

Statistical bulletin

Leasehold and freehold residential property transactions in England and Wales: 2018

Number of transactions for leasehold and freehold residential properties for a range of geographies in England and Wales.

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1 . Main points

- In England and Wales, 4.2% of all new houses were sold as leasehold in 2018, down from 13.3% in 2017.
- Terraced houses were the most likely type of new house to be sold as leasehold in 2018.
- In the North West of England, 21.8% of all new houses were sold as leasehold in 2018, more than any other area but down from 58.5% in 2017.
- Out of all leasehold sales of new houses in 2018, two-thirds were in the North West, continuing historical trends.
- Within the North West, the Greater Manchester area had the highest percentage of new house sales that were leasehold in 2018.

2 . Things you need to know about this release

This is a new publication of statistics that presents information about transactions of leasehold and freehold properties in England and Wales, which is an area of growing public and policy interest. Some of these statistics were previously published as part of the House price statistics for small areas release, on a one-off basis, but this new publication provides further detail and we expect to make the statistics available annually.

The [datasets](#) presented in this analysis are available. These data show the number of leasehold and freehold transactions for existing and newly built properties and property type (detached, semi-detached, terraced, and flats and maisonettes). The analysis presented in this bulletin focuses specifically on property transactions for new houses sold as leasehold, which is an area of growing policy interest.

The statistics presented here relate to leasehold properties that were sold in a given year, rather than the [experimental estimates of the total stock of leasehold properties](#) for England published by the Ministry of Housing, Communities and Local Government (MHCLG). There are no equivalent statistics on the stock of leasehold properties for Wales.

The latest estimate of the total stock of leasehold dwellings in England was 4.3 million in 2016 to 2017, the latest period for which estimates are available. The number of transactions of leasehold properties in England for 2018 (the latest period for which data are available) was 188,914. The differences and uses of these outputs are summarised in Table 1.

Table 1: Summary of differences between Leasehold and freehold residential property transactions (ONS) and Estimating the number of leasehold dwellings in England (MHCLG)

	Leasehold and freehold residential property transactions (ONS)	Estimating the number of leasehold dwellings in England (MHCLG)
Period covered	Calendar year	Financial year
Frequency of publication	Annual	Annual
What is it designed to measure?	The number of property transactions that were leasehold and freehold	Estimate of the number of leasehold dwellings
Coverage	England and Wales: several geographies by property type	England (there are no equivalent figures for Wales)
Source	HM Land Registry	English Housing Survey; HM Land Registry; Ministry of Housing Communities and Local Government Dwelling Stock Estimate 2016; Valuation Office Agency Council Tax Stock of Properties 2016
Uses	Used by housing policy makers, including central and local government in developing and monitoring policies and practices in the sale of new housing by local, regional and national level	Intended to be used as evidence in policymaking by both central and local government and allow for the tracking of total number of leasehold dwellings over time

Source: Office for National Statistics - Leasehold and freehold residential property transactions

Definitions and data sources

[Leasehold properties](#) are those that are owned for a fixed period, under an agreement with the landlord, usually known as the freeholder. Statistics in this release provide information about trends in the sales of leasehold properties, however, the data used to produce them do not contain information about the reasons for the sale of leaseholds or information about who owns the land on which the properties are built.

This release uses data from HM Land Registry (LR) to provide statistics on the number of residential property transactions for properties that were sold in England and Wales. Properties sold at a discount to market level, such as properties sold under the Right to Buy scheme, are not included in these statistics because they are not included in the underlying data.

The smallest areas for which statistics are presented are [Middle layer Super Output Areas \(MSOAs\)](#). There are 7,201 MSOAs in England and Wales, each containing around 3,000 households. Statistics for these areas therefore provide a detailed geographic understanding of the number of residential property sales of leasehold and freehold properties that were sold at market value.

3 . Number of new leasehold houses sold in England and Wales fell in 2018

This section provides analysis of the number and percentage of houses (residential properties excluding flats and maisonettes) that were sold as leasehold in England and Wales overall.

