

RESIDENTIAL PROPERTY TRIBUNAL SERVICE**LONDON LEASEHOLD VALUATION TRIBUNAL**

Ref: LON/LVT/1454/01

Leasehold Reform Act 1967Housing Act 1980DECISION OF THE LEASEHOLD VALUATION TRIBUNAL ON AN APPLICATION UNDER
SECTION 21 OF THE LEASEHOLD REFORM ACT 1967

Applicant: The Keepers and Governors of the Possessions Revenues and Goods of the Free Grammar School of John Lyon within the Town of Harrow on the Hill in the County of Middlesex acting in the capacity of Trustee of John Lyons Charity.

Respondents: Richard Cyril Jacobs & Catherine Mary Jacobs

RE: 16 St John's Wood Road, London, NW8

Date of Tenant's Notice: 1 June 2001

Date of Application to the Tribunal: 12 October 2001

Heard: 10 April and 24 May 2002

Appearances: Mr G Cowan of Counsel
Mr J P Hamilton BSc MRICS of Cluttons

for the Applicants

Mr J Small of Counsel
Mr D R P Morgan of Messrs Triggs Wilkinson Mann, Solicitors
Mr K G Buchanan BSc EstMan MRICS of Colliers CRE
Mr R C Jacobs

for the Respondents

Members of the Leasehold Valuation Tribunal

Mrs J S L Goulden JP
Mr W J Reed FRICS
Mr D Myer-Smith LLB

Date of the Tribunal's decision: 16 July 2002

16 ST JOHN'S WOOD ROAD, LONDON NW8

Introduction

1. This is an application by the landlord, John Lyon's Charity, to determine the enfranchisement price to be paid by the respondents, Mr and Mrs R Jacobs, for the freehold of the property at 16 St John's Wood Road, London NW8 (hereafter referred to as the subject property) under Sections 9(1A) and 9(1C) of the Leasehold Reform Act 1967.
2. The subject property is held on a lease dated 19 February 1948 for a term of 73 years from 29 September 1947, expiring on 28 September 2020 at a fixed rent of £140 per annum.
3. Mr J P Hamilton BSc MRICS of Cluttons gave expert evidence on behalf of the Applicant and Mr K G Buchanan BSc (EstMan) MRICS of Colliers CRE gave expert evidence on behalf of the Respondents. Both provided proofs of evidence.

Statement of Agreed Facts

4. A Statement of Facts had been agreed by the expert witnesses, which included the following details –
 - the parties and their expert witnesses
 - the circumstances of the application
 - the issues to be determined by the Leasehold Valuation Tribunal
 - the location and description of the subject property
 - details of the current lease
 - floor plans and the gross internal area (GIA) of the subject property,
 - leasehold history/improvements prepared by Mr V Belcher and Mr F Drury, Architectural and Building Historians
 - the agreed valuation date – 1 June 2001 – when the lease had 19.33 years to run
 - the agreed yield – at 6.5%
 - the agreed marriage value apportionment – equally between the freeholder and the lessee
 - a photograph, location and layout plans of the subject property
 - a schedule of agreed freehold and leasehold comparables, with copies of available sale particulars.

Matters in Dispute

5. The underlying issues to be determined were identified in the Statement of Agreed Facts as follows -

- the freehold value of 16 St John's Wood Road
- the leasehold value of 16 St John's Wood Road
- the effect on value of the tenants' improvements
- the form of transfer – although at the commencement of the hearing the parties confirmed that nothing fell to be determined under this heading

HEARING

The Freehold Value

6. Mr Hamilton had looked to sales in St Johns Wood Road, but the most recent was 12 St John's Wood Road which was sold freehold in March 1998 for £960,000.

Mr Hamilton set out his analysis of this comparable as follows:-

As for 12 St. John's Wood Road	£ 960,000
Market change (March 1998 to June 2001)	<u>£ 500,000</u>
	£1,460,000
GIA adjustment	£ 0
Add for larger plot, side access and off street parking	£ 125,000
Add for No 12's poor layout and split basement	<u>£ 50,000</u>
	£1,635,000

