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Leasehold: still a life sentence?

AUG 2026

Despite legislative progress, leaseholders remain trapped by rising costs, complex rules, and an uncertain market. Based on evidence from Propertymark members and leaseholders, this report sets out why we continue to campaign for reform to go further and faster.

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THE PROFESSIONAL BODY FOR THE PROPERTY SECTOR

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Foreword

Eight years ago, our report *Leasehold: A Life Sentence?* brought to light the scale of the challenges facing leaseholders. Restrictive terms, the extent to which consumers felt they had been cheated, and the impact on the market, were all brought to the public's attention like never before. Being quoted in Parliament cemented our report in the minds of both the public and government ministers.

In the years following the report, we have seen the ban on ground rent for most leasehold properties, legislation that (when passed) would ban new leasehold houses and a consultation on how a ban on new leasehold flats would work in practice, to name a few reforms that have been introduced or are in progress. However, there is a risk that much of the positive change could lose momentum. Opposition to the reforms has the potential to water-down progress, increasing the period during which leaseholders will be left unable to sell their homes. This is at a time of acute housing shortage, when effectively taking millions of leasehold homes out of circulation will apply undue pressure to the wider market.

Furthermore, much of the opposition to reform has characterised the issue as leaseholder vs industry, arguing that going too far in support of leaseholders would be detrimental for the sector. Our own experience as a profession tells us both consumers and the industry are united on fixing the situation. Fewer fall throughs, more sales, greater certainty, and quicker sales times are all positive outcomes for all stakeholders.

Propertymark members who provide management services have told us that where costs are transparent, justified, and used to improve the quality of services, leaseholders are much happier with the additional costs needed to maintain communal areas. Providing a higher standard of service is something that all estate and managing agents should aspire to do, as this improves the experience of buying and living in a leasehold property for everyone.

The direction of travel from the current UK Government is to transition to commonhold, which will end the leasehold system for good. Whilst the existing leasehold system is clearly in need of reform, we cannot just rely on commonhold. It is not realistic or proportionate to expect a fast transition, so hundreds of thousands of leasehold homes may still be left without meaningful change for decades. That is why we have produced this body of evidence; to highlight the need to support existing leaseholders who cannot be expected to wait for the widespread adoption of commonhold.

Nathan Emerson, CEO, Propertymark

Introduction

Having spent nearly a decade trying to sell her flat, Stacey is just one of many leaseholders eagerly awaiting meaningful change. In October 2018, the same year that Stacey first put her home on the market, the UK Government under Prime Minister Theresa May began consulting on reforms to the leasehold system in England [1]. Subsequent announcements in 2021 from then Secretary of State Robert Jenrick [2] led to the abolition of ground rents above a peppercorn rate for most new long lease agreements from 30 June 2022 [3].

Despite some progress, including a commitment to "tackling the exploitation of millions of homeowners through punitive service charges" from the King's Speech in November 2023 [4], leaseholders across the UK feel that very little has changed since the first promise to reform leasehold nearly 10 years ago. Reforms to the leasehold system were mentioned in the May 2026 King's Speech [5], and, while encouraging, there is little confidence from leaseholders and the industry that the government will effectively introduce the change that is needed. For leaseholders like Stacey, there seems to be no end to their situation unless major reforms are passed.

To date, only 10 of the 125 sections (not including Schedules) of the Leasehold and Freehold Reform Act 2024 [6] have been passed, with no further regulations tabled since February 2025. Despite nearly a decade having passed since the publication of our report *Leasehold: A Life Sentence?* in 2018, leaseholders continue to face financial challenges, including rising unjustified service charges, making selling their homes even more difficult. For leaseholders facing building safety issues, their concerns are multiplied.

Earlier commitments to address the concerns of leaseholders and the industry have been watered down even further. At the time of writing, the draft Commonhold and Leasehold Reform Bill has promised to set ground rents to a peppercorn rate 40 years after the Bill has passed [7]. Not only is 40 years double the amount of time promised by the previous government [8], but leaseholders are also still waiting for legislation that will help to regulate unreasonable service charges, which Propertymark evidence suggests is a greater barrier to sales. This is despite claims made by the Minister for Building Safety that the markets were opening up [9].

The need to review the length of the transition period was also recommended by the Housing, Communities and Local Government Committee in their pre-legislative scrutiny of the Bill [10]. This demonstrates widespread industry, leaseholder, and political consensus that the transition period is too long.

It is clear to the over 200 Propertymark members and 1,200 leaseholders who responded to our survey from February to November 2025 that despite promises and claims to improve the leasehold system, not enough has been achieved since 2018. There are three major issues of primary concern:

1. Leaseholders will not be able to effectively challenge unreasonable service charges and other costs.
2. Leaseholders will have to pay unaffordable sums for resolving building safety defects.
3. Since Propertymark's first report, it has become even more difficult for leaseholders to sell their property.

Propertymark's 2018 report highlighted the urgent need to raise awareness of the additional costs and commitments for potential buyers of leasehold property. This has had some success. In a follow up report produced in 2023, 72% of agents reported that awareness of the issues surrounding leasehold had improved, with 60% saying buyers ask for information about a lease before they even view the property. Raised awareness has had an impact on demand for leasehold properties, as 67% of agents stated homebuyers were encouraged to negotiate harder during the sales process [11].

However, even if raised awareness has meant that more potential buyers, lenders, and conveyancers are aware of the issues, the root cause lies with the current state of leasehold. A status quo where 90% of buyers regret their purchase cannot continue to exist, and a functional leasehold market cannot rely on misunderstanding or ignorance of the system.

