector, while in Manchester there was a big mix between information and communication tech, digital, advanced materials, defence and manufacturing."

It was late 2014 when Bruntwood bought Alderley Park in Cheshire, followed by the launch of CityLabs in Manchester city centre, which formed the foundation for what is now a well-regarded life sciences portfolio held in a joint venture between Bruntwood, Legal & General and the Greater Manchester Pension Fund.

Understanding how the different science and tech players collaborate, and how each of those companies can benefit from being located next to each other has helped Lee, alongside the wider team at Carter Jonas, to develop real estate strategies that support these industries and their ecosystems.

"Regions within the UK all have different specialisms but some of them could be similar, so there's always going to be a certain competitive nature between them," he said. "That's why we, as consultants, should have a strong national overview in terms of what those different knowledge assets are."

He added: "We've got a unique mix of on-the-ground teams from Edinburgh through to London who understand their specific markets inside and out, and then an overlaying national team who work with those individual regions and have an oversight of what science and tech sectors are doing. It fits together well, so we can advise the developers and occupiers on both sides where the opportunities might be.

"I firmly believe there's a right place for each company to go but it might be that there's a couple of right places. Understanding what the individual sectors are, what their growth looks like and what types of space they might need, helps us guide potential occupiers."

The consultancy's evolved operating model has proven appeal to a growing number of science and tech landlords across the UK, which have onboarded Carter Jonas to test these strategies. Last year, *Estates Gazette* broke the news that the consultancy is joining forces with Knight Frank to develop

a marketing strategy for Kadan Science Partner's Upper Brook Street scheme in Manchester.

The first phase of the £436m masterplan comprises a 215,000 sq ft lab and office building, and will be followed by delivery of 737 student bedrooms by McLaren Group as the next phase of the development.

Elsewhere, some of the most notable science and tech asset wins over the past few years included leasing instructions at Sciontec's Hemisphere Two lab and office development in Liverpool; Pioneer Group's Hexagon Tower in Manchester city centre and Wilton Centre in Teesside; and Keele University's science innovation park in Newcastle-under-Lyme.

"We expanded into Manchester and in turn opened our office in the city, servicing the North West and leaving the Leeds office to focus on the rest of the North," said Lee.

Carter Jonas set up shop at Bruntwood SciTech's Bloc facility on Spring Gardens in Manchester city centre, having hired former CBRE senior director Harry Bolton to head up the local team.

"Science and tech is constantly growing and evolving," said Lee, adding that the strategy and the working policies at Carter Jonas are following the sector trends and adapting "as they should".

(Re)activating occupiers

Having a good grasp of the science and tech sector is boosting Carter Jonas' ability to service a broad range of domestic and international investors, developers and occupiers. However, muted demand from the latter, subdued by wider macroeconomic headwinds, has forced Lee and the team to think outside the box and become "much more proactive".

"The 'leave no stone unturned' approach really resonates," said Lee. "I think you have to work harder during the quieter times to try and engage with companies before they realise they need additional space."

According to Lee, science companies are making up about a third of occupiers within a single cluster, with the reminder of the space across the campuses typically filled by other sectors.

"Within each of the sectors you have better and slightly lesser times, and the mix within the clusters changes over time," he added. "What fuels companies' ability to grow and take more space, though, is being able to access finance to enable them to scale up regardless of what they're doing.

The Wilton Centre in Teesside

Sciontec's Hemisphere Two in Liverpool

"We are talking with investors about different sectors' potential for growth, and how we can package that up and overlay with growth support. But then equally we are working with membership organisations, the government and everyone who can have an influence on what enables companies to grow, making sure we're as additive as we can be."

Lee added: "We're at a really interesting time. The UK has patient data from an inclusive health system which is here to collaborate to treat people better, to diagnose them early and to make people live longer and better lives. That will never go away, providing opportunities for private science and tech sector to play its part."

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Taxing people's homes, the theory

Derek Wood KC shares his considered view on council tax proposals and the controversial "mansion tax", beginning, this time, with a look at the principles behind them

In her Budget speech on 26 November 2025, the chancellor Rachel Reeves said she would "take further steps to deal with a longstanding source of wealth inequality in our country". Claiming that a council taxpayer in a Band D home in Darlington or Blackpool pays nearly £300 a year more than someone living in a £10m "mansion" in Mayfair, her remedy is to introduce "a high-value council tax surcharge". Starting in 2028, it will be collected "alongside council tax, levied on owners". It will start at £2,500 a year for homes worth more than £2m, rising to £7,500 for properties worth more than £5m.

The idea that the owners of high-value homes can and should make hefty annual contributions to the public purse is not new within Labour circles. At the Labour Party conference in 2014, in advance of the 2015 general election, Ed Balls as shadow chancellor advocated something on similar lines: £250 a month on homes worth between £2m and £3m, and 1% a year on properties above £3m. Labour lost that election. The proposals now come back, sparingly outlined, in a slightly different form.

The government has given itself three years to work out the detail. With one fundamental change to what is proposed, a system of taxation more consistent with the government's aims may be within reach.

Council tax

The new surcharge is to be levied "alongside" council tax. It is useful to look first at the story of council tax itself.

Annual taxes on real property have always been a tax on occupation, not ownership. That is true of business

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rates and the council tax today. Council tax, payable by the residents of "dwellings", was introduced in place of Margaret Thatcher's community charge – the hated poll tax – by the Local Government Finance Act 1992. It is today a principal source of revenue for local authorities. Some of the receipts have to be passed on to precepting authorities such as the police, fire services and a government scheme for the aged. It otherwise accrues exclusively to the local authority and is a main contributor to the cost of local services.

The 1992 Act laid down a four-step process for calculating council tax. Step 1 required councils to draw up a list of chargeable dwellings in their area.

Step 2 was to establish the sale value of each property in the open market with vacant possession on a given date. In the case of houses, the value was the price obtainable on a sale of the freehold. For flats, value was to be based on the grant of an assumed lease of 99 years at a nominal rent. The date of the hypothetical sale in England was 1 April 1991. In Wales, the dates were slightly different and for some purposes have been moved forward; but the valuation date in Wales is still a historical date in the past.

Under step 3, each property was placed into one of eight bands – A to H – according to its value (Wales has a band I). Band A starts at below £40,000 (originally £30,000 in Wales). At the top, Band H applies to properties valued at above £320,000 (originally £240,000 in Wales). Properties which did not exist at the valuation date are assigned to a band by a process of comparison with properties already listed.

Finally, at step 4, subject to the supervision of the secretary of state, the local authority applies annually a mathematical formula to these values to derive an annual amount of tax payable by the residents in each band, according to its budgetary requirements. There are many exceptions, exemptions and detailed regulations surrounding this basic framework.