7. In considering the adjustment for market change, Mr Hamilton had regard to the FPD Savills PCL North Index and his own experience in St John's Wood, and made an adjustment of £500,000. He made no adjustment for size since 12 and 16 St John's Wood Road had, within 3 square metres, the same gross internal floor area.
8. He said that the subject property had a much larger garden, and the return frontage along Cunningham Place had enabled off street parking and a garage to be provided. As the property was semi detached and on a wide plot there was access round the side of the house rather than through the house as was the case at No 12. It was also possible to "load up" the car from the rear garden – a distinct advantage when the road at the front is a Red Route. These advantages had a substantial effect on value and he had added £125,000.
9. Whilst Mr Hamilton said that 12 St John's Wood Road was attractive externally there were disadvantages on the raised ground and lower ground floors. Although the bay windows were an attractive feature, the front rooms were relatively deep and that, and the structural piers supporting the upper two floors, resulted in poor natural light to the rear of the front rooms on the raised ground and lower ground floors. Access to bedroom five, on the lower ground floor was through the en-suite wc and the shower was actually in bedroom five. There was no internal access to the studio flat, a bed-sit. In his view, the majority of owners of such a house would open up the whole of the lower ground floor to create a large family room with large kitchen breakfast room.
10. Mr Hamilton made no adjustment for condition.

11. 25 Aberdeen Place was an end terrace house circa 1826, a Grade II Listed Georgian town house. The freehold of the house was sold in February 2001 for £1,150,000.

Mr Hamilton set out his analysis for this comparable as follows:-

As for 25 Aberdeen Place	£1,150,000
Market change (February 2001 to June 2001)	<u>£ 40,000</u>
	£1,190,000
GIA adjustment 258m ² at 26 to 321m ² at 16	+ 250,000
Add for better location at 16	£ 75,000
Add for larger plot, side access and off street parking	<u>£ 125,000</u>
	£1,640,000

12. Mr Hamilton had had regard to the FPD Savills Indices as a guide but, using his experience, had adopted an increase in values of £40,000.
13. 16 St John's Wood is 63 square metres (ie 25%) larger than 25 Aberdeen Place. Pro rata additions based on the gross internal floor area would be £290,000 but Mr Hamilton had adopted £250,000.
14. Although 25 Aberdeen Place was an end terrace house, it abuts a public house so was in effect part of the terrace. Mr Hamilton had not made a separate addition for semi detached as the major benefits this brought had been reflected under plot size. Although this and the adjoining properties were listed Grade II and in the St John's Wood Conservation Area, the outlook from the house was poor.
15. Although the plot size for 25 Aberdeen Place was slightly larger than at 12 St John's Wood Road, he had made the same addition of £125,000 for the larger plot size, side access and off street parking at 16 St John's Wood Road.
16. 90 Maida Vale was a double fronted, terraced Grade II Listed house. The freehold of the house was sold in December 2000 for £2 million.

Mr Hamilton set out his analysis for this comparable as follows:-

As for 90 Maida Vale	£2,000,000
Market change (December 2000 to June 2001)	<u>£ 140,000</u>
	£2,140,000
GIA adjustments – 390m ² at 90, 321m ² at 16	- £ 350,000
Less for 90's better condition	- £ 100,000
Add for 16's better layout	+ £ 25,000
Add for 16's location	<u>+ £ 25,000</u>
	£1,740,000

17. Mr Hamilton had regard to the FPD Savills Indices as a guide but, using his experience, had adopted an increase in value of £140,000.
18. 90 Maida Vale was little more than 20% larger on a gross internal floor area basis than 16 St John's Wood Road. An adjustment on a pro rata to gross internal floor area basis would be £378,616. Because 90 Maida Vale is so much larger and Mr Hamilton

would not expect the same price per square metre, he had reduced the allowance to £350,000.

19. The condition of the comparable appeared better than at 16 St John's Wood Road, and an adjustment of £100,000 was made in this respect.
20. 90 Maida Vale had a large number of rooms but many were small or narrow. It is part of a terrace of similar houses and with no side or rear access. In analysing 12 St John's Wood Road and 25 Aberdeen Place no separate adjustment for this factor had been made but it had been reflected in the adjustment for larger plot size, side access and off street parking.
21. Maida Vale is a major trunk road and, similarly a Red Route. St John's Wood Road is less of a major traffic route and has a better outlook so he made a small addition of £25,000 for location.
22. Mr Hamilton had analysed this comparable on the basis that the parking facilities at 90 Maida Vale and at the subject property were the same, but he accepted during the Hearing that adjustments should be made for the better parking facilities and for the larger garden at No 90. These adjustments reduced his adjusted valuation of the subject property to £1,690,000.
23. 94 Maida Vale was similar to 90 Maida Vale and was sold freehold in February 2001 for £1,330,000.