The combination of buyers' regret and the inability to sell has left hundreds of thousands of leaseholders trapped in their own homes, with escalating payments that they often find difficult to afford. Failure to reopen the market, beyond addressing the immediate needs of leaseholders and potential buyers, will also have serious implications for the broader housing economy and the UK Government's housing targets.

Flats are a vital stepping stone for first time buyers to get on the housing ladder, especially in larger cities where demand for housing and house prices is relatively high. As flats continue to take far longer to sell, at lower prices than they were purchased for, they have been effectively taken out of the market and their use as a stepping stone no longer applies.

It is essential that the UK Government accelerates efforts to resolve the leasehold crisis in the best interests of the housing industry and residents across England and Wales.

Population

LEASEHOLD AT A GLANCE

Despite clear public sentiment against leasehold and UK Government proposals to reform the system, the number of leasehold properties has increased considerably since our previous report.

In 2018, the most recent data estimated there were 4.3 million leasehold dwellings in England [12]. By 2024/25, the UK Government estimated that the number of leasehold homes had increased to 4.9 million, primarily driven by an increase in the number of leasehold flats [13]. This accounted for 20% of all homes in England, up from 18% in 2018.

In 2021, the Welsh Government released figures showing approximately 235,000 leasehold properties in Wales, representing 16% of the housing stock.

In 2024/25 the majority (69%) of leasehold properties in England were flats, with a roughly even split between those who were lived in by owners and private tenants. In recent years, the number of leasehold flats has decreased from 72% of all leasehold properties in 2023/24 with a total of 3,485,000 dwellings [14]. Conversely, the number of leasehold houses has increased by 172,000 since 2023/24.

TENURE OF RESIDENT	HOUSES	FLATS	TOTAL
Private sector total	1,428,000	3,205,000	**4,633,000**
Owner occupied	1,092,000	1,631,000	2,722,000
Private rented	337,000	1,574,000	1,911,000
Social sector total	91,000	178,000	**269,000**
Local authority	12,000	27,000	39,000
Housing association	79,000	151,000	230,000
All tenures	**1,519,000**	**3,383,000**	**4,902,000**

Source: MHCLG www.gov.uk/government/statistics/leasehold-dwellings-2024-to-2025

Ground rent

Ground rent refers to rent that is charged to leaseholders that is set out in the lease, often described as "paying for the land beneath the property." The amount of ground rent differs considerably: It can be a peppercorn (effectively £0), or a stated sum of money which may increase at different points defined in the lease.

Ground rent isn't tied to the provision of any service, meaning many leaseholders see it as an additional cost with no benefit. In the most recent UK Government report on the experiences of leaseholders, 77% of leaseholders reported paying ground rent (86% of those living in houses and 70% of those living in flats) [15]. It is important to note that this figure includes ground rents of a peppercorn and instances where freeholders do not collect the ground rent. The report admits that some leaseholders did not understand what ground rent was.

While ground rent has been effectively eradicated for most new long residential leases in England and Wales since 30 June 2022 due to the Leasehold Reform (Ground Rent) Act 2022, millions of existing leaseholders do still pay ground rent; often hundreds of pounds a year.

The median ground rent in the UK is estimated to be £120 a year (the middle point for all ground rents including peppercorn rates). The mean is estimated to be £304 a year (all ground rents combined and divided by the number of leaseholders paying ground rent) [16]. The difference demonstrates that while half of the population pay £120 or less in ground rent per year, leaseholders who pay more than the average are likely to pay considerably more.

86% of leaseholders who responded to our survey reported paying ground rent within the past 24 months. Of those, 47% stated that it had at least a large negative impact on their personal finances. When we asked leaseholders who no longer paid ground rent about the impact of the change 98% said it had been a positive, very positive, or neutral experience.

In addition to being an additional cost that can dissuade some potential buyers, many mortgage providers will refuse to mortgage a property if the ground rent is over a certain percentage of the property price.

Leaseholder Gill Potter purchased two flats in Hertfordshire in 2013 and 2016. Gill told us that at the time of the purchase neither she nor her solicitors fully appreciated the long-term implications of ground rent clauses within the lease.

By 2023, when she began to try and sell her flats, despite finding a willing buyer, the sale could not proceed because mortgage lenders were unwilling to lend against the property due to the onerous ground rent provisions. When she was advised that the best course of action would be to extend the leases she found it would cost an estimated £40,000 per flat.

> **(Being unable to sell) has had a direct financial impact on me. I have been unable to access the wider mortgage market and was forced to remain with my existing lender when my mortgage deal expired. Consequently, my mortgage payments increased by more than 240%, significantly exceeding the rental income generated by the properties and placing considerable strain on my finances.**

Service charge

In the same UK Government report on the experiences of leaseholders, 65% reported they paid a service charge. Leaseholders living in flats were more likely to pay service charge (88%).

Of the leaseholders who responded to our survey, 86% stated they paid a service charge. Of those who paid, 86% saw an increase in service charges in the past 24 months, 62% of those said it increased by more than 21%. Over 1 in 4 said it increased by more than 60%.

Despite regular increases in service charges, 40% of leaseholders stated they never received information that explained why. Of those who did, 29% stated they received no specific reason, just that costs had increased in general. 88% said they did not consider that the increase accurately reflected the actual rise in costs.

Service charge has an even greater impact on personal finances than ground rents, with 64% of respondents saying rising service charges have a large or very large impact.

