



NEWSLETTER
SPRING 2026

Real Insight

A regular email from Jones Day's UK Real Estate team.

INTRODUCTION

Welcome to the spring 2026 edition of *Real Insight*, our UK real estate update.

In real estate finance, we provide our thoughts on trends in back leverage dynamics, and we explain the key provisions of the draft Commonhold and Leasehold Reform Bill, which continues the government's significant reform of the residential sector. We review the emergency planning measures introduced in London to tackle the housing crisis, while our real estate and employment teams have joined forces to give you a handy guide to employee transfer issues when switching property or asset managers.

We also explore the rise of the "private REIT" in real estate funds, and take a look at the proposal to ban retentions in construction contracts. Finally, our competition team provides an update on competition proceedings affecting one of the United Kingdom's largest digital real estate platforms.

We hope that you enjoy this edition.

REAL ESTATE FINANCE



Back Leverage Dynamics in Europe

European debt funds have traditionally arranged their back leverage on a transaction-by-transaction basis—each facility separately negotiated, separately documented, and separately closed, writes [Ricardo Oliveira](#). That model is giving way to something more scalable. Increasingly, back leverage lenders and borrowers are putting in place umbrella frameworks that allow multiple loans to be financed under a single set of pre-agreed terms, with only deal-specific economics documented afresh for each drawdown.

Several forces are accelerating this trend. Capital rules have meaningfully constrained bank appetite for certain types of direct commercial real estate lending,

creating space for alternative lenders whose own growth depends on efficient access to leverage. At the same time, a large volume of legacy debt—much of it underwritten at lower rates against higher values—is falling due for refinancing, generating sustained demand for non-bank capital.

In that environment, the ability to deploy quickly matters, and warehouse-style facilities offer a clear advantage over starting from scratch on every deal. This dynamic is reinforced by growing institutional appetite for real assets more broadly, with investors increasingly treating infrastructure and real estate and credit as complementary allocations—deepening the capital base available to non-bank lenders and, in turn, the demand for scalable back leverage solutions.

There are still obstacles. European back leverage documentation is still heavily negotiated—in particular, how collateral is revalued, what happens when an underlying loan defaults, and how far the borrower stands behind the facility. There is no settled market standard, and each back leverage provider tends to have its own preferred approach. The rapid growth of data centre and energy transition investment is also adding new and unfamiliar asset types to the lending pipeline, testing whether existing back leverage frameworks are flexible enough to accommodate them. Europe also lacks the securitisation machinery that allows US banks to move back leverage positions off their balance sheets and recycle capital.

None of this is likely to change overnight. But the trend is unmistakable, and debt funds that build these collaborative relationships early will be better placed to lend faster and at greater scale than those still relying on one-off arrangements.

RESIDENTIAL SECTOR—LONG LEASES

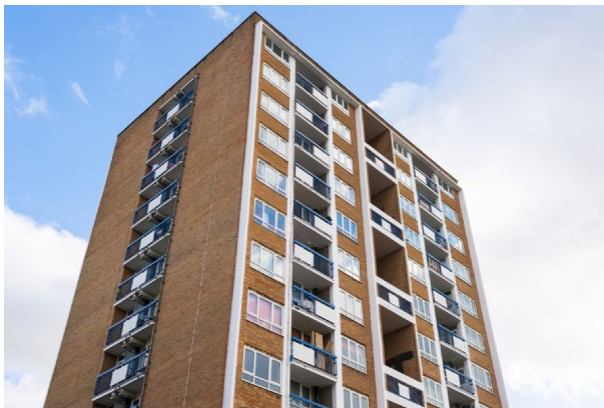
United Kingdom Publishes Commonhold and Leasehold Reform Bill

Still getting to grips with the Renters' Rights Act? Well, the government is not slowing the pace of reform of the residential sector, with the draft Commonhold and Leasehold Reform Bill very firmly setting its sights on the long leasehold market. [Richard Adams](#) summarises another major piece of legislation.

