

2754



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

Case Reference : CHI/00ML/OLR/2012/0181
CHI/00ML/OLR/2012/0182
CHI/00ML/OLR/2012/194
CHI/00ML/OLR/2012/0274
CHI/00ML/OLR/2012/ 0002
CHI/00ML/OLR/2013/0087

Property : Flats 5,10,14,27, 28 and 32 Coniston Court Holland
Road Hove BN3 1JU

Applicant : Flat 5 : K Toogood
Flat 10: K Kochra & A Johansson
Flat 14: P Behdad
Flat 27: Cambridge Investments Ltd
Flat 32: A Abraham
Flat 28: D Tzanis

Representative : Mr N Duckworth Counsel

Respondent : Arrowdell Ltd

Representative : Mr A Radevsky Counsel

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

Tribunal Members : Mrs F J Silverman Dip Fr LLM
Mr R Wilkey FRICS
Ms C Barton FRICS

Date and venue of Hearing : **Brighton** , 18 July 2013

Date of Decision : 23 August 2013

© CROWN COPYRIGHT 2013

Decision

The Tribunal determines that the premium payable by the Applicant tenants for an extended lease of Flat 5 is £12,700 , of Flat 10 is £28,950 , of Flat 14 is £29,000 , of Flat 27 is £29,500 , of Flat 28 is £29,800 and of Flat 32 is £29,600 , in all cases exclusive of statutory costs.

- 1 The Applicants filed their respective applications with the Tribunal on the dates listed in Schedule A asking the Tribunal to determine the price payable for an extended lease of the properties known as 5, 10, 14, 27, 28 and 32 Coniston Court Holland Road Hove BN3 1JU (the properties) under section 48 Leasehold Reform Housing and Urban Development Act 1993 and other matters relevant to that transaction. Directions were issued by the Tribunal on various dates and ultimately on 24 February 2013. By order of the Tribunal the above listed cases are conjoined and were heard together. This Decision therefore applies in full to all the cases listed above except where the context refers specifically to an individually identified flat.
- 2 The hearing of the matter took place before a Tribunal sitting in Hove on 18 July 2013 at which Mr N Duckworth of Counsel represented the Applicants and Mr A Radevsky of Counsel represented the Respondent. Mr A Pridell FRICS gave evidence for the Applicants and Ms Tolgyesi MRICS for the Respondents .
- 3 The Tribunal inspected the exterior of the property immediately before the hearing and was shown the interior of Flat 32 on the fifth floor of the brick built block which it is assumed was built in the 1960's. Flat 32 comprises a small entrance hall, a small bathroom, small fitted kitchen, a living room , one double and one single bedroom. The common parts of the property are old-fashioned with unwelcoming narrow corridors and concrete walkways. There is however a lift to the upper floors. The block comprises 37 flats including three penthouses on the roof of the building, spread over five floors. The building is situated on Holland Road and is a few minutes' walk from the seafront and other amenities. There was very little communal space or garden surrounding the block but there did appear to be some car parking to the rear of the ground floor of the building. The area surrounding the building consists largely of blocks of similar flats some of which would appear to have been built 50 or 60 years ago, others are of more modern construction.

Matters agreed and statement of agreed facts dated 7 February 2013

4 At the date of the hearing the parties had agreed the matters set out in Schedule A attached which were therefore not required to be considered by the Tribunal.

Matters in dispute

5 The items listed in the table on the concluding page of Schedule A and the respective parties' proposals in relation to them remained to be decided by the Tribunal.

Uplift to freehold vacant possession values

6 The Respondent's witness, Ms Tolgyesi, asked the Tribunal to follow her recommendation that there should be a 1% uplift in this case. However the Applicant's witness, Mr Pridell, suggested that there should be no uplift. To support his argument he reminded the Tribunal that in the earlier case concerning the North Block of Coniston Court (owned by the same freeholder and adjacent to the subject property) the Respondent had contended for a 1% uplift which had been refused by the Leasehold Valuation Tribunal, such findings being undisturbed in the recorded decision of the Upper Tribunal on appeal. He said that since the objective evidence in support of the 1% uplift was identical in this case to the evidence which had been presented in the earlier case concerning the North Block, there could be no justification, for deciding to grant the uplift in the present case. The Tribunal accepts Mr Pridell's argument and accordingly declines to grant the 1% uplift.

Deferment Rate

7 In relation to the deferment rate the Applicant contended for 6% and the Respondent for 5.25%. The difference between them related to the adjustments referred to in the Zuckerman case. The Respondent had agreed that there should be a 0.25% addition to reflect the increased burden of management, but she disputed the Applicant's suggestion that there should be a 0.5% addition for reduced growth prospects or a further additional 0.25% for obsolescence.

8 In the Zuckerman case the upper Tribunal had held in relation to the lease extension claims in the West Midlands that there should be a 0.5% addition to the 5% Sportelli rate to reflect reduced growth prospects in respect of the subject flats when compared to prime central London properties. The Upper Tribunal's reasoning in Zuckerman was based on evidence which indicated that there was a marked difference between the performance of properties both in the West Midlands area generally as well as on the subject estate, and the growth achieved in the prime central London area. That difference was held to be a matter which would give the hypothetical investor genuine concern about whether the 2% growth rate inherent in the Sportelli rate would be achieved.

