



A leaseholder's guide to

Buying Your Freehold

Collective enfranchisement for blocks of flats
in England and Wales

Who this guide is for

You own a flat in a block, and you and your neighbours have begun to wonder whether you could simply buy the freehold. Perhaps the service charge climbs every year with little to show for it. Perhaps the building is poorly managed, the leases are getting short, or the freeholder is impossible to deal with.

Collective enfranchisement is the statutory right of the leaseholders in a qualifying building to buy the freehold together, at a price fixed by a statutory formula. If the conditions are met, the freeholder cannot refuse.

It is the most far-reaching of the leaseholders' rights and the most demanding to exercise. It needs a building that qualifies, a group of neighbours who will hold together, and a realistic view of price. This guide deals with all three, and is candid about where claims tend to fail.

YOUR BUILDING IN NUMBERS

2

flats held by qualifying leaseholders — the minimum for any claim

Two thirds

the proportion of the flats in the building that must be held by qualifying leaseholders

Half

the proportion of all the flats in the building whose leaseholders must participate

25%

the maximum non-residential internal floor area, excluding common parts

999

years — the lease term participants commonly grant themselves once they own the freehold

6–12

months — the typical duration of a straightforward claim

The 2024 Act will raise the non-residential limit to 50%, but that change is not yet in force for enfranchisement claims. The figures above are the law as it stands today.

Why buy the freehold?

Buying the freehold is not primarily a financial transaction. It is a transfer of control — and the financial benefits follow from that rather than the other way round.

Lease length becomes your own decision

This is the advantage most often underestimated. Once the leaseholders own the freehold through a company they control, extending each participant's lease is an internal decision rather than a negotiation with a third party. The company can grant new leases of 999 years at a peppercorn ground rent.

There is no premium to argue over, no valuer on the other side, and no marriage value — now or on any future extension. The problem of the wasting lease is solved permanently rather than deferred for another ninety years.

Compare the two routes. A leaseholder who extends individually pays a premium now and will face the question again in due course. A leaseholder who enfranchises pays a share of the freehold once, and thereafter grants leases to themselves.

Control of the building

The freehold company appoints the managing agent, or manages directly. It sets the service charge budget, commissions the works, chooses the insurer and decides what the building's priorities are. Disputes about whether money has been well spent become disputes you can actually resolve.

Value, saleability and mortgageability

A share in the freehold, coupled with a very long lease at nil ground rent, is materially more attractive to buyers and lenders than a short lease with an escalating rent. In practice the uplift across the participating flats frequently exceeds the cost of the claim.

An end to ground rent, and to the freeholder

Ground rents disappear on the grant of the new leases. So do consent fees, administration charges, insurance commissions and the slow correspondence that goes with an absentee landlord.

03 • ELIGIBILITY – THE BUILDING

Does your building qualify?

Three tests apply to the building itself. All three must be satisfied on the date the initial notice is served.

01 • It must be a self-contained building, or part of one

Either the whole of a detached building, or a part divided vertically from the rest that could be redeveloped independently, with its own services or services capable of separation. Horizontal division does not qualify: you cannot enfranchise the upper half of a block.

02 • At least two thirds of the flats must be held by qualifying leaseholders

A qualifying leaseholder is one holding a lease originally granted for a term of more than 21 years. The unexpired term is irrelevant. Flats let on short tenancies, or retained by the freeholder, count towards the total but not towards the two thirds.

Flats in the building	Held by qualifying leaseholders	Must participate
2 flats	Both	Both
4 flats	At least 3	At least 2
5 flats	At least 4	At least 3
6 flats	At least 4	At least 3
10 flats	At least 7	At least 5

Two thirds and one half are minimum proportions, rounded up to whole flats. A five-flat block therefore needs four flats in qualifying hands, not three.

03 • No more than 25% of the internal floor area may be non-residential

Measured across the whole building, excluding common parts. Buildings that fail this test today may qualify once the 2024 Act reforms are in force, and may already be eligible for the Right to Manage.

BUILDINGS THAT ARE EXCLUDED

Certain converted premises with a resident landlord — four or fewer units, not purpose-built as flats, where the freeholder or an adult family member has occupied part as their only or principal home for at least twelve months.

National Trust land, Crown land, property within a cathedral precinct, and premises within the operational network of a railway.

Do you and your neighbours qualify?

Most claims that fail do so not because the building was ineligible but because the group did not hold together. The group is the part worth the most attention.