Mr Hamilton set out below his analysis for this comparable as follows:-

As for 94 Maida Vale	£1,330,000
Market change (February 2001 to June 2001)	<u>£ 45,000</u>
	£1,375,000
GIA adjustment - 345m ² at 94, 321m ² at 16	- £ 95,000
Add for 16's better condition	+ £ 250,000
Add for 16's better layout	+ £ 25,000
Add for 16's better location	+ <u>£ 25,000</u>
	£1,580,000

24. Mr Hamilton had used the FPD Savills Index as a guide but, using his experience, had adopted an increase of £45,000 for the market change between February and June 2001.
25. 94 Maida Vale was not very much larger than the subject property, and Mr Hamilton had rounded down to £95,000 the adjustment that would be made on a pro rata gross internal floor area basis.
26. The comparable was in need of complete refurbishment.
27. Mr Hamilton made the same adjustment for layout as for 90 Maida Vale, ie £25,000, and also made the same adjustment for location. He accepted, during the Hearing, that

further adjustments should be made for the better parking facilities and the larger garden at 94 Maida Vale. His adjusted valuation was £1,530,000.

28. Mr Hamilton's summary of freehold comparables was as follows:

12 St John's Wood Road	£1,635,000
23 Aberdeen Place	£1,640,000
90 Maida Vale	£1,690,000
94 Maida vale	<u>£1,530,000</u>

29. The average adjusted valuation was £1,623,750. Mr Hamilton said that in his opinion the value of the subject property at the valuation date was £1,650,000.

30. Although there had been no open market sales in St John's Wood Road since 1998, Cluttons had been able to negotiate sales of freeholds under the Leasehold Reform Act 1967 for Nos 5, 7 and 35.

31. Nos 5 and 7 St John's Wood Road were red brick terraced houses built at the beginning of the 20th century. 35 St John's Wood Road was a semi detached period house which is Grade II Listed, on the north side of the road and almost opposite the subject property. Mr Hamilton's analysis of the enfranchisement price based on an unimproved freehold value of £1.2 million, was as follows:-

As for 35 St John's Wood Road (unimproved freehold)	£1,200,000
Market change (March 2001 to June 2001)	<u>£ 40,000</u>
	£1,240,000
Size – 203 square metres at 35, 321 square meters at 16	£ 400,000
Add for larger plot at 16	<u>£ 75,000</u>
	£1,715,000

Mr Hamilton had followed the same reasoning for making adjustment as he had used when adjusting the open market transactions.

32. Mr Hamilton said that none of the open market transactions were truly comparable properties. 12 St John's Wood Road suffered because the sale had taken place long before the valuation date. 25 Aberdeen Road was a much smaller terraced house in a different location. 90 and 94 Maida Vale were terraced houses, both in rather different condition to the subject property. From his analysis of the open market transactions and the enfranchisement prices negotiated at St John's Wood Road he considered the freehold value of the subject property at the valuation date to be £1,650,000.

33. Mr Buchanan for the Respondents had prepared a revised Proof of Evidence for the second day of the Hearing, with a revised valuation of £463,098, which he further amended to £476,522 to reflect the judgement of the Court of Appeal in **John Lyon's Charity v Shalson [2002] 17 EG 156 (CS)**.

34. Mr Buchanan expressed the view that although the subject property was situated in St John's Wood, which is regarded as a prime residential area, the location of the subject property is not generally regarded as a highly desirable residential area compared with Hamilton Terrace, Clifton Hill and Carlton Hill.

35. Mr Buchanan also said that the subject property was situated on a very noisy corner, on a Red Route and close to a large council estate, and that it would be adversely affected by the recent planning consent for the further development of the studio extension at the rear of the adjoining property, 14 St John's Wood Road. However, during cross-examination he agreed that the corner of St John's Wood Road and Cunningham Place was probably no noisier than other corners along St John's Wood Road. He also accepted that he had not checked the details of the proposed development at the adjoining property, and was not aware that the proposed development included the replacement of the flat roof over the existing single storey extension with a pitched roof which would be about four feet higher than the existing flat roof. There was no proposal to add a second storey or to increase the number of windows beyond the one small existing window facing the subject property.