Leaseholders often have little recourse to challenge these rising costs: 89% stated it's difficult or very difficult to challenge unfair service charges. If a leaseholder has raised the service charge via a managing agent, it is not always clear what options are available to leaseholders if they wish to challenge the amount.

Propertymark's survey found that over 1 in 4 leaseholders' service charge had increased by more than 60%.

Key facts: Leaseholders

93% of leaseholders surveyed would not buy a leasehold again. A large number of those who said they would buy a leasehold would only do so if there was no other option.

86% of leaseholders saw an increase in service charges in the past 24 months, 62% of those said it increased by more than 21%. Over 1 in 4 said it increased by more than 60%.

58% of leaseholders say service charge had a large impact on their ability to sell their property.

53% of leaseholders say ground rent had a large impact on their ability to sell their property.

69% of leaseholders never received information on why their service charge increased. 29% of these leaseholders said they received a statement that referred to a general increase in costs.

89% of leaseholders say it is difficult to challenge unfair service charges. Over 72% said they were not confident that their challenge to the unfair service charge would be successful.

88% of leaseholders stated they did not consider the increase in service charge accurately reflected the increase in costs.

Of the leaseholders who took a greater role over the management of their building, 77% said having a greater deal of autonomy over decisions was a more positive experience.

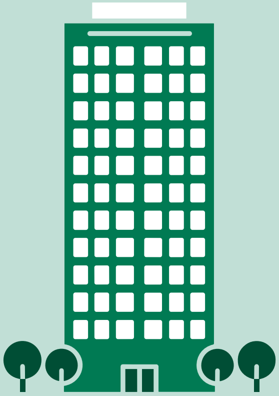
Key facts: Estate agents

Less than 1% of estate agents say that selling a leasehold property has become easier in the past 24 months. Over 76% say it's getting even more difficult.

Over the past 24 months, over 78% have at least one leasehold property taken off the market due to it being unsellable.

The main three challenges to sell flats reported by estate agents were onerous service charges (c.74%), escalating ground rents (c.65%) and challenges in selling short leases (63%).

Over 50% of agents selling flats with existing unsafe cladding issues said the main challenge was difficulty mortgaging flats with unresolved building safety issues, rather than buyers pulling out of the sale.



A lack of commencement

Some progress has been made since our last report but the experiences of our members and leaseholders demonstrate that it is not enough.

Legislation has been passed that would ban the sale of new leasehold homes in the vast majority of circumstances, and the draft Commonhold and Leasehold Reform Bill, when passed, will seek to ban the sale of leasehold flats. However, progress on implementing reforms already in law has been incredibly slow.

Despite it being over two years since the Leasehold and Freehold Reform Act 2024 received Royal Assent, only a small number of sections have been enacted. These include removing the two-year restriction on enfranchisement and the ability to extend the lease as well as making it easier for leaseholders to set up a Right to Manage (RTM) company.

Despite it being over two years since the Leasehold and Freehold Reform Act 2024 received Royal Assent, only a small number of sections have been enacted.

However, many of the reforms that could improve the ability to sell leasehold homes, such as caps on ground rents, ensuring service charges reflects actual costs, and reforms to make it easier to purchase the freehold are yet to be implemented.

Arguably the most impactful beneficial piece of legislation that has passed since 2018 was the Leasehold Reform (Ground Rent) Act 2022 which came into force in 30 June 2022, less than five months after receiving Royal Assent. This legislation banned ground rent for the majority of new leasehold properties.

Impact on sales

PROGRESS SINCE 2018

Not only does the lack of progress lead to uncertainty in the housing market, further impacting the sale of leasehold homes, but it has left leaseholders frustrated with the lack of progress; feeling that their experiences and concerns are not being addressed.

One of the main concerns from the industry is that reform could focus on the shift to commonhold rather than improving the existing leasehold system. The shift to commonhold has the potential to reset and standardise complex lease terms, improve transparency with service charges, and remove ground rents entirely but it will require considerable legal and public consultation. Furthermore, this shift could take decades, with no guarantee that all leasehold properties will convert. Leaseholders in this interim period will continue to struggle unless the UK Government can introduce reforms that can be done more quickly than the mass conversion to commonhold.

All the while, public understanding of the leasehold system improves. A follow up report from Propertymark in 2023 found that 72% of agents believed that homebuyers were more aware of the issues surrounding leasehold than they were five years before [17]. More often than not, potential buyers now ask about conditions of a lease before they view the property (60%) with a further 30% asking after their viewing. This increase in awareness has not slowed down. In the past 24 months, Propertymark estate agents have reported that consumers are slightly (36%) and considerably (12%) more aware, building on the rising awareness reported in 2023. At the same time, agents are now more likely to advertise particulars of a lease even if developers don't provide them with the necessary information on newly built leasehold properties. Greater awareness and more understanding are helping to drive more potential buyers to negotiate harder on the sale price - people aren't willing to pay as high a price for leasehold properties due to other costs and conditions. Transparency of all costs, how they are calculated, and the ability to challenge what are considered "unfair" costs will be essential to increase consumer confidence in leasehold properties.

It is not just consumers who are becoming risk adverse. Mortgage providers are wary of lending on properties where ground rents increase at regular intervals, with many outright refusing to lend on properties where ground rents are 0.1% of the property value, and homes with opaque lease terms that don't clearly set out costs [18]. The Conveyancing Association has also criticised the existing system for its complexities and highlighted that the move to commonhold will remove many of the current challenges for leaseholders [19].

