**Consolidation answers**

1. What are some of the main benefits of leasehold compared with freehold?

* Leasehold properties are often more affordable than freehold properties, particularly in city centres and apartment blocks.
* Leaseholders typically do not bear responsibility for the structure and communal areas of a building (e.g. roof, stairwells), which are usually maintained by the freeholder.
* Maintenance and repairs are often arranged by the freeholder or a managing agent, saving the leaseholder time and effort.
* Leasehold can provide access to properties in premium locations where freehold options are limited.

2. What are some of the main drawbacks?

* Leaseholders do not own the land the property sits on and only hold the property for a set number of years.
* The value of a leasehold property can decrease as the lease term shortens, which can affect resale and mortgage eligibility.
* Leaseholders must often pay ground rent, service charges, and administration fees, which can be unpredictable or increase over time.
* Leaseholders usually require the freeholder’s permission to make significant alterations.
* Disputes with freeholders over charges or maintenance responsibilities can be complex and costly.

**Key terms**

Now that you have learned about this topic, try to define the following key terms:

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| **Key term** | **Definition** |
| Leaseholder | A person who owns a leasehold interest in a property for a fixed period, subject to the terms of a lease agreement with the freeholder. |
| Freehold | A type of property ownership where the individual owns both the building and the land it stands on outright, indefinitely. |
| Ground rent | A regular payment made by a leaseholder to the freeholder as set out in the lease, often annually. |
| Service charge | Fees paid by the leaseholder to cover the cost of maintaining and repairing communal areas and shared services in a leasehold property. |
| Maintenance | The work required to keep a property in good condition, including repairs, cleaning, and general upkeep. |
| Forfeiture | A legal process by which a freeholder can end a lease and take back possession of a leasehold property due to a serious breach of lease terms. |
| Eviction | The legal removal of a tenant or leaseholder from a property, typically following a court order or breach of contract. |
| Ground rent clause | A term in a lease agreement that sets out how much ground rent is payable, when it is due, and whether it can increase over time. |
| Retail Price Index | A measure of inflation that tracks changes in the cost of goods and services. Often used to calculate increases in rent or service charges. |