

“Lease Extensions: Enquiries rising!

Once again the numbers of enquiries and questions about lease extensions seems to be rising. Hopefully this is a sign that the market is recovering.

Whilst not trying to teach my granny to suck eggs I thought it was worth reminding people that where a lease has more than 80 years remaining then the premium is calculated having regard to the ground rent income and no marriage value is payable but once the term drops to 80 years or less then 50% of the marriage value will be payable. Often this can make a sizeable difference to the premium payable.

Generally provided the Owner has owned the lease for not less than 2 years they are automatically entitled to a lease extension provided they go through the formal route. I often come across circumstances where Sellers do not think about the lease length often until an offer has been accepted and the proposed purchaser raises enquiries about this sometimes putting the whole transaction in jeopardy. Sellers should remember that they can of course make a voluntary approach to a Freeholder and many will offer terms. Alternatively it is always possible for the Seller to serve the Notice and then transfer the benefit to any Purchaser who can then finalise the transaction.

It seems to me the way to avoid problems is for would be Sellers to take advice at an early stage. I am a member of ALEP (The Association of Leasehold Enfranchisement Practitioners) and have been undertaking this type of work for over a decade. I am always happy to chat through any issues on a without obligation basis to try and help people through what can be a minefield so please do contact me on 0208 735 9783 or email dw@hpwsolicitors.co.uk .

David Whitney 3rd November 2009”

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