Who counts as a qualifying leaseholder

- **A long lease.** Originally granted for more than 21 years. There is no minimum period of ownership, so a leaseholder who completed last month participates on the same footing as one who has been there for decades.
- **No more than two flats.** A person who holds three or more flats in the building is not a qualifying leaseholder of any of them. This catches investor-owned blocks, and it is worth checking early.
- **Shared ownership.** A shared ownership leaseholder must own 100% of the flat to take part in a freehold purchase, although lease extension rights are treated differently.
- **Companies and trustees.** A qualifying lease may be held by a company or by trustees. What matters is the lease, not the identity of the leaseholder.

How many of you must take part

The participants must be the qualifying leaseholders of at least half the flats in the building — all the flats, not merely the qualifying ones. In a two-flat building both leaseholders must join. The threshold must be satisfied when the notice is served and maintained throughout.

Neighbours who do not join

Nobody can be compelled to participate. Those who do not take part keep their leases on exactly the same terms, contribute nothing, and acquire no share in the freehold. They can still apply for a statutory lease extension afterwards, but on standard statutory terms and by negotiation with the new freehold company — which is a useful point to put to a hesitant neighbour.

THE PARTICIPATION AGREEMENT

This is the document that decides whether a claim survives. It records who is participating, how the price and the costs are divided, what happens if someone withdraws or sells, how the company is to be run and how deadlock is broken.

It should be signed before the initial notice is served. A group that will not commit on paper will not hold together through a six-month negotiation.

What it costs

The cost of a claim falls into four parts, shared between the participants in the proportions their participation agreement sets. Current indicative figures are on the Collective Enfranchisement page of our website, which we keep under review.

01

The price of the freehold

Made up of the value of the ground rents the freeholder gives up, the value of the freeholder's right to recover the flats at the end of the leases, marriage value where any participating lease has less than 80 years unexpired, and any development value in the building or its land.

02

Your own professional fees

Your solicitor's fees, your valuer's fees for the valuation and the negotiation that follows, and the cost of incorporating the company that will hold the freehold. All are ordinarily quoted at the outset.

03

The freeholder's recoverable costs

You are liable for the freeholder's reasonable costs of investigating the claim, valuing the interest and conveying it. You are not liable for their costs of negotiating the price or of any Tribunal proceedings, and reasonableness can be challenged.

04

The deposit and disbursements

The freeholder may require a deposit of 10% of the proposed price, or £250, whichever is greater. Add Land Registry fees, searches, official copies and the ongoing cost of running the company.

HOW THE PRICE IS DIVIDED

There is no statutory formula for splitting the price between participants, so the participation agreement must set one. Apportionment by flat value is the most common approach, but leaseholders with the shortest leases gain the most from the purchase and are often asked to contribute more. Agreeing this at the outset avoids the argument that otherwise arrives at completion.

Why the valuation decides the outcome

The law of collective enfranchisement is largely settled. What is in dispute in almost every claim is the price — and price is a question of valuation evidence, not legal argument.

What an enfranchisement valuer does

- Inspects the building and the participating flats, and establishes the facts the calculation rests on.
- Advises on the figure to propose in the notice, and the range within which the claim should settle.
- Negotiates directly with the freeholder's surveyor once the counter-notice arrives.
- Gives expert evidence to the First-tier Tribunal if the price cannot be agreed.

This is not a market valuation

This is a different exercise from an agent's appraisal or a mortgage valuation. It is built from the ground rents given up, the deferred value of the freeholder's reversion, relativity, and the deferment and capitalisation rates — argued from Tribunal decisions rather than read off comparable sales.

The difference between a well-argued valuation and a poorly argued one routinely exceeds the entire professional cost of the claim. That is true on both sides, which is why freeholders instruct specialists too.

Where a specialist earns the fee

- **The rates and relativity.** Most of the money sits in the assumptions rather than the arithmetic.
- **Development value.** Claims for airspace, roof space and surplus land are often overstated.
- **Leasebacks.** Whether to resist a leaseback or invite one changes the price.
- **Apportionment.** How the price should fairly be divided between flats with very different lease lengths.

Working in step with your solicitor

The figure in the section 13 notice is a joint decision. Propose too much and you surrender negotiating room; too little and you invite a counter-notice that treats the claim as unserious. Commission the valuation before the notice is served: the notice fixes the valuation date.

CHOOSING A VALUER

You are free to instruct whichever valuer you wish, and we are glad to work alongside a surveyor you already know. If you would prefer an introduction, we can put you in touch with RICS-qualified surveyors who specialise in enfranchisement and appear regularly before the Tribunal. The choice remains entirely yours, and instructing us commits you to no particular valuer.

