

*For immediate release
24 February 2005*

To: Retail, Business, Commercial Property, Political

READING REPORT: FINAL NAIL IN THE COFFIN FOR UPWARD ONLY RENT REVIEWS

The long awaited University of Reading report into the Code of Practice for Commercial Leases has confirmed retailers' concerns that the voluntary code is still not working.

The report shows 99% of rent reviews are still upward only, despite greater awareness of the code and landlords continue to impose onerous conditions on a tenant's ability to assign and sublet, meaning businesses are still carrying the cost of redundant space. The report also shows most tenants are reluctant to negotiate with landlords on rent reviews, as they know that it is simply not negotiable.

The British Retail Consortium (BRC) is urging the Government to now press on and put an end to an inflexible system and that is undermining the competitive edge of the UK economy.

Kevin Hawkins, BRC Director General, said: "It is clear from the report that the Property Industry does not want legislation, yet they have done nothing to address their leasing practices. The solution was in their hands but they haven't risen to the challenge – now Government intervention is clearly the only option.

"Upward only rent reviews are an iniquitous system found only in the UK and have no place in an open and competitive economy. Retailers need lease terms which will help them respond quickly to changing market conditions. As things stand, everything is loaded in favour of the landlords and terms are too rigid."

Ends

Notes to editors

A BRC survey (2004) revealed:

- 88% of retailers want the Government to bring forward legislation to tackle upward only rent reviews.
- 54% of retailers responding to the survey believe there will be fewer stores closures following a ban on UORRs
- 71% believe that a ban will improve flexibility and choice in the commercial property market and 80% feel a ban would help them respond better to market conditions.
- Only 22% of retailers have been able to obtain leases that meet their operational needs - for smaller retailers this is even lower

For more information or if you would like to attend, please contact Kate Ison, BRC press officer 0207 854 8920 kate.ison@brc.org.uk

BRITISH RETAIL CONSORTIUM, SECOND FLOOR, 21 DARTMOUTH STREET, LONDON, SW1 9BP

TEL: 020 7854 8900, FAX: 020 7854 8901, WEBSITE: www.brc.org.uk

BRUSSELS OFFICE 9-31 AVENUE DES NERVIENS, 1040 BRUSSELS, BELGIUM, TEL: +32 2 230 8070/9222 FAX: +32 2 280 6378

A COMPANY LIMITED BY GUARANTEE NO. 405720