This is how, in 2025, Doncaster residents in B and D end up paying £17,175.55. In Westminster, residents in Band H pay between £2,034.36 and £3,260.78 depending on where they live. The figures are a function of the amount of revenue which each council thinks it needs and can raise from householders.

Criticism of council tax

One long-standing criticism of council tax is that the values and allocations on which it is based are hopelessly out of date. The domestic rating system which preceded council tax was based on an assumed annual letting value of the home occupied by each ratepayer. The philosophy, which can be traced back to the Poor Relief Act 1601 (which also taxed personal property), was that the greater the annual value of your home, the more prosperous you were likely to be. Your contribution to local services should therefore reflect your financial position compared with that of your neighbours. Revaluations took place from time to time.

The 1992 Act relied on the same philosophy, using capital rather than rental values. The values laid down for the council tax bands were selected at the time as a rough and ready proxy for differences in the levels of ratepayers' annual disposable incomes, and therefore

in the amount of tax they could afford. Homes were allocated to the different bands according to how they related, in terms of capital value, to local values generally in 1991. Relativity was more important than actual values and remains so.

The trouble is that the allocation has been frozen in time. While the 1991 valuations might have reflected the relative values of properties and, impliedly, the relative financial position of taxpayers in the market as it stood then, values within each district and nationally have undergone profound change.

What was once a relatively less expensive home compared with its neighbours may now have become more desirable, for any number of reasons. A home placed in Band A in 1991 may, nowadays, be more expensive than a home in the same district placed in Band C, and vice versa. Where a property is improved by its owner it might be re-banded when it is sold. Otherwise, it remains stuck in the band it was originally put into. The resident in that Band A home continues to pay the lowest rate.

More seriously, it is and always has been highly questionable as to whether, even in principle, the capital value of an individual's home is a reliable guide to the disposable income out of which they can pay tax. The mansion tax as described by the chancellor is likely to embed and reinforce this defect.

> *"It has always been highly questionable as to whether the capital value of an individual's home is a reliable guide to the disposable income out of which they can pay tax. The mansion tax as described by the chancellor is likely to embed and reinforce this defect"*

Mansion tax is not a version of council tax

Naming the new tax as "a high-value council tax surcharge" is misleading. Unlike council tax, the chancellor proposes a charge "levied on owners", not occupiers. The owner may or not be the same person as the occupier. That is a profound departure from all previous rating and council tax regimes. Second, the revenue raised will be paid to central government, not the local authority.

If it is to be collected "alongside council tax" that may simply mean the local authority which collects council tax will, at the same time, and in the same billing, be given the task of collecting the mansion tax, as agent for HM Revenue & Customs. But the shift of liability from occupiers to owners will present councils (or any other collector) with a challenge. Non-occupying owners will have to be billed separately.

Identifying the mansions

The valuing and banding of properties for council tax involved district valuers in an expensive and time-consuming exercise. That is one of the reasons why no government has been willing to commission a revaluation. Drawing up the list of chargeable mansions and settling the register is not quite as forbidding.

In the compilation of this list, some use can be made of existing council tax allocations. The most likely candidates will be found in Bands E-H. A blend of local market and economic data taken with Land Registry records of local sales can be deployed to arrive at a rough assessment of the value of each property. A uniform valuation date will have to be set, presumably in 2025 or 2026. The value will surely be based as before on vacant possession: freehold for houses and long leasehold for flats. Properties frozen in a lower band which, since 1991, have leapt in value will have to be picked up. National movements in house prices will not help because of the very different rates at which prices have moved since 1991 in different parts of the country.

Owners will have to be given a right of appeal, as in the case of council tax, but the volume of appeals may be small. There are only two categories of chargeable mansions – above £2m and above £5m – with a fixed rate of tax within each band. Valuations at the edge of these bands will be important to owners. Many others will know their property clearly falls somewhere inside a band, and it will not matter whether they disagree with the exact figure produced by someone else's computer. Win, lose or draw, their property qualifies.

A likely collateral outcome of this exercise is that it will reinforce what the market already knows, namely that property values around the country vary wildly – much more so than in 1991. There are many areas in London, for example, where you will be stretched to buy a terraced or semi-detached family house for £2m, whereas in many regional cities, for the same money, you could buy a handsome detached home with a nice garden. Or, if you go to almost any rural county, £2m will secure a much grander house with significant land – a real mansion. There is no single template for this class of owner, or the lifestyle they enjoy.

Next time: Can mansion tax work?

Derek Wood KC has retired from practice in Falcon Chambers and is now a chambers' academic fellow

Planning ahead

Martyn Jarvis considers the implications of the government's reforms to the planning system in 2025, and what can be expected in 2026

Planning reform was at the forefront during 2025, as the government focused on positioning the planning system as pro-growth and pro-infrastructure. The end of the year saw the Planning and Infrastructure Act 2025 passing into law, two days after the publication of proposed reforms to the National Planning Policy Framework. So after such a busy 2025, what can be expected in 2026?

NPPF 2.0

At the end of the year, the government published proposals for a fundamental re-write of the NPPF. This will re-shape how development plans are required to be produced and how planning decisions are required to be taken. A new NPPF, largely representative of what is currently being consulted on, can be expected to be published in the summer of 2026 and will represent the most significant change to the planning system in decades. The new NPPF will come forward alongside other legislative changes to facilitate the introduction of a faster and more permissive planning system, with particular implications for plan-making and decision-taking.

Plan-making

This year will be one of transition for plan-making, as we see the introduction of the new plan system while the previous one is phased out.

Under the new system, local plans that accord with the new NPPF will be required to be produced and adopted within a period of 30 months, and be subject to digital-first requirements, standardised data formats and digital tools to modernise and make them more user friendly.

The introduction of spatial development strategies will commence across England following the introduction of a duty on strategic planning authorities to prepare an SDS for their area and timetables for their production. SDSs will include policies on the use and development of land that are of strategic importance to the area, including policies on housing and the identification of infrastructure requirements. They will become the regional driver of what development is required and how this is to be strategically planned for.

The new NPPF contains policies in respect of the plan-making framework, including how new streamlined plans will be required to be produced, how SDSs are to come forward and how local plans should support the delivery of the spatial development strategy for their area.

While it will be some time before the new SDSs and local plans are in place, representing a shift from localism to a more centralised system, it will be important that developers are engaged now with their production to best ensure the realisation of their future development proposals.