How a claim proceeds

A straightforward claim takes six to twelve months from valuation to registration. Missing freeholders, intermediate leases, development value and Tribunal proceedings all extend that.

01

Groundwork, valuation and agreement

4 TO 8 WEEKS

We confirm that the building qualifies and identify every freehold and intermediate interest that must be acquired. A valuer with enfranchisement experience inspects and advises on the price – both the figure to propose and the range within which the claim should settle.

In parallel, the group signs a participation agreement and the company that will hold the freehold is incorporated. This stage is longer than clients expect, and time spent here is what makes the rest of the process orderly.

02

Section 13 initial notice

ONCE THE GROUP IS COMMITTED

The notice sets out the building, the participating leaseholders, the nominee purchaser and the price proposed. It fixes the valuation date and starts the statutory timetable. It is registered against the freehold title.

A defective notice can invalidate the claim, and a claim that is withdrawn or deemed withdrawn cannot be brought again for twelve months. The freeholder may require access to the flats for their own valuation.

03

Counter-notice

AT LEAST 2 MONTHS

The freeholder must respond by the date specified in your notice. The counter-notice must either admit the right to collective enfranchisement or state the grounds on which it is disputed, and must say which of your proposals are accepted and what is proposed instead.

How a claim proceeds

04

Negotiation

FROM 2 MONTHS AFTER THE COUNTER-NOTICE

The valuers negotiate the price and the solicitors negotiate the transfer and the treatment of any intermediate interests. Most claims settle here. Opening positions from a freeholder's surveyor are routinely optimistic, and they are answered with evidence rather than argument.

05

Tribunal application

IF REQUIRED – ADDS 3 TO 5 MONTHS

Either party may apply to the First-tier Tribunal (Property Chamber) to determine the price and the terms. The application may not be made earlier than two months, or later than six months, after the counter-notice.

Each side bears its own costs of the Tribunal, whatever the outcome, so the sum genuinely in dispute has to justify the exercise. A high proportion of applications settle before the hearing.

06

Completion and registration

WITHIN THE PERIOD FIXED

The freehold is transferred to the nominee purchaser, the price and the freeholder's recoverable costs are paid, and the title is registered. The participants are then the landlord of every flat in the building — and can grant the participants their new long leases.

THE DEADLINE THAT MATTERS MOST

If no application is made to the Tribunal within six months of the counter-notice, the initial notice is deemed withdrawn. The participants become liable for the freeholder's reasonable costs, and no fresh claim can be brought for twelve months. Diarising that date at the outset is not administrative housekeeping; it is the single most expensive date in the process to miss.

When things are not straightforward

No counter-notice, or an invalid one

If the freeholder fails to serve a counter-notice by the date specified, the participants may apply to the court under section 25 of the 1993 Act for an order that the freehold be transferred **on the terms proposed in the initial notice** — including the price offered. That is a powerful sanction, and another reason for the notice to be drafted as a proposal you would be content to be bound by.

The freeholder cannot be found

Where the freeholder is absent, untraceable or cannot be identified, the claim is not lost. An application is made to the county court under section 26 for an order vesting the freehold in the nominee purchaser, and the First-tier Tribunal determines the price. The court will expect evidence of thorough attempts to trace the owner, so the searches carried out at the outset matter. We deal with these applications regularly.

The freeholder requires a leaseback

The freeholder may insist on taking a lease back of flats let on secure tenancies, and may ask to take leasebacks of other non-participating units. A leaseback reduces the price, because the freeholder retains an interest — but it also means the company acquires a building in which the former freeholder remains a leaseholder. Whether that is a good outcome depends on the unit and the terms.

Development value

Freeholders frequently claim value for the airspace above the building, an undeveloped roof space, garages or surplus land. In central London this can dominate the price. It is often answered by challenging the practicality of the scheme, by excluding land that need not be acquired, or by agreeing a restrictive covenant in place of paying for the potential.

A participant sells during the claim

The benefit of the claim must be assigned to the buyer alongside the flat, and the participation agreement must provide for it. Handled properly this is routine. Handled late, it can put the 50% participation threshold at risk in a smaller block.

Where things stand

POSITION AS AT 25 JULY 2026

The Leasehold and Freehold Reform Act 2024 promises significant change: the non-residential limit raised from 25% to 50%, the abolition of marriage value, each party bearing its own costs, a right to require leasebacks of non-participating flats, removal of the twelve-month bar after a withdrawn claim, and an end to redevelopment as a defence.