It is evident from Propertymark's research that the system is in desperate need of reform. While moving to commonhold will help, this will take time to implement. All the while, leaseholders will continue to be trapped in their homes while facing rising costs. Ultimately it is in the UK Government's best interest to ensure these homes can be sold, otherwise they risk losing these homes from the housing market, impacting their efforts to solve the housing crisis.

The challenging market

In our last report, we covered how leaseholders felt they had been miss-sold leasehold, that public awareness of what leasehold meant was low, and that developers often marketed new builds without using an agent and often encouraged buyers to use a solicitor the developer recommended. One may ask, if living in a leasehold property is so unaffordable why don't people just move house?

According to the HomeOwners Alliance, the cost of buying and selling a home in the UK was £13,018 in 2026 [20], without taking into account the deposit needed to place an offer on a property. Leaseholders will often need to provide management packs as part of the sale. These can cost hundreds of pounds and, due to the higher risk of a sale falling through, sellers may need to pay for a pack multiple times. While not an upfront cost for buyers, the additional costs when selling are another factor to consider when deciding whether to buy a leasehold or freehold property.

Further compounding these costs is that leaseholders have often found that it takes much longer for them to sell their home. As awareness of leasehold increases, more consumers are aware of the costs involved and seek to avoid buying leasehold properties. When asked if they would buy a leasehold property again in the future, 92.5% said they would not. Of the 6.5% who said they might, many said they would only if there was no alternative or if the property was the right price.

Simply put, if over 92% of people who bought a product would not do so again, people start to avoid the product. Propertymark members have seen this play out in practice when they are instructed to sell a leasehold property, with many avoiding dealing with flats altogether.

Of over 200 estate agents surveyed by Propertymark, 78% stated that at least one leasehold property was unsellable or had to be taken off the market in the past 24 months, with over 76% saying that selling leasehold has become more difficult in the past 24 months. Less than 1% say it has become easier.

The three reasons most frequently cited are onerous service charges, escalating ground rents, and shorter leases. It should be noted that this explicitly refers to service charges and ground rents that are increasing regularly at high rates; more affordable ground rents and quantified service charges are less likely to have an impact.

As mentioned earlier, over one in four leaseholders experienced a service charge increase of over 60% in the past two years, with no guarantee that this will slow down. Faced with this potential additional cost on top of the sale price, many buyers are put off. The same applies for properties where ground rents increase at regular intervals to unaffordable levels. Shorter leases present a barrier to sales because they would require a buyer to extend the lease once they have bought the property.

While a seller may wish to consider extending before they sell, the cost often exceeds £10,000, especially when the length of the lease is 80 years or less. This applies to 10% of leases [21]. The exact cost depends on the time remaining on the lease, the property value, the ground rent, and fees for solicitors and surveyors. This can easily double the cost of moving for leaseholders.

For buyers considering a leasehold property with only a short time left on the lease, the cost of extending it may fall to them if the seller cannot do so. This can make the property less attractive, especially if similar homes are available at the same price as freehold or without the need for a lease extension. Buyers may also offer below the asking price to reflect the extra cost, which can reduce the value of leasehold flats.

Leaseholders themselves have reported the same difficulties when trying to sell their property. As reported by estate agents, the ground rent and service charges did have a major impact on their ability to sell. For leaseholders, ground rent was more frequently cited as a barrier to sale but with a smaller total impact. In total, 80% of leaseholders reported that ground rent had some negative impact on their ability to sell their property, 27% stated the impact was small while 53% reported the negative impact was significant. This does include leaseholders where ground rent was not necessarily escalating, indicating ground rents in general are unpopular with potential buyers. Service charges have a similar effect on sales, as 78% reported that their service charges had a negative impact on their ability to sell their property. This was split between 20% saying that the impact was small and 58% stating the impact was significant.

Material information requirements

The Consumer Protection from Unfair Trading Regulations (2008) (CPRs) established the need to provide consumers with all the information they need to know about a product in order to make an informed decision (often referred to as “material information”).

The regulations have since been replaced by the Digital Markets, Competition and Consumers Act (2024) which retains this requirement from the CPRs. While the home buying and selling process is currently under review by the UK Government, it is accepted by policy makers and regulatory bodies that the legislation applies to property sales and specifically property listings. As consumer awareness grows, more information is required to ensure consumers can make an informed purchase.

This can be challenging as not all information on a lease is held by the leaseholder or is publicly available, requiring the estate agent to contact a range of sources including the management company, managing agent, HM Land Registry, the leaseholder, the freeholder, or solicitors involved in the transaction. 40% of Propertymark members surveyed reported that it often takes longer than 15 days, sometimes months, to receive the information needed, with only a minority (17%) of members reporting the information takes between one and five days.

In the meantime, many leaseholders who expect a property to be listed shortly after instructing the agent may seek to instruct another agent who would be less scrupulous with providing material information. This leads to properties being listed without the information consumers need, causing delays in the sales process as incorrect information is provided or searched for after an offer has been made.

The **Building Safety** Act 2022

RISKING LIVES AND COMPLICATING SALES

In the aftermath of the Grenfell Tower Fire in 2017, it became evident that homes across the UK were not safe due to the installation of flammable cladding.

Despite the conclusion that the fire was caused by "systematic dishonesty" from those who sold rainscreen cladding panels and insulation products [22], and the "culmination of decades of failure by central government and other bodies in positions of responsibility in the construction industry to look carefully into the danger of incorporating combustible materials into the external walls of high-rise residential buildings and to act on the information available to them" [23], leaseholders continue to be charged for efforts to make their homes free of building safety defects, something they should never have had to deal with.

