

Statutory Lease Extension

Property Guide

1. About this guide

You have made an enquiry with us about extending your lease and have either already instructed us to act on your behalf or are considering doing so. In this guide we assume that we will be acting for you. If you instruct a different law firm, ensure they are experienced in extending leases under the Leasehold Reform Housing and Urban Development Act 1993.

If you own your flat jointly with any others, such as a partner or family members, you must act together in this matter. References to "you" or "your" in this guide mean all co-owners of your flat.

This guide is intended only as a general introduction. It is not a substitute for detailed legal advice. Please speak to us if you have further questions or you are interested in proceeding with a lease extension.

2. Why do I need to extend my lease?

Most flats in England and Wales are owned on a leasehold basis. Owning a lease of a flat means having the right to possess and occupy that flat for a fixed period of time, known as the term of the lease. You are the tenant of your lease. Your landlord is the person or company that owns either the whole or part of the block and has the ability to grant you a lease extension.

Leases of flats are usually granted for a term of at least 99 years. Some are longer, for example, 125, 200 or even 999 years. Over time, the remaining term left on the lease decreases. This can affect the value and marketability of the flat.

A flat with 100 or more years left on its lease can usually be bought, sold and mortgaged freely. However, a shorter lease may be worth less. Generally, a flat becomes more difficult to sell or mortgage once the term left on the lease has reduced to 80 years or less. This is because, due to the way the price is calculated, it becomes more expensive to extend a lease after this point. Therefore, it is important to be aware of the term left on your lease and to extend it while there is more than 80 years remaining.

To extend your lease, you can choose to negotiate terms informally with your landlord or make a formal claim under a statutory process governed by the Leasehold Reform Housing and Urban Development Act 1993. This guide explains the statutory process. A discussion on the relative benefits of the two options is at paragraph 11.

3. Can any tenant of a flat extend their lease?

To make a lease extension claim under the statutory process, you must have:

- A **long lease** of a flat. Generally, a lease is a long lease if it was originally granted for a term of more than 21 years. Most flat leases qualify, assuming the flat is used for residential purposes.

You may have a separate lease of other property that you use with the flat, like a garage, parking space, storage cupboard or garden. If this is the case, it may be possible to include the other property in the lease extension claim, but only if certain conditions are satisfied.

In addition, there are some situations where you may not be able to extend your lease. For example, if your building is owned by the Crown or the National Trust.

We can advise you whether your lease, the use of the flat and the building meet the criteria for you to make a lease extension claim and whether any additional property can be included in that claim.

4. How long can I extend my lease by?

Under the statutory process, you are entitled to have a further 90 years added to the remaining term of your existing lease, in return for a market price. This involves replacing your existing lease with a new, longer lease. For example, if your existing lease is due to expire in 2095, you will be granted a new lease that expires in 2185.

It is not possible to claim more, or less, than 90 years under the statutory process. However, there is no limit to the number of times you can extend the lease under this process.

As well as the longer term, you will not have to pay ground rent under the new lease.

5. How do I make a claim for a lease extension?

We start the claim by serving a formal notice on your landlord requesting a lease extension on your behalf (your notice). We prepare your notice and you approve it. It must contain certain compulsory information, otherwise it will not be valid. This includes:

- Key information to prove your entitlement to the lease extension.
- The price you propose to pay for the lease extension and any changes you wish to make to the provisions of your lease.
- A deadline for the landlord to serve a counter-notice, which must be at least two months after the date your notice is served.

Sometimes it is necessary to serve your notice on other parties, such as a management company.

Your landlord has various rights following receipt of your notice, including the right to:

- Request payment of a deposit. This deposit is the greater of £250 and 10% of the total price proposed in your notice. The landlord may request the deposit any time after service of your notice and you will have 21 days to pay following the request.
- Inspect the flat at any reasonable time, as long as it gives you at least three days' notice. The landlord will typically use this right for valuation purposes.

6. How much does it cost?

There is a complicated formula for determining the price payable for a lease extension. It includes various factors, such as the value of the flat at the date your notice was served, the amount of time left on the lease and the ground rent. As some of the figures used in the formula (such as the value of the flat) can be subjective, the formula can produce a range of prices.

You should obtain a valuation by a specialist surveyor before making the claim, so that you have a proposed price to put into your notice. The surveyor should also be able to advise on the likely maximum cost, if the landlord chooses to negotiate. The surveyor may request various details about the flat and carry out an inspection.

The price of a lease extension can be significantly higher if the claim is made when there is 80 years or less left on the lease.

The landlord may not agree with your proposed price and may respond with a higher amount. Negotiations will then follow to try to settle the price and the other terms of the lease. We, and your surveyor, can help you with these negotiations.

As well as the price for the lease extension, you need to pay the following:

- Our costs and your surveyor's costs, including any expenses (such as a fee for registering the new lease at the Land Registry).
- The reasonable costs of your landlord's lawyer and surveyor in investigating your claim for an extension, preparing a valuation and granting the new lease. It is difficult to estimate these costs as the amount depends on the lawyers the landlord uses and how long the process takes.
- Any stamp duty land tax (in England) or land transaction tax (in Wales) that might be payable on the price. We can advise you further on this separately.

