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LVT 7 (3/94)

Ref LON/LVT/637

LEASEHOLD VALUATION TRIBUNAL FOR THE LONDON RENT ASSESSMENT PANEL

Leasehold Reform Act 1967

Housing Act 1980

DECISION OF LEASEHOLD VALUATION TRIBUNAL

ON AN APPLICATION UNDER S21 OF THE LEASEHOLD REFORM ACT 1967

Applicant: The Right Honourable William Gerald Charles Earl
Cadogan (Landlord)

Respondent: Micron Limited (Tenant)

RE: 8 Tite Street, London SW3

Application to Tribunal dated: 16 September 1996

Heard: 1 May 1997

Inspection: 10 June 1997

Valuation Date: 25 May 1995

Appearances: Mr C S R Marr-Johnson FRICS, Marr-Johnson & Stevens
Mr H J Cholmeley, Maskells
for the Tenant

Mr A Radevsky (Counsel)
Mr D J Greenish, Lee & Pembertons, Solicitors
Mr M A Yardley, (Cadogan Holdings Company)
Mr K D Gibbs FRICS, Gerald Eve
Mr A McGillivray, W A Ellis

for the Landlord

Members of the Leasehold Valuation Tribunal:

Dr J T Farrand QC (Chairman)
Mr G I Coe BSc(EstMan)FRICS
Mr P Tobin FRICS ACI Arb

Date of Tribunal's decision 4 JUL 1997

1 The Tribunal was required to determine the price payable for 8 Tite Street, London SW3, under section 9(1)(C) of the Leasehold Reform Act 1967 (as amended). The provisions to be contained in the conveyance/transfer had been agreed between the parties and would not affect the price. The valuation date was agreed by the parties to be 25 May 1995 (this was the date of the tenant's claim under the 1967 Act).

2 The Landlord's application to the Tribunal had stated a price of £580,000 as appropriate but at the hearing reliance was placed on a valuation producing a figure of £437,000 (copy Annexed A). The tenant relied on a valuation at £289,898 (copy Annexed B).

3. The crucial points of difference in the valuations were identified as twofold:

First, as to the value of the unimproved freehold the landlord's figure was £1,450,000 and the tenant's £1,300,000;

Second, as to the value of the unimproved leasehold the landlord's figure was £775,000 and the tenant's £900,000.

Essentially therefore the Tribunal's task was to resolve these differences after which the price payable would become merely a matter of mathematics.

4 The Tribunal considered for this purpose that it was a significant material fact that the tenant had, in effect, purchased the unimproved leasehold in October 1995 for a price of £1,045,000 whilst contemporaneously taking an assignment of the benefit of the 1967 Act claim for the nominal sum of £1. It emerged at the hearing that at the time an additional enfranchisement price of approximately £349,000 had been envisaged.

5 The Tribunal inspected the interior of 8 Tite Street noting and, so far as practicable, disregarding improvements made by the tenant in particular to ground floor windows and the whole kitchen area. The Tribunal as well inspected the

exterior and locality not only of 8 Tite Street but also of a number of houses which had been referred to as possible comparables for valuation purposes.

6 8 Tite Street is a substantial 3 storey corner property at the north end of an early 1930s terrace development in a fashionable residential area. Outside the house there is a secluded but not sizeable patio space rather than garden together with a single garage. The lease of 8 Tite Street is for a 99 years term from 29 September 1930 at an apportioned rent of £98 per annum.

7 The Tribunal considered the comparables and the information available about transactions concerning them, both freehold and leasehold and concluded that the various prices paid were not sufficient in number or consistency to evidence a reliable market as at the valuation date although being of assistance as indicating overall levels and relevant trends in the area.

8 However the Tribunal was significantly influenced by the tenant's own purchase of the house as a leasehold in October 1995.

9 Accordingly in the light of all these circumstances but based principally on its own general knowledge and experience the Tribunal resolved the differences mentioned by finding that, as at the valuation date, the unimproved freehold value was £1,450,000 (as submitted for the landlord) and the unimproved leasehold value was £900,000 (as submitted for the tenant). Applying these values to the form of valuation adopted by both parties' valuers, the Tribunal prepared and agreed its own valuation (copy Annexed C) and determined that the price payable for the enfranchisement of 8 Tite Street is £374,500.

Chairman..........

4 JUL 1997

Date.....

KDG VALUATION

CADOGAN HOLDINGS COMPANY

LEASEHOLD REFORM, HOUSING AND URBAN DEVELOPMENT ACT 1993

Property: 8 Tite Street, SW 3

Date of Claim: 25 May 1995

Unexpired term of lease: 34.3 years

VALUATION IN ACCORDANCE WITH SECTION 9(1C) OF THE LEASEHOLD REFORM, HOUSING AND URBAN DEVELOPMENT ACT, 1993

Value of lessor's interest excluding marriage value	£	£	£
For remainder of term-			
Ground rent currently payable	98		
Years purchase for 34.30 years @ 6.50%	<u>13.61</u>	1,334	
For reversion to -			
Value of freehold in possession	1,450,000		
Deferred 34.30 years @ 6.0%	<u>0.136</u>	<u>197,200</u>	198,534
Add lessor's share of marriage value			
Value of freehold in possession		1,450,000	
<u>Less</u>			
Value of lessor's interest exclusive of marriage value	198,534		
Value of lessee's interest exclusive of marriage value	<u>775,000</u>		
Gain on marriage		<u>973,534</u> 476,466	
Attributed to lessor a 50%			<u>238,233</u>
Enfranchisement price			436,767
		Say	<u>£437,000</u>

Apr-97

Micron Ltd**Leasehold Reform Acts 1967 & 1993****8 Tite Street, London SW3****Freehold Valuation as at**

		May 1995 claim	Jun 2029 expiry	
Ground rent per annum:				£98
Years' purchase for:	34.1 years at	6.0%		<u>14.37966</u>
				£1,409
Reversion to fully repaired but unimproved value, freehold with vacant possession			£1,300,000	
Present value of £1 after:	34.1 years at	6.0%	<u>0.137220</u>	
				<u>£178,386</u>
Open market value of landlords' interest				£179,796

Marriage Calculation

Freehold as above			£1,300,000	
less freeholders' interest		£179,796		
and lessee's interest @ 69% (ignoring the right to claim)		<u>£900,000</u>		
			<u>£1,079,796</u>	
Total marriage value			£220,204	
Possible share for landlords @ 50%			<u>0.5</u>	
				<u>£110,102</u>
Enfranchisement price exclusive of costs				<u>£289,898</u>

C S R Marr-Johnson**1st May 1997**

LEASEHOLD REFORM, HOUSING AND URBAN DEVELOPMENT ACT 1993**8. TITE STREET, LONDON, SW 3**

Valuation date: 25th May 1995

Value of Lessor's Present Interest

Ground Rent receivable, per annum	£98	
34.3 years @ 6%	14.4	
		£1,411
Reversion		
Freehold interest excluding tenant's improvements	£1,450,000	
Deferred 34.3 yrs @ 6%	0.136	
		£197,200
Value of lessor's interest		£198,611

Lessor's share of marriage value

Freehold interest - as above	£1,450,000	
Less :		
Value of lessee's interest	£900,000	
Value of lessor's interest - as above	£198,611	
Marriage Value	£1,098,611	£351,389
50% to lessor		£175,695
		£374,306
	Total	
		£374,306
<u>Enfranchisement Price</u>	Say	£374,500