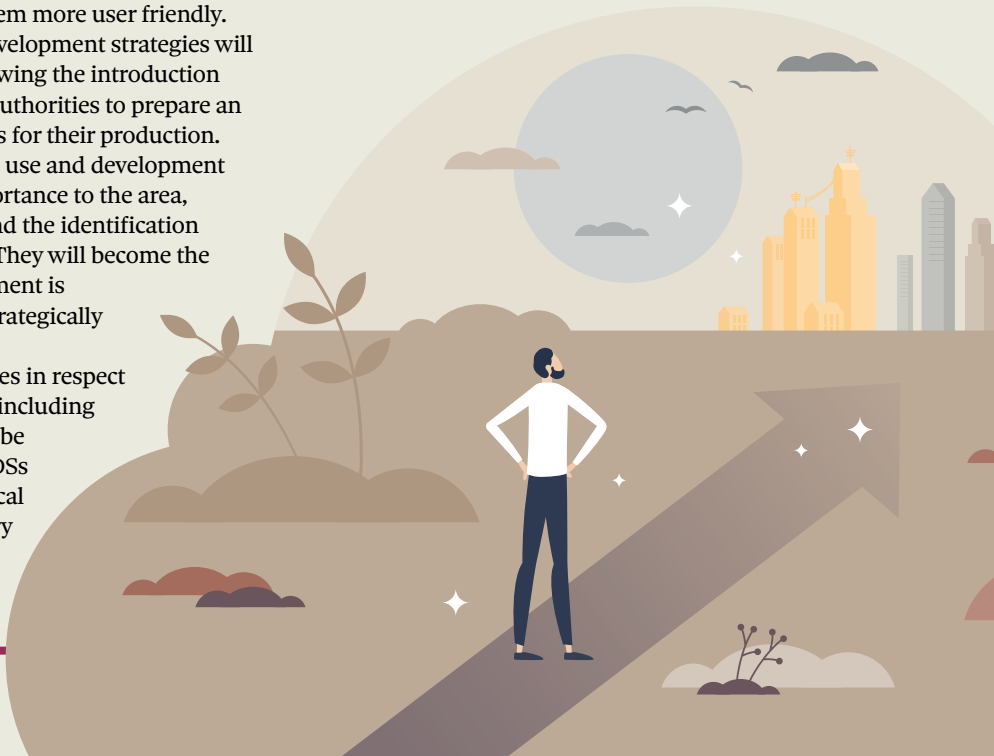
Decision-taking

For planning decision-taking, the new NPPF will be in effect from the date it is published, and development proposals will benefit from the new provision that any development plan policies which are inconsistent with the national development management policies introduced in the new NPPF are to be given "very limited weight".

Compliance with the NDMPs will become paramount in the period while new local plans are produced, and significant numbers of development proposals are likely to seek to benefit from the changes brought forward by the NDMPs during this transitional period.

Focusing on some of the key changes the NDMPs introduce, amendments to the presumption for when development should be approved within and outside of settlements provide greater clarity for what development is acceptable in which locations, and certainty as to when development proposals should be approved. Policies that provide presumptions in respect of the approval of housing and mixed-use development within a reasonable walking distance of railway stations are also introduced, alongside policies in support of higher-density developments.

Also of significance are policies that limit when viability assessments may be appropriate to justify



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a reduced level of affordable housing or other infrastructure requirements, to curtail the complex submissions that accompany many major housing and mixed-use developments. Those submissions are, however, necessary, having regard to scheme viability in the current economic climate and the demands plans seek to place on development. This will continue to be a difficult issue, as can be seen by the recent consultations in London relating to reduced affordable housing and community infrastructure levy requirements. It may also prove to be the case that there is greater scope to justify the use of viability assessments in the period before new up-to-date local plans are in place which are based on up-to-date site and economic information.

Much of 2026 will involve unpacking the consequences of the new NPPF, but there are many other important changes to the planning system.

National scheme of delegation

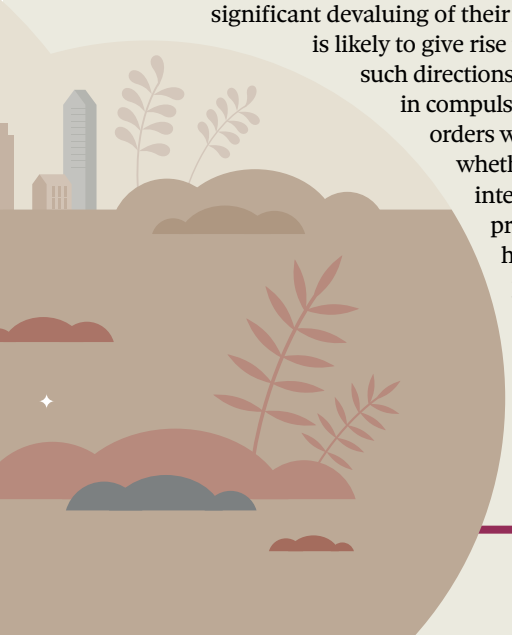
The 2025 Act provides for a national scheme of delegation for planning decision-taking to be introduced, to shift decision-making from committees to planning officers, resulting in quicker decisions.

A two-tier approach is proposed, where minor commercial and residential applications, reserved matters approvals, approval of condition applications and other minor applications (tier-A applications) must be delegated to officers. Other applications would only be referred to the planning committee where proposals raise an economic, social or environmental issue of significance to the local area, or a significant planning matter having regard to the development plan.

New towns

Following the recommendations of the New Towns Taskforce for the location of 12 new towns, and the confirmation that the government is determined to begin building in at least three new towns during this parliament, we can expect to see a renewed focus on how the delivery of those can best be assured. This is likely to include the creation of development corporations to drive the delivery of the new towns.

But this will not be without some controversy, in particular where development corporations use directions to remove hope value compensation when acquiring land. Affected landowners may be subject to a significant devaluing of their land, and this is likely to give rise to challenges to such directions being included in compulsory purchase orders which focus on whether the public interest test is properly satisfied having regard to proportionality of impacts, scheme viability and the additionality which is achieved.



Support for SME housebuilders

The government has proposed a range of measures to support small-and-medium enterprise developers and increase their contribution to the supply of housing. Within the new NPPF this includes a requirement on plan-makers to allocate land to accommodate at least 10% of its housing requirement on sites no larger than 1 ha, and another 10% on sites of between 1 and 2.5 ha.

There are also proposals to remove and streamline application and other requirements for small and medium residential sites, including the simplification of biodiversity net gain requirements and the exemption of sites from the Building Safety Levy (which comes into force in autumn 2026).

Infrastructure planning reform

Key reforms have been proposed to the infrastructure planning system via the 2025 Act aimed at significantly reducing timescales for major infrastructure projects to be consented and built, and some further reforms could also be seen this year.

Statutory consultation will be no more, and guidance is to be published to detail how consultation should be undertaken more proportionately. How industry takes up this opportunity or sticks to the status quo of approach in balancing risk will be interesting to see. Guidance on how to improve the efficacy of the examination process could also be seen.

The current inflexibility of development consent orders could also be an area of focus, providing a simpler route to varying approved development to make this more akin to varying a planning permission, which could improve the attractiveness of the regime to those projects which may opt in.

