

Rent reference index (RRI) - Base 1998

Producing organisation: INSEE

- [Read the “Informations Rapides” related to this indicator.](#)

Introduction

Following the publication in the Journal Officiel of **Law No 2008-111 of 8th February 2008 for purchasing power**, INSEE has since published the new “Rent reference index” which replaces the reference index published since 2006. It is an over-the-year chain-linked index. It is constructed by multiplying the index of same quarter of previous year by the change between these two periods of the average over twelve consecutive months of consumer price index excluding tobacco and rents.

This index will be published by INSEE each quarter:

- The Rent reference index for the first quarter will be published around 15th April;
- The Rent reference index for the second quarter will be published around 15th July;
- The Rent reference index for the third quarter will be published around 15th October;
- The Rent reference index for the fourth quarter will be published around 15th January.

The exact dates will be announced within the [Publication calendars](#).

Any revision to the rent of a building which is residential, starting from the 10th February 2008, must be carried out using these new reference index for rentals (Law of 2008) as a ceiling for the rent revision.

The legal framework for the new reference index for residential rentals

Article 9 of Law 2008-111 for purchasing power amends article 35 of Law 2005-841 of 26th July 2005 relating to the development of personal services and covering various measures in favour of social cohesion.

It gives a new definition of the reference index for rentals which replaces the old definition from article 35 of the aforementioned law in reference to residential buildings.

From now on, “any potential increase in rent cannot exceed the variation of the reference index for rentals published by the National Institute for Statistics and Economic Studies each quarter, which corresponds to the mean, across the past twelve months, of the growth in consumer prices excluding tobacco and rent. [...] The said article is applicable to current contracts.”

Methods for revising rental charges associated with rent-to-buy contracts

Law 2008-111 for purchasing power also amends Law 84-595 of 12th July 1984 defining rent-to-buy of property (article 7) in terms of the revision of rental charges.

The new reference index for rentals therefore replaces the construction cost index for the revision of

rental charges for rent-to-buy contracts concerning solely residential buildings or buildings with a residential and professional purpose, completed or under construction on the day that the agreement was signed. It is not applicable to contracts covered by heading II and article 22 of Law No 71-579 of 16th July 1971 relating to miscellaneous construction operations.

Article 7 of Law No 84-595 of 12th July 1984 defining rent-to-buy now reads: “Art. 7- the revision described in 2° and 5° of article 5 cannot exceed the variation of the reference index for rentals published by the National Institute for Statistics and Economic Studies each quarter, which corresponds to the mean across the last twelve months of growth in consumer prices excluding tobacco and rent.”

Methods for revising rentals of residential buildings on tenant farms

Law 2008-111 for purchasing power also amends article 411-11 of the Rural Code of 16th July 2006 relating to the prices of tenant farms:

The new reference index for rentals replaces the construction cost index in the revision of residential building rentals.

The second sentence of the second paragraph of article L411-11 of the Rural Code now reads: “This rental as well as the minimums and maximums are updated each year according to the variation of the reference index for rentals published by the National Institute for Statistics and Economic Studies each quarter, which corresponds to the mean, across the last twelve months, of the growth in consumer prices excluding tobacco and rent.”