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Residential  
Property  
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Case reference: LON/00AW/OLR/2010/0118

**DECISION OF THE LONDON LEASEHOLD VALUATION TRIBUNAL ON  
AN APPLICATION UNDER SECTION 48 OF THE LEASEHOLD REFORM,  
HOUSING AND URBAN DEVELOPMENT ACT 1993**

Property: Flat 14, 24 - 26 Hans Crescent, London SW1X 0LL

Applicant: Rachel Trixie Ann, Baroness Gardner of Parkes

Respondents: Nicholas Debenham and Nicholas Charles Lear

Date heard: 17 November 2010  
(inspection 9 December 2010)

Appearances: The applicant  
Simon Martin Radford BSc (Hons) MRICS, Boston  
Radford, chartered surveyors, for the applicant

Andrew Pridell FRICS, Andrew Pridell Associates  
Limited, chartered surveyors, for the respondents

Tribunal: Margaret Wilson  
Dallas Banfield FRICS

Date of decision: 14 December 2010

## Introduction

1. This is an application by Baroness Gardner of Parkes ("the tenant") under section 48 of the Leasehold Reform, Housing and Urban Development Act 1993 ("the Act") to determine the price to be paid for a new lease of Flat 14, 24 - 26 Hans Crescent, London SW1. The respondents ("the landlord") are the owners of the freehold interest.

2. 24 - 26 Hans Crescent is a purpose built block of flats, built in the 1950s on basement, ground and six upper floors, situated in prime central London. Flat 14 is a penthouse flat on the top floor of the building. As now arranged it has a living room, two bedrooms, a kitchen, an *en suite* shower room and a bathroom/wc. It is agreed to have a gross internal floor area of 895 sq ft, in addition to which is a front balcony with a floor area of 150 sq ft and a rear roof terrace with an area of 310 sq ft. The building is held on a headlease dated 10 August 1955 for a term of 99 years from 10 August 1955 at an annual ground rent of £750, and the flat is held on an underlease for a term of 79 years from 10 August 1975 at an annual ground rent of £125 until 9 August 1996, rising to £250 in 2017 and then to £375. At the valuation date, which is 1 July 2009, the unexpired term of the underlease was 45.1 years.

3. At the hearing on 17 November 2010 the tenant appeared in person and called Simon Radford BSc (Hons) MRICS of Boston Radford, chartered surveyors, to give expert evidence. The landlord was represented by Andrew Pridell FRICS of Andrew Pridell Associates Limited, chartered surveyors. The tribunal inspected the property in the presence of the tenant on 9 December and, unaccompanied, we externally inspected all the properties on which the valuers had relied as comparable evidence.

4. The leasehold/ freehold relativity was agreed to be 75.5%. The deferment rate was agreed to be 5% and the capitalisation rate was agreed at 7%. We were told that the only issue which was not agreed was the value of the virtual freehold.

### The freehold value

5. Mr Radford submitted that the freehold value was £835,930, equivalent to £934 per sq ft; Mr Pridell submitted that it was £1,432,000, equivalent to £1600 per sq ft.

6. Mr Radford said that although the block was in a prime location, it was widely regarded as the ugliest block in the vicinity, in an area dominated by attractive period buildings. He said that the block was of poor, post-war construction, and its common parts were basic and uninspiring. He said that unlike most blocks in the area there was no resident porter, the flat was awkwardly arranged around the stairwell and lift shaft, and the small lift was noisy and audible from within the flat. He said that the flat, as demised, had a dated layout, with a small main living room and three bedrooms but only two small bathrooms, and that he had valued the flat with its original layout. He said that the communal heating system was inadequate to heat the flat and that the tenant had, of necessity, installed a supplemental heating system. He said that although the roof terrace was large, it did not have good views, and the flat was directly opposite Harrods, which was noisy for seven days a week. He said that whereas in other locations he might well conclude that the roof terrace would add 10 -15% to the value of the flat, in the present case he considered that it added no more than 5 - 10%, and he settled on 7.5%. He said that the flat might be bought as a London base, it was not a family flat and had many drawbacks. He said that the prices achieved for flats in the block showed its inferiority by comparison with other blocks in the area.