Environmental outcome reports

We can also expect to see the emergence of environmental outcome reports as a replacement for – or possibly a supplement to – the current process of environmental impact assessment. EORs are intended to deliver faster and more effective environmental assessment and, despite falling down the reform agenda, the current government has committed to implementing EORs in its recent Environmental Improvement Plan.

One interesting aspect of EORs could be how they seek to limit the scope of required assessment, and whether in so doing they limit the effect of the judgment in *R (on the application of Finch)* v *Surrey County Council and others* [2024] UKSC 20; [2024] EGLR 29.

The importance of navigating uncertainty

There is then much to be expected in 2026 as reforms are implemented and further reforms come forward. Many of the positive achievements of the government's reform agenda in 2025 have also led to some developments being slower to come forward, as those engaging with the planning system have grappled with how to navigate the uncertainties change creates. But change also brings opportunities, and the continued careful navigation of the planning system will be required as it transitions for them to be realised.

Martyn Jarvis is a partner at Town Legal

No hiding place

Why 2026 will redefine residential property risk

Dr Christy Burzio
Barrister, Tanfield Chambers

As 2026 dawns, it looks set to be the year where ambitious policy initiatives collide with the operational realities of the residential property sector. It will test whether reforms will translate into workable outcomes or whether compliance, cost and constraints blunt their impact. For developers, investors, landlords and advisers alike, 2026 will not necessarily be about new ideas, but about implementation, enforcement and litigation.

The Renters' Rights Act 2025

Few pieces of legislation have reshaped the private rented sector as profoundly as the Renters' Rights Act 2025. From 1 May 2026; section 21 notices will start to fade into non-existence, as no reason evictions are abolished and the new section 8 grounds for possession take effect.

Assured shorthold tenancies, which have been in operation since the 1980s, and fixed-term tenancies will no longer be offered to tenants and will be replaced by periodic assured tenancies. Further, reforms regarding discrimination, pets and rent – including a ban on rental overbidding beyond advertised rent, rent in advance, and a new section 13 rent increase process before the First-tier Tribunal – are due to take effect.

When Big Ben chimed midnight on 1 January 2026, that gave the industry just 120 days to fully prepare. That window will need to accommodate the serving of valid section 21 notices, while it is still possible to do so, redrafted tenancy agreements and information sheets, updated rent strategies and revised internal processes to manage rent increases – including agreements with current tenants to subvert the need to issue FTT proceedings in the short term. The new year compliance sprint has well and truly begun.

The second half of 2026 will see further measures come into force, including the Private Rented Sector Database and the Landlord Ombudsman Scheme. Meanwhile, the extension of Awaab's Law and the modernised Decent Home Standards roll out to the private rented sector remains subject to consultation and is not expected until 2027.

What remains conspicuously absent is the resourcing to support enforcement. Without meaningful investment in, but not limited to, the court, tribunal and bailiffs infrastructure, the processes, which are already struggling with backlogs, could undermine the effectiveness of the lofty goals that justified the 2025 Act. The policy framework may be in place, but the delivery mechanism looks increasingly fragile.

Leasehold reforms: unfinished business

Although passed in May 2024, under the previous government, the Leasehold and Freehold Reform Act 2024 remains incomplete and contested. Provisions related to the abolition of the two-year rule, an easier right to manage criteria for leaseholders wishing to take over management, and amendments to the Building Safety Act 2022 are already in force. However, despite promises, leaseholders, who could benefit from a cheaper and longer lease extension pursuant to the 2024 Act, are likely to have to wait longer to see the fruits of their patience.

"For developers, investors, landlords and advisers alike, 2026 will not necessarily be about new ideas, but about implementation, enforcement and litigation"

The most significant legal challenge to the 2024 Act was *R (on the application of ARC Time Freehold Income Authorised Fund and others)* v *Secretary of State for Housing, Communities and Local Government* [2025] EWHC 2751 (Admin); [2025] EGCS 173, where a consortium of major freeholders argued that some of the unimplemented sections of the Act, including the abolition of marriage value, the capping of ground rent and the liability of costs, infringed their human rights. On 24 October 2025, the High Court ruled in favour of the government, but several freeholders have indicated their intention to appeal.

As a result, caution is likely to define the government's approach in 2026. Further consultation has been promised, and while certain operational elements of the 2024 Act continue to bed in, valuation reform is likely to remain on hold.

The Leasehold and Commonhold Bill

The Bill was expected in the second half of 2025, having been a major feature of the King's Speech in 2024, but it has yet to be released. It is likely to include: a ban on new leasehold flats (although not on existing leasehold blocks); the bolstering of commonhold tenure; regulating ground rents; and, importantly, ending forfeiture, where under the current regime leaseholders can lose their flats for debts as low as £350.

In 2026, the market will see a published Bill and scrutiny will focus on whether it strikes a workable balance between collective ownership and effective management of shared structures. Even

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so, meaningful reform is unlikely to take effect before 2028 or 2029.

The Building Safety Act 2022 – liability with broader limits

More than eight years has passed since 72 lives were lost in the Grenfell Tower tragedy and the 2022 Act continues to reshape risk allocation across the sector. In 2026, its most profound impact will be felt through expanding liability and the erosion of traditional protections such as the corporate veil.

Case law on remediation orders for landlords to carry out works, and remediation contribution orders which can impose liability for costs on a broad range of parties, including associated entities of developers and landlords, is steadily growing. These measures are set to increase as stakeholders seek to test the scope of the new remedies with the FTT, turning a simple service charge matter into a multi-party building safety dispute.

The Supreme Court is expected to hear two important cases in 2026: *Triathlon Homes LLP* v *Stratford Village Development Partnership and others* [2025] EWCA Civ 846; [2025] EGCS 118 and *Adriatic Land 5 Ltd* v *Long Leaseholders at Hippersley Point* [2025] EWCA Civ 856; [2025] EGLR 35, which will provide critical guidance on: the correct approach on whether an RCO is "just and equitable" to expose certain companies to liabilities, and the recovery of legal or professional costs by way of service charge where costs were incurred before the 2022 Act came into effect.

In parallel, readers should also expect to see an increase in building liability orders in the High Court. BLOs allow the High Court to hold associated companies jointly and severally liable for building safety risks, defective premises or a breach of regulations.

The knock-on effect will be felt in transactional markets. It is anticipated that there will be enhanced due diligence around corporate acquisitions where entities have been involved in the construction of projects and could incur the relevant liabilities. Protections against such risks are likely to include tailored and extended/blanket indemnities and warranties and/or insurance during acquisition. Identifying the full scope of latent liabilities at completion will remain a significant challenge.

A year of translation

If recent years were more about legislative ambition, 2026 will more likely be about interpretation. Test cases, FTT decisions and appellate guidance will begin to translate policy into practice, revealing how far the law can accommodate the commercial realities of residential property investment.