36. Mr Buchanan said that the property market in St John's Wood had shown a significant uplift over the past three years. Between July/August 1998 and February/March 1999 the market had been virtually static, but since March 1999, values had increased steadily during 1999, 2000 and the first six months of 2001. He had therefore made adjustments to the sale prices of the freehold comparables for passage of time by reference to the Savill's PCL North Index, the views and opinions of local estate agents and his own experience and judgement, and for the differences between the properties, as follows –

12 St John's Wood Road

- a 5 bed house with self-contained flat in basement	
- GIA 327 sq metres	
- No garage or off-street parking	
Sale price – July 1998	£960,000
Add for market movement (40%)	£385,000
Add for larger site, garage and parking at No 16	<u>£125,000 (agreed)</u>
	£1,470,000
Less for style and balcony	<u>£50,000</u>
	£1,420,000

37. Mr Buchanan agreed that 12 St John's Wood Road was an important comparable, and accepted during cross-examination that his adjustment for 'market movement' of 40% was less than the FPD Savill's PCL North Index at 44% and the PCL House index at 62%. He referred to a Clutton's Index but provided no evidence to support his lower percentage and was prepared to accept the PCL North Index at 44%.

38. Mr Buchanan had also made an adjustment for the 'style and balcony' at No.12, but acknowledged that the balcony was accessed through a bathroom on the first floor, it had not been shown as useable space or as a prominent feature on the draft sale particulars, and would be affected by the traffic noise to which he had referred earlier. He also accepted that the kitchen on the ground floor was narrow, that the lower ground floor contained a self-contained flat – which he regarded as an advantage, that bedroom 5 was only accessible through the bathroom, and that the shower was in the bedroom. Nonetheless, he did not consider that any adjustment should be made for the layout of the lower ground floor.

25 Aberdeen Place

- a smaller but similar 4 bed house in adjoining street, next to a public house
- GIA 258 sq metres
- sauna and gym in basement
- no garage or off-street parking

Sale price – February 2001	£1,150,000
Add for market movement (2.17%)	£25,000
Add for extra size at No. 16	£217,500
Add for larger site, garage and parking at No 16	£125,000
Add for better location at No. 16	<u>£50,000</u>
	£1,567,500

39. During the Hearing Mr Buchanan increased his adjustment for size from £150,000 to £217,500, and was unable to provide any evidence in support of his adjustment of 2.17% for 'market movement' compared with the Savill's Indices of 3.30% and 3.8%. He also said that his adjustment for 'location' reflected the public house next door, and the much poorer outlook to a local authority block and an electricity sub-station. He said that this comparable was in a quieter but worse location than the subject property.

90 Maida Vale

- a 5 bed house with basement staff accommodation
- GIA 390 sq meters
- large rear garden with patio and summerhouse
- garage and off-street parking at the front of the property
- very good condition at date of sale

Sale price – December 2000	£2,000,000
Add for market movement (5%)	<u>£100,000</u>
	£2,100,000
Less for size	£283,000
Less for condition	£150,000
Less for car-parking/garage	£50,000
Less for smaller garden	<u>£50,000</u>
	<u>£533,000</u>
	£1,567,000

40. During the Hearing Mr Buchanan increased his adjustment for market movement from £30,000 to £100,000 and his deduction for size from £250,000 to £283,000. As to 'location', he did not think there was much to choose between Maida Vale and St John's Wood Road. He made no allowance for layout or size of rooms (although the lounge is shown on the plan forming part of the sale particulars as being only 13 ft. 1 in. wide), and his adjustment for parking included the value of the integral garage.
41. Mr Buchanan did not regard the comparable at 90 Maida Vale as helpful. In his opinion this property was too far away from the subject property to be of any real assistance other than to illustrate values in the area generally.

94 Maida Vale

- a house in poor condition and in need of modernisation at the date of sale.
- potential 5 bed house, with garage and off-street parking
- GIA 345 sq metres

Sale price – February 2001		£1,330,000
Add for market movement		£25,000
Add for condition		<u>£200,000</u>
		£1,555,000
Less for size	£60,000	
Less for parking and smaller garden	<u>£100,000</u>	<u>£160,000</u>
		£1,395,000

42. During the Hearing Mr Buchanan increased his adjustment for condition from £150,000 to £200,000
43. The same comments applied to this property as a comparable as applied to No. 90 Maida Vale.
44. Mr Buchanan said that the best evidence was provided by the sales of 12 St John's Wood Road and 25 Aberdeen Place as they were closer to the subject property. He had therefore adopted a value of £1,460,000 as representing the value of the freehold interest in the subject property with vacant possession, including the value of the tenants' improvements. This value was subsequently amended to £1,493,750.

