



## WHAT IS MY FREEHOLD WORTH?

This is a question that many long leaseholders across Nottingham have been asking themselves for years. There are many offices, shops and warehouses across Nottingham that are held by way of a long lease, at low rent where the freeholder is Nottingham City Council.

These long leases as they are known, often have antiquated lease terms and infrequent rent review patterns and clauses which makes Valuation tricky.

The valuation of these freehold and leasehold assets is complicated as a result of not only the lease terms but the varying unexpired term which have a material impact on values. For example, a lease that has 100 years unexpired is more valuable than a lease which only has 50 years unexpired, but by how much? Adjustments need to be made at every point to reflect not only the unexpired term but the terms of the lease specifically with regard to the rent review pattern, alienation provisions and also what are the reinstatement provisions.

Steve Gillott, Director of FHP commented:

*"I am currently advising leaseholders across the City with regard to the value of their long leases, negotiating rent reviews with the City Council and also agreeing regears and sale of the freeholds. Experience has taught me over the years that no single long leasehold property is the same and that attention really should be paid to the detail of the lease when forming an opinion of value."*

The regearing or acquisition of the freehold interest by the tenant has numerous advantages. The main advantages being that the freehold gives a greater degree of control and allows the asset to be used as security against any loan.

Steve Gillott added:

*"In my experience lenders such as banks have always been reluctant to accept long leases as loan security where there are unexpired terms of less than 80 years. The acquisition of the freehold interest or an extension of the lease to leave an unexpired 125 year term would provide suitable loan security and also provide unrestricted development opportunity"*

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If you are a long leaseholder within the City and you wish to discuss the valuation of your property and an acquisition of your freehold then please do contact Steve Gillott on 07887 787887 or [steve@fhp.co.uk](mailto:steve@fhp.co.uk).

ENDS

Steve Gillott  
Director

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