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**RESIDENTIAL PROPERTY TRIBUNAL SERVICE  
LEASEHOLD VALUATION TRIBUNAL for the  
LONDON RENT ASSESSMENT PANEL**

**LEASEHOLD REFORM HOUSING AND URBAN DEVELOPMENT ACT 1993,  
AS AMENDED – SECTION 48**

**REFERENCE: PJ/LON/OOBH/OLR/2012/0810**

**Property:** First floor flat, 82 Twickenham Road, Leytonstone,  
London E11 4BW

**Applicants:** Juliet Ruth Bryant and John Jeffrey Bryant

**Represented by:** Thirsk Winton LLP, Solicitors

**Respondents:** J G Abraham Ltd and Abraham Nominees Ltd.

**Represented by:** Reeve Fisher & Sands, Solicitors

**Appearances:** Mr R Murphy Dip. Surv, MRICS, Richards John Clarke  
Ltd.  
Mr R Clifford MRICS (observer), Richards John Clarke  
Ltd.

**For the Applicants**

**Ms G Mariner, BSc, FRICS, Strettons**

**For the Respondents**

**Date of hearing:** 30 October 2012

**Date of Tribunal's Decision:** 31 October 2012

**Members of the Tribunal** Mrs J S L Goulden JP  
Mr J C Avery BSc FRICS

**LEASEHOLD REFORM, HOUSING AND URBAN DEVELOPMENT ACT 1993**  
**(Section 48)**

**REF: PJ/ LON/00BH/OLR/2012/0810**

**PROPERTY: FIRST FLOOR FLAT, 82 TWICKENHAM ROAD, LEYTONSTONE,**  
**LONDON E11 4BW**

1 The Applicants, who are the lessees of a first floor flat, 82 Twickenham Road, Leytonstone, London E11 4BW ("the subject property"), have exercised their right to a lease extension under S48 of the Leasehold Reform, Housing and Urban Development Act 1993 ("the Act"). The subject property was one of two flats in a 2 storey purpose built building c 1900 in a residential area, being one of many similar buildings within the Abrahams Estate, which comprises some 500 to 1000 units.

2. The Applicants' Notice of Claim was dated 18 January 2012. The Respondents' Counter Notice was dated 22 March 2012. The application to the Tribunal was dated 17 July 2012 and was received on 18 July 2012.

3. A hearing was held on Tuesday 30 October 2012.

4. The Applicants, Mrs Juliet Ruth Bryant and Mr John Jeffrey Bryant, were represented by Mr R Murphy Dip. Surv, MRICS of Richard John Clarke Ltd., Chartered Surveyors. Mr R Clifford of the same firm observed. The Respondents, J G Abraham Ltd and Abraham Nominees Ltd. were represented by Ms G Mariner BSc FRICS of Strettons. Chartered Surveyors.

5. The following matters were agreed:-

- |  |  |
|--|--|
| (a) valuation date:                    | 18 January 2012  |
| (b) unexpired lease term:              | 67.33 years  |
| (c) current ground rent:               | £50 pa   |
| (d) rent reviews:                      | May 2012 increasing to £100 pa<br>May 2046 increasing to £150 pa                       |
| (e) main lease terms including demise: | First floor maisonette with ½ rear garden;<br>lessee insures; effective full repairing |
| (f) extent of accommodation:           | reception, two bedrooms, walk-through dining<br>room leading to bathroom and kitchen   |
| (g) capitalisation rate:               | 7%   |
| (h) deferment rate:                    | 5%   |
| (i) long lease value:                  | £200,000   |
| (j) extended lease terms               |  |

6. The matters in issue were as follows:-

- (a) **Costs**
- (b) **Relativity**
- (c) **Uplift from long leasehold to freehold value**
- (d) **Premium**

### **Inspection**

7. No inspection was requested by either side and, in view of the issues raised, the Tribunal did not consider that an inspection would be of assistance, and would be a disproportionate burden on the public purse.

### **Hearing**

8. The salient parts of the evidence presented at the hearing on 30 October 2012, together with the Tribunal's determinations, are given under the appropriate head.

### **(a) Costs**

9. Although the Tribunal was asked to make a determination as to the recoverable legal and valuation fees in accordance with S60 on the Act, there was no information or breakdown in respect of the sums sought.

10. In view of the lack of evidence on this issue provided on behalf of both sides, it was agreed with the parties that the question of costs could not be dealt with at the hearing on 30 October 2012 but, on application by either side, by way of a paper determination if there was no agreement between the parties. Both Mr Murphy and Ms Mariner accepted that this was an appropriate course of action. Accordingly no determination, either as to principle and/or quantum has been made by this Tribunal under this head.