For the sector, 2026 will not be remembered for new legislation, but for the moment when compliance, litigation and market behaviour finally converge.

Nikita Asher
Senior associate, Trowers & Hamlins

The Renters Rights' Act: student housing sector

The new legal landscape threatens a fragmented future for student accommodation

The Renters' Rights Act 2025 was granted royal assent on 27 October and is set to deliver far-reaching changes across the private rented sector. However the consequences of the Act on the student accommodation sector will be felt more unevenly than elsewhere.

Although students may attend the same institution and live in the same city, the level of protection they receive and the obligations imposed on their landlords will soon vary dramatically depending on the type of provider they choose.

From 1 May, when the Act is implemented, every existing assured shorthold tenancy will automatically convert into a fully assured one. For the mainstream PRS, this marks a wholesale shift to open-ended tenancies and new rules governing possession. For the student market, however, the Act introduces a three-tier structure which creates clear dividing lines between different categories of accommodation.

1. University halls and code–registered PBSA

The first category includes university halls of residence and purpose-built student accommodation provided by operators who have joined one of the government-approved codes. PBSA providers will sit outside the reforms. Their agreements will operate as common law tenancies, much like those historically granted by universities, enabling them to maintain the fixed-term model aligned to the academic year cycle.

This means there is no requirement to issue rolling periodic tenancies and no deposit protection duties. However, the exact scope of the PBSA carve-out is still developing. The government has confirmed secondary legislation will further define the boundaries of the exemption, but no draft regulations have yet been published.

One transitional rule is already clear – the one-off use of a new statutory possession ground – Ground 4A – intended to facilitate the turnover of cohorts in 2026. To make use of this, PBSA providers must serve notice on their tenant within 30 days of 1 May 2026. Missing this window removes the opportunity to guarantee vacant possession for incoming students during the next academic letting cycle.

2. Unregistered PBSA and the wider private sector

Where PBSA operators have not signed up to an approved code, or where students rent in the general private market (which includes build to rent), an entirely different regime will apply from 1 May. These tenancies will become assured ones under the reworked Housing Act 1988.

The key consequences are that fixed-term contracts will disappear, replaced by periodic tenancies; students can leave at any time with two months' notice; and landlords may only regain possession using statutory grounds.

For landlords, the most significant change is the increased exposure to mid-year voids. Students who decide to leave early can now do so with little restriction, potentially disrupting rental income.

This category also includes private shared houses not operating as HMOs under student-specific provisions. Here, the lack of fixed terms combined with open-ended tenancies presents new operational risks for agents and landlords.

3. Shared student houses (HMOs)

Shared student houses configured as houses in multiple occupation also fall under the assured tenancy regime. Yet HMOs benefit from a bespoke rule, Ground 4A, which recognises the cyclical nature of student lettings.

Under Ground 4A, landlords can recover possession between 1 June and 30 September, provided notice was issued before the tenancy started, and the property is let exclusively to full-time students. This gives HMO landlords a predictable way to ensure properties are available for the next academic year.

Unlike PBSA operators, HMO landlords may rely on Ground 4A permanently, not only as a transitional measure. Nonetheless, they must follow the statutory notice requirements precisely to avoid complications or disputes.

A 'split market' emerges

The practical outcome of these reforms is a divided student housing sector. Code-registered PBSA retains the flexibility of traditional student letting models; unregistered PBSA and private rentals (including BTR) face the full suite of periodic tenancy obligations; and HMOs fall somewhere in between, adopting the assured tenancy model but benefiting from a specific possession mechanism.

For students, the differences may be difficult to navigate and will significantly affect their rights. For landlords and accommodation managers, understanding which category their property falls into will be critical in determining notice requirements, possession strategies and compliance obligations.

As 1 May approaches, providers across the sector, particularly PBSA operators hoping to rely on transitional Ground 4A, must act promptly to avoid missing key procedural deadlines. With secondary legislation still pending, and the full practical effect of the reforms yet to be tested, the student housing market is bracing for one of the most substantial regulatory upheavals in decades.

Next time: retirement living

The legal principle that never was

Stuart Pemble analyses the Supreme Court decision that the concept of deemed fulfilment does not exist as a matter of English law

Most law students struggling to get to grips with the more subtle nuances of contract law will, at some point in their studies, form the distinct impression that the law does not allow wrongdoers to benefit from their own breaches of contract. But, while there are lots of situations where that still holds true, the Supreme Court (in *King Crude Carriers SA and others* v *Ridgebury November LLC* v *others* [2025] UKSC 39) has decided that, as a matter of English law only, one niche application of that concept does not, and never did, exist.

The specific concept is known as deemed fulfilment, or the principle in *Mackay* v *Dick* (after the Scottish case – (1881) 6 App Cas 251 - which caused all of the confusion). One of the three judges deciding that case, Lord Watson, gave a speech described by the Supreme Court in *King Crude* as "controversial". He held that where one party to a contract wrongfully prevents the fulfilment of a condition precedent to a debt (that it would otherwise owe) becoming due, that condition precedent is deemed fulfilled and the debt is payable. The thinking being that wrongdoer should not be allowed to rely on its own breach of contract to stop paying the debt.

The facts

In *King Crude*, three sellers of oil tankers (who were the respondents in the appeal) wanted to rely on deemed fulfilment to force the three buyers (the appellants) to pay the 10% deposits which they had, in breach of contract, failed to lodge with a deposit holder.

The sellers, who had terminated the contracts for the buyers' breaches, needed to rely on deemed fulfilment because the oil tankers had gone up in value since the contracts were entered into. As such, they had not suffered any loss under the normal law on damages, because they would earn more money finding new buyers for the tankers. However, if they could persuade the court that the deposits were due as debts (and therefore arguably payable irrespective of whether the sellers had suffered any loss), they were entitled to sums between $1.26m and $1.94m.

It is fair to say that the question of whether deemed fulfilment existed as a principle of English law had proved controversial over the course of the dispute. By the time the case was heard by the Supreme Court, the sellers had won in their initial arbitrations, lost on appeal to the High Court ([2023] EWHC 3220 (Comm)) and won in the Court of Appeal ([2024] EWCA Civ 719).

Key point

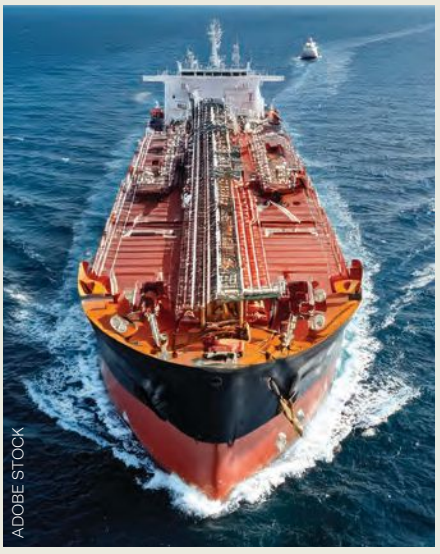
- There is no doctrine of deemed fulfilment in English contract law

The judgment

Lords Hamblen and Burrows (with whom Lords Reed, Hodge and Stephens agreed) considered the judgments below, as well as the relevant caselaw and academic commentary before, relatively easily, condemning deemed fulfilment to the jurisprudential graveyard. There were six reasons for doing so.

