



**FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)**

Case Reference	:	LON/00BA/OLR/2015/1438
Property	:	25B, London Road, Tooting, London, SW17 9JR
Applicant	:	Carmel Farrugia
Representative	:	Collis & Co Solicitors
Respondents	:	Thakorbhai Naranji Naik & Hasumati Thakorbahi Naik
Representative	:	None (missing landlord)
Type of Application	:	S50 Leasehold Reform, Housing and Urban Development Act 1993 (the Act)
Tribunal Members	:	Mrs H C Bowers MSc MRICS BSc(Econ)
Date and venue of Determination	:	13 October 2015 at 10 Alfred Place, London WC1E 7LR
Date of Decision	:	14 October 2015

DECISION

The Tribunal determines that the price payable for the new lease of 25B, London Road, Tooting, London, SW17 9JR (the subject property) shall be £10,769.00 as set out on the attached schedule.

The sum of £450.00 is payable as sums due under the present lease until the valuation date.

The terms of the draft lease are acceptable.

REASONS

BACKGROUND

1. By an order made by District Judge Swan dated 28 August 2015 in the County Court at Wandsworth in claim number B01WTO45 (“the Order”) between the parties named on the front page of this decision the matter was remitted to this Tribunal for the sum payable for the lease extension and the terms of the New Lease pursuant to sections 51(3) and 51(5) of the Leasehold Reform, Housing and Urban Development Act 1993 (“the Act”).
2. The Tribunal had before it a bundle prepared by the Applicant’s solicitors which contained the Court papers. These papers included the Claim Form, the witness statement of Frances Collis, the Order, copies of various leasehold registers of title, the present lease, a deed of mutual covenant dated 23 September 2003 and the draft lease (the New Lease). The present lease is dated 20 February 1989 and is for a term of 99 years from 20 February 1989. The original parties to the lease are a Thakorbhai Naranji Naik & Hasumati Thakorbahi Naik as Lessor and Richard Geoffrey Hester and Wendy Clare Tiller as the Lessee.
3. In addition the Tribunal was provided with a copy of a report of Mr A Pridell FRICS of APA Limited dated 31 March 2015.
4. The valuation date under the current case is the date of the issue of the Claim Form, namely 26 August 2015. The Tribunal has considered the papers and in particular the report of Mr Pridell. The report adopts a capitalisation rate of 7%, a deferment rate of 5% and a relativity of 93% for an unexpired term of 73 years. It is suggested that a long lease value of £200,000 should be applied. From these elements a premium of £10,600 is calculated.
5. The Tribunal comments on these submissions in the findings section below

FINDINGS.

6. In essence the Tribunal is prepared to adopt the capitalisation and deferment rates proposed. These seem appropriate given the reserved ground rent and the provisions of Sportelli as to deferment rates. However, there has been a slight miscalculation on the unexpired term. As at the valuation date of 26 August 2015, there was an unexpired term of just less than 72.5 years.
7. As to the long lease value, Mr Pridell offers no details of completed transactions for 1 bedroom flats in the vicinity. He makes reference to a schedule of numerous flats available to purchase. The schedule has a

range of values from £310,000 to £190,000. His report indicates that 1 bedroom flats generally achieve a figure of between £210,000 to £250,000. He adopts a sum of £200,000 on the basis that the subject property is located above retail premises. The average of the comparable flats in the schedule is £271,100. It is accepted that these are asking prices and not achieved sales and it is also accepted that the price for a flat above retail premises would be lower than other one bedroom flats. However, on the basis of the evidence available then long lease value of £200,000 seems significantly lower than the average indicated above. In these circumstances and analysing the evidence provided by Mr Pridell the Tribunal adopt a long lease value of £220,000.

8. In respect of the issue of relativity, Mr Pridell states that based on past Tribunal decisions and experience of the legislation, then a relativity of 93% is adopted for the unexpired term. Following *Nailrile Ltd v Cadogan* [2009] 2 EGLR 151 it is now more appropriate to look at the RICS research paper on relativity. In fact Mr Pridell was a contributor to that paper. Taking an average of the graphs for Greater London and England, the relativity for 72.5 years unexpired is 93.82%.
9. If these factors together with the adjusted unexpired term of 72.5 years is applied to the valuation, the Tribunal calculates a premium of £10,769.00. This is shown in the appendix to this decision.
10. The Tribunal is also required to determine any other sums payable under section 51(5). The bundle provided brief details that the Applicant inherited the subject flat on 5 June 2004. It is stated that the ground rent has never been demanded or paid by the Applicant and that there were no invoices for insurance or service charge contributions. Therefore no sums are payable under this heading. The ground rent fixed under the lease is £75 per annum. Under section 19 of the Limitation Act 1980, the period of limitation for the recovery of rent is six years. Therefore the ground rent arrears that should be paid into court up to the valuation date is £450.
11. The terms of the draft lease are acceptable.
12. In accordance with the Order this matter is now transferred back to the County Court at Wandsworth.

Helen Bowers
Valuer Chair

14 October 2015

Appendix 1
25B, London Road
Tooting, London
SW17 9JR

Valuation Date	26/08/2015
Capitalisation Rate	7.00%
Deferment Rate	5%
Long Lease Value	£220,000
Short Lease Value	£206,404

Term 1

Ground Rent	£75	
YP for 6.5 years @ 7%	<u>5.0832</u>	£381

Term 2

Ground Rent	£125	
YP for 33 years @ 7%	12.7538	
PV for 6.5 years @ 7%	<u>0.6442</u>	£1,027

Term 3

Ground Rent	£250	
YP for 33 years @ 7%	12.7538	
PV for 39.5 years @ 7%	<u>0.0691</u>	£220

Reversion

Long Lease/Freehold Value	£220,000		<u>£1,628</u>
Deferred 72.5 years @ 5.0%	<u>0.0291</u>	£6,402	

less

Freehold value	£220,000		
Deferred 162.5 years @ 5.0%	<u>0.0004</u>	£88	
			<u>£6,314</u>

£7,942

Marriage value

Proposed	
Long Lease Value	£220,000
Freehold value	£88
less	
Existing	
Short Lease Value	£206,404
Landlord's Interest	<u>£8,030</u>

Marriage Value

£5,654

50:50 division

£2,827

£2,827

Total Premium Payable

£10,769