



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

Case reference	:	LON/00BF/OLR/2021/0453
Property	:	Flat 4 Colston Court, West Street, Carshalton, Surrey SM5 2QB
Applicant	:	Shirley Louise Armitage
Representative	:	Mr Ryan Bridges BSc (Hons) MIRPM AssorRICS, RICS Registered Valuer
Respondent	:	Tremada Investments Limited
Representative	:	Mr David Robson MA (Oxon) MSc MRICS
Type of application	:	Section 48 of the Leasehold Reform, Housing and Urban Development Act 1993 Judge Dutton
Tribunal members	:	Mr R Waterhouse BSc (Hons) LLM Property Law MA FRICS
Date of determination and venue	:	25 January 2022 by remote video hearing
Date of decision	:	26 January 2022

DECISION

Summary of the tribunal's decision

- (1) The appropriate premium payable for the new lease is **£42,686**.

Background

1. This is an application made by the applicant leaseholder pursuant to section 48 of the Leasehold Reform, Housing and Urban Development

Act 1993 (“the Act”) for a determination of the premium to be paid for the grant of a new lease of Flat 4 Colston Court, West Street, Carshalton, Surrey SM5 2QB (the “Property”).

2. By a notice of a claim dated 10 December 2020 served pursuant to section 42 of the Act, the applicant exercised the right for the grant of a new lease in respect of the subject property. At the time, the applicant held the existing lease granted on 26 June 1978 for a term of 99 years from 25 March 1978 at an annual ground rent starting at £35 and rising to £280 per annum. The applicant proposed to pay a premium of £30,000 for the new lease.
3. On 9 February 2021, the respondent freeholder served a counter-notice admitting the validity of the claim and counter-proposed a premium of £60,000 for the grant of a new lease.
4. On 24 May 2021, the applicant applied to the tribunal for a determination of the premium.

The issues

Matters agreed

5. The following matters were agreed:
 - (a) The subject property is a self-contained flat on the first floor within a three storey block of flats constructed in about 1935 and containing twelve flats of similar kinds;
 - (b) The gross internal floor area is 66 square metres, which equates to 710 square feet;
 - (c) The valuation date: 10 December 2020;
 - (d) Unexpired term: 56.29 years;
 - (e) Ground rent: £35 increasing every 25 years to £280 throughout the term;
 - (f) Long leasehold (unimproved) value: 99% of the freehold (unimproved) value;
 - (g) Capitalisation of ground rent: 6% per annum; and
 - (h) Deferment rate: 5%.
 - (i) Relativity is agreed at 75.60%
 - (j) The extended lease terms are agreed

Matters not agreed

6. The following matters were not agreed:
 - (a) The freehold (unimproved) value: the applicant contending for £265,000 and the respondent contending for £287,400 and
 - (b) The premium payable.

The hearing

7. The hearing in this matter took place on 25 January 2022 by remote video platform. The applicant was represented by Mr Ryan Bridges, and the respondent by Mr David Robson.
8. Neither party asked the tribunal to inspect the property and the tribunal did not consider it necessary to carry out a physical inspection to make its determination.
9. The applicant relied upon the undated expert report and valuation of Mr Bridges and the respondent relied upon the expert report and valuation of Mr Robson dated 4 January 2022.
10. We should firstly say thank you to the valuers for the parties in being able to agree so many elements of the valuation formula. We were left to decide the freehold vacant possession value and thus the premium.
11. We heard first from Mr Bridges. We had his report at page 68 of the bundle. After setting out his qualifications and the background to the case he set out the methodology used. He confirmed that the Property was situated on West Street, close to the amenities and transport links for Carshalton. Photographs of the exterior and interior of the Property were provided as was a map showing its location.
12. The Property is a two bedroomed flat on the first floor with a living room, kitchen/diner and bathroom/wc. There is an external space but no on-site car parking or garage available.
13. At paragraph 8 of the report Mr Bridges set out four comparable properties some 600 to 800 metres away from the Property. He did not use any properties as comparables that were situated in the conservation area in which the Property was sited. Using those four comparable properties and after allowances for lack of garage and size he assessed the correct freehold vacant possession value for the Property to be £265,000 and adjusted by 1% to reflect the extended lease value of £262,350.
14. In answer to questions, he said that comparable three, 113 Carlton Towers, was perhaps the least helpful it being in much taller block. The

others were all in three storey blocks but had the benefit of a garage and in some cases parking as well. He made no allowance for market movement between the marketed date and the valuation date or sale date. He was asked why he had not overlapped the comparables he put forward with those of Mr Robson, which were close to the Property. His response was that the distance was not great, and that the Property does not compete with the gated developments suggested by Mr Robson, which he considered to be superior. He did concede that the Property was in the conservation area, whereas his comparables were not. He confirmed that the Property had no parking and that the closest was perhaps some 150 metres away, which was on street and appeared to require a permit. He assessed the premium payable at £40,519 as sent out on his calculation at page 82 of the bundle.