In 2018, there were 3,242 new houses and 41,686 existing houses sold as leasehold in England and Wales. Sales of new leasehold houses accounted for 4.2% of all new houses sold in 2018, a large drop from the previous year (13.3%). Sales of existing leasehold houses in 2018 remained similar to 2017, at 6.6% of all sales of existing houses.

A consultation paper [Tackling unfair practices in the leasehold market](#) was published by the Ministry of Housing, Communities and Local Government (MHCLG) in July 2017. The resulting [Summary of consultation responses and government response](#) was published in December 2017. It stated that leaseholder respondents suggested “developers were maximising their returns by developing a business model which allowed connected companies, owned by developers, to generate further income streams.”

Following this consultation, the [government announced possible changes](#) to the leaseholds system, including “a ban on leaseholds for almost all new build houses”. In addition, the Welsh Government released a [statement on leasehold reform in Wales](#) in March 2018. More recently, the Competition and Markets Authority (CMA) opened an investigation into the leasehold housing market. This was followed by the House of Commons library releasing a paper on [Leasehold and commonhold reform](#) that considers issues associated with leasehold ownership.

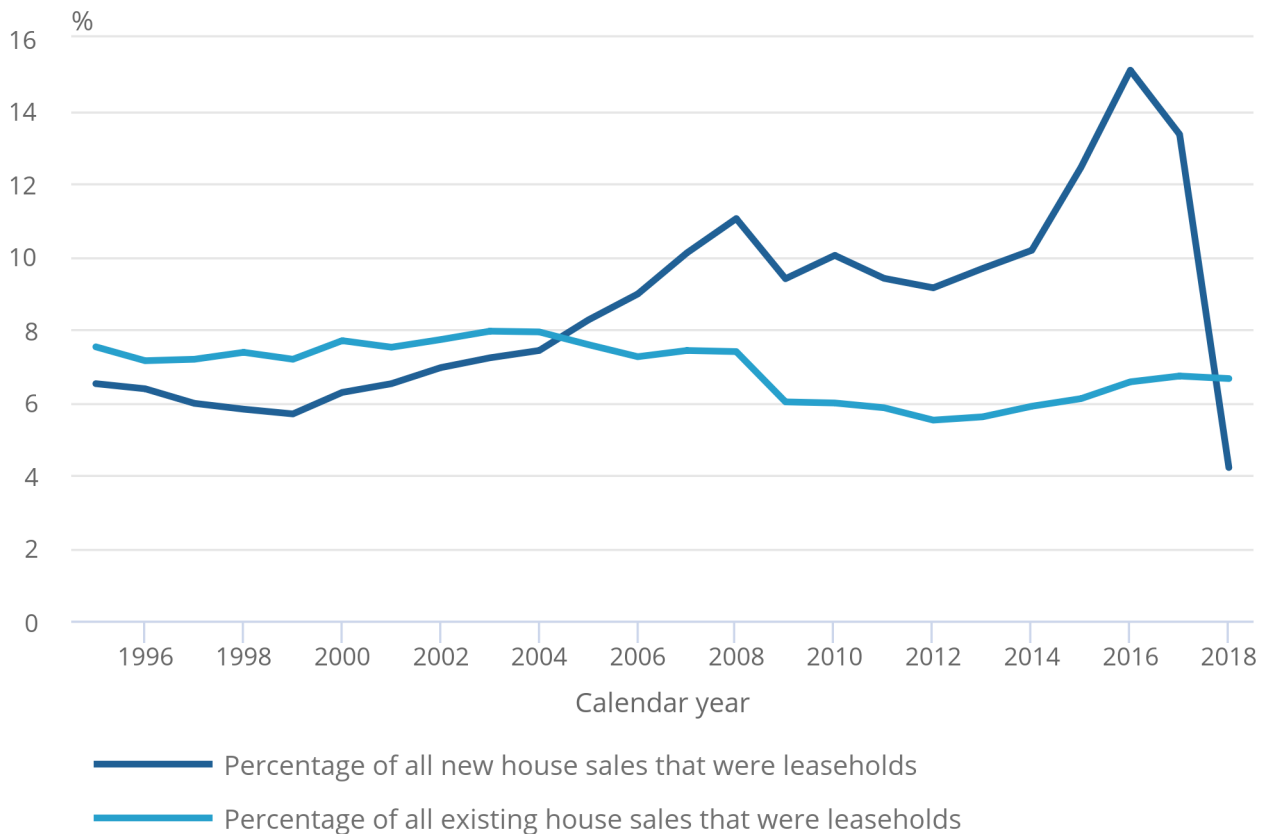
Figure 1 shows the percentage of sales of new houses that were leasehold and the percentage of sales of existing houses that were leasehold, in England and Wales.