First, Lord Watson in *Mackay* v *Dick* "did not cite or rely upon any English law authorities" preferring to rely instead on "a doctrine borrowed from civil law". Given that one other judge decided the case on different grounds, and the third confusingly agreed with both other judgments, this really was the biggest problem deemed fulfilment could not overcome. Lord Watson made the principle up.

Second, and to make matters more confusing, since *Mackay* v *Dick* was decided, there had been judgments supporting and rejecting the principle. And although, somewhat crudely, the score was 4-2 in favour of the principle (as an aside, I can hear my contract law lecturer screaming as I type that), the Supreme Court felt that the same result could have been achieved in the four pro-deemed fulfilment cases by applying the law on damages for breach of contract as opposed to the law on debt recovery.



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This is where one of the quirks of *King Crude* – because the tankers had increased in value since the contracts were breached, the buyers would only receive nominal damages for breach of contract – becomes hugely important. They needed the ability to recover by way of debt to recover the deposits.

Third, the Supreme Court agreed with McCardie J in *Colley* v *Overseas Exporters* [1921] 3 KB 302 that the principle could not apply to contracts where the condition precedent that has been breached would result in title in the goods in question passing from seller to buyer. In *Colley*, the defendants failed to specify the ship in Liverpool onto which leather belts were to be loaded. The loading of the belts had two contractual effects: it was the event that resulted in title passing, as well as being a condition precedent to payment being due. Because the loading never happened, title never passed. The law could not ignore that fact and pretend that the condition had been met.

Fourth, and perhaps slightly repeating the first reason, "the various formulations or explanations of the... principle are all fictional". Categorising something as being deemed ignores the fact that there has not been any performance.

Fifth, the court endorsed the decision of Scott J in *Thompson* v *Asda-MFI Group plc* [1988] 1 Ch 241 that English contract law proceeds on the correct interpretation of contract terms (express and implied). It does not need fictional fulfilments of a condition precedent.

Finally, there is no downside to rejecting the principle. The law of damages is perfectly adequate, including when not actual loss has been suffered.

Stuart Pemble is a partner at Mills & Reeve

Landlord and tenant – Assured tenancy

Perotti v Amboh Properties Ltd

Upper Tribunal (Lands Chamber)
Martin Rodger KC (deputy chamber president)
16 December 2025
[2025] UKUT 421 (LC)
[2025] EGCS 206

Landlord and tenant – Assured tenancy – Rent increase – Appellant holding assured tenancy with rent payable by quarterly instalments – Respondent landlord issuing notice of increase proposing a new rent payable monthly – Appellant appealing against decision of First-tier Tribunal that notice valid – Whether notice expressing proposed new rent as monthly figure valid where rent payable quarterly under assured tenancy – Appeal dismissed.

The appellant held an assured tenancy of a flat at 13 Cleveland Court, London W1 under Part 1 of the Housing Act 1988, which he acquired by statutory succession on the death of his mother in 2014. At her death, the mother's tenancy was a regulated tenancy under the Rent Act 1977, which she had acquired by succession under the Rent Act 1968 on the death of her husband. The rent was payable by equal quarterly payments in advance on the usual quarter days and the appellant continued to pay the rent on that basis.

On 15 May 2024, the respondent gave notice to increase the rent under section 13 of the Housing Act 1988, proposing a new rent of £1,750 per month commencing on 29 September 2024.

When he received the landlord's notice, the appellant referred it to the First-tier Tribunal under section 13(4) of the 1988 Act. The FTT decided that the notice was valid, that it had jurisdiction to determine a new rent and that the new rent should be £1,150 per month and should take effect on 20 May 2025. A rent of £1,150 a month was equal to £3,450 a quarter.

The appellant appealed. The subsequent appeal raised a short question whether a notice which expressed the proposed new rent as a monthly figure was valid where rent was payable quarterly under the assured tenancy.

Held: The appeal was dismissed.

(1) A notice of increase served pursuant to section 13(2) of the 1988 Act had to comply with three requirements: (i) it had to specify a minimum period after service of the notice before the proposed new rent could take effect.

If the rent had been payable quarterly, the case fell within section 13(3)(c) and the minimum period was equal to the period of the tenancy and was one quarter; (ii) under section 13(2)(c) the rent might not be increased more than once a year; and (iii) the notice had to take effect at the beginning of a new period of the tenancy specified in the notice: *Mooney* v *Whiteland* [2023] EGLR 15 applied.

The starting date specified in the notice of 15 May 2024 was 29 September 2024. That date was a quarter day, falling more than one quarter after the date of service of the notice. It therefore gave the appellant the required quarter's notice of the proposed increase.

(2) Where the tenancy commenced more than a year before the date of the proposed increase, section 13(2)(c) prevented a landlord from proposing a new rent to take effect earlier than the first anniversary of the date on which the rent was last increased by virtue of a notice under section 13(2) or a determination by the FTT under section 14.

In this case the rent had last been increased during the tenancy of the appellant's mother, when it was increased to a rate recorded in the rent register as £86.50 per week with effect from 20 January 2010. Accordingly, the notice of 15 May 2024 did not propose an increase earlier than was permitted by section 13(2)(c).

The opening words of section 13(2) required the notice to propose an increase to "take effect at the beginning of a new period of the tenancy specified in the notice". On the basis that the appellant's tenancy was a quarterly tenancy, the date on which the notice proposed the new rent should take effect, namely 29 September 2024, satisfied that requirement.

(3) The three requirements of section 13(2) identified in *Mooney* were all about the date on which the proposed increase could take effect. The notice in this case satisfied each of those requirements. It left no room for doubt about the date from which the new rent would be payable. It enabled the appellant to understand whether the statutory requirements had been complied with. And it specified the correct deadline for him to challenge the proposed new rent by referring it to the FTT.

There was nothing in section 13 or 14 of the 1988 Act to prevent a landlord from proposing a change to the rental period, and to do so in a notice of increase. There was no express requirement that the new rental period specified in the notice had to be the same as the rental period under the tenancy. Nor was there a prohibition on the landlord using a notice of increase to propose a change in the rental period and the prescribed form also appeared to allow it.