7. Mr Radford said that it was relevant that, at the valuation date, a planning application had been submitted to demolish a two storey house adjoining the block and to replace it with a nine storey block, with two of the storeys below ground level, and planning consent for the development was granted on 29 July 2009, shortly after the valuation date. He said that at the valuation date it was clear to all the local residents and estate agents that the development was likely to go ahead and that it would have an adverse impact on the property, and would severely compromise the natural light to the bathrooms

and rear terrace of the flat. The tenant said that there had been a previous application for consent for two houses, with which she and her fellow members of the Knightsbridge Association had been content, but that a fresh application for a nine storey block had been submitted in March 2009.

8. Mr Radford relied on three sales of flats in the block:

i. Flat 2 on the ground floor was sold on a 45.6 year lease in December 2008 for £400,000, equivalent to £656 per sq ft, for a flat with, Mr Radford said, a well-proportioned living room. He had adjusted to freehold by reference to the Savills Enfranchiseable Graph of relativities to arrive at a freehold value of £841 per sq ft. To this he added 10% for the advantage of being on the top floor and 7.5% for the benefit of the roof terrace, but deducted 7.5% for the impact of the development of the adjacent building and 3.75% for the intrusive noise of the lift, which produced an adjusted rate per sq ft of £894, equivalent to a freehold value of £801,025.

ii. Flat 10 on the fourth floor was sold on a 47.2 year lease in May 2007 for £622,015, equivalent to £1013 per sq ft, which, adjusted to freehold, was £1274 per sq ft and, adjusted for time by reference to the Savills Prime Central London Capital Values Index, was £1029 per sq ft. Mr Radford adjusted this rate for roof terrace, adjacent development and lift noise as with the previous comparable, arriving at an adjusted rate of £990 per sq ft, or £886,050.

iii. Flat A in the basement was sold on a 47.4 year lease in February 2007 for £452,022, equivalent to £720 per sq ft which, adjusted to freehold and for time, was £758 per sq ft. Mr Radford added 25% for the sixth floor location and otherwise adjusted as he had done his other comparables and produced an adjusted value of £919 per sq ft, or £822,505.

iv. Mr Radford averaged the rate per sq derived from these transactions to arrive at his proposed value. He said that he was comfortable with that value. The quality of the building by comparison with others in the area was such

that in his opinion purchasers would not wish to spend significant sums to improve the flat. He considered that the sales on which Mr Pridell had relied were of significantly better properties in better locations and that Mr Pridell's valuation was unrealistic.

9. Mr Pridell, whose practice is based in Sussex, said that while he was not an agent in the locality of the block he had spoken to local agents and he submitted that Mr Radford's value was too low. In particular, he believed that Mr Radford had not sufficiently allowed for the fact that the flat was a penthouse, with extensive views.

10. As comparable evidence, Mr Pridell relied on the following sales, all of two bedroomed flats:

i. Flat 21, Denbigh House, 12 Hans Place, on the third floor of a 1970s block, with a gross internal area of 788 sq ft, sold in October 2010 on a 136 year lease for £1,500,000 which, he said, updated to the valuation date, was £1,333,333, equivalent to £1692 per sq ft. He said that the block had a resident porter and overlooked gardens, and the flat had a small balcony.

ii. Flat 4, 45 Hans Place, on the first floor of an Edwardian block, sold with a share of the freehold in April 2010 for £1,250,000, which Mr Pridell adjusted for time to £1,163,115, equivalent to £1508 per sq ft.

iii. First and Second Floor Maisonette, 43 Hans Place, on the first and second floors of an Edwardian building in a garden square and overlooking the gardens, on a 25 year lease, not sold at the date of the hearing but a sale said to be agreed at a price of between £1.6 million and £1.65 million.

iv. Flat 2, 33 Lennox Gardens, on the lower ground floor, with a small patio, of an Edwardian building, at the date of the hearing for sale "beautifully updated" (according to the sales particulars) with a share of the freehold at a price reduced to £850,000.

v. Flat 7, 18 Lowndes Square, on the fourth floor of a period building, with views over communal gardens, for sale at the date of the hearing on a 49 year lease at £1,750,000.

vi. Flat 6, 18 Lowndes Square, on the third floor of a period building in a garden square, for sale at the date of the hearing on a 49 year lease at £1,725,000.