RELEVANT SAFETY DEFECT

Under the Building Safety Act (2022), which primarily covers England but partially extends to Wales, a relevant defect is a defect that causes a building safety risk that arose due to the construction of the building or any works commissioned on behalf of the landlord since, including those which sought to remedy a relevant defect.

Leaseholders and freeholders can apply to the First Tier Tribunal to request financial contributions from the developer responsible for the defect, including a developer "associated" with the original developer.

Under the Building Safety Act (2022) and subsequent legislation, it is illegal to pass on remediation costs to qualifying leaseholders. In theory, this should protect leaseholders from paying remediation costs.

However, there are four major problems:

1. The definition of "relevant safety defect" only applies to defects caused between June 1992 and June 2022, meaning leaseholders can be charged for any defect that arose outside of these dates.
2. Not all leaseholders qualify for protections. Leaseholders in buildings lower than 11 metres in height have no legal mechanism for remediating building safety defects.
3. Not all developers responsible for building safety defects are still operating today. Cases against developers who bought out or merged with the original developer are often challenged.
4. Even in clear cases where the leaseholders qualify for protections and there is a developer at fault, some refuse to pay or illegally try to recover costs through service charges.

A LONG LEGAL STRUGGLE

In practice, even when a property clearly qualifies for a remediation order, some developers and freeholders continue to challenge their responsibility for funding building safety defects.

Furthermore, regardless of whether or not existing leaseholders were living in the building at the time defective materials were installed, many are still expected to pay either through an increase in the service charges or one-off payments. This is despite recent court cases regularly siding with leaseholders, confirming that developers are liable for cladding remediation costs and legislation allowing leaseholders to claim remediation contribution orders from developers [24]. Even if leaseholders do succeed, these legal cases are incredibly expensive and should not be necessary.

For leaseholders who are not able to challenge the responsibility of developers and freeholders to make their homes safe this is another cost they are expected to pay, despite bearing no responsibility for the installation of the defect.

Out of the over 1,200 leaseholders who responded to our survey, over 25% lived in a property with a building safety defect, including leaseholders who lived in a house and thus not covered by the protections laid out in the Building Safety Act 2022. Of those, 77% of defects were still present nearly a decade after the Grenfell Fire and four years after the Building Safety Act 2022 was passed.

This doesn't account for respondents who weren't aware of any defects; the UK Government estimates that there are as many as 3200 blocks of flats with defects yet to be identified [25]. Of those who had their safety defects remediated, 82% stated they had to pay for the defect to be replaced, 32% through an increase in the service charges.

This has also been reported by the Property Institute, whose May 2026 Service Charge Index found that the amount of service charge that had been used to meet Building Safety Act compliance had risen by 53% between 2024 and 2026 [26].

FURTHER COSTS AND BARRIERS TO SALES

Safety defects add another complication to the sale of a property and raise potential costs for leaseholders. The first issue is that of insurance. Understandably, having an identified building safety defect or not completing the necessary investigations to confirm if a building is free of defects constitutes an additional risk to the residents and the building. This raises insurance premiums.

Propertymark estate agents have noticed this increase—over 45% said they've seen an increase in insurance premiums over the past 24 months. Since service charge costs aren't always broken down, this may in fact be significantly higher.

Propertymark members working as Management Agents (property professionals who manage the block on behalf of freeholders) have also seen this increase, which is not surprising as they would have directly worked with insurance providers to arrange cover. 62% have reported that insurance premiums had increased as a direct result of the building safety crisis. Of the properties where insurance premiums had increased, 15% increased by between 101% and 150%, 44% had increased by 50–100% and 41.18% increased by less than 50%.

While this is understandable as there is an increase in potential risk of damage to the property, our research suggests that insurance premiums do not decrease once building safety issues have been resolved. Only 6% of Propertymark members working as Management Agents reported that insurance premiums fell to a level that reflected a rise in non-building safety related costs once all defects were remediated. 24% reported the premiums fell slightly and 60% reported no change despite the risk of fire reducing considerably. This cost is often passed down to leaseholders: 18% of surveyed leaseholders reported that "rising insurance costs" was cited as a reason for their service charges increasing in the past 24 months.

It is not surprising that when asked the most effective way to resolve the cladding crisis, 42% of Propertymark management agents stated that insurance providers must be legally required to reduce insurance premiums once building safety defects have been remediated.

MORTGAGING PROPERTIES

While the prospect of additional costs from rising insurance premiums, service charges, and the possibility of contributing directly to remediation costs all add complications, our research has discovered that costs and fear of safety from consumers is not the greatest barrier to sale.

Of the 72.9% of Propertymark members who stated that they have faced additional challenges when selling flats with cladding issues since the Grenfell Fire, over 50% said this was due to difficulties mortgaging flats. This had more than twice the number of responses from the next most common response, high service charges (24%), and considerably more than buyers not wanting to move into flats with building safety defects (14%).

This is despite a commitment from lenders to mortgage affected flats in December 2022 [27], which from March 2024 includes the Royal Institute of Chartered Surveyors, the Building Societies Association, UK Finance, and ten of the UK's largest mortgage providers. While a commitment is a positive step, mortgage providers would be reluctant to lend on a property in the first place.

Not only do lenders need greater certainty that the property will be remediated and safe for the buyer, but they also require certainty over the costs to remediate the property on top of ground rent and service charges. Often, this can push buyers outside of what they can afford. When this cost is not certain, lenders are placed in a difficult position, where caution is often a more prudent approach. Furthermore, some conveyancers will charge an additional fee for working with a property that has a building safety defect, which in some cases can cost more than the average total conveyancing fee. This has caused many estate agents and lenders to avoid leasehold properties entirely.