If you are not ready to make the claim but want an idea of the likely cost, you could try talking to neighbours in your building who have already extended their leases. However, be aware that various factors can affect the price (such as the date of the lease extension and the comparative size of the flat). An online lease extension calculator may also give you a rough estimate.

7. How long does it take?

A lease extension using the statutory process is not quick. It can take a year or more from the date of your notice to complete, depending on how long it takes to agree the terms with the landlord.

After your notice has been served, the landlord must serve a formal counter-notice on us by the deadline set out in your notice. Assuming the landlord accepts your claim, it must then state whether it agrees or disagrees with every proposal (including the proposed price) and provide alternative proposals for any it does not accept.

We can advise you in more detail at the time if the landlord does not accept your claim or does not serve their counter-notice by the deadline.

After the counter-notice has been served, negotiations usually happen between surveyors and lawyers to finalise any points, including the price. If agreement cannot be reached, we will need to apply to the tribunal and ask them to settle the dispute. This application must be made by the date six months after the landlord's counter-notice. If not, then your claim to a lease extension fails and you cannot start a new claim for 12 months.

Once you have agreed the price and the terms of the lease extension with the landlord (or the tribunal has determined them), you then have four months to pay the price and all relevant costs and complete the lease extension (**completion**). If it looks like completion will not occur within the four months, we will need to make a court application to protect your claim. If not, and completion does not take place by the end of the four-month period, your claim fails and you cannot start a new claim for 12 months.

8. What do I need to do to prepare?

If you decide to extend your lease, your first steps should include the following:

- Locate the necessary paperwork. If you have copies of the lease and the registered title showing you as the owner, this can save your lawyer from having to obtain them from the Land Registry.
- Instruct a law firm to act for you in connection with the lease extension. It is important that the person you instruct is experienced in the statutory process.
- Obtain a professional valuation of the likely cost of the lease extension from a surveyor that specialises in this kind of work. This surveyor can also help to negotiate with the landlord on your behalf, as they will have gathered information to support their valuation.

9. What if I change my mind?

You can withdraw a claim for a lease extension at any point before you pay for and complete it.

If you decide to withdraw, you still have to pay both your own legal and valuation costs and some of the landlord's costs up to the date of the withdrawal. You cannot make another lease extension claim for 12 months after the date of the withdrawal. After expiry of that 12-month period, the price and cost of extending your lease may have increased.

10. I am thinking of selling my flat, should I extend the lease first?

You do not need to extend your lease before selling your flat, but the term can affect the price you can sell for. If the lease has 80 years (or less) remaining, the price may be significantly affected.

Depending on your circumstances, you may want to complete a lease extension before you sell. Alternatively, it may be possible to make the claim and then sell the flat and the claim together, so the buyer completes the lease extension and pays for it.

11. My landlord is offering to extend my lease informally, without going through the formal statutory process. Should I accept their offer?

Sometimes it can be quicker and cheaper to extend your lease informally by negotiating with your landlord. However, it is important to analyse the terms of any informal offer carefully and to be aware of the risks involved in proceeding outside the statutory process.

- There is a set timetable for agreeing and completing the lease extension. Without this, the landlord is free to delay or even to withdraw terms, without penalty.
- There is a set formula for agreeing the price. Landlords who offer informal terms may quote an inflated price, so it is still important to take valuation advice.
- You are guaranteed a 90-year lease extension, with the ground rent reduced to zero from the date the extension is completed. Some informal offers only allow a short extension to the term or seek to increase the ground rent, both of which may reduce the value of the new lease.
- Any mortgage you have over your flat is automatically transferred to the new lease under the statutory process. On an informal lease extension, you need to liaise with your mortgage lender and enter into new mortgage documentation, which often involves additional costs.

The informal process will not be suitable if you are thinking of selling your flat as the negotiations with the landlord will usually be personal to you. If you extend your lease informally, you will need to have completed the extension with the landlord before you sell, unless the landlord is prepared to guarantee the same terms to your buyer.

12. Is the law relating to lease extensions changing? Should I wait until those changes are in force before extending my lease?

Please note that this is a rapidly changing area of law. In May 2024 The Leasehold and Freehold Reform Act 2024 was passed by government, meaning that during 2025/2026 there are anticipated to be changes coming into law that make it easier and cheaper for leaseholders to buy their freehold or extend their lease term to 990 years.

Whether you should extend your lease now or wait for the changes in the law depends on various factors, including the number of years left on your lease and whether you plan to sell the flat in the near future. We are unable to confirm at this stage as to when the changes will take effect. Please contact us for more advice if required.

Legal500 TOP TIER FIRM UNITED KINGDOM 2027 Herrington Carmichael LLP

the business magazine THAMES VALLEY PROPERTY AWARDS 2026 WINNER

THE TIMES Best Law Firms 2027 In co-operation with statista

+44 (0)1276 686 222 info@herrington-carmichael.com