

Credit crunch? Good news for leaseholders of UK property!

As we all know, a lease is a wasting asset. The fewer the years left to run, the more expensive it will be to extend the lease or purchase the freehold. However, when property capital values are low it could mean that it will cost you less to extend a lease or purchase the freehold.

If a lease has over 80 years remaining it's vital that you take action to extend it before the 80 year threshold is reached. This is because once the length of the term has fallen below 80 years there is an additional element to be included in the calculation of the premium.

Whilst you are entitled under statute to extend the lease, provided that you have been the registered owner for more than two years, the longer you leave it, the more expensive it can be. This needs to be borne in mind if a property has to be moved within a trust as if a notice to extend the lease is not served by the transferor, the transferee will have to wait for two years before they can apply to extend. This is clearly of importance if the lease term is nearing the 80 year threshold.

It is also possible to extend a lease or buy the freehold of a property which is owned by a company and not an individual as there is no longer any need for the owner of the lease to actually occupy the subject property.

Alternatively, if the landlord of the property is not performing or you think that other lessees may be interested in joining in the process, it may be preferable to buy the freehold rather than extend the lease as, once you own the freehold, in most cases, you not only take control of the management of the building, you can grant yourself a brand new lease for as many years as you like!

There are of course qualifications and exceptions that apply to the grant of a new lease and the purchase of a freehold but Rooks Rider are experts in this field and have a team of specialists ready to advise you from start to finish.

To find out more please contact a member of the enfranchisement team:-

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