



# Valuation Matters - The State We Are In

Kevin Ryan

ALEP Spring Lecture, 5<sup>th</sup> March 2025

Carter Jonas

Classification L2 - Business Data

## Where we are now?



Leasehold Reform, Housing and Urban  
Development Act 1993



Leasehold and Freehold  
Reform Act 2024

LAFRA 2024 is on the statute books, but only a few parts of it have been enacted so far. Given that there is no specific timetable as to when the various remaining measures will come into force how are valuers approaching premium calculations and negotiations?

Classification L2 - Business Data

# Q: What are valuers doing in the current climate given the significant changes in the new legislation?



## LRHUDA 1993

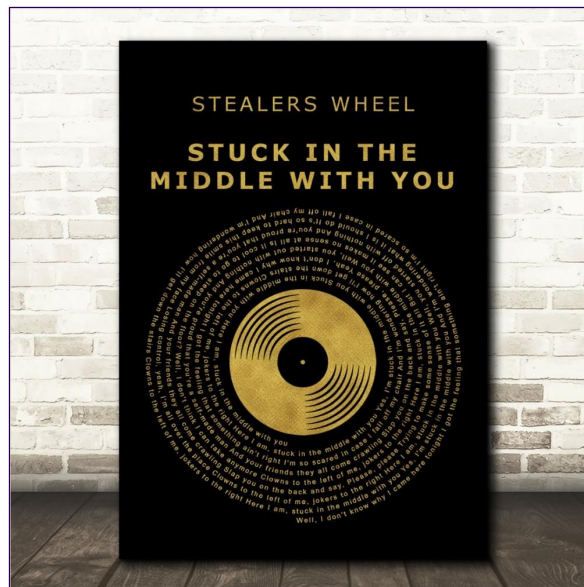
- 50% Marriage Value
- 5% Deferment Rate
- Full Ground Rent Stream Capitalised
- 90 Years Lease Extension
- 25% Commercial Threshold
- Narrow Mandatory Leaseback Provisions
- Claimant Pays Landlords Costs

## LAFRA 2024

- No Marriage Value
- ?% Deferment Rate
- Ground Rent Stream Capped at 0.1%
- 990 Years Lease Extension
- 50% Commercial Threshold
- Wider Mandatory Leaseback Provisions
- Each Side Pays Own Costs

Classification L2 - Business Data

# A: In relation to LRHUDA 1993 we are largely .....



As far as statutory claims are concerned it's a case of "as you were" as the provisions of the 1967 and 1993 Acts remain in force until such time as the LAFRA 2024 amendments and new provisions are commenced.

Classification L2 - Business Data

**What does this mean in practice. If you are a claimant can the position be leveraged or is it a case of being between a rock and a hard place?**



Classification L2 - Business Data

**To an extent it depends on who the landlord is in each case.**

### **Landed Estates Position**



- Deviation from current legislation may weaken position in legal challenges.
- Going outside the Act would threaten roll over relief from corporation tax.
- Under no financial pressure to do soft deals.

Classification L2 - Business Data

## Other category of landlord 2.

### Property Companies



- Will generally take their lead from the Landed Estates.
- Under no financial pressure to do soft deals.

Classification L2 - Business Data

## Other category of landlord 3.

### Local Authorities



- Tend to follow the legislation rigidly.
- Time needed for authority to deviate from “the norm” would be prohibitive
- Duty to get best premium for the benefit of ratepayers.

Classification L2 - Business Data

## Other category of landlord 4.

### Small Landlords



- Each will have a different agenda but often being a freeholder is a burden.
- Generally, Tribunal adverse and more open to deals negotiated outside the statutory valuation model or a voluntary transaction.

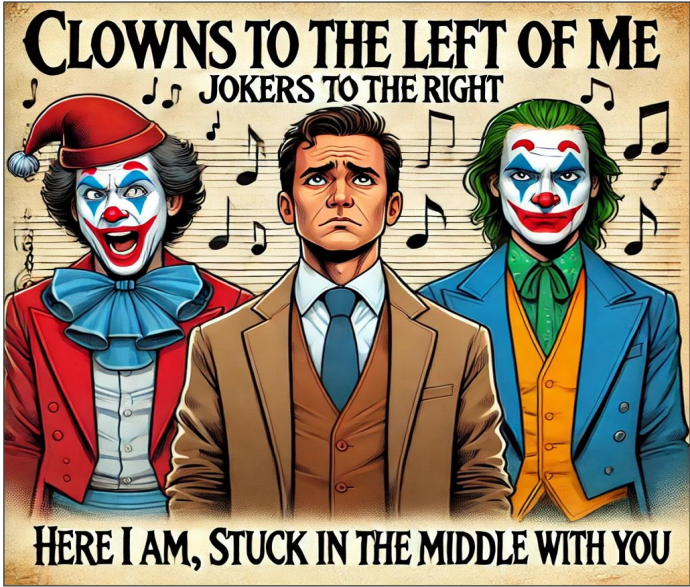
Classification L2 - Business Data

## What do we take from all this?

- It seems that where we are now is that unless involved in a claim involving a small landlord it is not the case, at the present time, that the impending paradigm shift in how premiums will be calculated following the implementation of LAFRA 2024 is affecting the way in which valuers are approaching statutory claims.
- As the legal challenges take their course and when the Government announce further specific timings of the commencement of the parts of LAFRA 2024 relevant to this issue, it is possible the climate may change and landlords of every hue will, no doubt have an eye to this in negotiations.
- Going forward landlords wishing to be seen as following the existing legislation as it stands at any point but wanting to avoid claims being withdrawn may consider capital values, disregard of improvements and relativity as areas of flexibility in order to reach agreement on premium.

Classification L2 - Business Data

Until then its just more of Stealers Wheel



What are your views?

Classification L2 - Business Data