Without a clear roadmap for leasehold reform and remediation for properties with building safety defects, mortgage providers will not be able to confirm if the property is safe, that the sale price will be sufficient, or that the buyer will be able to afford the mortgage due to rising service charges and ground rent.

SPEED OF REMEDIATION

The time taken to appoint responsibility also contributes to the slow pace of remediation based on the UK Government's own data. Due to a difference in the way the UK Government data has been collected, we are not including dates between December 2025 and February 2026 which are not comparable to prior months [28].

Between 2017 and November 2025, 1,938 buildings were remediated, with a further 803 works in progress, and 2,082 buildings identified. There are also an estimated 1,400 to 4,300 buildings where building safety defects have not yet been identified. With an average of 242 completions every year, it will take at least a further 21 years to remove all building safety defects from flats in England. If we consider the high estimate of 7,975 buildings left to remediate, this rises to 33 years. While completions have increased in recent years, with 475 completions between November 2024 and November 2025 [29], it will still take almost 17 years for all flats in England to be remediated. This length of time and uncertainty around remediation puts leaseholders lives at risk and further impacts the sale of flats.

Recent research from The Property Institute has also identified that there are significant differences between blocks where remediation was funded by the UK Government and blocks where developers had pledged to fund remediation. Looking at over 500 buildings between November 2025 and May 2026, 26% of government-funded projects had been completed while only 10% developer projects had. Typically, government-funded projects showed considerable progress, with only 14% of blocks in early stages of remediation compared to 41% in the previous year. By comparison, 58% of developer-pledged schemes were in the early stages of remediation which was similar to the previous year.

Stacey's plight

CASE STUDY

"I wish I had known 18 years ago what I know now. We're stuck, we can't sell it, we can't move out because we cannot afford two mortgages. We can't even rent it out as it wouldn't cover the mortgage and other costs.

In 2009, Stacey and her partner bought a flat for £150,000 in North West England through the Help to Buy Scheme. The flat was a new build and sold directly by the developer. Stacey admits she was naïve about leasehold, especially as this was her first home, so when they were told they had to use the developer's own solicitor, she did not question it.

After purchasing the property, Stacey's family grew and they needed more space. However, the Grenfell Tower Fire had taken place the year before and almost overnight blocks of flats needed to be assessed for dangerous cladding and people became conscious that they could be moving into a flat that was at risk of catching fire.

"My son and daughter currently need to share a bedroom. Soon they're really going to need separate rooms, so we'll have to sleep in the living room. At this point, we'd prefer to be renting. If I could pay off my mortgage and sell my flat for £1 I would just so we could move."

Over the next eight years, Stacey accepted an offer on her home on five separate occasions, four times between October 2018 and July 2022. Initially, the buyers would pull out of the sale due to Stacey's flat having B2 cladding present. Understandably, the risk was too high, and their mortgage provider or solicitor would recommend against the purchase.

"We were first time buyers, we didn't know what to look out for. So, when the solicitor didn't explain the terms of the lease, we did not expect that our ground rent would increase as much as it did."

The number of sales that fell through is indicative of the market of flats at the time, where both consumers and the industry was cautious and rightly not willing to complete sales for potentially dangerous flats.

Eventually, it was identified that the original contractor who assessed the cladding was not qualified and the cladding was reassessed to B1. While Stacey and her family were initially hopeful, the last sale that fell through highlighted a new factor that would only make things worse for future sales.

"One of our buyers was our local MP who was a cash buyer. So, while there was no risk with the mortgage, her solicitor recommended against the sale due to a combination of the cladding and the ground rent. It was the first sign that ground rent would be a major issue going forward."

After taking the property off the market to wait for potential reforms and for the market to open up, Stacey finally put her flat back up for sale in June 2024. She had to reduce the price to below the amount that she bought it for. All the while, the average price of all types of housing in the North West has increased by 85% between March 2009 and March 2026 [30]. If Stacey's flat had increased in price at the same rate, her flat would have been sold for £277,500, not £130,000.