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PLANNING



Housing Crisis: Mayor of London Presses Emergency Planning Button

On 25 March, the government and the mayor of London confirmed a package of emergency measures to unblock stalled housing sites and accelerate affordable housing delivery across London. The backdrop is a sharp decline in London's affordable housing starts—from 26,386 in 2022/23 to just 4,522 in 2024/25—against an annual target of 88,000 new homes.

[Will Land](#) picks out some of the key points:

Fast-Track Planning Route. A new temporary fast-track planning route (open to applications validated by 31 March 2028) will be available for schemes delivering at least 20% on-site affordable housing (35% on public land), enabling faster approvals and delivery without the need for a viability assessment. The preferred mix of affordable homes is 60% social rented and 40% intermediate. Build-to-Rent schemes which meet the criteria in London Plan policy H11 can provide social and affordable housing that is intermediate rent, with 30% at or below London Living Rent levels or as Key Worker Living Rent and 70% at a range of genuinely affordable

rents. An early-stage review mechanism means developers that miss an agreed milestone (the default position will be build out of first-floor slab within 30 months of the grant of planning permission) could be required to deliver additional affordable housing on site. Purpose-built student accommodation and co-living developments will not benefit from the temporary fast-track route.

Temporary CIL Relief. Temporary and targeted partial relief from the Community Infrastructure Levy ("CIL")-eligible schemes providing 20% affordable and social housing (with at least 60% social rent tenure) can procure a 50% reduction in the borough CIL charge, subject to viability testing, with higher levels of relief potentially applying for schemes providing up to 35% affordable and social housing. This emergency relief will apply to eligible schemes commencing before 31 March 2030. Build-to-Rent developments will be allowed to meet a different test to the social rent requirement.

Density and Design. Certain gross leasable area, or GLA, guidance that can serve to constrain density of development will be withdrawn.

Expanded Mayoral Planning Powers. The mayor will be able to call in applications for 50+ dwellings (compared to the current threshold of 150 dwellings) where a borough is minded to refuse and can become the decision-maker for developments over 1,000 sqm on Green Belt or Metropolitan Open Land (effective from May).

Funding. The measures sit alongside the £39 billion Social and Affordable Homes Programme (up to £11.7 billion for London), a new £324 million City Hall Developer Investment Fund for stalled sites, and £1.5 billion in low-interest loans for social and affordable housing.

EMPLOYMENT ISSUES IN REAL ESTATE TRANSACTIONS

TUPE or Not TUPE—That is the Question (When Switching Property Managers)

The TUPE Regulations, which protect employees on a transfer of a business or service, have been in place in the United Kingdom for many years. In the real estate context, switching the property or asset manager can trigger these regulations. [Katie Lang](#), [Pulina Whitaker](#), [Elizabeth Geraghty](#), and [Charlotte Moorhouse](#) explain more...

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REAL ESTATE FUNDS



The Rise of the "Private" REIT: Flexibility in Fund Structuring

Traditionally, the UK REIT "listing requirement" acted as a significant barrier for private funds and closely held institutional structures. Legislative relaxations—most recently in the Finance Act 2024—have fundamentally altered this landscape, facilitating the "Private REIT" for use by funds and institutional investors, as [Emma Butler](#) and [Daisy Deller](#) explain.

Listing Exemption. An exemption to the usual listing rule that a REIT must be listed on a recognized stock exchange applies where at least 70% of its ordinary share capital is owned by "institutional investors".

Expanded Institutional "Tracing". A critical change in the Finance Act 2024 allows institutional ownership to be "traced" through intermediate entities, including holding companies, meaning indirect holders of share capital can count towards the 70% threshold.

Revised Partnership Rules. The new rules clarify that interests held by a partner in a partnership should not be attributed to other partners for the purposes of determining whether the REIT is a "close company" (which would be a breach of the REIT conditions). A partnership also may be treated itself as an institutional investor for these purposes where such partnership is a collective investment scheme which satisfies either the Genuine Diversity of Ownership test or a "non-close" condition.

Tax Efficiencies

Corporation Tax Exemption. Generally, no UK corporation tax is payable by the REIT on profits derived from the property rental business.