The Value of the Tenants' Improvements

45. Mr Hamilton said that the historians employed by both parties had agreed that Section 3(3) of the 1967 Act applied so the tenants' improvements carried out since the start of the first lease fell to be disregarded.
46. With regard to the effect of the extension on value, the gross internal floor area of the extension was agreed at 46 square metres. On a gross internal floor area basis, the value of the extension was about £243,616. The effect on value would be about half the amount only, as the remainder would be reflected in the base value of the subject property because of its potential to be extended which other properties such as 12 St John's Wood Road do not possess, and he deducted £118,000 for the effect on value of the extension.
47. With regard to the internal alterations, Mr Hamilton accepted that the original house would not have been fitted out as it is today. In his view, the majority of potential purchasers in the market would strip out all the plumbing (both to bathrooms and central heating), the bathrooms and kitchen fittings and the electrical wiring and install new, modern fixtures and fittings. He said that it is now common practice to create a large family kitchen/breakfast room/living room generally in the basement of such houses and he would expect this to happen at the subject property, with ground floor reverting to more formal reception rooms.

48. Although he considered it unlikely that in June 2001, anyone purchasing the house would re-use existing fittings Mr Hamilton had allowed £100,000 as the value of the tenants improvements. His freehold unimproved value was therefore £1,478,000 (£1,650,000 less effect on value of extension at £118,000 and less effect on value of fitting out at £100,000).
49. Mr Buchanan said that the lessee contended that all improvements carried out to the property since the grant of the original lease in March 1836 should be disregarded. This contention was not disputed by the freeholder.
50. Mr Buchanan included a list of the improvements which had been carried out by the lessees, with his indicative values, in his proof, as follows –

(i)	construction of two storey extension	£150,000
(ii)	construction of garage and off-street parking	£75,000
(iii)	re-conversion of property into a single family house and rearrangement of the basement accommodation	(deleted)
(iv)	creation of additional bathroom at first floor level and shower room in the basement	£30,000
(v)	formation of dressing room/en suite facilities at first floor level	£10,000
(vi)	reinstallation of new kitchen at ground floor level	(deleted)
(vii)	re-plumbing and installation of new central heating and hot water system	£15,000
(viii)	installation of modern electrical system	£15,000
(ix)	landscaping front and rear gardens	<u>£25,000</u>
		<u>£320,000</u>

51. The most significant improvement was the construction of the side/rear addition in about 1889/1890. This had enlarged the floor area by about 500 sq ft, and it was assumed that the first floor bathroom had been provided at that time.
52. A sectional concrete garage with forecourt parking had been provided at the rear of the garden in 1955, with access off Aberdeen Place. Further various alterations had been carried out since 1971/1972, and the present lessees had carried out extensive alterations and improvements to the property since the leasehold interest was purchased in 1995. These works included the re-conversion of the self-contained basement flat into a single family house, and the reinstallation of the new kitchen at ground floor level, and it was accepted during the hearing that, in the light of the Court of Appeal's judgement in **John Lyons Charity v. Shalson** [2002] 17 EG 156 (CS), these works were not to be regarded as tenants' improvements for the purposes of

section 9(1A)(d) of the Leasehold Reform Act 1967. This reduced his opinion of the value of the improvements to be disregarded to £320,000

53. Mr Buchanan said that the extra space provided by the two storey side/rear extension – which had been agreed at 46 sq metres or 495 sq ft – added 14.4% to the gross internal floor area, which represented an additional pro-rata value of £210,000 based on his valuation of the existing house of £1,460,000, of which he considered that £150,000 represented the value of the improvement, leaving £70,000 as the value of the site. During cross-examination he said that in his experience, where modern ground rents were assessed on a ‘standing house value’ basis, 40% was usually attributed to the site, and referred to three instances in Queens Grove and Norfolk Road where 40% had been used. Mr Buchanan also differentiated between cleared sites and sites of extensions and other tenant’s improvements
54. Mr Buchanan had also considered the value of the tenants’ improvements on a ‘global basis’ and expressed the view that the nature and extent of the improvements would equate to 25% of the value of the improved property. On the basis of his valuation of the improved freehold interest with vacant possession at £1,460,000, this approach produced a value for the improvements of £365,000, which in the circumstances he had rounded to £350,000 to produce an unimproved freehold value of £1,110,000, which was subsequently amended to £1,147,032

