

2644.



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

Case Reference : LON/00AL/OLR/2013/0671

Property : 51 Rockmount Road, London SE18
1LG

Applicant : Lakhbinder Kallar

Representative : Machins Solicitors LLP

Respondents : Wendell Gayle Pitters

Representative : None

Type of application : For the determination of the price
to be paid for a new lease. Missing
landlord.

Tribunal members : Margaret Wilson
Alan Manson FRICS

Date of determination : 14 August 2013

DECISION

1. The applicant is the tenant of 51 Rockmount Road, London SE18. He seeks the tribunal's determination of the terms upon which he should be granted a new lease of the property. The landlord is missing and on 13 May 2013 an order was made in the Bromley County Court under section 50 of the Leasehold Reform, Housing and Urban Development Act 1993 ("the Act") that a new lease should be granted to the tenant on terms to be determined by the tribunal in accordance with section 51(1) of the Act.
2. This determination is made on the basis of written representations in accordance with Rule 31 of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013.
3. The tenant has obtained and submitted a report prepared by Nicholas Davis BSc MRICS of Glenny LLP, chartered surveyors. Mr Davis has inspected the property and has provided photographs and a description of the property and a list of comparable transactions.
4. He describes the property as a maisonette on the first floor of a Victorian or Edwardian two storey terraced building in Plumstead. The maisonette has three bedrooms, a living room, kitchen and bathroom. It has independent gas-fired central heating and what Mr Davis describes as a relatively modern kitchen and bathroom. A small area of the rear garden is demised. The maisonette is held on a lease for a term of 99 years from 25 March 1980 at a ground rent of £25, fixed throughout the term. The county court claim was issued on 11 March 2013, and that is the date which, correctly, Mr Davis has adopted as the valuation date. At that date approximately 66 years of the term remained unexpired.
5. Mr Davis has adopted an extended lease value of £135,000 based on the comparables he has selected but with a deduction to reflect tenant's improvements of a modernised kitchen and bathroom. To arrive at the value of the existing lease he has deducted 11 %, giving a value of £120,150. He says that he has deferred the reversion at a rate of 5% and capitalises the ground rent at 7%.
6. We are satisfied that Mr Davis's extended lease value is reasonable and we adopt it. In our view the virtual freehold of the maisonette has a value of 1% more than the value of the extended leasehold interest and we therefore adopt a virtual freehold value of £136,350, and we are content with Mr Davis's approach to the valuation of the existing lease. We agree with him that a

deferment rate of 5% is appropriate but in fact in his valuation he has used a rate of 5.5%. Applying a rate of 5% produces a deferred virtual freehold value of £5384. We accept his proposed capitalisation rate of 7%.

7. Using those figures we arrive at a premium of £10,341 in accordance with the valuation attached to this decision.

8. Although we are directed to determine the terms of acquisition a copy of the proposed new lease is not included in the bundle of documents before us. If we are expected to determine the terms of the new lease we will do so, but require a draft of the form of lease which the tenant proposes.

Judge: Margaret Wilson

Date: 14 August 2013

51 Rockmount Road, London SE18 1LG		valuation date	11-Mar-13
Lease	99 years from	25-Mar-80	Lease Expiry Date
			24-Mar-79
			Term Remaining
			66.00
Ground Rent	£25		
Capitalisation	7.00%		
Deferment	5.00%		
Relativity	88.00%		
Unimproved Extended Lease Value			£135,000
Freehold Value (UELV+1%)			£136,350
<u>Future Value of Leasehold Interest</u>			£135,000
<u>Future Value of Freehold Interest</u>			
Reversion to		£136,350	
PV	156.00	0.000494845	
			£67
<u>Total Value of Future Interests</u>			£135,067
<u>Present Value of Leasehold Interest</u>			£119,988
<u>Present Value of Freehold Interest</u>			
Ground Rent		£25	
YP	66.00	14.1214	
			£353
Reversion to		£136,350	
PV	66.00	0.03949	
			£5,384
Total			£5,737
<u>Total Value of Present Interests</u>			£125,725
Marriage Value			£9,342
50%			£4,671
Add diminution in Freehold Value			£5,670
Total			£10,341