

## Client Alert

Turkey | June 2022

### **Rent Increase Rate for Residential Leases is Temporarily Capped at 25%**

On 11 June 2022, a critical amendment was made to the Turkish Code of Obligations regarding the annual rent increase rate cap for residential lease agreements. Accordingly, the annual rent increase cannot exceed twenty-five percent.

The amendment will apply to the lease agreements that will be renewed between 11 June 2022 and 1 July 2023 (inclusive). In line with the recent amendment, if the average consumer price index in the last 12 months ("CPI") is lower than 25%, the annual rent increase will be capped at the CPI. However, if the CPI exceeds 25%, the annual rent increase will be capped at 25%.

Rent increase ratios that exceed the criteria mentioned above will be invalid. The amendment will apply to residential lease agreements only, and the CPI will continue to apply to the office lease agreements as the rent increase cap.

Please contact us if you need further information on this matter.