

GUIDANCE NOTES

Rent Review - Agricultural Holdings Act 1986

What happens first?

In order for your rent to be reviewed your landlord or tenant has to serve you a valid notice under section 12 of the Agricultural Holdings Act 1986.

When is this notice served?

This notice must be served 12 months before the next termination/ anniversary date of the tenancy.

Procedure

Often the landlord or tenant will have a figure in mind for the rent and may begin by suggesting this figure.

Important

It is important to remember that a rent review is a negotiation between both parties.

Agreeing

If you are in agreement with the new rent then you will then need to sign a memorandum of agreement, this states that the rent properly payable for the holding has increased. Keep this with your original tenancy if possible.

Disputes

If the figure suggested is not agreeable and agreement has not been reached by the review date, then in order for the landlord or tenant to ensure that the rent is reviewed they will need to apply to appoint an arbitrator or third party expert. This process is often done by make an application to the President of the Royal Institution of Chartered Surveyors, the Central Association of Agricultural Valuers or the Agricultural Law Association. You will need to check if a procedure is specified in your tenancy agreement.



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Arbitration

When the matter has been referred to arbitration or third party expert determination an independent 3rd party will be appointed to try and get the parties to agree on a rent. If there is no common ground then the matter will go before the third party.

He will be presented with information and evidence from both sides and their reasoning behind the rent they propose. This can often include relevant matters such as comparable evidence and the profitability of the farm. He will then make a decision which will be legally binding.

For further information, please contact Davis Meade Property Consultants on 01691 659658 (Oswestry Office) or 01492 510360 (Colwyn Bay Office).