Figure 1: Percentage of new leasehold house sales fell sharply in 2018

Percentage of sales of houses that were leasehold, England and Wales, 1995 to 2018

Figure 1: Percentage of new leasehold house sales fell sharply in 2018

Percentage of sales of houses that were leasehold, England and Wales, 1995 to 2018



Source: Office for National Statistics - Leasehold and freehold residential property transactions and HM Land Registry – Price Paid Data

The proportions of both new and existing houses sold as leasehold were similar until around 2004, after which there was an increase in the percentage of transactions of new houses that were leasehold. Larger increases followed in 2015 and 2016, when the percentage of new houses sold as leasehold peaked at 15.1% of all new houses. The percentage of existing houses sold as leasehold has remained stable throughout.

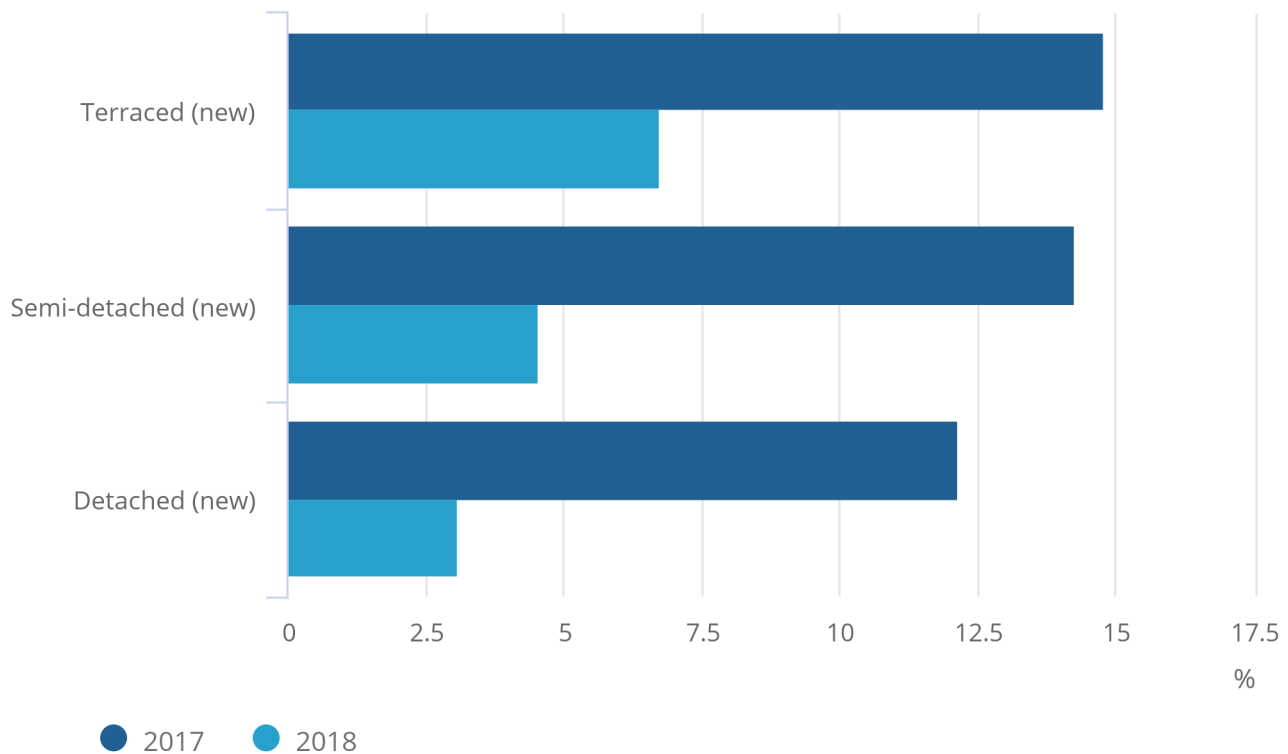
Figure 2 shows the percentage of new houses that were sold as leasehold by house type.