The Unimproved Leasehold Value

55. Mr Hamilton said that neither he nor Mr Buchanan had been able to find a comparable house in the neighbourhood that had sold recently with a similar unexpired term.
56. In his view, a well advised lessee with only about 19 years left on the lease would be unlikely to extend the property. For such a lessee the extension has no “potential value” which he had reflected in the freehold value at £122,000. Taking 42% of the unimproved freehold value excluding all potential resulted in an existing lease value of £569,520. He thought the answer probably lay between these two values and he adopted an unimproved existing leasehold value of £595,000.
57. Mr Buchanan also acknowledged that in this case there was a lack of current market evidence of sales of relatively short unexpired leases but, based on his experience and judgement, he would expect the leasehold value to equate to 40 to 45% of the freehold value to reflect the existing unexpired term and disregarding the rights under the Act. This suggested an unimproved leasehold value of between £444,000 and £500,000, and taking all relevant matters into account, including the sale of the leasehold interest in the subject property in 1995 for £417,500, he valued the unimproved leasehold interest at £488,000, which he subsequently amended to £504,694 – being 44% of £1,147,032.
58. Mr Hamilton’s amended valuation, submitted on the second day of the Hearing, assessed the amount to be paid on enfranchisement at £641,261. A copy of his valuation is attached as Appendix 2.

59. Mr Buchanan's amended valuation, also submitted on the second day of the hearing, assessed the amount to be paid at £476,522, but it did not include the changes made during the hearing. A copy of his valuation is attached as Appendix 3.

Inspection

60. The Tribunal inspected the subject property by arrangement with Mr and Mrs Jacobs on 26 April 2002, and viewed the comparables externally on the same date.

61. 16 St John's Wood is a Listed Grade II semi-detached four storey dwelling house, built about 1836 and situated on a corner plot at the junction of St John's Wood Road and Cunningham Place. It is built of brick with a butterfly roof over the original part and a flat roof over the extension. The property has stuccoed ground floor and lower ground floor elevations, and contains the following accommodation –

Lower ground floor	Bedroom used as an office with a small store Laundry/utility with Wine Cellar Bedroom Cloakroom with shower, hand basin and wc
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Ground floor	Entrance hall with grate Reception with open fireplace Open plan dining room and kitchen Cloakroom with hand basin and wc
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First floor	Reception room 2 bedrooms Bathroom with hand basin and wc Landing with boiler and airing cupboards
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Second floor	2 bedrooms Bathroom with hand basin, bidet and wc
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62. The property has front, side and rear gardens with a patio, lawns and flower and shrub borders. At the end of the rear garden is an old sectional concrete garage, with a forecourt providing off-street parking for one car, and vehicular access to Cunningham Place. The property has an agreed gross internal area (GIA) of 320.60 sq metres/3451 sq ft, including a side/ rear extension erected by the lessees of 46 sq metres/495 sq ft, and a site area of 0.13 acres. The parties have agreed that the property is in 'fair' condition for valuation purposes.

63. The comparable properties were as shown in the photographs and described in the sale particulars which formed part of the Agreed Statement of Facts. They were all Listed Grade II dwelling houses, and summary details of their accommodation, condition, gross internal and site areas also formed part of the Statement of Agreed Facts.

The Tribunal's Decision

64. The Tribunal adjusted the sale prices of the four freehold comparables to reflect the differences between them and the subject property, much the same as Mr Hamilton and Mr Buchanan had done, having regard to the Savills Prime Central London Capital Values Indices, but without making an adjustment for size at this stage, and arrived at the following adjusted capital values and values per square foot –

12 St John's Wood Road

Sale price - March 1998	£960,000
Market movement (50%)	£480,000
Plot / parking / access	£125,000 (agreed)
Layout and style	<u>£50,000</u>
	£1,615,000 = £462 p sq ft.

25 Aberdeen Place

Sale price -February 2001	£1,150,000
Market movement (3.5%)	£40,000
Plot / parking / access	£125,000 (agreed)
Location (5%)	<u>£57,500</u>
	£1,372,500 = £494 p sq ft

90 Maida Vale

Sale price - December 2000	£2,000,000
Market movement (7%)	£140,000
Condition	- £150,000
Parking / garage	- £50,000
Garden	- £25,000
Layout	£25,000
Location	<u>£25,000</u>
	£1,965,000 = £467 p sq ft.

94 Maida Vale

Sale price - February 2001	£1,330,000
Market movement (3.5%)	£46,550
Condition	£250,000
Parking / garage	- £50,000
Garden	- £25,000
Layout	£25,000
Location	<u>£25,000</u>
	£1,601,550 = £430 p sq ft

65. In arriving at its adjustments for 'market movement' the Tribunal considered in each case the Savill's PCL Houses, PCL Flats and PCL North Indices and weighted its adjustment towards the PCL Houses and the PCL North Indices. For example, in

respect of 12 St John's Wood Road the percentages were 62%, 45% and 44% respectively, and in respect of 25 Aberdeen Place the percentages were 3.8%, 4.9% and 3.3%. Although Mr Buchanan had said that he had also relied upon his own experience and the views of local estate agents, no actual evidence of either was provided during the Hearing.

