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Commercial Property Guide

Should You Extend Your Lease?



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A long lease a better asset than a short lease. In extreme, situations as an owner of a leasehold property you run the risk of your lease expiring and having no rights to remain in occupation of your home.

Whilst uncommon, it is not unheard of and in such cases reliance has to be made on those rights contained in section 10 of the Local Government and Housing Act 1989.

From a commercial perspective it is far more advantageous to extend the lease as quickly as possible, the main benefit is the cost which will be far cheaper than trying to extend the lease where the term of the lease is shorter.

It is imperative that proper specialist advice is sought both to deal with the valuation of the property and the legal process. Band Hatton Button LLP are able to offer specialist legal advice on such matters and also have to hand surveyors that can assist with accessing the premium that should be payable and also the subsequent negotiations to ensure that you are paying the most comparative premium for the lease extension.

As a leaseholder, you are entitled to extend your lease for a house by 50 years in addition to the term remaining and 90 years for a flat. The rent payable will be reduced to what is often referred to as a peppercorn which in ordinary terms means no rent will be payable.

It is important to understand the cost implications before entering into discussions and we can summarise these as follows:

1. Legal costs for both work carried out on your behalf and the reasonable legal cost incurred by the Landlord;
2. Surveyor costs; and
3. The premium payable.

Based on the cost implications, you may still wonder why.

In summary, a diminishing lease, will:

1. Put off potential purchasers when you wish to sell;
2. Be more expensive to extend;
3. Limit who will buy the property;
4. Make the property un-mortgageable; and
5. Eventually run out.

Like a car a leasehold property is an asset that devalues over time. You can prevent this by extending the lease.

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Why choose Band Hatton Button?

We deliver excellent legal services with a human touch and are proud to have a reputation for being approachable and going the extra mile for our clients. We provide high quality, pragmatic advice and offer a comprehensive range of legal services, delivered by experts and supported by our culture of respect and understanding.

Aside from our commercial property offering, our expertise includes:

- Corporate and Commercial
- Litigation
- Employment

We also offer a wide range of legal services to individuals, including in the areas of Family Law, Employment, Residential Property and Wills, Trusts & Probate.