Figure 2: Percentage of new leasehold house sales more than halves for all house types

Percentage of sales of new houses that were leasehold, by property type, England and Wales, 2017 and 2018

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Percentage of sales of new houses that were leasehold, by property type, England and Wales, 2017 and 2018



Source: Office for National Statistics – Leasehold and freehold residential property transactions and HM Land Registry – Price Paid Data

Notes:

1. The percentages for each house type are of the total sales of new houses for that type.

The fall in new houses being sold as leasehold was across all house types in 2018, with each dropping by more than half compared with the previous year. New terraced houses were the most likely to be sold as leasehold, with 6.7% of all new terraced houses being sold as leasehold in 2018.

The largest percentage drop was for sales of new leasehold detached houses, which fell from 12.2% of all new detached houses sold as leasehold in 2017, to 3.1% in 2018.

4 . Percentage of new house sales that were leasehold fell in all English regions and Wales

This section focuses on the proportions of new houses sold as leasehold within English regions and Wales, allowing comparisons to be made between these areas.

In England and Wales, 4.2% of all new houses were sold as leasehold in 2018. However, there were variations in the percentage of new houses that sold as leasehold within English regions and Wales. In the North West, 21.8% of new house sales were leasehold in 2018, with only around 1% of new houses in the North East being sold as leasehold.

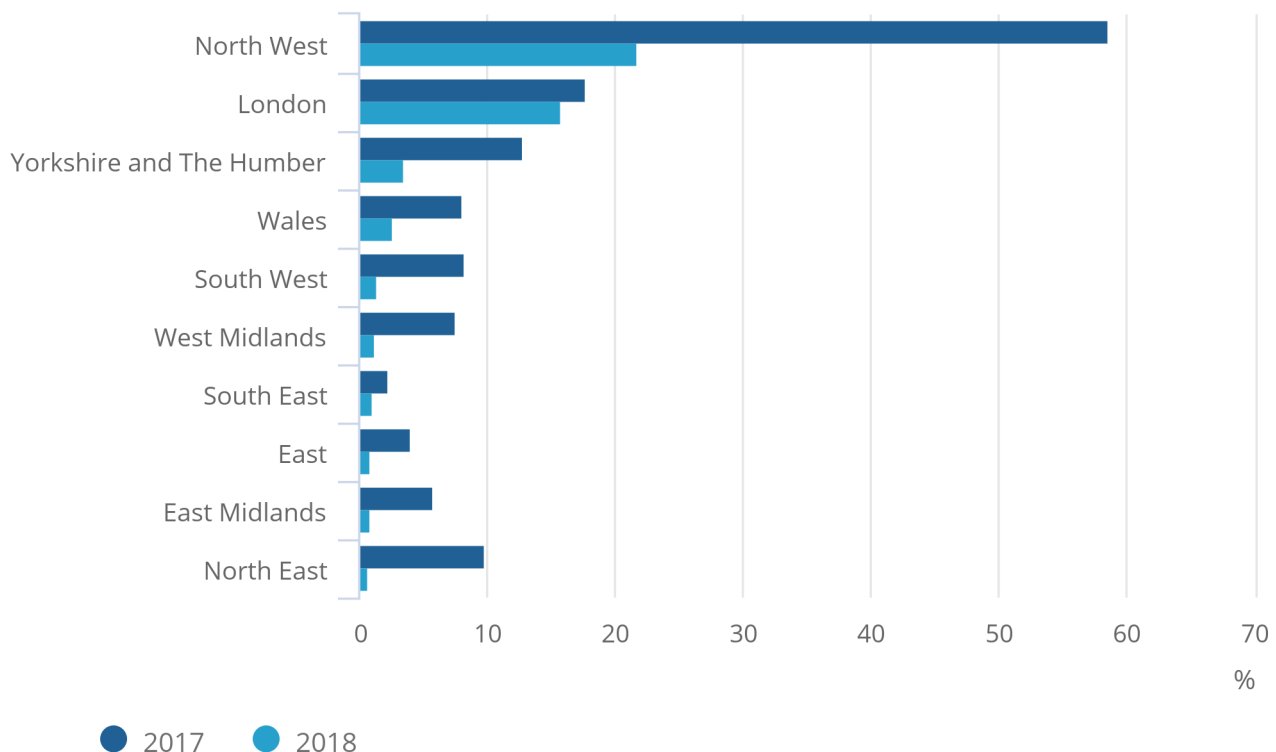
Figure 3 shows the percentage of all new house sales that were leasehold within English regions and Wales in 2017 and 2018.