66. The Tribunal also considered the negotiated settlements referred to by Mr Hamilton, but obtained little assistance from the enfranchisement of 5 and 7 St John's Wood Road. It did, however, analyse for comparison purposes the unimproved freehold value of 35 St John's Wood Road, being a semi-detached listed Grade II dwelling house very near the subject property, which devalued to £602 p sq ft for a much smaller property.

67. The Tribunal tabulated the subject property and the comparables in order of size, as follows –

35 St John's Wood Road (unimproved value)	2185 sq ft @ £602 p sq ft
25 Aberdeen Place	2781 sq ft @ £494 p sq ft
16 St John's Wood Road (excl. extension)	2956
16 St John's Wood Road (incl. extension)	3451
12 St John's Wood Road	3493 sq ft @ £462 p sq ft
94 Maida Vale	3728 sq ft @ £430 p sq ft)
90 Maida Vale	4204 sq ft @ £467 p sq ft)

68. Although the Maida Vale comparables showed considerable differences in value at £430 and £467 per sq ft, which suggested that the adjustments may need further consideration, the Tribunal noted that the average price per sq ft for these two properties would be about £450 per sq ft at about 4000 sq ft, which was in line with the overall pattern of values per sq ft.

69. Within the table, 16 St John's Wood Road fell between 12 St John's Wood Road at £462 per sq ft and 2 Aberdeen Place at £494 per sq ft – which the parties and the Tribunal regarded as the better comparables, and as 12 St John's Wood Road was also very similar in size the Tribunal adopted a capital value of £465 per sq ft for the subject property. This produced an improved capital value of £1,604,715, which the Tribunal rounded to £1,605,000

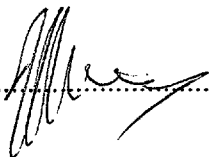
70. The Tribunal then considered what adjustment should be made to exclude the effect on value of the tenants' extension. The area of the extension had been agreed at 46 sq metres or 495 sq ft. Without the extension the subject property would have an area of 2956 sq ft, much nearer the size of 25 Aberdeen Place which had analysed at £494 per sq ft, but as the extension contained two principal rooms the Tribunal rejected an adjustment based on the difference between capital values in favour of a straight

apportionment at £465 per sq ft. On this basis the capital value of the extension was £230,000, including the value of the site.

71. On a quasi 'standing house' value approach the Tribunal considered that to reflect the high values in the St John's Wood area the effect on value of the extension as a tenants' improvement should be taken at 50% of its full capital value, ie that an adjustment of £115,000 should be made for this item of improvement. Although Mr Buchanan had taken 40% as the site value, and had referred to three instances where 40% had apparently been agreed, no details had been provided and in the Tribunal's opinion a 50:50 split provides an equitable division in this case.
72. The Tribunal then considered what further adjustments should be made to reflect the effect on value of the other tenants' improvements. Apart from the construction of the garage and off street parking, and the landscaping of the gardens, all of the other improvements had been carried out by the present lessees following their purchase of the lease in 1995, and were therefore only about five years old at the valuation date. Mr Buchanan's estimate of the value of these improvements was £85,000. No details were given of the costs incurred, nor how the values attached to the individual items had been assessed, and on the limited information available, the Tribunal considered that the value of these items as tenants' improvements at the valuation date was £60,000
73. The Tribunal understood that the vehicular access off Cunningham Place at the rear of the property, and the sectional concrete garage and concrete forecourt had been constructed in or about 1955. Although the garage is now somewhat dilapidated, the Tribunal considers that the planning consent for the vehicular access and the off-street parking has a significant value. Mr Buchanan suggested that the value was £75,000. The Tribunal considers that the value of this item as a tenants' improvement at the valuation date was £60,000, to include the value of the planning consent which would have been obtained by the tenant at that time.
74. As to the landscaping of the front, side and rear gardens, this appears to have been carried out over the years by a succession of lessees on a piecemeal basis. The present layout may not reflect current landscaping fashions, and the Tribunal considers that an adjustment of £5,000 more than adequately reflects the value of this item.
75. The Tribunal therefore determines that, for the purpose of the enfranchisement, the value of the tenants' improvements is £240,000 and that the value of the freehold interest with vacant possession, excluding the effect on value of the tenants' improvements, at the valuation date, is £1,365,000
76. This left the value of the leasehold interest, excluding the effect on value of the tenants' improvements for determination. Although there was a considerable difference between their valuations, Mr Hamilton had taken 42% and Mr Buchanan had taken 44% of the unimproved freehold value as representing the value of the unimproved leasehold interest, and without better evidence the Tribunal is content to follow this approach. It therefore determines the value of the unimproved leasehold interest at £587,000 – about 43% of the unimproved freehold value.

