



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

Case Reference : LON/OOAP/OLR/2015/1256

Property : Ground Floor Flat, 159 Archway Road, London
N6 5BL

Applicant : Miss Sonia Olivia Minards

Representative : Thrisk Winton LLP

Respondent : Mr Kwame Kusi-Appiah (missing landlord)

Representative : None

Type of Application : Enfranchisement

Tribunal Members: Judge Robert Latham
Mr Ian Holdsworth, FRICS

**Date and venue of
Hearing** : Paper determination on 3 September 2015 at
Alfred Place, London WC1E 7LR

Date of Decision : 8 September 2015

DECISION

(i) The Tribunal determines that the premium payable by the Applicants in respect of the extension of their lease in respect of Ground Floor Flat, 159 Archway Road, is £22,150. Our working calculation is set out in the Appendix.

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

Background

1. On 7 January 2015, Deputy District Judge Duddridge, sitting at the Bow 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 her flat, namely the Ground Floor Flat at 159 Archway, N6 5BL ("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 Robert Clifford MRICS, dated 19 August 2015. He computes the premium to be £19,900. His calculation is at p.116 of the Bundle. This is a careful and thorough report. However, we are satisfied that adjustments need to be made in respect of the manner in which he has dealt with the extended lease value.
3. We have also been provided with a Deed of Surrender and Re-Grant. We approve these.

Lease details

4. The Applicants currently hold the property under a lease for a term of 99 years from 29 September 1989. The Valuation Date is 20 April 2015 when the unexpired term was 73.44 years.

Extended Lease Value

5. Mr Clifford proposes an extended lease value of £508,500. The subject premises consist of a ground floor flat with a reception room, 2 bedrooms, a kitchen and a bathroom. It has a gross internal floor area ("gia") of 712 sq ft. It has exclusive use of a rear garden.
6. Mr Clifford considers four comparables all of which are in Archway Road. However, we are satisfied that adjustments need to be made in respect of three matters, namely: (i) two of the flats are above shops which we consider would make them less desirable and make an adjustment of 7.5%; (ii) these two of the flats do not have the benefit of a garden, in respect of which we make a further adjustment of 5%; (iii) three of the sales were some months before the relevant valuation date, and we make a modest 1.5% adjustment in respect of time.
7. The suggested comparables are:
 - (i) Flat 1, 223 Archway Road, N6 5BN: This is also a ground floor flat with the benefit of a garden. The property was sold on 7 January 2015, the date closest to the valuation date. It has a gia of 904 sq ft and so is significantly larger than the subject premises. We have been unable to verify this sale and

therefore prefer to rely on the two comparables which we consider to be the most relevant.

(ii) First Floor Flat, 288 Archway, N6 5AU: This flat is slightly smaller than the demised flat (678 sq ft). Mr Clifford proposes a price per sq ft ("£/sq ft") of £738. To this we make adjustments of 7.5% (no garden); 5% (above shop) and 1.5% (time). The adjusted £/sq ft is £841.

(iii) Flat 1, 160 Archway, N6 5BH: This flat is also slightly smaller than the demised flat (656 sq ft). Mr Clifford proposes a £/sq ft of £724. This is also a ground floor flat with a garden. We only need to make an adjustment of 1.5% for time. The adjusted £/sq ft is £735.

(iv) Flat 2, 214 Archway, N6 5AX: This flat is significantly larger than the demised flat (861 sq ft). Mr Clifford proposes a £/sq ft of £523. To this we make adjustments of 7.5% (no garden); 5% (above shop) and 1.5% (time). The adjusted £/sq ft is £596. Despite these adjustments, the £/sq ft is significantly lower than that for the other comparables. The price difference suggests an inferior property. We therefore disregard this comparable.

8. We have two good comparables, namely First Floor Flat, 288 Archway (£841/sq ft) and Flat 1, 160 Archway, N6 5BH (735/sq ft). We take the average, namely £788/sq ft. We note that there is double glazing. We make a nominal reduction of 0.25% in respect of this (£786/sq ft). This gives a long leasehold value of £560,000.

Adjustment for Freehold Value

9. We make a 1% adjustment to compute the freehold value, namely £565,600.

Relativity

10. Mr Clifford suggests a figure of 94.39%. There is no evidence of local transactions. Mr Clifford states that he has been assisted by the RICS Research paper and has analysed the 7 graphs outside the prime central London area, which give a range of 92.72% to 94.39%. He takes the average to be 94.39%. His analysis is at p.52 of the Bundle. This figure is supported by six settlements which he has agreed locally. Details are provided at p.71-76. Finally, his approach is supported by four decisions of FTTs (at 78-114).
11. We commend Mr Clifford for his careful analysis and have no hesitation in adopting the figure that he proposes.

Capitalisation Rate

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

Deferment Rate

13. We approve the “Spotelli” rate of 5% for deferment which Mr Clifford has adopted.

Calculation of the Premium

14. Our calculation is set out in the Appendix. We compute the premium payable to be £22,150.

Robert Latham
Tribunal Judge

8 September 2015

Property: 159 Archway Road London N6 5BL
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Lease and Valuation Data

Lease Term: 29/09/1989
 Lease Expiry date: 28/09/2088
 Unexpired term as at valuation date: 73.44 years
 Date of Valuation: 20 April 2015

Rent receivable by landlord:

Payable from valuation date for 7.44 years	£	100	
Payable from review date for 33 years	£	200	
Payable from review date for 33 years	£	400	

Values

Reversionary lease value on statutory terms	£	560,000	
Notional Freehold	£	565,600	
LHVP	£	533,870	Relativity 94.39%

Capitalisation rate (%)	7.00
Deferment rate (%)	5.00

Value of Freeholders present interest

Term 1			
Ground rent payable	£	100	
YP @ 7.44 years @ 7%		5.65023	£ 565
Term 2			
Ground rent payable	£	200	
YP @ 33 years @ 7%		12.75379	
Deferred for 7.44 years @ 7%		0.6045	£ 1,542
Term 3			
Ground rent payable	£	400	
YP @ 33 years @ 7%		12.75379	
Deferred for 40.44 years @ 7%		0.0648	£ 331
Reversion			
Freehold value of flat	£	565,600	
PV of £1 in 73.44 years at 5%		0.02779	£ 15,717
Less			
Freehold value after leasehold extension	£	565,600	
PV of £1 in 163.44 years at 5%		0.00034	£ 195

Freeholders interest value £ 17,960

Calculation of Marriage Value

Value of flat with long lease on statutory terms	£	560,000	
Landlords proposed interest	£	195	£ 560,195
Less			
Value of Leaseholders existing interest	£	533,870	
Value of Freeholders current interest	£	17,960	£ 551,830

Marriage value **Total** £ 8,365

Division of Marriage Value equally between

Freeholder	£	4,183
Leaseholder	£	4,183

Price payable to Freeholder

Value of freeholders current interest	£	17,960
Plus share of marriage value	£	4,183

Total	£	22,142
Say	£	22,150