Figure 3: All English regions and Wales had a drop in the percentage of new house sales that were leasehold in 2018

Percentage of new house sales that were leasehold within each English region and Wales, 2017 and 2018

Figure 3: All English regions and Wales had a drop in the percentage of new house sales that were leasehold in 2018

Percentage of new house sales that were leasehold within each English region and Wales, 2017 and 2018



Source: Office for National Statistics – Leasehold and freehold residential property transactions and HM Land Registry – Price Paid Data

The fall in the percentage of new houses that sold as leasehold in 2018 was reflected within all English regions and Wales.

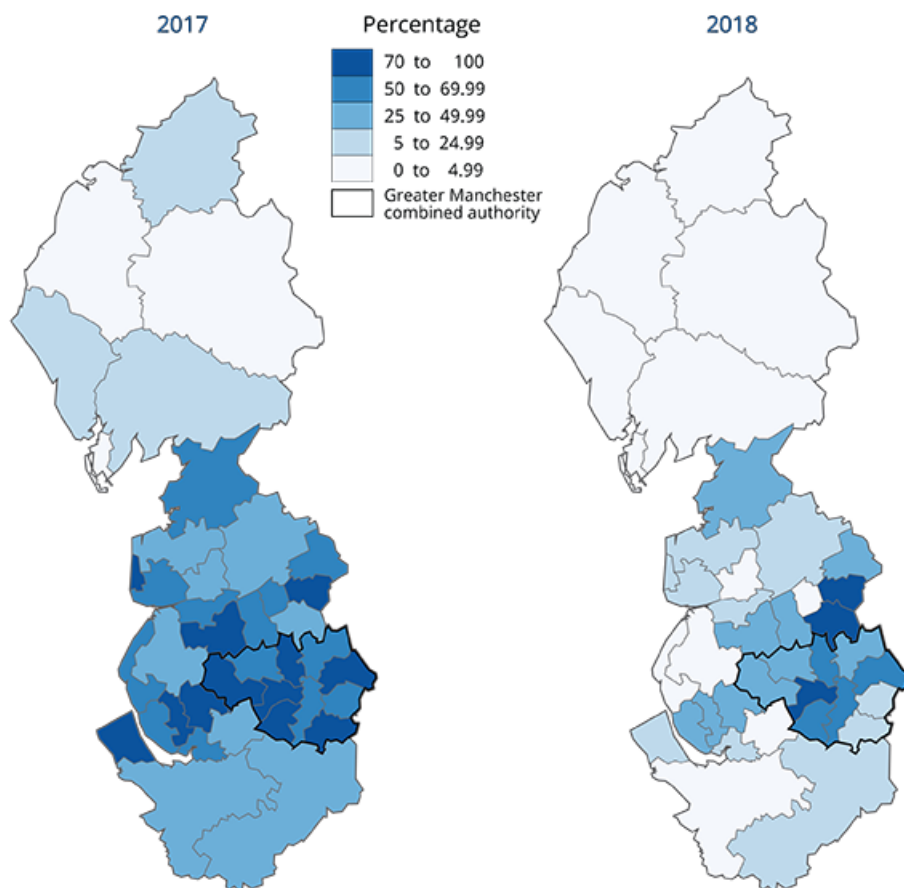
The North West remained the region with the highest percentage, with 21.8% of all new house sales being leasehold in 2018, although this fell from 58.5% in 2017. The consultation paper [Tackling unfair practices in the leasehold market](#) published by the Ministry of Housing, Communities and Local Government (MHCLG) refers to the prevalence of houses sold as leasehold in the North West. It states that “the sale of new build leasehold houses in some areas of England is an accepted custom and practice... it is particularly common practice in parts of Cheshire, Greater Manchester, Lancashire and Merseyside.”