77. Having determined the values of the unimproved freehold and leasehold interests at £1,365,000 and £587,000 respectively, the Tribunal determines the enfranchisement premium at £591,840. A copy of the Tribunal's determination is attached as Appendix 1.

CHAIRMAN.....



DATE..... 16 JULY 2002

Appendix 1

16 St Johns Wood Road, London NW8

Valuation in accordance with Sections 9(1A) and 9(1C) of the Leasehold Reform Act 1967, as at 1 June 2001 – the date of the Notice of Claim

A. Value of Freehold Interest

(i)	Ground Rent 1/6/2001 to 28/9/2020	£140 p a	
	YP 19.33 years @ 6.5%	<u>10.8293</u>	£1,516
(ii)	Reversion to unimproved freehold with vacant possession	£1,365,000	
	PV £1 19.33 years @ 6.5%	<u>0.296095</u>	<u>£404,170</u>
			£405,676

B. Marriage Value

Value of unimproved freehold interest with vacant possession		£1,365,000
<u>Less</u>		
Value of freehold interest	£405,676	
Value of leasehold interest	<u>£587,000</u>	<u>£992,676</u>
Marriage Value		£372,324
	50% of Marriage Value	£186,162

C. Premium

Value of freehold interest	£405,676
50% of Marriage Value	<u>£186,162</u>
	£591,838
Say	£591,840

THE LEASEHOLD REFORM ACT 1967 (AS AMENDED).

DATE:- 23/05/2002

AMENDED VALUATION

PROPERTY 16 St John's Wood Road, London NW8

NOTICE DATE 01/06/2001

LEASE DETAILS

DATE 19/02/1948
 TERM 73
 EXPIRY DATE 28/09/2020
 UNEXPIRED TERM 19.33
 GROUND RENT £140

VALUES

FHVP UNIMPROVED £1,432,000
 EXISTING LEASE UNIMPROVED £575,000 0.402
 LESSEE'S IMPROVEMENTS

VALUE OF FREEHOLD PRESENT INTEREST

<u>TERM 1</u>	GROUND RENT	£140	
	x YP 19.33 years @ 6.50%	10.82934	
			£1,516
<u>REVERSION</u>	FHVP UNIMPROVED	£1,432,000	
	x PV 19.33 years @ 6.50%	0.296093	
			£424,005
	Freeholder's Interest		£425,521

MARRIAGE VALUE

	FHVP UNIMPROVED	£1,432,000	
Less	Lessor's Present Interest	£425,521	
	Lessee's Interest	£575,000 0.4015	
Marriage Value		£431,479	
Take	50% Marriage Value		£215,739
	TOTAL		£641,261

AMENDEDTHE LEASEHOLD REFORM, HOUSING AND URBAN DEVELOPMENT ACT 1993

DATE: 9th April 2002
PROPERTY: 16 St John's Wood Road, NW8
VALUATION DATE: 1st June 2001

LEASE DETAILS

DATE
 TERM 73 years from 29/09/47
 EXPIRY DATE 29/09/2020
 UNEXPIRED TERM 19.33 years
 GROUND RENT £140 per annum

VALUES

	<u>UNIMPROVED</u>
FHVP	£1,110,000
UNEXPIRED TERM	£488,000
LESSEE'S IMPROVEMENTS	(£350,000)

VALUE OF FREEHOLD PRESENT INTEREST

<u>TERM</u>	GROUND RENT		£140p.a.
	x YP 19.33 years	6½%	10.83
			£1,516
<u>REVERSION</u>	FHVP (less improvements)		£1,110,000
	x PV 19.33 years	6½%	.296
			<u>£328,560</u>
			Lessors interest £330,076

MARRIAGE VALUE

	FHVP (less improvements)	£1,110,000
Less	Lessor's Present Interest	£330,076
	Lessee's Interest (less improvements)	£488,000
		<u>£291,924</u>
Marriage Value		
	50% Marriage Value	<u>£145,962</u>
	TOTAL	£476,522

GB/RA/Sched/lr16stjohn

Belfast Birmingham City of London Edinburgh Glasgow Leeds Manchester West End of London

Colliers Conrad Ritblat Erdman (Colliers CRE) is the principal business of Fitzhardinge plc, and a member of the worldwide Colliers International organisation.

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