



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

Case reference	:	LON/00AE/OCE/2015/0349
Property	:	124 Wrotesley Road, London, NW10 5XR
Applicants	:	(1) Derek Anthony Aiken and (2) Louise Aiken
Representative	:	Comptons LLP, Solicitors
Respondent	:	Adebayo Olatunbosum Afe
Representative	:	Not represented
Type of application	:	Section 24 of the Leasehold Reform, Housing and Urban Development Act 1993 Judge I Mohabir
Tribunal members	:	Mr L Jarero BSc FRICS Mr D Jagger FRICS
Date of determination and venue	:	16 February 2016 at 10 Alfred Place, London WC1E 7LR
Date of decision	:	16 February 2016

DECISION

Summary of the tribunal's decision

- (1) The price payable for the freehold interest is **£66,087**.

Background

1. This is an application made by the Applicants as the nominee purchasers/ qualifying tenants pursuant to section 24 of the Leasehold

Reform, Housing and Urban Development Act 1993 (“the Act”) for a determination of the premium to be paid for the collective enfranchisement of 124 Wrotesley Road, London, NW10 5XR (the “property”).

2. By a claim form issued on 4 February 2015 under action number BooCL318 in the Central London County Court the Applicants sought an order under section 26 of the Act vesting the freehold interest of the property in the Applicants and to dispense with the service of a section 13 claim notice on the basis that the Respondent could not be found.
3. By Order of District Judge Langley dated 17 November 2015 the Court recorded that it was satisfied that the Respondent could not be found and vested the freehold interest of the property in the Applicants. It ordered, *inter alia* service of the section 13 notice be dispensed with and the matter transferred to the Tribunal for a determination of the price to be paid for the freehold interest.
4. On 31 December 2015, the Tribunal issued Directions, which included a direction that its determination would be based solely on the basis of the documentary evidence filed by the Applicants.
5. The valuation evidence relied on by the Applicants is set out in the report prepared by Mr Steven Michael Harding, MRICS, dated 14 January 2016.

Decision

6. The Tribunal relied on the description of the property internally given in Mr Harding’s report and refer to paragraph 3 of that report for the description. The Tribunal did not carry out an inspection.
7. The existing leases of both flats were granted for a term of 99 years from 24 June 1987 with ground rents of:

24.06.12 – 23.06.37	£150 per annum per flat (£300 per annum in total).
24.06.37 – 23.06.62	£300 per annum per flat (£600 per annum in total).
24.06.62 – 23.06.86	£600 per annum per flat (£1,200 per annum in total).
8. At the relevant date, namely 4 February 2015, the leases had 71.38 years to run.

9. Because the lease has less than 80 years to run, marriage value at 50 per cent is payable. Compensation under paragraph 5 of Schedule 13 to the Act does not arise. In respect of (any) arrears of rent, the landlord has not served demands in statutory form, so no arrears of rent are payable.
10. The value of the ground rents should be discounted at 6 per cent per annum. We agree with Mr Harding's figure on the basis that the rising ground rent would be fairly attractive to an investor. This accords with the Tribunal's own knowledge of market values for this type of investment.
11. We agree with Mr Robinson's use of 5% for the deferment of the reversion, which is in accordance with the decision in *Sportelli*.
12. We do not accept Mr Harding's evidence that the unimproved freehold value is £1,080,000.
13. In his analysis in appendix 5 (Ground floor) the market adjustments for Palermo Road and Furness Road are incorrect. They should be 104.5% and 101.9% respectively. The adjusted market values for these 2 units are £555,286 for Palermo Road and £526,061 for Furness Road. At his weightings the FHVP value is now £540,909.
14. In his analysis in appendix 7 (First floor) the market adjustments for Bramston Road, Furness Road and Odessa Road are also incorrect. They should be 104.6%, 104.5% and 99% respectively. The adjusted market value for these 3 units becomes £571,962 for Bramston Road, £552,650 for Furness Road and £517,445 for Odessa Road. At his weightings, the FHVP value is now £557,026.
15. These alterations give the unimproved freehold value of £1,186,957 and £1,097,935 for the existing lease values at 92.5% relativity.
16. Mr Harding assesses the existing unimproved leasehold value of the flats by applying an average relativity of 93.25%, which he derives from the taking an average from four graphs of relativities taken from the 2009 RICS Research Paper. Mr Harding then adjusted this figure to 92.50%, which we accept.
17. The Tribunal's valuation is annexed hereto and shows the price payable for the freehold interest in the property is £66,087.
18. The terms of the draft Transfer (TR1) provided by the Applicants' solicitors are approved.

