

46142



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

**Case Reference** : VG/LON/OOAK/OLR/2015/1810

**Property** : 809c Mandeville Court, Hertford Road,  
Enfield EN3 6UG

**Applicant** : Theodora Charamalbous (tenant)

**Representative** : Mr Gilmartin MBA BSc (Hons) MRICS

**Respondent** : Victoria Square Property Company Limited  
(landlord)

**Representative:** Mr Myron Green BSc (Hons) MRICS  
MIRPM

**Type of Application:** **For the determination of the premium  
payable under section 48**

**Tribunal Members** : Ms Sonya O'Sullivan  
Mr Duncan Jagger MRICS

**Date and Venue of  
Hearing** : **1 March 2016 at 10 Alfred Place,  
London WC1E 7LR**

**Date of Decision** : **9 March 2016**

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**DECISION**

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## **Background**

Property: A ground floor two bedroom flat known as 809C Mandeville Court, Enfield, Middlesex EN3 6UG

Date of tenant's notice: 24th March 2015

Date of landlord's counter-notice: 21st May 2015

Valuation date: Agreed at 24<sup>th</sup> March 2015

Details of tenant's leasehold interest -

(i) Date of lease : 1 December 2000  
(ii) Expiry of lease: 24 December 2085  
(iii) Ground rent: £175 per annum for the first 33 years rising to £350 per annum for the next thirty three years and to £700 per annum for the remainder of the term  
(iv) Unexpired term at valuation date: 69.76 years

Tenant's proposed premium: £13,060

Landlord's proposed premium: £16,825 (conceded from £17,125 as in the original valuation)

## **Inspection**

1. The tribunal did not consider it necessary to inspect the flat given that the parties in the most part agreed on the most helpful comparables and we had been provided with helpful photographs and maps of the comparable and subject properties.

## **The hearing**

- 1) Both parties were represented. The Applicant relied upon a report dated 16 February 2016 of Mr Gilmartin BSC (Hons) MRICS of Gilmartin Ley Surveyors. The Respondent relied on a report dated 22 February 2016 of

Mr Green BSc (Hons) MRICS MIRPM. Both representatives appeared to give evidence. Also attending for the Applicant was Ms Davey of the instructing solicitors.

- 2) The parties had prepared a statement of agreed facts. The parties had agreed the valuation date of 24<sup>th</sup> March 2015. The deferment rate was agreed at 5% and the difference between the freehold vacant possession value (“FHVP”) and the extended lease value was agreed at 1%. The discount rate for the ground rent income was agreed at 7%. The only issues remaining in dispute were relativity and the FHVP value.
- 3) Both parties had prepared valuations.
- 4) The subject property is a two double bedroom flat on the ground floor of a three storey purpose built block constructed circa 1930s. It is situated on a busy main road in a mixed residential and commercial area. It has good road transport communications and reasonable public transport communication.
- 5) The evidence heard and the Tribunal’s decision is set out below. What follows is necessarily a summary of the evidence, the majority being in any event contained in the bundles before the tribunal.

**FHVP**

- 6) Both experts relied on comparable evidence.
- 7) Mr Gilmartin relied on the following comparables; four of which he had referred to in his report and 15A Oakhust Road which Mr Green relied upon;
  - i) 807A Hertford Road EN3

This is a 2 bedroom first floor flat at the opposite end of Mandeville Court, i.e within the same development. The flat is said to be a similar size and sold for £205,000 on 1 July 2015. Mr Gilmartin adjusted for inflation at 96.98%. He deducted £2,500 by way of improvements in respect of double-glazing. A further deduction of £2,500 was made in respect of the flat being on the first floor and more attractive for security reasons. An allowance of 8.75% or £17,500 was made for the benefit of a private garden together with 1% for the freehold to long leasehold to reach an adjusted value of £213,400.

ii) 878 Hertford Road EN3

This is a two double bedroom second floor flat on the opposite side of Hertford Road 100 metres to the north. The flat is around 667 sq ft so larger than the subject flat. Although it is in an ex Council block the block is said to be similar in appearance to the subject block and in good condition. It sold in August 2015 got £228,000. Mr Gilmartin adjusted for inflation at 94.67%. £7,500 for improvements including double glazing was deducted together with the sum of £2,500 for the second floor being allegedly more attractive than the ground for security purposes. The sum of £17,500 was allowed for the benefit of a private garden together with 1% for the freehold to long leasehold to reach the adjusted value of £210,400.

iii) 18 Clare Court EN3

This is a large two double bedroom round floor flat with a garage in the rear section of a 60s/70s low rise block on the same side of Hertford Road some 70 metres to the north. The flat is said to be considerably larger than the subject flat and evidently in very good condition. Adjustments were made for inflation, improvements, size, garage, a more spacious plot, the benefit of a private garden

and plus 1% for the freehold to long leasehold. Mr Gilmartin arrived at an adjusted value of £185,100.