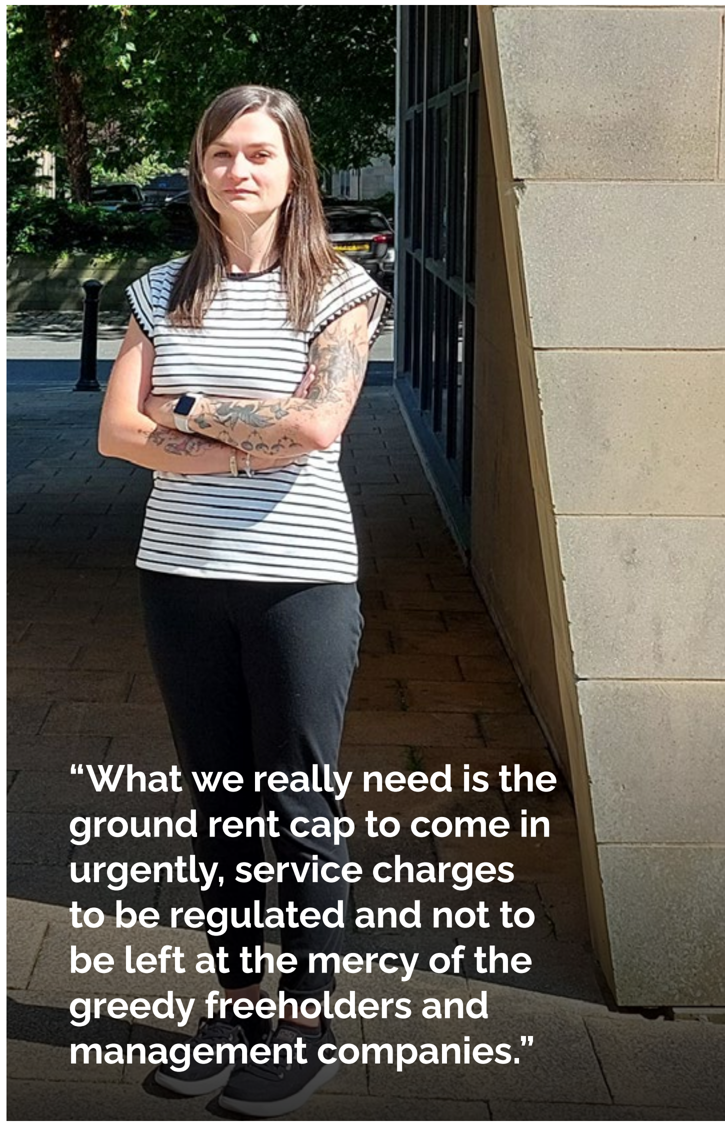
"It is a lovely flat, has been well looked after and is in a prime city centre location. We've had three great estate agents who have been brilliant and worked really hard, but no one wants to buy it because of the additional costs."

In the meantime, her ground rent continued to rise by £295 every ten years, which began not from the year she became the leaseholder but from the year the flat was built. By 2027, her annual ground rent will reach £885 which is having an impact on her ability to extend her lease. Due to the size of the ground rent, the cost of extending the lease is £20,000, which is not only unaffordable but further decreases her ability to sell the property. Add to that a monthly service charge of £190 and various extra payments that no one in the block is able to challenge.

"They do send out the list of charges but it's difficult to understand. I don't see any kind of benefit for the increase in cost. We do have a redecoration budget for example, but this does not cover the entire building. We had to pay £12,000 for a few small lobbies to be painted – that's extra by the way on top of the monthly service charge."

"If we were able to form a Tenants Association, we'd be able to challenge the service charge. However, a lot of leaseholders in the flats are landlords who rent out their flats. They're not interested in the management of the block."

At this point, Stacey does not expect that she'll ever be able to sell her home. The rising ground rent, the cost of extending her lease and unchallengeable service charge is all having an impact. Unfortunately, Stacey is just one of thousands of leaseholders who have been trying to sell for nearly a decade.



Estate agents' viewpoint

EAST OF ENGLAND

Legislation is currently in limbo; we need to end the constant U-turns and get some real clarity of changes so that we can address the overall credibility of leasehold and a saleable proposition to potential buyers.

SOUTH EAST

All flat sales are now subject to EWS1. Not all apartments have this and won't get it. Mortgage companies won't lend. Estate agents will eventually refuse to sell apartments as they are too much work for too little fee. I have one at the moment which is vacant to a NTS buyer, and we are on month four."

EAST OF ENGLAND

Regarding ongoing fire safety concerns, even qualifying leaseholders struggle to get the property sold at a reasonable price. One particularly bad example I can think of is where the owner had a property on the market for so long that a relative ended up buying it and it sold for 36% less than its auction value.

YORKSHIRE

In our experience, even conveyancers struggle to navigate leasehold transactions. The switch to commonhold has the potential to standardise agreements and make complicated leases a thing of the past which will be highly beneficial for sales and management.

LONDON

Buyers are asking more questions, they're aware that leasehold involves additional costs, but questions are also coming from conveyancers and lenders. The fact that they're also asking questions puts doubt in the minds of potential buyers.

EAST MIDLANDS

People purchasing leasehold properties do not fully understand the consequences and some solicitors/conveyancers likewise don't fully understand the practical implications and therefore do not explain them fully to the purchaser.

EAST OF ENGLAND

Where service charges were previously £1,000 – £2,000, we often see that they have risen to between £3,000 – £4,000. In many cases this means service charges are above the point where mortgagees are willing to lend.

YORKSHIRE

The challenge with leases is the lack of consistency. While some are well-formatted and present their terms clearly, others can feel like putting together a jigsaw puzzle.

LONDON

Building safety defects add another layer of cost to a transaction. I'm aware of one flat where the solicitors would charge an additional £3,000 to deal with a property that has outstanding cladding.

SOUTH WEST

Urgency is paramount to maintaining the market. People are stuck in unsellable properties.

YORKSHIRE

Transparency is key to improving trust and consumer confidence. Since leases often require legal expertise to understand, there are a lot of unknowns which buyers don't want to take a risk on.

Taking hold of the issue

While some action has been taken by the UK Government to resolve the issues laid out in this report, too little has been achieved despite ten years of political consensus that the leasehold system must be reformed or abolished entirely.

While efforts are being made to make commonhold the default tenure, this will likely take decades to have full effect and even then, some leasehold properties will remain.

To release leasehold's life sentence, open up the market, and ensure that flats and leasehold properties are a viable option for potential buyers, Propertymark has worked with industry representatives to develop the following recommendations:

THE UK GOVERNMENT MUST URGENTLY REVIEW THE PROPOSED TIMELINE OF 40 YEARS TO SET GROUND RENTS TO A PEPPERCORN

The banning of ground rents will remove the second most commonly cited barrier to sales. This will help to revitalise the sale of existing flats and leasehold property which will be essential for the UK Government to resolve the housing crisis.

