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

**Case Reference** : **LON/00AW/OLR/2018/0116**

**Property** : **Flat 101, Oakwood Court,  
Abbotsbury Road, London W14 8JZ**

**Applicant** : **Clemens Antonius Lansing and  
Agneta Lansing**

**Representative** : **Mr P Harrison - Counsel instructed  
by Goodman Derrick LLP  
Mr P Marr-Johnson BSc MRICS**

**Respondents** : **Brickfield Properties Limited**

**Representative** : **Ms N Muir - Counsel instructed by  
Wallace LLP  
Mr E Shapiro BSc (Est Man) FRICS  
FCI Arb**

**Type of Application** : **S48 Leasehold Reform, Housing  
and Urban Development Act 1993**

**Tribunal Members** : **Tribunal Judge Dutton  
Mr N Martindale FRICS**

**Date and venue of  
Determination** : **10 Alfred Place, London, WC1E 7LR  
On 5th June 2018**

**Date of Decision** : **19th June 2018**

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**DECISION**

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## DECISION

**The Tribunal determines that the premium payable for the lease extension under s48 of the Leasehold Reform, Housing and Urban Development Act 1993 (the Act) for the property at 101, Oakwood Court, Abbotsbury Road, London W14 8JZ is £321,769 as shown on the attached valuation.**

## REASONS

### Background

1. This matter came before us for hearing on 5th June 2018 at the London Tribunal address. The application to the Tribunal for the determination of the premium and other terms of acquisition was dated 19th January 2018 and records the Applicants' view that the correct premium should be £214,000, as set out in the Initial Notice under s42 of the Act and the Respondents' view, as contained in the Counter Notice, is that it should be £578,795.
2. We were provided with a substantial bundle of papers, included within were reports from Mr Marr-Johnson and Mr Shapiro. The valuers had been able to agree a number of matters as set out in a Statement of Agreed Facts and Issues. Those matters agreed were as follows
  - The valuation date was 5th July 2017
  - The gross internal area for the Property was 2,350 sq ft
  - The unexpired term was 57.47 years,
  - with the new lease term of 147.47 years
  - The current ground rent is £200
  - The rent increases to £400 on 25th March 2014
  - The capitalisation rate is 6%
  - The deferment rate is 5%
3. There remained two matters to consider, firstly the equivalent freehold value with vacant possession of the Property and secondly the relativity to determine the existing leasehold value
4. The hearing commenced with some skirmishing over the late delivery of a supplemental report by the Applicants. However, Mr Shapiro indicated that he considered he would be able to deal with the issues raised in cross examination and the matter therefore proceeded.
5. A good deal of time was spent on the evidence of Mr Marr-Johnson but at the luncheon adjournment the parties were able to reach agreement on the freehold vacant possession value of £2,285,521 and the extended lease value of £2,262,666, being 99% of the freehold. This left only the question of relativity.

## EVIDENCE ON RELATIVITY

6. On this question Mr Marr-Johnson referred us to the UT case of *Munday v Trustees of the Sloane Stanley Estate*, which had of course been revisited by the Court of Appeal. In that case the Tribunal said this at paragraph 170;

*"In the past, valuers have used the Savills 2002 enfranchisable graph when analysing comparables, involving leases with rights under the 1993 Act, for the purpose of arriving at the FHVP value. The authority of the Savills 2002 enfranchisable graph has been to some extent eroded by the emerging Savills 2015 enfranchisable graph. The 2015 graph is still subject to some possible technical criticisms but it is likely to be beneficial if those technical criticisms could be addressed and removed. If there were to emerge a version of that graph, not subject to those technical criticisms, based on transactions rather than opinions, it may be that valuers would adopt that revised graph in place of the Savills 2002 graph. If that were to happen, valuers and the tribunals might have more confidence in a method of valuation for an existing lease without rights under the 1993 Act which proceeds by two stages. Stage 1 would be to adjust the FHVP for the property to the value of the existing lease with rights under the 1993 Act by using the new graph which has emerged. Stage 2 would be to make a deduction from that value to reflect the absence of rights under the 1993 Act on the statutory hypothesis."*