iv) 14 Clare Court EN3

This is a large two double bedroom round floor flat with a garage in the front section of a 60s/70s low rise block on the same side of Hertford Road some 70 metres to the north. Again the flat is said to be considerably larger and evidently in very good condition. Adjustments were made for inflation, improvements, size, garage, a more spacious plot, the benefit of a private garden and plus 1% for the freehold to long leasehold. Mr Gilmartin arrived at an adjusted value of £192,100.

v) 15A Oakhurst Road

This flat had been contained in Mr Green's report and Mr Gilmartin agreed that it was relevant given that it was almost exactly the same size and had the benefit of a private garden. It is a two bedroom purpose built maisonette situated on a pleasant residential street quieter than that of the subject property. He deducted £2,500 for improvements in respect of the double glazing, £10,00 for the fact that there was no service charge liability but rather a joint responsibility, £15,000 for location and 1% for the freehold to long leasehold value. He arrived at an adjusted value of £209,600.

- 8) In his report he had concluded that the two most comparable flats physically were 807a and 878 Hertford Road because they were of a similar age and appearance to the subject property. It was, he said, difficult to rationalize the price paid for the flats in Clare Court in the face of other evidence as they suggested values below the level he expected. At the hearing he confirmed that he considered 807a and 15A Oakhurst to

be his best comparables. Taking a step back from the adjusted values he concluded a fair figure for the FHVP was £210,000.

- 9) Mr Green referred to some 9 comparables in his report. These included 807a and 878 Hertford Road which he said were his best comparables. He had included flats at 26 Amethyst Court and 6 Rossmore Close but accepted in evidence these were not the best comparables as they were over 2.5 kilometres away. He did not however make adjustments to all of those flats but rather relied on the sales evidence to reach a range of £205,000 to £235,000.
- 10) Mr Green did not consider that any allowance should be made for the position of the flats on the first or second floor. He considered that demand for a ground, first or second floor flat depended on the occupier; those with young children or older occupiers would pay a premium for a ground floor flat particularly when a block has no passenger lift. He also suggested that being on the second floor would be seen as a disadvantage when there was no lift.
- 11) Mr Green considered that the benefit of a garden was significant and estimated this to be worth an additional 10% or around £25,000. He submitted that the average value of flats without gardens was £220,000 which suggested the value of a garden at £22,000. He therefore added this sum from the sale price of 807a Hertford Road to reach an adjusted price of £227,000. For 878 Hertford Road he deducted £15,000 for improvements reaching an adjusted value of £235,500. He also bore in mind that sale of 15a Oakhurst Road for £235,000. Having made those adjustments he arrived at a value in his report for the subject property of £235,000.
- 12) On questioning by the tribunal Mr Green accepted that it would have been appropriate to make some allowance to adjust for inflation to the valuation date. He highlighted that the indices produced what appeared to be a slightly out of kilter percentage for the period from March to

June, if March were taken a percentage of 3% was reached, if however a period of April to June was taken (the valuation date being 24th March) a percentage of 1% was reached. On the basis of this disparity Mr Green had chosen not to make any adjustment at all. Although he accepted on questioning that some sort of adjustment was appropriate he did not suggest a figure or methodology.

- 13) In relation to 15a Oakhurst Road again on questioning Mr Green accepted that some sort of adjustment should be made to reflect its more residential location. He therefore adjusted his value for the subject property in the light of this to £232,000 which resulted in a revised valuation of £17,125.

#### **FHVP – the tribunal’s decision**

- 14) We agreed that 807A Hertford was a good comparable. We also considered 878 Hertford to be a good comparable as it was close to the property on the same road and situated in a similar block. We considered that some weight should be given to 15a Oakhurst Road as it had a garden, identical floor area and a similar sales date. However we did note that it was a different type of property with its own front door and being situated on an established residential street. We considered these to be the best three comparables.
- 15) We noted that both valuers agreed that it was not appropriate to value on a psf basis and we agreed with this approach.
- 16) We accepted that it was appropriate to apply an inflation adjustment and accepted Mr Gilmartin’s figures.
- 17) In relation to 807A Hertford Road we did not agree that any adjustment should be made to reflect the double glazed windows. Given the age of the flat we considered the replacement of the windows to be more likely a repair and we had no evidence in this regard to support Mr Gilmartin’s

contention. We agreed that a deduction of £2,500 was appropriate to reflect the perceived security benefit of a first floor flat on such a busy mixed use road. Mr Gilmartin suggested an addition of £17,500 to be appropriate and Mr Green suggesting £22,000. We had no real evidence in this regard and therefore took a rough average of those two figures and applied a figure of £20,000. Having added the agreed 1% for the freehold we arrived at an adjusted value of £218,472.

18) In relation to 878 Hertford Road again we disallowed the £2,500 deduction in relation to the windows but allowed the sum of £5,000 in relation to other improvements. We did not consider any adjustment to be appropriate for the flat's location on the second floor. We accepted Mr Gilmartin's deduction of £15,000 in respect of size and again allowed the sum of £20,000 in relation to the absence of a garden. Having added the 1% for the freehold value we therefore reached an adjusted value of £218,005.