### **(b) Relativity**

11. The Applicants contended for 91.3% and the Respondents for a revised 85%.

12. Mr Murphy referred to the cases of Arrowdell Ltd v Coniston Court (North) Hove Ltd. and the RICS Research Report of October 2009. He also handed in a copy of the Upper Tribunal (Lands Chamber) decision in the appeal by Coolrace Ltd; Midland Freeholds Ltd and Fell Estates Ltd. relating to properties in Redditch, Sutton Coldfield, Walsall and Birmingham. Since there was an absence of market evidence of sales of leases without rights under the Act, Mr Murphy had considered research carried out by the College of Estate Management and the Leasehold Advisory Service ("LEASE") as well as graphs for properties outside prime central London. He produced a summary which, for unexpired terms of 67.33 years, showed the highest relativity at 93.2% and the lowest relativity at 89.4%. He had averaged the relativities shown to arrive at an average of 91.3%. He contended that his relativities were supported by relativities which he had agreed in 6 transactions and also one LVT determination. Mr Murphy accepted that there was no breakdown of the relativities agreed before the Tribunal and no signed agreements.

13. Ms Mariner also referred to the Arrowdell case and also the case of Nailrile Ltd. v Earl Cadogan 2006. She accepted that market transactions in the “no Act world” were scarce, and she was unable to provide any empirical market evidence in this case. Ms Mariner referred to three settlement agreements in which she had been involved in the last 3 years. She said that she could not find any settlements with a 2012 valuation date. She said that all three transactions had involved the same surveyor acting for the respective tenants, and that that particular valuer was used by the majority of tenants. In respect of these agreements, all of which were of completed lease extension transactions, there was no breakdown or signed agreements.

14. Ms Mariner also relied, in the main, on the Beckett & Kay 2011 graph which reflected mortgage dependant transactions. She dismissed the College of Estate Management and LEASE graphs as “*historic*” and said that the RICS graphs, although produced in 2009 had relied on evidence pre 2007. She said “*in this current recessionary market, and in this mortgage dependant location this provides the most current and effective information on the relativity to adopt*”. The Beckett & Kay graph showed a relativity of 83%. However, she contended for 85% to demonstrate the change in the mortgage dependant market which would reflect in movement on relativity. She also contended for 85% on the basis of her experience and her knowledge of negotiations in other transactions in which she had been involved but which were, as yet, not completed.

#### **The Tribunal’s determination**

15. The Tribunal prefers the approach of Mr Murphy. He had taken account of all the evidence available and appeared to give equal weight thereto by averaging. This was supported by his own settlement evidence, although it would have been more helpful if signed analyses had been available.

16. Ms Mariner had produced settlement evidence from three transactions, but this evidence was undermined in that the same valuer had been used for each of the tenants and therefore relativity had not been tested each time. In respect of the graph evidence, she dismissed the College of Estate Management and LEASE graphs and placed no reliance on the RICS Research Paper even though the Coolrace case (decided in February 2012) stated, at paragraph 28) that it “*contained details of a variety of graphs prepared by surveyors and firms that act for both landlords and tenants. As such, in total, they provide a graphical analysis based upon a large number of LVT decisions, settlements and valuation opinion. Collectively, therefore, they represent the broadest currently available study relevant to the issue of relativity*”. Ms Mariner relied on the Beckett & Kay graph which was based on opinion only. The Tribunal considers that reference to a greater number of graphs would provide a broader view of relativity.

#### **(c) Uplift from leasehold to freehold value**

17. The Applicants contended for nil and the Respondents contended for 1%.

18. Mr Murphy was of the view that there was no difference between freehold and long leasehold interests in suburban London, although he acknowledged that it

**The Tribunal's determination**

20. The Tribunal considers that it is custom and practice to provide an uplift from long leasehold to freehold value, supported by the argument that a freehold gives freedom not afforded to a leaseholder. Ms Mariner's suggested 1% is a reasonable uplift, giving a freehold value of £202,000. Applying a relativity of 91.3% gives an existing lease value of £184,426.

**(d) Premium**

21. The Applicants contended for £13,100 and Mr Murphy's valuation is attached as Appendix A.

22. The Respondents contended for £18,544 and Ms Mariner's revised valuation is attached as Appendix B.

**The Tribunal's determination**

23. From the Tribunal's determinations as set out under the appropriate headings above, it would appear that the premium would be lower than that contended for on behalf of the Applicants. In those circumstances, the Tribunal adopts the premium put forward by Mr Murphy and determines a premium of £13,100.

CHAIRMAN.....

