

JUNE 2022

Temporary Regulation Regarding the Limitation on the Residential Rental Rate

A provisional article that regulates the limitation on the increase of residential rental rate was published in the Official Gazette on June 11, 2022, to be added to the Turkish Code of Obligations ("TCO", Law No. 6098).

Pursuant to the new provision, agreements regarding the rent to be applied in renewed rental periods between the date of June 11, 2022, and July 1, 2023 (including this date) will be valid, provided that it does not exceed 25 percent of the rent of the previous rental year. If the change rate in the consumer price index ("CPI") of the previous rental year is less than 25 percent compared to the twelve-month averages, the relevant CPI rate will be applicable. This rule also applies to lease agreements where the duration is more than one year. Residential lease agreements which exceed the limit will be invalid in terms of the excess amount. The provision of the above-mentioned paragraph shall also be applicable to the decisions of courts pursuant to the second paragraph of Article 344 of the TCO, which regulates the situations in which an agreement has not been made by the parties of the contract. In such cases, the rental price is determined by the judge on a fair basis, considering the situation of the leased property, with the condition of not exceeding the change rate according to the twelve-month averages in the CPI of the previous rental year.

Consequently, rent increases are limited to 25 percent between June 11, 2022, and July 1, 2023 with an approach that protects the tenants.

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