London had the second-highest percentage, with 15.9% of new house sales that were leasehold. This was a relatively small drop from 2017.

Within the North West, there are concentrations of sales of new leasehold houses. Figure 4 shows the percentage of property transactions of new houses that were leasehold within local authority districts in the North West.

Figure 4: Highest percentage of sales of new leasehold houses are concentrated around Greater Manchester area

Percentage of property transactions of new houses that were leasehold, by local authority districts in the North West of England, 2017 and 2018



Sources: ONS – Leasehold and freehold residential property transactions and HM Land Registry – Price Paid Data
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Graphic created by ONS Geography

**Source: Office for National Statistics - Leasehold and freehold residential property transactions and HM Land Registry - Price Paid Data
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In 2018, the highest percentage of property transactions of new leasehold houses in the North West were in and around the Greater Manchester area. This is consistent with predominantly urban areas generally having higher concentrations of new houses sold as leasehold. Although there was a drop in the sales of new houses that were leasehold across the North West in 2018, this was still a similar pattern to 2017.

The decrease in the percentage of sales of new houses that were leasehold was across all house types in the North West. The largest decrease was for detached houses, where the percentage of new detached houses sold as leasehold fell from a peak of 70% in 2016 to 18.6% in 2018.

5 . The North West has the largest share of new leasehold house sales

This section looks at how sales of new houses as leasehold are distributed regionally across England and Wales. This shows each region's or country's new houses sold as leasehold as a share of all new houses sold as leasehold across England and Wales.

In 2018, there were 3,242 new houses sold as leasehold in England and Wales. Out of these, two-thirds were in the North West.

Figure 5 shows the percentage share of new house sales that were leasehold in England and Wales for English regions and Wales in 2018.

Figure 5: Two-thirds of new house sales that were leasehold in England and Wales were in the North West in 2018

Percentage share of all new houses that were sold as leasehold, English regions and Wales, 2018

[Download the data](#)

Out of the 3,242 new house sales that were leasehold in England and Wales in 2018, more than 2,000 were in the North West. All other English regions, and Wales, had relatively low percentage shares, ranging from 1% in the North East to 9% in Yorkshire and The Humber.

The North West has consistently had the largest share of new leasehold house sales in England and Wales.