Name: Judge I Mohabir

Date: 16 February 2016

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).

CASE REFERENCE LON/00AC/OLR/2014/0106

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

**Valuation under Schedule 6 of the Leasehold Reform Housing and
Urban Development Act 1993**

**Premium payable for the freehold interest in 124 Wrotesley Road,
London, NW10 5XR is ££66,087.**

Valuation date: 4 February 2015

First-tier Tribunal

124 Wrotesley Road London NW10 5XR

Ref AGR/LON/00AE/OCE/2015/0349

Flats on ground floor and 1st floor

Valuation Date	4 February 2015	
Lease	99 years from 24 June 1987	
Unexpired term	71.38 years	
Ground rent per flat		
1st 25 years	£75	
2nd 25 years	£150	
3rd 25 years	£300	
last 24 years	£600	
Deferment rate	5%	
Capitalisation rate	6%	
Relativity	92.5%	
FHVP value Ground floor flat	£584,767	
FHVP value First floor flat	£602,190	
Existing lease value Ground Floor flat	£540,909	
Existing lease value First Floor flat	£557,026	

Freehold interest

Existing			
Ground rent receivable from both flats	£300		
YP 22.38 yrs @ 6%	12.1429	£3,643	
Revised Ground rent in 22.38 years	£600		
YP 25 yrs @ 6%	12.7834		
PV £1 in 22.38 years @ 6%	0.27140	£2,082	
Revised Ground rent in 47.38 years	£1,200		
YP 24 yrs @ 6%	12.5504		
PV £1 in 47.38 years @ %	0.0632	£952	
Reversion to long lease value (Both flats)	£1,186,957		
PV of £1 in 71.38 years @ 5%	0.03073	£36,475	
Diminution in freehold interest			£43,152

Marriage Value

Proposed interest			
Freeholder	£0		
Tenant	£1,186,957	£1,186,957	
Existing interest			
Freeholder	£43,152		
Tenant	£1,097,935	£1,141,087	
Less onerous ground rent			
Marriage value		£45,870	
Marriage value @ 50%			£22,935

Premium payable**£66,087**

First-tier Tribunal

124 Wrotesley Road London NW10 5XR

Ref AGR/LON/00AE/OCE/2015/0349

Flats on ground floor and 1st floor

Valuation Date	4 February 2015	
Lease	99 years from 24 June 1987	
Unexpired term	71.38 years	
Ground rent per flat		
1st 25 years	£75	
2nd 25 years	£150	
3rd 25 years	£300	
last 24 years	£600	
Deferment rate	5%	
Capitalisation rate	6%	
Relativity	92.5%	
FHVP value Ground floor flat	£584,767	
FHVP value First floor flat	£602,190	
Existing lease value Ground Floor flat	£540,909	
Existing lease value First Floor flat	£557,026	

Freehold interest

Existing			
Ground rent receivable from both flats	£300		
YP 22.38 yrs @ 6%	12.1429	£3,643	
Revised Ground rent in 22.38 years	£600		
YP 25 yrs @ 6%	12.7834		
PV £1 in 22.38 years @ 6%	0.27140	£2,082	
Revised Ground rent in 47.38 years	£1,200		
YP 24 yrs @ 6%	12.5504		
PV £1 in 47.38 years @ %	0.0632	£952	
Reversion to long lease value (Both flats)	£1,186,957		
PV of £1 in 71.38 years @ 5%	0.03073	£36,475	
Diminution in freehold interest			£43,152

Marriage Value

Proposed interest

Freeholder	£0		
Tenant	£1,186,957	£1,186,957	

Existing interest

Freeholder	£43,152		
Tenant	£1,097,935	£1,141,087	
Less onerous ground rent			
Marriage value		£45,870	
Marriage value @ 50%			£22,935

Premium payable**£66,087**