



Tax & Business Lawyers

NEWSLETTER

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RENT REVISION IN 2027: APPLICABLE COEFFICIENT AND RULES

The annual rent revision is a key mechanism for the economic balance of lease agreements, allowing them to keep pace with price trends.

For 2027, the annual rent indexation coefficient for the various types of urban and rural leases has been set at 1.0256, which corresponds to an increase of 2.56%.

The application of this coefficient is subject to the applicable legal and contractual rules, particularly regarding the conditions and formalities required for rent indexation.

Business Team



INTRODUCTION

Notice No. 24199/2026/2 was published on 1st October 2026, setting the annual rent indexation coefficient for the various types of urban and rural leases for 2027 at 1.0256, which corresponds to an increase of 2.56%.

The new coefficient represents an increase compared to the values applicable in the two previous years: 1.0216 in 2025 and 1.0224 in 2026, corresponding to updates of 2.16% and 2.24%, respectively.

The publication of this coefficient is of particular importance to landlords and tenants, as it constitutes the benchmark for the annual revision of rents subject to the legal coefficient, without prejudice to the contractually established regime and other conditions provided for by law.

LEGAL FRAMEWORK

Pursuant to Article 24 of Law No. 6/2006 of 27 February, which approved the New Urban Lease Regime (NRAU), the National Institute of Statistics (INE) is responsible for annually determining the rent indexation coefficient. This corresponds to the total variation in the Consumer Price Index, excluding housing, for the last 12 months for which data is available as of 31 August. The coefficient is published by a notice in the Official Gazette (Diário da República) by 30 October of each year.

The same mechanism is provided for rural leases, pursuant to Article 11(5) of Decree-Law No. 294/2009 of 13 October, which approved the New Rural Lease Regime (NRAR).

For 2027, the coefficient was thus set at 1.0256, which corresponds to an update of 2.56%.

By way of example, a monthly rent of € 1,000.00, if fully updated by the legal coefficient, will increase to € 1,025.60.

In urban leases, the rent resulting from the update is rounded up to the nearest cent, pursuant to Article 25 of the NRAU.

The update is not automatic

The setting of the legal coefficient does not, in itself, determine any automatic rent increase.

Under Article 1077 of the Civil Code, the parties may stipulate, in writing, the possibility of rent revision and the respective regime. In the absence of a stipulation, the default legal

regime applies, whereby the rent may be updated annually in accordance with the prevailing indexation coefficients.

This regime applies to both residential and non-residential lease agreements, without prejudice to specific rules that may arise from the law or the contract executed by the parties.

Under the default legal regime, the first update may be demanded one year after the contract's entry into force, with subsequent updates taking place successively one year after the previous update.

Therefore, the possibility of rent revision in 2027 must be assessed on a case-by-case basis, taking into account the start date of the contract, the date of the last rent revision, and the rent review mechanism established in the contract.

Failure to update prevents the retroactive collection of unapplied increases. However, under Article 1077(2)(d) of the Civil Code, coefficients may be applied in subsequent years, provided that no more than three years have elapsed since the date on which their application would have initially been possible.

Notification of the update

Under the default legal regime, the landlord must notify the tenant, in writing and with at least 30 days' prior notice, of the applicable indexation coefficient and the resulting new rent amount.

The notification must comply with the formalities set out in Article 9 of the NRAU, being made in writing, signed by the sender, and sent by registered letter with acknowledgment of receipt. Alternatively, the written notice may be delivered by hand, with the addressee being required to affix their signature to the respective copy, acknowledging receipt. The communication must contain the full address of the signatory.

Compliance with these formalities is therefore essential for the update to become legally effective in accordance with legal provisions.

Rural lease

Regarding rural leases, the coefficient of 1.0256 is also applicable in the absence of an agreement to the contrary.

Pursuant to Article 28(1) of the NRAR, agreed rents are updated annually, as provided for in Article 11(5), by written notification from the landlord to the tenant.

Thus, in this context as well, the application of the legal coefficient must be read in conjunction with the contractually established regime and with the formalities set out in Articles 26 and 27 of the NRAR.

Notification is generally made in writing, signed and sent by registered letter with acknowledgment of receipt, although hand delivery with a signature and note of receipt on a copy is permitted, as are electronic procedures validated by a qualified electronic signature.

Practical impact

The rent revision in 2027 must therefore be analysed on a case-by-case basis; the mere publication of the annual coefficient is not sufficient for the rent to be automatically changed.

In particular, landlords and tenants must consider:

- ✓ the type of lease involved
- ✓ the revision regime provided for in the contract
- ✓ the start date of the contract and the date of the last rent revision
- ✓ the applicable coefficient and the possible application of coefficients from previous years that are still legally permissible
- ✓ compliance with the legally required deadline and notification formalities

CONCLUSION

The setting of the rent indexation coefficient for 2027 at 1.0256, corresponding to an update of 2.56%, takes place against a backdrop of legislative initiatives aimed at reforming urban leases.

Indeed, on 9 July 2026, the Council of Ministers approved a draft bill to reform the urban lease regime, aimed at strengthening freedom of contract and security in relations between landlords and tenants, simplifying communications, and streamlining eviction and dispute resolution mechanisms. The approval of a proposal by the Government does not, in itself, equate to the entry into force of the proposed measures.

In this context, the coefficient now set remains relevant for existing contracts subject to the legal revision regime, and its application must continue to be assessed in light of the

applicable contractual regime, the date of the last revision, and the legally required formalities.

The legislative evolution of the urban lease regime should therefore be monitored by landlords and tenants. Any changes should only be considered in contract management after their approval and entry into force, also taking into account transitional provisions and their respective scope of application.

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