As from 1 July 2014, the responsibility for the legislation pertaining to retail, residential and farm leases will be devolved to the three Regions.

**Scope of the regionalization**

As from 1 July 2014, the three Regions will be allowed to legislate and specifically amend current federal legislation regarding the specific rules on residential, retail and farm leases. As long as new regional rules are not adopted, the federal rules remain in force.

It is important to note that the “residential leases” envisaged by the regionalization are not the “leases pertaining to the primary residence of the tenant” in the meaning of the current federal legislation. “Residential leases” is a broader concept which can include, notably, secondary, tourist or student residences.

Regarding retail leases, an important question will be the extent to which regional legislators will be able to change the scope of federal law, e.g. make it applicable to warehouses operated by retailers. As you may recall, current federal law is applicable to retailers whose premises are directly accessible by the customer.

Finally, given that, under current federal legislation, the general law on leases as provided for by the Civil Code is also applicable on a suppletive basis to the specific leases, as from 1 July 2014 the three Regions should be allowed to amend this general law as far as the specific leases are concerned.

**Consequences**

Considering the different – and sometimes very different – political centres of gravity in each of
the three Regions, the regionalized specific leases legislation could soon lead to substantial dissimilarities across the country.

The operators and practitioners should then be very careful in the future, more so when they operate in more than one Region.

The main risk is that future regional legislation will contain misleading similarities and, after a couple of years, divergent judicial interpretations.