



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

Case Reference	:	LON/00AF/OLR/2014/1672
Properties	:	Flat 4, Lyndhurst, Willow Grove, BR7 5QP
Applicants	:	Keith Little & Ann Little
Representative	:	Mr T Davis FRICS
Respondents	:	Jacob Englander & Bruch Englander
Representative	:	Mr J Naylor MRICS & Mr N Cole BSc (Est Man)
Type of Application	:	Grant of new lease (Section 48 Leasehold Reform, Housing and Urban Development Act 1993)
Tribunal Members	:	Mr M Martynski (Tribunal Judge) Mr L Jarero BSc FRICS
Date and venue of Hearing	:	17 February 2015 10 Alfred Place, London WC1E 7LR
Date of Decision	:	17 February 2015

DECISION

Decision summary

1. The value of the long leasehold interest in the subject property is £168,417 less the figure of £2,500 agreed between the valuers for tenant's improvements.

Background

2. The subject property is a one-bedroomed flat on the ground floor of a small 1960's block.
3. The Applicants' lease of the subject property is dated 27 February 1968 and is for a period of 99 years from 24 June 1967.
4. The Applicants' Claim Notice is dated 31 March 2014 and proposes a premium of £21,826.
5. The Respondents' Counter-Notice is dated 12 May 2014 and proposes a premium of £29,950.

Issues agreed and to be decided

6. At the outset of the hearing, the parties had agreed all aspects of the valuation bar the value of the long leasehold interest in the subject property: -

Issue	Applicant	Respondent
Extended Lease Value	£160,992	£193,250
Relativity	80.78%	Agreed
Capitalisation Rate	7%	Agreed
Deferment Rate	5%	Agreed
Value of tenant's improvements	£2,500	Agreed
Valuation Date	31 March 2014	Agreed
Premium Payable	£21,915	£26,152

Expert evidence

7. The Applicants relied upon the written report of Mr Davis FRICS who also gave oral evidence at the hearing.
8. The Respondents relied upon the written report of Mr Naylor MRICS. Unfortunately, Mr Naylor was taken ill and was not able to attend the hearing, Mr Cole, a colleague of Mr Naylor therefore attended the hearing, spoke to Mr Naylor's report and gave evidence directly himself regarding the valuation.

The issues and our decisions

9. The only issue between the experts was the long lease value of the subject property. On that question, Mr Davis relied upon an analysis of

two sales of flats in the same block and three sales of flats in a block on the same road.

10. For the Respondent, Messrs Naylor and Cole relied upon just two sales in the subject block.
11. Our conclusions on the various comparables are as follows.

5 Lyndhurst

12. This is a flat in the same block, which sold in October 2013 for £165,000.
13. Mr Davis made an adjustment of £10,000 to this figure on the basis that it had a new kitchen and bathroom. He then made an adjustment for time (back the Valuation Date) using the Land Registry Index for flats in Bromley.
14. Mr Naylor did not refer to this property in his report.
15. Mr Cole initially challenged Mr Davis' adjustment for time, however on further questioning, Mr Cole accepted that some adjustment for time was necessary and that only realistic way of doing this was by reference to the Land Registry Index.
16. We reject Mr Davis' adjustment of £10,000 for the kitchen and bathroom. We could find no evidence in the details for this flat presented to us that there had been anything other than periodic updating of this flat.
17. We accept that the unadjusted figure of £165,000 then has to be adjusted for time in accordance with the Land Registry Index. This produces a figure of £175,202.

7 Lyndhurst

18. We have accepted a sale figure of £201,500 as at August 2014 and adjusted this for time from August back to March 2014 to arrive at a figure of £181,646.

11 Lyndhurst

19. Both valuers relied upon this in their reports. Mr Davis deducted £15,000 for the fact that this flat had the benefit of a garage. Mr Naylor deducted £10,000 for the garage.
20. The only evidence produced as to the value of the garages was introduced during the hearing by the Applicant Mr Little. He had written confirmations from an agent of two sales of garages in Chislehurst and Bickley in July 2012 and June 2013 in the sums of £15,000 and £17,500 respectively.

21. On the basis therefore that there was some evidential basis for the deduction of £15,000, we accept this figure.
22. Mr Davis then adjusted this figure for time to arrive at a figure of £159,802 which we accept.

9 Pinewood

23. This is a flat in a block along the road from the subject block. It is slightly larger. It is set back from the road and sits in larger communal gardens. There are views over the rear of the property to a golf course. The flats in *Pinewood* appear to be a little larger than those in *Lyndhurst*
24. This flat sold for £187,000 in January 2014.
25. Mr Davis made deductions for size (£7,500); gas central heating (£2,500); views/position (£5,000). We reject these deductions (and we reject all such deductions on the other *Pinewood* properties referred to below) as there does not appear to be any evidential basis for such deductions. In fact, if one compares the figures that we have for the comparables referred to in this decision, the evidence (such as it is) suggests that flats in *Pinewood* sell for less than those in *Lyndhurst*.
26. Mr Davis made adjustments for a garage (-£15,000) and for time. Taking only those adjustments into account, we arrive at a figure of £176,091.

14 Pinewood

27. This sold for £175,000 in December 2013.
28. All the same comments that we make in respect of *9 Pinewood* apply here. Our figure after adjustments is £165,460.

17 Pinewood

29. This sold for £190,000 in October 14.
30. All the same comments that we make in respect of *9 Pinewood* apply here. Our figure after adjustments is £152,302.

Conclusion

31. We have taken all the comparables referred to above and applied a simple average to arrive at a long lease value of £168,417.

Mark Martynski, Tribunal Judge
17 February 2015