19) In relation to 15A Oakhurst Road we accepted Mr Gilmartin's submissions in relation to the advantage of a joint responsibility for repairs over the obligation to contribute to a service charge and allowed £10,000. We agreed a deduction of £15,000 to be appropriate in respect of its location on a residential street. We did not however agree with the deduction of £2,500 for double glazing in accordance with our previous conclusions. Having added the 1% for the freehold value we therefore reached an adjusted value of £212,100.

20) The adjusted figures gave us a range of £212,100 to £218,472. We considered the two flats at Hertford to be the best comparables and have more weight to these. Standing back from those figures we adopted a value of £220,000 for the subject flat.



## **Relativity**

- 21) Mr Gilmartin contended for a relativity of 92.2% whilst Mr Green contended for 90%.
- 22) Mr Gilmartin based his opinion on relativity on the graphs which he said did not include Prime Central London. He therefore excluded the Austin Gray Graph on the basis that this concerns primarily property in the Brighton and Hove areas. He placed reliance on Beckett & Kay, South East Leasehold, Nesbitt & Co and Andrew Pridell. He took an average of those four graphs to arrive at a relativity of 92.33%. He considered a suitable relativity to be reflected in the average of the above four graphs at the 70 year point and therefore made a small downwards adjustment to 92.2% to reflect the unexpired lease term of 69.76 years. He also had regard to both settlement evidence and expert evidence given by Mr Green previously in tribunal proceedings which he said supported his figure.
- 23) Mr Green did not consider evidence of actual transactions as he submitted they generally related to flats with long remaining lease terms and therefore were of no assistance. Of the RICS Research Graphs he placed reliance on Nesbitt & Co, Moss Kaye and John D Wood Pure Tribunal Graph. Using these graphs he reached a range of 89.33% to 90.86% and took an average to reach his figure of 90%. He did not take into account either South East Leasehold or Andrew Pridell as he considered they were concerned with areas predominantly out of London. He did not include Beckett & Kay as he considered this was opinion based.

### **Relativity – the tribunal’s decision**

24) We agreed that reliance on the graphs was the appropriate method.

25) Both parties had relied on the 2009 RICS Greater London Graphs. Of those graphs we did not consider that Moss Kay was useful as it does not form part of the RICS Research Report. We also discounted John D Wood Pure as this was concerned with prime central London and therefore not helpful. We agreed with Mr Gilmartin that the Beckett & Kay Graph was helpful as was the South East Leasehold and Andrew Pridell as they both dealt with properties in Greater London and the south east.

26) Of the Published Research we therefore agreed with Mr Gilmartin’s approach taking into account Beckett & Kay, South East Leasehold, Nesbitt & Co, Andrew Pridell and Nesbitt & Co to reach an average of 92.33%. We accepted his approach in revising this figure downwards to 92.2% to reflect the unexpired lease term of 69.76 years.

27) We should also mention that Mr Gilmartin had provided settlement evidence which we noted supported his conclusions on relativity.

### **Summary of the Tribunal's Decision**

We therefore determined that the premium to be paid by the tenant on the grant of a new lease, in accordance with section 56 and Schedule 13 of the Leasehold Reform, Housing and Urban Development Act 1993 is £13,613 as shown on the attached valuation.

**Name:** Sonya O’Sullivan

**Date:** 9 March 2016

**Ground Floor Flat 809C Mandeville Court, Hertford Road,  
Freezywater, Enfield EN3 6UG**

**Appendix A**

**The Tribunal's Valuation**

**Assessment of premium for new lease**

**In accordance with the Leasehold Reform, Housing and Urban Development Act 1993**

**LON/OOAK/OLR/2015/1810**

**Components**

Valuation date:	24 <sup>th</sup> March 2015	
Deferment rate:	5%	
Capitalisation rate:	7%	
Freehold value:	£220,000	
Long leasehold value	£217,800	
Existing leasehold value	£202,840	
Relativity	92.2 %	
Unexpired Term	69.76 years	
Ground rent currently receivable	£175	
Capitalised @ 7.0% for 3.204 years	3.204	£561
Rising to:	£350	
Capitalised @ 7.0% for 33 years	12.754	
Deferred @ 7.0%	0.776	£3462
Rising to:	£700	
Capitalised @ 7% for 33 years	12.754	
Deferred @ 7.0%	0.083	<u>£743</u>
		£4,766
Reversion to:	£220,000	
Deferred 69.76 years @ 5%	0.03327	<u>£7,319</u>
		£12,085
Less value of Freeholders proposed interest		
Reversion to VP value:	£220,000	
Deferred @ 5% for 159.76 years	0.00041	<u>90</u>
		£11,995
<b><u>Marriage Value</u></b>		
<u>Value of Proposed Interests</u>		
Extended leasehold interest	£217,800	
Value of Freehold interest	<u>£90</u>	£217,890
<u>Value of Existing Interests</u>		
Landlord's existing value	£11,995	
Existing leasehold value	<u>£202,840</u>	<u>£214,835</u>
		£3,055
Freeholders share @ 50%		<b>£1,528</b>
<b>LEASE EXTENSION PREMIUM</b>		<b>£13,613</b>