The Old Tenancy Law: Towards Restoring the Equitable Balance Between Landlords and Tenants

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Introduction

After decades of legislative, judicial, and social debate surrounding the regulation of old lease agreements, Law No. 164 of 2025 on the Regulation of Certain Lease Relationships introduces a comprehensive framework for addressing long-standing issues associated with lease agreements concluded under the former exceptional tenancy regime.

For decades, these agreements were characterized, among other things, by substantially low rental values compared with the prevailing market value of the leased properties, as well as by the statutory extension of leases beyond the lifetime of the original contracting parties. As a result, property owners were, in many cases, deprived of the full economic benefit and effective enjoyment of their properties.

The new law represents a significant legislative intervention aimed at restructuring the relationship between landlords and tenants while taking into account the legitimate interests of both parties. Rather than providing for an immediate termination of existing lease relationships, the legislation adopts a gradual transition framework, combining defined statutory periods, progressive rental adjustments, and alternative solutions for eligible tenants.

The principal provisions of the law are outlined below.

Scope of Application

1.1 Residential Premises

Lease agreements concerning premises used for residential purposes and falling within the scope of the law.

1.2 Non-Residential Premises

Lease agreements concerning premises leased to natural persons for non-residential purposes, including commercial shops, clinics, offices, and similar establishments, where such agreements fall within the statutory scope of the law.

Statutory Duration of Existing Lease Agreements

One of the principal reforms introduced by Law No. 164 of 2025 is the establishment of a definitive timeframe for the termination of lease relationships falling within its scope.

2.1 Residential Premises

Existing residential lease agreements will terminate upon the expiry of seven (7) years from the date on which the law enters into force, unless the parties mutually agree to terminate the lease at an earlier date.

2.2 Non-Residential Premises

Existing non-residential lease agreements concluded with natural persons will terminate upon the expiry of five (5) years from the date on which the law enters into force, subject to the parties' right to agree on an earlier termination.

This transitional approach is intended to provide tenants with a reasonable period to adjust to the new legal framework while establishing a clear endpoint for lease relationships that had previously been subject to indefinite statutory extension.

Classification of Residential Areas

To determine the applicable rental value for residential premises, specialized committees are to be established in each governorate to classify areas containing residential units covered by the law.

The areas are to be classified into three principal categories:

- Premium Areas
- Mid-Range Areas
- Economic Areas

The classification is based on a number of factors, including:

- The geographical location of the area;
- The quality and standard of construction;
- The availability and quality of public utilities;
- The level of services and infrastructure; and
- Prevailing rental values in the relevant area.

The committees are required to complete their classification within three (3) months, subject to a possible extension in accordance with the law.

This classification constitutes the basis for determining the revised rental value applicable to residential premises during the transitional period.

Revised Rental Values and Annual Increases

The law introduces revised rental values based on the classification of the relevant residential area, together with an annual increase designed to progressively adjust rents during the transitional period.

4.1 Residential Premises in Premium Areas

For residential premises located in premium areas, the new rental value is set at twenty (20) times the existing legal rent, subject to a minimum monthly rent of EGP 1,000.

The applicable rent is then increased annually by 15%.

For example:
1 September 2025 – 31 August 2026: EGP 1,000
1 September 2026 – 31 August 2027: EGP 1,150
1 September 2027 – 31 August 2028: EGP 1,322.50

The annual increase continues throughout the statutory transitional period.

4.2 Residential Premises in Mid-Range Areas

For residential premises located in mid-range areas, the new rental value is set at ten (10) times the existing legal rent, subject to a minimum monthly rent of EGP 400.

The applicable rent is subsequently increased by 15% annually.

For example:
1 September 2025 – 31 August 2026: EGP 400
1 September 2026 – 31 August 2027: EGP 460
1 September 2027 – 31 August 2028: EGP 529

4.3 Residential Premises in Economic Areas

For residential premises located in economic areas, the new rental value is set at ten (10) times the existing legal rent, subject to a minimum monthly rent of EGP 250.

The applicable rent is subsequently increased by 15% annually.

For example:
1 September 2025 – 31 August 2026: EGP 250
1 September 2026 – 31 August 2027: EGP 287.50
1 September 2027 – 31 August 2028: EGP 330.63

4.4 Non-Residential Premises Leased to Natural Persons

For non-residential premises leased to natural persons, the new rental value is set at five (5) times the existing legal rent.

The rent is then subject to an annual increase of 15% of the rent payable during the preceding year.

For example, where the existing legal rent of a commercial premises is EGP 200 per month:
Upon commencement of the new rental value: EGP 1,000 per month
After one year: EGP 1,150 per month
After two years: EGP 1,322.50 per month
After three years: EGP 1,520.88 per month

The 15% annual increase continues until the expiry of the statutory lease period.

Early Eviction Before the Expiry of the Statutory Term

Although the law establishes transitional periods before the termination of lease relationships, it also provides for circumstances in which eviction may be sought before the expiry of the applicable statutory term.

Early eviction may be ordered in particular where:

- The leased premises remain closed for more than one year without justification; or
- The tenant, or a person entitled to succeed to the lease, acquires another suitable premises for the same purpose.

Where the tenant refuses to vacate despite the existence of a statutory ground for eviction, the landlord may seek the appropriate judicial relief, including an application before the competent Summary Judge (Judge of Urgent Matters), in addition to any claim for compensation where the applicable legal requirements are satisfied.

Alternative Housing Solutions for Eligible Tenants

The law also introduces an alternative mechanism intended to mitigate the social impact of the reform.

Before the expiry of the statutory lease period, an eligible tenant or successor may apply to the State for an alternative residential unit, whether by way of lease or ownership, subject to the conditions and procedures established by the implementing regulations.

As a condition of benefiting from the alternative unit, the applicant undertakes to vacate and deliver the premises currently occupied under the old tenancy regime immediately upon receiving the alternative unit.

The detailed procedures, eligibility requirements, and mechanisms governing the allocation of alternative units are to be determined in accordance with the regulations issued by the Cabinet.

Balancing Property Rights and Social Considerations

Law No. 164 of 2025 reflects an attempt to reconcile two competing considerations that have shaped the Egyptian debate over old tenancy legislation for decades.

On the one hand, the law recognizes the property rights of landlords and addresses the economic imbalance resulting from rental values that, in many cases, remained substantially disconnected from prevailing market conditions.

On the other hand, the legislation does not impose an immediate and universal termination of existing leases. Instead, it establishes transitional periods, phased rental adjustments, and alternative housing mechanisms intended to reduce the social impact of the reform on tenants and their families.

This gradual approach is particularly significant in the context of a legal regime that has governed millions of lease relationships over several decades.

Conclusion

Law No. 164 of 2025 marks a significant development in the regulation of lease relationships in Egypt and represents a fundamental shift away from the exceptional tenancy framework that had governed certain lease agreements for decades.

By establishing definitive statutory periods for the termination of existing leases, introducing differentiated rental values according to the classification of residential areas, providing for annual rental increases, and creating mechanisms for alternative housing, the law seeks to restore greater equilibrium between the interests of property owners and the legitimate social considerations affecting tenants.

The practical impact of the new framework will depend not only on the statutory provisions themselves, but also on their implementation, the classification of areas by the competent committees, the issuance and application of the relevant executive regulations, and the manner in which the courts address disputes arising during the transitional period.

For landlords and tenants alike, understanding the new legal framework is therefore essential to assessing their respective rights, obligations, and available legal remedies during the transition to the new tenancy regime.