



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

Case Reference : LON/OOAE/ORL/2015/1405

Property : 3A Park Road, Wembley HA0 4AS

Applicant : Mohammed Shoel

Representative : KWW Solicitors

Respondent : Indu Radia and Meena Patel

Representative : None

Type of Application : Enfranchisement

Tribunal Members: Judge Robert Latham
Mr Luis Jarero BSc FRICS

Date and venue of Hearing : Paper determination on 6 October 2015 at
Alfred Place, London WC1E 7LR

Date of Decision : 6 October 2015

DECISION

(i) The Tribunal determines that the premium payable by the Applicants in respect of the extension of their lease in respect of 3A Park Road, Wembley, HA0 4AS is £14,280. Our working calculation is set out in the Appendix.

(ii) The Tribunal approves the Deed of Surrender and Re-Grant provided by the Applicant.

Background

1. On 4 August 2015, by order of District Judge Middleton-Roy, sitting at the Willesden County Court, dispensed with the service of the tenant's notice under Section 42 of the Leasehold Reform, Housing and Urban Development Act 1993 ("the Act") claiming the right to acquire a new lease of his flat, namely the 3A Park Road, Wembley, HA0 4AS ("the premises") on the ground that the landlord could not be found. He transferred the matter to this Tribunal to determine the terms of the new lease and the premium payable.

Evidence

2. We have been provided with a valuation report by P.J.Roper FRICS, dated 3 June 2015. He computes the premium to be £13,315. His report is concise and lacking in detail. He inspected the property in 2011 when he only had limited access.
3. We have also been provided with a Deed of Surrender and Re-Grant. We approve this.

Lease details

4. The Applicant currently holds the property under a lease for a term of 99 years from 25 December 1985. The Valuation Date is 8 June 2015 when the unexpired term was 69.55 years. This is a two bedroom first floor flat of some 50 sq m. It has full central heating. The area to the front of the property is shared. In 2011, the interior of the property was in a very poor condition. However, for the purpose of this valuation, we must assume that it was well maintained and with the fittings and layout as at the grant of the lease.

Extended Lease Value

5. Mr Roper proposes a valuation of £260,000 on the basis of a new long lease with share of the freehold in a well maintained condition, but unmodernised. We prefer to determine the extended leasehold value and then make the traditional 1% adjustment to reach the freehold value.
6. Mr Roper considers three comparable:
 - (i) Hillfield Avenue: We are told that this sold "recently" for £293,000. It is a two bedroom maisonette and is somewhat larger, being 61.9sq m. It has off street parking and a garden. The property is described as being in good condition "with a long lease".
 - (ii) 75 Lancelot Road: This is a two bedroom maisonette of a similar size, namely 57.1 sq m. It is in good condition and has an unexpired term of 107 years. It is under offer at the asking price of £270,000. It also has off-street parking and a garden.

(iii) 2 Chase Court: This is a two bedroom first floor flat with a garage and in a reasonable condition. We have no indication of the size of the flat. The unexpired term is 82 years. It is currently under offer at £275,000.

7. Having regard to these comparables, we determine the long leasehold value to be £265,000. We accept that the comparable properties are more desirable. However, we consider that Mr Roper has made too great a reduction. The comparable evidence is not good. We can only do the best that we can on the basis of the evidence before us and applying our knowledge as an expert tribunal.

Adjustment for Freehold Value

8. We make a 1% adjustment to compute the freehold value, namely £267,500.

Relativity

9. Mr Roper has taken a figure of 92.55% which is the average of the five RICS relativity graphs for Greater London and England. We prefer to take the average of the graphs of (i) Nesbitt and Co (ii) Andrew Pridell and (iii) South East Leasehold. We disregard (i) Beckett and Kay which is opinion based; and (ii) Austin Gray which is mainly Brighton and Hove. We therefore adopt a figure of 92.17%.

Capitalisation Rate

10. We are satisfied that 7%, the figure proposed by Mr Roper, is the appropriate figure to adopt.

Deferment Rate

11. We approve the "Sportelli" rate of 5% for deferment which Mr Roper has adopted.

Calculation of the Premium

12. Our calculation is set out in the Appendix. We compute the premium payable to be £14,280.

Robert Latham
Tribunal Judge

6 October 2015

First-tier Tribunal

3A Park Road Wembley HAO 4AS	Ref	LON/ORL/2015/1405	
Valuation Date	08 June 2015		
Lease	99 years from 25 December 1985		
Unexpired term	69.55 years		
Ground rent	£50 pa for 1st 33 years £100 pa for 2nd 33 years £200 pa for remainder		
Deferment rate	5%		
Capitalisation rate	7%		
Relativity (freehold to existing lease)	92.17%		
Long lease value	£265,000		
Notional freehold value	£267,650		
Existing lease value	£246,693		
Freehold interest			
Existing			
Ground rent receivable	£50		
YP 3.55 yrs @ 7%	3.0503	£153	
Revised ground rent in 2018	£100		
YP 33 yrs @ 7%	12.7538		
PV £1 in 3.55yrs @ 7%	0.7865	£1,003	
Revised ground rent in 2051	£200		
YP 33 yrs @ 7%	12.7538		
PV £1 in 36.55 yrs @ 7%	0.0843	£215	
Reversion to freehold value	£267,650		
PV of £1 in 69.55 years @ 5%	0.03360	£8,993	
		£10,364	
Proposed			
Reversion to freehold value	£267,650		
PV of £1 in 159.55 years @ 5%	0.0004162	£111	
			£10,253
Diminution to freehold interest			
Marriage Value			
Proposed interest			
Freeholder	£111		
Tenant	£265,000		
		£265,111	
Existing interest			
Freeholder	£10,364		
Tenant	£246,693		
		£257,057	
Marriage value		£8,054	
Marriage value @ 50%			£4,027
Premium payable			£14,280