Capital Gains and Latent Gains. Generally, no UK corporation tax on chargeable gains is payable on property disposals or the sale of qualifying property-rich companies by a private REIT. Notably, in many circumstances, private REITs can eliminate latent gains in property holding companies they acquire, a highly desirable feature for purchasers.

Property Income Distributions. To benefit from the above tax efficiencies, there is a requirement for the REIT to make distributions annually of at least 90% of profits generated from the property rental business ("PIDs") which are generally subject to 20% withholding tax (to be increased to 22% from 6 April 2027). Whilst any capital gains are not subject to the annual 90% distribution requirement, any distribution of exempt capital gains would constitute a PID and therefore be subject to the same withholding tax. There are some exemptions where the PIDs can be made gross: to UK resident corporates, pension funds, and charities. The amount of the withholding tax might also be capable of refund directly by the relevant investor depending upon its tax status.

Reduced Friction. Where a listing does not serve any commercial purpose, a listing is not necessary to fall within the REIT regime provided the other conditions of ownership are satisfied, thus removing the administrative costs and public disclosure burdens of a listing. This makes the regime accessible for captive structures, JVs, and funds.

CONSTRUCTION

The Proposed Ban on Retentions in Construction Contracts

On 24 March, the government announced that it proposes to prohibit the deduction and withholding of retention payments under the terms of construction contracts, writes [Ronan Casey](#).

Whilst this is not a done deal and implementation is still some way off (we don't even have a draft bill yet), it does give rise to some serious questions for employers under building contracts.



Banning retentions is likely to increase demand for other forms of performance security, such as performance bonds and parent company guarantees. We suspect we'll see, for example, employers trying to obtain performance bonds for a greater percentage of the contract value.

In the absence of retentions, employers might seek additional protection against contractor insolvency during construction by extending payment periods or making stage payments rather than periodic payments. In

practice, however, this would probably be challenging for most contractors to accept, particularly in light of the other measures that have been announced, one of which is a maximum payment period of 60 days. There will be an exemption from the 60-day limit on payment terms for contracts between parties which are both "large companies" (what this means is TBC). However, even if this means the limit does not apply to the building contract, the limit may still apply to the contractor's downstream contracts, and contractors will want the payment terms in the building contract to be back to back with their sub-contracts.

Without a retention, there is less incentive for the contractor to comply with its obligations to rectify defects during the rectification period. It may be that some insurance/surety providers seek to fill the void with retention bond instruments; however, their cost can be disproportionate and they can be cumbersome. We might also see default performance bonds which step down in value and convert to on-demand bonds post-practical completion.

Legislation is to be introduced to make it mandatory to pay interest on late payments at the rate of 8% above the Bank of England base rate. This is a significant increase on the rate we typically see agreed in consultant appointments and building contracts, which is usually 3% or 4% for consultant appointments and 5% (as per the JCT standard forms) for building contracts.

REAL ESTATE AND COMPETITION



Rightmove's £1.6 Billion Antitrust Headache: The Rising Tide of UK Class Actions

On 16 April 2026, further details of a significant new collective proceedings claim filed at the UK Competition Appeal Tribunal against Rightmove PLC and Rightmove Group Limited were published.

As [Jason Beer](#) explains, the £1.6 billion claim highlights the escalating litigation risks for digital

platforms and dominant service providers in the United Kingdom.

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CONTACT US

Practice Leaders



Anna Cartwright
Practice Leader
Real Estate
acartwright@jonesday.com



Brian Sedlak
Practice Leader
Real Estate, Energy Transition
& Infrastructure
briansedlak@jonesday.com

Editorial Team

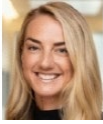
If you would like to discuss any issues covered in this update, or would like to offer feedback on this edition, please contact our editorial team:



John Crowley
Partner
jcrowley@jonesday.com



Richard Adams
Counsel
rmadams@jonesday.com



Katie Lang

Partner

klang@jonesday.com



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North Point, 901 Lakeside Avenue, Cleveland, Ohio 44114-1190

www.jonesday.com