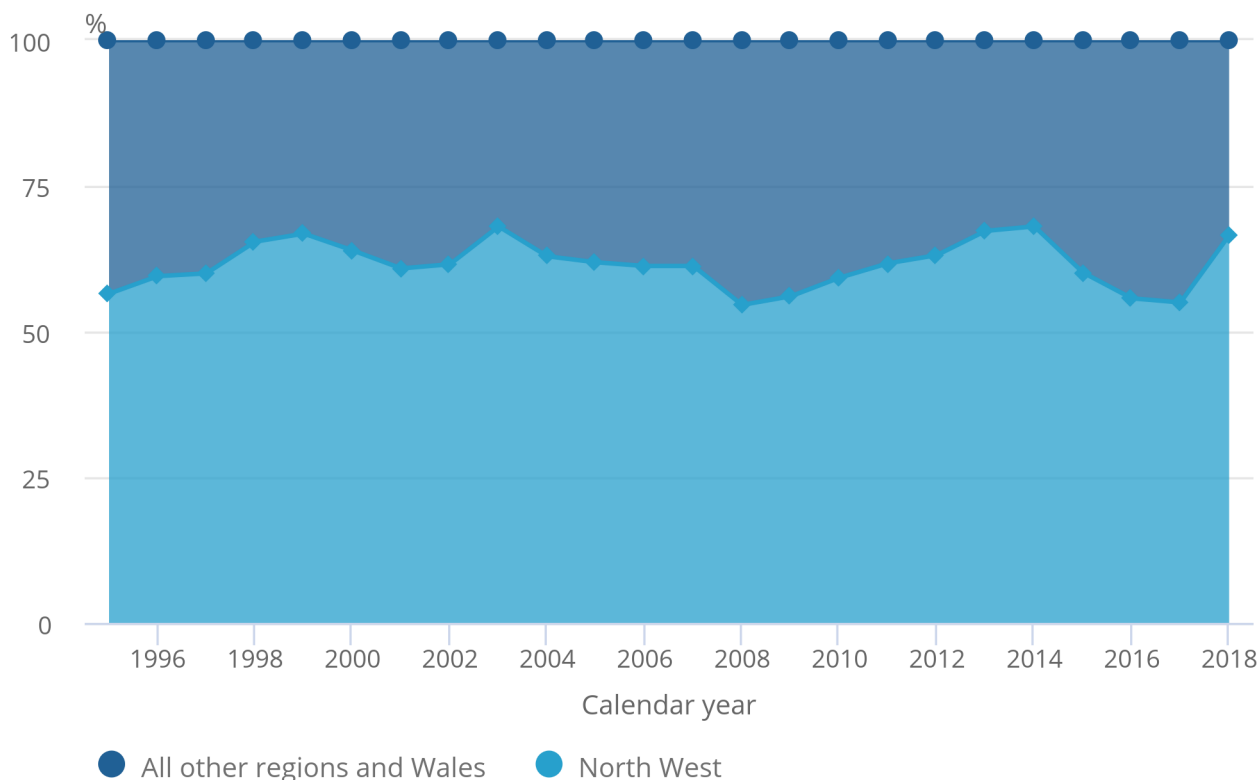
Figure 6 shows the North West’s percentage share of new house sales that were leasehold in England and Wales from 1995 to 2018.

Figure 6: The North West consistently accounts for more than half of new leasehold house sales in England and Wales

Percentage share of new house sales that were leasehold in England and Wales, North West and all other regions and Wales, 1995 to 2018

Figure 6: The North West consistently accounts for more than half of new leasehold house sales in England and Wales

Percentage share of new house sales that were leasehold in England and Wales, North West and all other regions and Wales, 1995 to 2018



The North West has consistently had most sales of new houses that were leasehold, accounting for a larger percentage than for the rest of England and Wales put together.

6 . Links to related statistics

[Residential leasehold dwellings in England](#) – Experimental estimates of the total stock of leasehold dwellings. It includes an estimate of the number of leasehold dwellings in the social rented sector in addition to those in the owner-occupied and private rented sector.

[Quarterly Stamp Duty Statistics for England](#) – Quarterly Stamp Duty Statistics produced by HM Revenue and Customs (HMRC) on the number of property transactions from Stamp Duty records. The number of transactions reported are for local authority districts and Westminster Parliamentary constituencies. This publication no longer includes transactions in Wales because, since April 2018, Land Transaction Tax (LTT) has replaced Stamp Duty Land Tax in Wales.

[Land Transaction Tax Statistics for Wales](#) – Since April 2018, Land Transaction Tax (LTT) has replaced Stamp Duty Land Tax (SDLT) in Wales. LTT is broadly consistent with SDLT, however, the residential tax rates differ. Statistics on the number of property transactions subject to the LTT are published on a monthly basis, and on a quarterly basis with accompanying commentary.

[UK House Price Index](#) – Statistics on the changing value of the housing market, which also provide a measure of the number of transactions that took place in the UK, down to the local authority district level.

[House price statistics for small areas](#) – Statistics on the price paid for residential property, which also provide a measure of the number of transactions that took place in England and Wales for small geographic areas, down to the Lower layer Super Output Area level.

7 . Quality and methodology

The [Leasehold and freehold residential property transactions Quality and Methodology Information report](#) contains important information on:

- the strengths and limitations of the data and how it compares with related data
- uses and users of the data
- how the output was created
- the quality of the output including the accuracy of the data

This output relates to England and Wales. There are no directly comparable statistics for Scotland and Northern Ireland – more information can be found in the [Quality and Methodology Information report](#).

The [datasets](#) used to create this analysis are available. There are six datasets that show the number of property transactions by property type and leasehold or freehold for various geographies in England and Wales.