11. Cross-examined, Mr Pridell agreed that the comparable which was closest to the subject block was Denbigh House, which, he acknowledged, was superior to 24 - 26 Hans Crescent. He said that the big advantage of the subject flat was its large roof terrace. He accepted that garden squares such as Lowndes Square were superior to the location of 24 - 26 Hans Crescent. He agreed with Mr Radford that the flat was difficult to value,

12. We have concluded that the value of the flat with a share of the freehold is £950,000, equivalent to £1062 per sq ft. We have reached that conclusion for the following reasons.

13. The most useful comparables are those within the building on which Mr Radford relied, but they require adjustments. Of Mr Pridell's comparables we disregard those which are not yet sold, asking prices being an unreliable guide to value. The only actual sales on which Mr Pridell relied were of 21 Denbigh House, Hans Place and Flat 4, 45 Hans Place. Both these flats are located in a garden square, in a location which is quieter and pleasanter than, but as convenient as, that of 24 – 26 Hans Crescent. Denbigh House is a somewhat similar modern block but is superior to the subject block, particularly because of its location and resident porter. Flat 4, 45 Hans Place is in an attractive period building which is significantly superior to the one we are considering.

14. Flat 14 has advantages and disadvantages. It is situated in an extremely convenient and good address for which there will always be high demand. On the other hand its location is noisy, although that factor equally affects the

other flats in the block. We value the flat in its unimproved layout, but we bear in mind the potential to improve the layout. The improvements which have been carried out have introduced a larger and better proportioned living room but have eliminated bedroom 3, and a shower cubicle has been created in what was formerly a cupboard. In our opinion none of these alterations have significantly increased the value of the flat.

15. We accept that the roof terrace is a significant advantage, although it is overlooked and is noisy. We consider that Mr Radford has slightly undervalued the terrace and add 10% for this feature. We consider that he should have taken account of the front balcony which in our opinion adds 2.5% to the value of the flat as it would be derived from the application of a rate per sq ft of inside space. The front balcony with direct access to the flat is an advantage which is not possessed by the other flats in respect of which there is sales evidence.

16. We were satisfied at our inspection that the noise of the lift was intrusive and in our opinion its noise is likely to affect Flat 14 more than it affects the other flats in the block because Flat 14 is directly under the lift motor room. We were also satisfied that the lift noise will continue to be a problem when the flat is furnished, as it is not at present.

17. So far as the development of the neighbouring property is concerned, while we accept that it will have a slightly adverse effect on the natural light in the bathrooms and that some privacy to the rear terrace may be affected, we consider that, at the valuation date, an informed purchaser would have taken the view that the value of the flat would not be adversely affected by the development and, indeed, he might well have taken the view that it would improve the appearance of the immediate surroundings of the block. In these circumstances we make no adjustment to reflect the impact of the proposed development.

18. We thus arrive at our chosen rate of £1062 per sq ft as follows

**Flat 2**, ground floor, equivalent freehold value £841 per sq ft.

Adjustments: top floor plus 5%, terrace plus 10%, balcony plus 2.5%, lift less 3.75% = £1032.

**Flat 10**, fourth floor, equivalent freehold value £1029 per sq ft.

Adjustments: terrace plus 10%, balcony plus 2.5%, lift less 3.75% = £1114

**Flat A**, lower ground floor, equivalent freehold value £758 per sq ft.

Adjustments: lower ground floor plus 30%, terrace plus 10%, balcony plus 2.5%, lift less 3.75% = £1040

Average adjusted rate £1062.

**CHAIRMAN:** .....

**DATE: 14 December 2010**