(4) Section 13(5) explicitly confirmed that nothing in sections 13 or 14 affected the right of the landlord and the tenant under an assured tenancy to vary by agreement any term of the tenancy (including a term relating to rent). The landlord could not therefore be prevented by section 13 from proposing a change in the rental period, and it was difficult to see why that could not be done in the notice itself, provided the proposal was clear. The whole purpose of a notice under section 13 was to propose a change in the terms of the assured tenancy concerning the rent.

The fact that the rent was expressed in the notice as a monthly sum was not critical and did not prevent the notice having effect, as it remained perfectly possible to ascertain the quarterly sum by multiplying by three if the landlord's proposal was not accepted.

(5) That new rent was correctly stated to be £1,150 per month. But the FTT had no power to change the rental periods agreed by the original parties which were, and remained, quarterly; only the parties could vary the rental periods, and only by agreement. Accordingly, the rent which the FTT determined was payable by quarterly, not monthly, instalments.

Expressed as a quarterly sum, the rent was £3,450 per quarter. The earliest date from which a further increase could be obtained would be 24 June 2026, provided at least one quarter's notice was given.

(6) The appellant had been unable to attend the hearing but, after considering his written argument, the tribunal had formed a clear view of the merits of the appeal and was permitted to proceed in his absence: see rule 49 of the Tribunal Procedure (Upper Tribunal) (Lands Chamber) Rules 2010.

The parties did not appear and were not represented.

Trusts – Resulting trust

Anderson and another v Curtis and others

Chancery Division
Master Bowles (sitting in retirement)
18 December 2025
[2025] EWHC 3290 (Ch)
[2025] EGCS 207

Trusts – Resulting trust – Summary judgment – Claimants advancing monies to defendants as part funding for development – Defendants failing to repay loan – Claimants bringing proceedings claiming "Quistclose" trust in their favour – Defendants applying for summary judgment – Whether beneficial ownership of funds advanced remaining with claimants until applied for purposes for which advanced – Whether proceedings having reasonable prospect of success – Application granted.

The second defendant developer and the first defendant, its sole director, commenced a development project to convert a redundant church, St George's Church, in Kew, West London, into residential units. Funding for the development was provided, in part, by the claimants, by way of a loan, in the sum of £2,348,655. The core agreement was that, in consideration of the loan, the second defendant would repay the loan and pay the claimants one half of the profit arising from the development.

The loan was never repaid and a contractual claim for the recovery of the sums advanced, or any profit to which they might have been entitled under the loan arrangements, was time-barred.

The claimant bought proceedings against the defendants contending that the sum loaned was for the purpose of carrying out the development and procuring the repayment of the loan and the claimants' agreed share of the profit to be derived from the development.

That gave rise to a "Quistclose" trust, such that beneficial ownership of the funds advanced remained with the claimants, until the funds had been applied for the purposes for which they had been advanced. If that purpose was not achieved, beneficial ownership remained with the claimants, or resulted back to the claimants.

The defendants applied, under CPR 24.2, for a determination that the proceedings had no realistic prospects of success; and judgment be entered in their favour.

Held: The application was granted.

(1) A "Quistclose" trust was an orthodox example of a resulting trust, under which, subject to the power given to the borrower, as trustee, to use the funds advanced for a particular purpose, those funds remained in the beneficial ownership of the lender. If the power was properly exercised, in that the funds were used for their specified and intended purpose, the exercise of that power extinguished, or discharged, the beneficial interest previously retained by the lender, such that the lender retained no interest in the funds advanced and was left with his normal remedies in debt.

Trusts of that type were not intended to provide security for the repayment of the loan but to prevent the lender's money being applied otherwise than in accordance with the lender's wishes: *Twinsectra Ltd* v *Yardley* [2002] PLSCS 203; [2002] 2 AC 164 applied.

However, if the power was improperly exercised, or not exercised at all, and if the funds were not used for their intended and particular purpose, such as to discharge the lender's beneficial interest, that beneficial ownership was retained by the lender and the funds, until repaid, were held on resulting trust for the lender.

(2) The existence, or otherwise, of such a trust would always depend on the intention of the lender that the monies advanced would not be at the free disposal of the borrower, but had to be used for a particular purpose. Moreover, that particular purpose had to be defined with sufficient certainty to enable a court to determine whether the monies advanced had, or had not, been put to the particular purpose for which they were advanced.

If the use to which the money was to be put was uncertain, because it had not been used for the given purpose, but was not at the free disposal of the borrower, under the resulting trust arising from the advance, the monies advanced had to be returned to the lender.

(3) As regards the intention to create a Quistclose trust, the court was not concerned with the subjective intentions of the lender, or even whether the lender appreciated, or subjectively, intended to create such a trust. The only relevant intention was that the lender intended to enter into the arrangements.

Here, there was no documentary material setting out the basis on which the loan was advanced, or the specific or particular purpose for which the loan monies were to be used. The defendants accepted that, as the monies were advanced against an appraisal of the costs and potential profits of the development, it was a realistic inference that the monies were advanced only for the purposes of making good the development.

(4) Further, that purpose was of sufficient clarity to enable the court to determine whether or not the monies were put to the particular purpose in respect of which they were advanced. In that regard, it was not disputed that the monies advanced were utilised, in their entirety, for purposes of the development.

Accordingly, for the purposes of the current application, a valid Quistclose trust came into being at the point when the loan monies were advanced and, at that point, the lenders' beneficial interest in the monies was not extinguished, or exhausted.

The question as to when title passed, in cases falling under the Quistclose umbrella, continued to be dictated, or determined, by a consideration as to the intended purpose for which money had been advanced and whether that intended purpose had been achieved.

(5) This was, in essence, a straightforward commercial loan concerning a property development, in respect of which the claimant's expectation was that they would receive repayment of their loan, together with a share in the profit of the development. There was no intention that the claimants would take a share in the development, as a joint developer, or as a party to a joint venture, or that they would share in the risk of the development. Nor was there anything in the material before the court to suggest that the repayment of the loan together with the prospective profit was agreed as a charge on the development, such that the development, or its assets, stood as security for the loan.

(6) There was nothing to take this case, taken at best for the claimants, outside the usual ambit of a Quistclose trust, or to enable the claimants to assert a trust interest in the development, or the assets of the development, or to preclude the second defendant from dealing, in any way it wished, with the assets of the development. Consequently, the claimants' claim had no realistic prospects of success and would be dismissed.

John de Waal KC and Philip Marriott (instructed by Davis Woolfe Ltd) appeared for the claimants; James McWilliams (instructed by Keystone Law) appeared for the first and second defendants; The third and fourth defendants did not appear and were not represented.

STARTING OUT IN REAL ESTATE

PURCHASE AND SALE

In the first of a two-part article, Jen Lemen looks at the different methods of selling a property

There are four main methods of selling a property: private treaty; informal tender, also known as sealed bids; formal tender; and auction. Awareness of these will be an essential component of your knowledge and advice relating to the Purchase & Sale RICS APC competency, and good general knowledge for all commercial real estate and residential pathway candidates. We will briefly run through the first three here, before looking at auctions in further detail next time.