7. Mr Marr-Johnson considered the Gerald Eve graph, referred to by the UT and the Savills 2015 enfranchisable graph. It now seems that Savills have produced graphs in 2016, both unenfranchisable and enfranchisable. Mr Marr-Johnson criticised the unenfranchisable graph as it had a limited number of reference points. However, he accepted that the market was adjusting and that although the new Savills graph was not the "new level" it needed to be considered. He was of the view that in adopting the Gerald Eve graph produced in 1996 and the Savills 2016 enfranchisable graph and taking the average, this gave a fair reflection of the relativity for a lease with a remaining term of 57.47 years. The Gerald Eve percentage was 79.48 and the Savills graph was 76.49, giving an average of 77.99, which he applied.
8. Interestingly Mr Marr-Johnson commented at paragraph 9.9 of his report that practitioners had been adopting the Gerald Eve graph but reducing this by 1% to reflect what appeared to be the accepted reduction in relativity. He had not done this. He rejected a new Gerald Eve graph, which was in the process of updating relativity, because it seems that no data or explanation had been published to support this new graph and therefore he did not consider it.
9. By contrast Mr Shapiro adopted only the Savills 2016 graph with its relativity percentage of 76.49. He summarised the UT findings in the *Mundy* case but there appeared to be some confusion between the 2015 emerging Savills graphs referred to in the *Mundy* case and the

published 2016 graphs, which came as a result of Mundy. However it does not seem to us that we need get bogged down in this as both valuers have adopted the Savills 2016 unenfranchisable graph percentage of 76.49, the only difference being Mr Marr-Johnson's inclusion of the old Gerald Eve graph percentage.

## **FINDINGS ON RELATIVITY**

10. We believe we can take this quite shortly. Both Mr Marr-Johnson and Mr Shapiro have adopted the Savills 2016 graph figure of 76.49%. We have no difficulty in accepting that percentage in this case. The question we need to consider is whether we should adopt the Gerald Eve graph findings from 1996, although we believe reproduced in 2004 and add that into the mix to give an average as argued for by Mr Marr-Johnson of 77.99%.
11. We reject that argument. It appears to be accepted by both valuers that the historic relativity level are probably too high. We noted the reasons put forward by Mr Marr-Johnson that a purchaser in the market would seek advice and may take the more optimistic outlook of the Gerald Eve graph to secure a purchase. However, a valuer advising would undoubtedly wish to cover his position, and his insurance policy and would be more reticent in giving over optimistic advice on the price that may be required to secure a lease extension. The Landlord will, of course, be aware of the Savills 2016 graph. The data comprised in the Gerald Eve graph is now dated and the new graph is, we are told not yet approved and was not adopted by either valuer.
12. Both valuers have accepted the new Savills 2016 graph and it appears accepted that relativity percentage are falling. In the light of those matters we conclude that the appropriate way to deal with the evidence on this point is to accept the common ground of the valuers and adopt a relativity of 76.49%.
13. The valuation schedule is attached which incorporates the matters agreed both before and during the hearing and our findings on relativity. This gives a premium of £321,769 for the extended lease.

*Andrew Dutton*  
Tribunal Judge  
Andrew Dutton

19th June 2018

**Flat 101 Oakwood Court**  
**Abbotsbury Road W14 8JZ**

**FLAT - Lease Extension**

Virtual Freehold value (unimproved)	£2,285,521
Long Leasehold value (improved)	n/a
Long Leasehold value (unimproved)	£2,262,666
Valuation Date	05-Jul-17
Expiry of existing lease	<u>24-Dec-74</u>
Existing Term unexpired	57.470
Capitalisation rate	6.00%
Deferment rate	5.00%
Relativity	76.49%
Short Leasehold value (unimproved) before extension	£1,730,713

**Diminution of Landlords Interest**

**Landlords Present Interest**

**First Term**

Fixed Present GR	£200	
YP for 23.72 years @ 6%	12.48	£2,496

**Second Term**

Fixed New GR	£400	
YP for 33.75 years @ 6%	14.33	
PV £1 in 323.72 years @ 6%	0.251	£1,439

**Reversion to Long Leasehold**

Long leaseholder unimproved value	£1,730,713	
PV £1 in 57.47 years @ 5%	0.0606	£104,881

**Reversion to Long Leasehold**

PV £1 in 147.47 years @ 5%	0.0008	£1,385
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**Landlords Present Interest** **£110,201**

**Marriage Value**

**Tenants Proposed Interest**

Plus Landlords Proposed Interest £2,262,666

Less Landlords Present Interest £1,385

Less Tenants Present Interest £1,730,713

Less Landlords Present Interest £110,201

**Marriage Value** **£423,137**

50% share £211,568

**Marriage Value share plus Landlord's Present** **£321,769**

**Lease Extension Premium**

**TOTAL** **£321,769**

## **ANNEX - RIGHTS OF APPEAL**

1. 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.
2. 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.
3. 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.
4. 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.