None of those provisions is yet in force. Every claim brought today proceeds under the 1993 Act as it stands, with the 25% limit and marriage value payable on leases below 80 years.

WHAT HAS COMMENCED

- The Right to Manage equivalent of the 25% to 50% change came into force on 3 March 2025. The collective enfranchisement version did not, and the two are frequently confused.
- A challenge by freeholder interests to marriage value abolition and the costs provisions was dismissed by the High Court in October 2025; permission to appeal was sought.
- A Commonhold and Leasehold Reform Bill was announced in the 2026 King's Speech. Further primary legislation is needed to correct defects in the 2024 Act before the enfranchisement provisions can be switched on.
- In July 2026 the Government opened consultations on the valuation rates for the new Standard Valuation Method and on enfranchisement process costs, both closing in September 2026.

WHAT THIS MEANS FOR YOUR BUILDING

Where several participating leases are below 80 years, abolition of marriage value could reduce the price materially. Where non-residential floor area falls between 25% and 50%, waiting may create eligibility that does not exist today. Against both, there is no confirmed date — and a building with a difficult freeholder may not be able to afford to wait.

This page reflects the position on the date shown. For current developments see the Insights section at arcadialaw.co.uk.

IF YOUR BUILDING DOES NOT QUALIFY TODAY

Right to Manage transfers management without buying the building, and the wider 50% limit already applies to those claims. Where the freeholder wants to sell, the right of first refusal under the Landlord and Tenant Act 1987 may require the building to be offered to you first. An individual lease extension also remains available to each qualifying leaseholder.

Why instruct Arcadia Law

Collective enfranchisement is the most technically demanding of the leaseholders' rights, and the one where a procedural error is hardest to undo. Arcadia Law is a specialist leasehold practice, and this is the work we do every day.

Our solicitors act for leaseholder groups and for landlords — from small converted blocks to resident management companies, housing associations and institutional freeholders. When we advise you on what a freeholder is likely to accept, we are drawing on having sat on the other side of the table.

How we work

- **We manage the group, not just the claim.** Participation agreements, company formation, apportionment of the price and the practical business of keeping neighbours aligned are where claims are won or lost. We handle that alongside the legal work rather than leaving it with you.
- **Senior oversight throughout.** Every matter is supervised by a senior solicitor, with routine procedural elements handled by our paralegal team so that costs stay proportionate.
- **Commercially focused.** We are direct about what a claim will cost, what it will achieve and where the leverage lies. Where the sensible course is to settle, or to wait, we will say so.
- **Contentious and non-contentious.** We are experienced before the First-tier Tribunal and in the county court, including vesting order applications where a freeholder is missing. A claim that requires proceedings does not need to be passed elsewhere.
- **Working alongside your valuer.** Legal and valuation strategy are developed together rather than in sequence, and we can introduce you to enfranchisement surveyors who do this work daily.
- **After completion.** Owning the freehold is the beginning of a responsibility rather than the end of a process. We advise on the new long leases, the running of the freehold company, deeds of variation, licences to alter and assign, and the management obligations the company takes on.

A WORD ON EXPECTATIONS

Enfranchisement is worth doing for the right building and the right group, and we will tell you plainly if yours is neither. A claim that collapses halfway through leaves the participants liable for the freeholder's costs and barred from trying again for a year, so an honest assessment at the outset is worth considerably more than an encouraging one.



Arcadia Law is a member of the Association of Leasehold Enfranchisement Practitioners.

Where to start

The first question is always whether the building qualifies. That can usually be answered quickly, and it costs nothing to ask.

01

Tell us about the building

A SHORT CALL, AT NO COST

How many flats there are, how many are owner-occupied on long leases, whether there is commercial space, and how the leases stand. We can obtain the titles if you do not have them.

02

We tell you where you stand

USUALLY WITHIN A FEW DAYS

Whether the building and the group qualify, what the price is likely to turn on, and whether proceeding now or waiting for the reforms is the better course on your facts.

03

You and your neighbours decide

IN YOUR OWN TIME

If you instruct us, we will confirm the scope and our fees in writing before any work begins, and help you put the group on a proper footing.

SPEAK TO US

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This guide is provided for general information only and reflects our understanding of the law of England and Wales as at 25 July 2026. It is not legal advice and should not be relied upon as such. The application of the law depends on the facts, and you should take advice on your own position before taking or refraining from taking any step. Timescales are typical rather than guaranteed, and the provisions of the Leasehold and Freehold Reform Act 2024 referred to were not in force at the date shown.

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