DATE... 31<sup>st</sup> ..October ....2012.....

| LEASEHOLD EXTENSION VALUATION  |   |   |              |                 |
|--|---|---|--------------|-----------------|
| Address  |   | 1st Floor 82 Twickenham Road, Leytonstone, London E11 4BW |              |                 |
| <b>a) Valuation Of Freehold Interest</b>   |   |   |              |                 |
| i)   | Ground Rent   | 50  |              |                 |
|  | YP for 1.33 years at 7%   | <u>1.22</u>   |              |                 |
| PLUS   |   |   | 61           |                 |
|  | Ground Rent after 1st Review  | 100   |              |                 |
|  | YP for 33 years deferred 1.33 years at 7%   | <u>11.65</u>  |              |                 |
|  |   |   | 1165         |                 |
|  | Ground Rent after 2nd Review  | 150   |              |                 |
|  | YP for 33 year deferred 34.33 years at 7%   | <u>1.25</u>   |              |                 |
| PLUS   |   |   | 188          |                 |
| ii)  | Reversion to Vacant Possession Freehold Value with no tenant improvements                               | 200,000   |              |                 |
|  | Present Value in 67.33 years at 5%  | <u>0.0374</u>   |              |                 |
| PLUS   |   |   | 7480         |                 |
|  | <b>(Valuation of Freehold assuming no extension to Lease)</b>   |   |              | <b>8894</b>     |
| iii)   | Reversion to Vacant Possession Freehold Value with no tenant improvements after lease extension         | 200,000   |              |                 |
|  | Present Value in 157.33 years at 5%   | <u>-0.00046</u>   |              |                 |
| LESS   |   |   | -92          | -92             |
|  | <b>Diminution in Landlord's Interest</b>  |   | <b>8802</b>  |                 |
| <b>b) Landlords Share of Marriage Value</b>  |   |   |              |                 |
|  | Value of Interest after Marriage  |   |              |                 |
|  | Value of Extended Lease   |   | 200,000      |                 |
|  | Landlords interest after Freehold   |   | <u>92</u>    | 0               |
|  |   |   |              | 200092          |
|  | Leasehold Interest before Marriage  |   |              |                 |
|  | Value of Extended Lease   |   | 200,000      |                 |
|  | Relativity of Long Lease  |   | <u>0.913</u> |                 |
| LESS   | Short Leasehold Relativity Value  |   |              | 182600          |
| LESS   | Freehold Interest before Extension  |   |              | 8894            |
|  | Current Value of both Interests   |   |              | 191494          |
| LESS   | <b>Difference Between Future Combined Values and Current Value of Each Interest i.e. Marriage Value</b> |   |              | <u>8599</u>     |
|  | Landlords Share at 50%  |   |              | <u>0.50</u>     |
|  | <b>Freeholders share of Marriage Value</b>  |   |              | <b>4299</b>     |
| <b>c) Compensation to Landlord for Extending Lease/Enfranchisement plus Reasonable Professional Fees</b> |   |   |              |                 |
|  |   |   |              | <b>£ 13,101</b> |
|  |   |   | Say          | <b>£13,100</b>  |

# APPENDIX B

## VALUATION FOR 82 TWICKENHAM ROAD LEYTONSTONE LONDON E11 4BW APPENDIX ONE LEASEHOLD REFORM HOUSING AND URBAN DEVELOPMENT ACT 1993 (AS AMENDED)

### FREEHOLDER'S PRESENT INTEREST

|                                 |              |        |        |
|---------------------------------|--------------|--------|--------|
| Ground rent for 1.33 years (pa) | £50          |        |        |
| YP 1.33 years @ 7%              | <u>1.229</u> |        |        |
|                                 |              | £61    |        |
|                                 |              |        |        |
| Ground rent for 33 years (pa)   | £100         |        |        |
| YP 33 years @ 7%                | 12.754       |        |        |
| PV£1 deferred 1.33 years @ 7%   | <u>0.914</u> |        |        |
|                                 |              | £1,166 |        |
|                                 |              |        |        |
| Ground rent for 33 years (pa)   | £150         |        |        |
| YP 33 years @ 7%                | 12.754       |        |        |
| PV£1 deferred 34.33 years @ 7%  | <u>0.098</u> |        |        |
|                                 |              | £187   |        |
|                                 |              |        |        |
| Reversion to freehold           | £202,000     |        |        |
| PV£1 deferred 67.33 years @ 5%  | <u>0.037</u> |        |        |
|                                 |              | 7474   |        |
|                                 |              |        | £8,889 |

*less*

### FREEHOLDER'S PROPOSED INTEREST

|                                |               |      |        |
|--------------------------------|---------------|------|--------|
| reversion to freehold          | £202,000      |      |        |
| PV£1 deferred 157.33 year @ 5% | <u>0.0005</u> |      |        |
|                                |               | £101 |        |
|                                |               |      | £8,788 |

*plus 50% marriage value*

|                                |             |          |  |
|--------------------------------|-------------|----------|--|
| MARRIAGE VALUE                 |             |          |  |
| long lease value of flat       | £200,000    |          |  |
| freeholder's proposed interest | <u>£101</u> |          |  |
|                                |             | £200,101 |  |

|                               |               |          |         |
|-------------------------------|---------------|----------|---------|
| present lease value (85%)     | £171,700      |          |         |
| freeholder's present interest | <u>£8,889</u> |          |         |
|                               |               | £180,589 |         |
|                               |               |          | £19,512 |

|                    |  |  |               |
|--------------------|--|--|---------------|
| 50% Marriage Value |  |  |               |
|                    |  |  | <u>£9,756</u> |
|                    |  |  | £18,544       |