15. For the respondent we heard from Mr Robson, his report being at page 95 of the bundle. His report followed a similar format to that of Mr Bridges. He provided details of the location highlighting the close proximity of the Property to the amenities, including transport links and its location within the Carshalton Village Conservation Area.
16. He assessed the freehold vacant possession value of the Property at £287,400 by reference to some 8 comparable properties set out in the report and on a schedule. He adjusted these comparable properties to reflect the passage of time using HM Land Registry data and for size, security and garage/parking and the existence of a balcony. Applying these adjustments gave him the FVPV of £287,400. Adjusted by 1% to reflect the long lease value gave a figure of £284,554. Taking these matters into account, and incorporating the agreed valuation elements, gave a premium of £43,800.
17. He was asked some questions and confirmed that he had not made an adjustment if the comparable had both a garage and off-street parking, making just one adjustment for either a garage or parking. Mr Robson had indicated that his comparable at 2 Jubilee Court was possibly the best, it being in close proximity to the Property, but it seems had some form of covered parking available and was a newer build.

The tribunal's determination

18. The tribunal determines that the premium payable for the lease extension in respect of the Property is **£42,686**.

Reasons for the tribunal's determination

19. We heard all that was said by Mr Bridges and Mr Robson and have considered their reports in reaching our decision. They were only £3,281 apart but had not been able to agree to bridge the gap between them.

20. We have taken into account that the comparables put forward by Mr Bridges were some 600 to 800 metres away and not within the conservation area. Against that the comparables put forward by Mr Robson appeared to be superior, being gated, with parking and or a garage and in some cases a balcony. Both experts made adjustments to reflect the difference between the comparable properties and the Property. Although the location maybe better within the conservation area and closer to the amenities and transport links, against that the closest parking was, we were told, some 150 metres away.
21. We do consider that the location will have an impact and the closeness to the amenities would drive the value up somewhat when compared to those properties suggested by Mr Bridges, even allowing for the lack of on-site parking. Taking the matter in the round we find that a freehold vacant possession value of £280,000 is a realistic assessment.
22. Feeding that into the valuation schedule attached to this decision gives a premium to be paid for the lease extension for the Property of £42,686. We were told that the terms of the extended lease have been agreed.

Name: Judge Dutton

Date: 26 January 2022

Appendix: Valuation setting out the tribunal's calculations

Rights of appeal

By rule 36(2) of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013, the tribunal is required to notify the parties about any right of appeal they may have.

If a party wishes to appeal this decision to the Upper Tribunal (Lands Chamber), then a written application for permission must be made to the First-tier Tribunal at the regional office which has been dealing with the case.

The application for permission to appeal must arrive at the regional office within 28 days after the tribunal sends written reasons for the decision to the person making the application.

If the application is not made within the 28 day time limit, such application must include a request for an extension of time and the reason for not complying with the 28 day time limit; the tribunal will then look at such reason(s) and decide whether to allow the application for permission to appeal to proceed, despite not being within the time limit.

The application for permission to appeal must identify the decision of the tribunal to which it relates (i.e. give the date, the property and the case number), state the grounds of appeal and state the result the party making the application is seeking.

If the tribunal refuses to grant permission to appeal, a further application for permission may be made to the Upper Tribunal (Lands Chamber).

**First-tier Tribunal
Property Chamber (Residential Property)**

**Valuation under Schedule 13 of the Leasehold Reform Housing and
Urban Development Act 1993**

**Premium payable for an extended leasehold Interest in Flat 4
Colston Court, West Street, Carshalton, Surrey SM5 2QB**

Input Summary

Original Term Lease Length 99.0

From Date: 25/03/1978

Date of Valuation 10/12/2020

Capitalisation Rate: 6.00%

Deferment Rate: 5.00%

Uplift for Freehold % 1.00%

Relativity: 75.60%

First Period (years) 7.29

Second Period (years) 25.00 £70.00 Rent

Third Period (years) 24.00 £140.00 Rent

Total (years) 56.29 £280.00 Rent

Allowable Improvements: £0.00

Long Lease Value: £ 277,200

A

Diminution in value of landlord's interest

A1

Ground rents receivable

7.29 years @ £70

**YP 7.29 yrs @ 6% £70
5.7681**

£404

25 years @ £140

YP 25 yrs @ 6%

PV of £1 in 7.29 years

12.7834

**0.6539 £140
8.3592**

£1,170

24 years @ £280

YP 24 yrs @ 6%

PV of £1 in 32.29 years

12.5504

**0.1524 £280
1.9122**

£535

A2

Reversion to freehold in possession

Virtual Freehold

PV of £1 in 56.29 yrs @ 5% **£280,000**
0.06416

£17,964

Freeholders Present Interest

£20,073

A3

Landlord's interest after grant of new 146.29 year lease:

Virtual Freehold

PV of £1 in 146.29yrs @ 5% **£280,000**
0.00079

£221.00

Diminution :

£19,852

B. Calculation of Marriage Value

Value of proposed interest after grant of new 146.29 year lease:

Landlord's £221
Tenant's £277,200 £277,421

LESS

Value of existing interests: £20,073
Freehold:

Leasehold
(75.6% x £280,000) £211,680

£231,753

Marriage Value :

£45,668

£22,834

Total premium payable

£42,686