WHAT IS PRIVATE TREATY?

You are likely to be familiar with this method of sale already, if you – or members of your family – have bought or sold your own home or been involved with selling a building at work. When selling via private treaty, the property is marketed openly. This includes the use of marketing particulars, paper-based advertising and online website portals, which affords potential purchasers the opportunity to "treat" with the seller. Interested parties can then submit offers, which may lead to further negotiation and counter offers. Eventually, the seller will select the offer that best meets their requirements, and a memorandum of sale will be drawn up.

The consideration of which offer to accept will include more than just the sale price. Other factors to consider include "proceedability" and whether there is a chain (and if there is, how long is it?), likely timeframe, requirement for a mortgage, securing proof of funding (including the deposit) and any other specific issues (eg "subject to...").

The advantages of private treaty are:

- Flexibility – the parties can negotiate in their own time and without commitment in the open market.
- Advertising can be limited or extensive to suit the client's needs and budget, so it can be a relatively inexpensive process. Fees are usually a percent of the sale price, for example 1.5% for a residential house.
- The seller is not obliged to sell and does not have to accept the highest, or any, offer.
- It is a confidential process.

The disadvantages of private treaty are:

- There is the potential for gazumping (the seller accepting a higher bid from an alternative purchaser) or gazundering (the buyer lowering their offer prior to exchange of contracts), both of which are considered to be unethical practices by RICS.
- There may be the risk of a late decision not to buy (withdrawals) and associated abortive costs.
- The quoting price could be under- or over-stated, requiring prudent advice on offers put forward or offers considered.

WHAT IS INFORMAL TENDER?

Informal tender, also known as sealed bids, is used where there is strong market demand or where negotiations need to be brought to a close after a period of marketing via private treaty. However, the costs are generally higher than selling by private treaty as the process is more involved.

Specific situations where informal tender might be used include:

- Sensitive sites, where there are competing developers for the land and the seller wants to consider their proposals for the site.
- The seller is a local authority, and price is not the sole consideration.
- If a property requires modernisation, for example defects highlighted at the time of survey.
- If a closure date is desired.

The selling agent invites interested parties to submit their written "best and final" bids at a specified time and date. This is generally accompanied by the interested

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party's solicitor's details, finance arrangements and any conditions. The informal tender details should also confirm that the vendor reserves the right not to accept the highest, or any, offer made, in order to avoid process becoming a binding tender. Offers of a variable nature should not be considered, for example "escalator bids" or offering an amount in excess of the next highest offer.

If a late bid is received, the seller should be informed as per the requirements of the Estate Agents Act 1979. However, RICS again considers accepting late bids to be unethical practice.

The bids should then be opened in front of an independent witness and the parties informed of the outcome. However, the process is not legally binding so either party can withdraw until the point of exchange. There may also be subsequent rounds of bidding to bring the process to a close.

WHAT IS FORMAL TENDER?

Formal tender is generally used where there is strong demand for a property or public accountability is required. The process is generally expensive due to the administrative requirements of the tender process.

The tender pack should include full marketing material, a legal pack and requirements for the contents of written bids, for example being in excess of a specified figure.

Applicants bid blindly and there is no opportunity to withdraw or alter bids after they are submitted. After the closing date, offers are opened in front of an independent witness and the seller's agent will then make a recommendation.

At this point, a purchaser will be selected and either the parties will proceed to exchange in accordance with the terms and conditions of sale or a banker's draft is accepted and contracts are immediately exchanged.

SUMMARY

Although purchase and sale may feel like a relatively straightforward competency, the devil, as always, is in the detail. The most successful agents will be able to advise on a sale method that meets their client's requirements and comply throughout with the relevant legislation and RICS guidance.

Next time: A focus on auction sales and the recent RICS practice alert

Jen Lemen is a partner at Property Elite

THE QUICK QUIZ

1. WHAT IS THE SURVEYOR'S PRIMARY DUTY WHEN ADVISING ON A PURCHASE?
a Achieve the lowest price
b Act in the client's best interests
c Follow agent advice
d Prioritise speed

2. WHAT MUST BE CONSIDERED WHEN ADVISING ON A METHOD OF SALE?
a Agent marketing strategy
b Client objectives and instructions
c Surveyor experience
d Market speculation

3. WHICH DOCUMENT RECORDS THE AGREED COMMERCIAL TERMS?
a Contract for sale
b Heads of terms
c Title register
d Completion statement

Answers: 1. b; 2. b; 3. b

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New threads for the Old Lady of Threadneedle Street

Last month's base rate cut from the Bank of England was a welcome Christmas present for the real estate industry. A gift of a different sort could be coming in the form of a new refurbishment project at the bank's Threadneedle Street headquarters. Plans lodged with the City of London Corporation in December outline the latest phase of a revamp started a few years back, this time focused on the refurbishment of the former governor's secretaries' offices, which are split across part of the ground floor and mezzanine level. Pringle Richards Sharratt Architects says the proposals should create "an active, light-filled, vibrant space fit for the 21st Century", adding that the goal is to deliver "a heritage-led refresh that starts to peel back some of the unsightly contemporary interventions such as suspended ceilings, furniture and doors that have over time started to erode the overall appearance of the original Herbert Baker-designed space". That's another cut we can all get on board with.

Don't drop the weights

At the start of any new year, your thoughts likely turn towards self-improvement. Reaching new heights. Expanding your horizons through exotic travel. Finally using that gym membership you've been paying for for years. In 2026, why not achieve all three in one go?

Well, Saudi Arabia may be the place to do just that. There, according to Rory McEntee, CMO of Middle East fitness brand GymNation, the company has launched "the world's highest gym class". Rory McEntee adds on LinkedIn: "We're raising heart rates with a workout in a hot air balloon 2,200ft above Riyadh's stunning skyline. Expect a one-of-a-kind strength and conditioning class with exercises designed to move with the altitude."

Assuming, since it is three months early, this announcement is no April Fool's joke, it sounds like the perfect opportunity for a couch-to-2k... straight up.

RORY MCENTEE

Final orders

Some sobering news for readers who enjoy the odd tipple at their local – an average of one pub a day closed for good across England and Wales in 2025. Global tax firm Ryan calculates that the total number of pubs liable for business rates fell from 38,989 at the end of December 2024, to 38,623 by the end of December 2025 – a net loss of 366. While this means the pace of decline in the sector has slowed marginally, compared with the previous five years, Ryan warns that rising business rates in the wake of the 2026 revaluation could spell a gloomy year ahead. If landlords and landladies continue to call time permanently at that rate, the last bell will ring during 2131 – and before long, for many of us, the nearest pub won't be a local at all. It's enough to drive you to drink... and finding someone to do so will be increasingly necessary.

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