REVIEW THE EXISTING REDRESS REGIME WITH THE AIM OF IMPROVING ACCESS AND CLARITY FOR LEASEHOLDERS

Leaseholders are not confident that any of their concerns around service charges will be acknowledged. The UK Government must review the existing redress landscape with the goal of establishing clear and effective routes for leaseholders to challenge service charges and remediation without the need for lengthy and costly court cases.

INTRODUCE A STANDARDISED FORMAT FOR LEASES AND LEASE TERMS

Existing leases should be updated once leases are renewed or there is a change of leaseholder. Establishing requirements for new, renewed and transferred leases will help improve transparency, set out costs, and improve confidence in leasehold.

INTRODUCE AN ONLINE DATABASE OF EXISTING LEASE TERMS

Introducing a database of existing leases, which can be accessed by the public and organisations involved in the sale of homes, will improve the transparency and ease of access for lease terms.

SIMPLIFY THE PROCESS OF BUILDING SAFETY REMEDIATION FUNDING WITH CLEARER LEGAL GUIDANCE DETERMINING RESPONSIBLE PARTIES

The complexity in protections and the process to recover costs has slowed down the pace of remediation and left any leaseholders footing the bill for making their homes safe places to live. Our surveyed members, both estate and management agents, also see this as a major barrier to resolving the cladding crisis. When each group was surveyed on the most effective solution to resolve the crisis, the most popular answer was to "underwrite remedial costs for all affected flats and recoup funds from developers/suppliers."

ESTABLISH A FIXED DEADLINE FOR REMEDIATION TO BE COMPLETE WITH HARSH PENALTIES FOR FAILING TO MEET IT

Progress for developer pledged remediation has been particularly slow, which is to be expected due to a lack of penalties for the lack of progress. A fixed deadline will incentivise developers to increase the speed of remediation and set clear expectations for those who fail to meet requirements. Our two remediation recommendations will help reduce risk and establish greater certainty for leaseholders, conveyancers and mortgage providers which will reduce fall throughs and increase sales.

THE UK GOVERNMENT SHOULD CONSIDER FINANCIAL SUPPORT FOR LEASEHOLDERS LOOKING TO PURCHASE THEIR FREEHOLD

This is a popular solution from property agents to help make commonhold the default tenure and resolve issues related to leasehold. While efforts have been made and proposed to make this easier, many leaseholders cannot afford to purchase their freehold due to rising costs. Financial support from the UK Government will increase the number of leaseholders who can purchase their freehold, making the property more attractive to potential buyers. This should be introduced alongside enacting Section 37 and Schedules 4-7 of the Leasehold and Freehold Reform Act 2024 on determining market value.

ACCELERATE THE REGULATION OF PROPERTY AGENTS BY INTRODUCING A STATUTORY CODE OF PRACTICE, SET QUALIFICATIONS AND LICENSING REQUIREMENTS AS WELL AS MAKING MEMBERSHIP OF A PROFESSIONAL BODY MANDATORY

Ensuring that estate agents, letting agents and management agents are qualified will help to ensure they can provide a greater service to leaseholders. Leaseholders already benefit from greater professionalism and standards from agents who belong to professional bodies so mandating membership will raise standards across the sector. This should be considered as a bridge towards establishing a fully independent regulator.

The views of leaseholders

There will always be someone to take advantage of the system if they can. The rights sit with the RMC and Freeholders. It's expensive to take action and the result of bringing in a court appointed manager doesn't seem to be working. There needs to be a less expensive opportunity to raise complaints.

As building management companies pay to belong to redress bodies they do not do much. The system is broken and reforms are too slow. We will probably struggle to sell due to service charges and ground rent even after the cladding, fire and internal building issues are sorted. I feel very let down.

The cost of lease extension is so high that in my case I was unable to staircase as I now need to fund the lease extension as it devalues the property, the rents are so inflated they have one 4ft wall that has not required repairs and this cost my street thousands in fees per house hold shocking behaviour.

Never buy a retirement flat. Pensioners are held hostage whilst a 'charity' housing association charges lessees for everything whilst hoarding a current surplus of £37.6 million and claim to be transparent, trustworthy & accountable. Not so. Anchor are asking lessees to part with 40% of their gov pension as service charges grow experientially! There is no cap.

The council allows the private companies to exploit council tenants and leaseholders. The council dismisses complaints and undermines complainants and goes out of its way to distance itself from the contract. There is no value for money assessment, gross mischarging and H&S standards are not met. The government is the biggest freeholder of leaseholder properties and has not got this right for decades because it does not recognise local authority corruption and failures."

The freeholder has over the past five years failed to properly maintain and repair of block of flats which has fallen into a poor state of disrepair whilst charging extortionate service charges.

Due to excessive ground rent and wildly excessive service charges including insurance my property is unmortgageable and unsellable. It is a nightmare and the government are dragging their feet. I am in danger of becoming homeless because I can no longer afford to live in my home or sell it.

Greater autonomy just leads to chaos. Managing agents and building insurance companies are fleecing the leaseholders now. There should be legislation and cap on insurance costs and managing agents themselves.

I respectfully urge the Government to take decisive action to address the plight of existing leaseholders by implementing comprehensive leasehold reform, including measures to cap existing ground rents, improve mortgage ability, and prevent freeholders from holding leaseholders to ransom through excessive lease extension premiums.

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LKP THE LEASEHOLDERS CHARITY

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