9 It appears from Zuckerman that in order to convince a Tribunal that a 0.5% addition is justified, solid evidence ranging over a substantial period of time must be adduced. In the present case, Mr Pridell, for the Applicants, presented evidence spanning a 45 year period (10 years longer than the period used in Zuckerman) ranging from the date when the properties were first built to the present day. It is perhaps regrettable that he omitted to include within his evidence, data belonging to Flat 14 which was sold this year, a transaction of which he must have been aware since the property belongs to one of his own clients. However, the graph which he

did present does demonstrate without any doubt that although properties in Brighton and Hove do perform better than some other areas, they fall well short of the growth in prime central London. It is also noted that the recent Ashdown decision also reviewed growth prospects in Brighton and Hove and found them to be materially lower than those for prime central London.

10 For the Respondents Ms Tolgyesi relied primarily on the Land Registry index to demonstrate that growth prospects in Brighton and Hove were not materially different from those in prime central London. Although the graph which she derives from that index could be read as suggesting that it supported her own contention, the Tribunal has treated that evidence with some caution because the graph does not differentiate between different types of property and in particular it is impossible to identify the statistical information which relates exclusively to the sales of flats held on long leases. The Tribunal notes that the information obtained from the Land Registry index only spans a period of 17 years which is too short a time scale to satisfy the criteria in Zuckerman. Ms Tolgyesi also relied on the Nationwide regional index covering a period from 1973-2012, but the data revealed by this graph shows generally (with a small exception) that the outer south-east performs a less well than prime central London. This evidence is therefore more supportive of the Applicant's case that it is of the Respondent's.

Obsolescence

11 The Applicant argued that in addition to the 0.5% upwards adjustment to the Sportelli rate, a further 0.25% should also be added in accordance with the principles outlined in the Zuckerman case to account for obsolescence. Such an increase was awarded in Zuckerman on the grounds that although building costs in London were not substantially different from those in the West Midlands where the properties which were the subject of the Zuckerman case were situated, the value of the properties which were the subject of the Sportelli case itself were substantially different and it therefore followed that it was likely to remain economically viable to repair the high value properties in prime central London, such as those in the Sportelli case, longer than it was to maintain properties in the provinces. The same arguments appear to apply in the present case where the value of the subject properties is roughly £198-£240 per square foot in contrast with the £740-£1,100 per square foot which is representative of the value of the properties in Sportelli

12 As at the date of the hearing the Zuckerman decision was extant and the Tribunal had sympathy with the arguments propounded in favour of following the principles set out in that case. However, the Tribunal was aware that the decision in *Voyvoda v Grosvenor West End Properties* was pending (now reported at [2013] UKUT 0334 (UT)) and that the latter decision was likely to impact on the decision in the instant case. In the interim between the hearing of the present case and the date when the decision was made the *Voyvoda* decision was promulgated, the effect of which is to rule that Zuckerman type additions are not justified. That being so we have no choice but to follow *Voyvoda* and to declare that the deferment rate in the present case shall be 5%.

Relativity

13 The Applicant's witness, Mr Pridell, stated that he considered that the correct percentage for relativity was 83% whereas the Respondent's witness, Ms Tolgyesi, preferred the figure of 60%. Although Ms Tolgyesi had produced an impressive volume of evidence based on her analysis of a large number of properties from which she had produced her own graph to support her contention that 60% was the correct figure, the Tribunal was unconvinced by her conclusions. Her findings were based on two groups of transactions, one dealing with leases with approximately 30 years to run, the other on lease with about 70 years unexpired, neither of which has any bearing on the 54 year unexpired residue relevant to the properties in this case. Further, her analysis was based on properties which were not similar in type to the subject properties (maisonettes rather than flats in a block) and were in an outer London Borough where it is suggested that the property prices and movements are quite different to those in Brighton and Hove. The Tribunal is unclear as to why Ms Tolgyesi chose to use these particular properties to demonstrate her theory when Brighton and Hove itself could have provided a wealth of suitable material. Additionally, Ms Tolgyesi omitted to include within her data the one known sale which had occurred with a residue similar to that of the subject properties.

14 Mr Pridell's suggested figure of 83% has some support from the LEASE graph which gives a figure of 82%, and from the Upper Tribunal's decision in the Dependable Homes case (2009) where in respect of an unexpired term of 54 years the relativity was stated to be 83%. His figure can also be reconciled with the relativity determined by the Upper Tribunal for Coniston Court (North) at which time the relevant leases had 64 years unexpired.

15 Further evidence, for example by taking the average of the graph of graphs suggest that a relativity rate of 76% would be a realistic figure. All of these examples demonstrate that Ms Tolgyesi's suggested figure of 60% is considerably out of line with available comparative evidence and leads the Tribunal to conclude that her evidence should not be accepted on this point.

16 It does however consider that Mr Pridell's figure might be slightly too optimistic and prefers to rely on the graph of graphs as was done in the previous Arrowdell decision. It therefore concludes that the relativity applicable in this case should be 76%.

17 Having applied the above principles to the subject properties, the Tribunal's calculations of the relevant premiums payable by the respective properties are shown on the attached schedules.

The Law

18 Schedule 13 to the Leasehold Reform, Housing and Urban Development Act 1993 (The Act) provides that the premium to be paid by the tenant for the grant of a new lease shall be the aggregate of the diminution in the value of the landlord's interest in the tenant's flat, the landlord's share of the marriage value, and the amount of any compensation payable for other loss.

The value of the landlord's interests before and after the grant of the new lease is the amount which at the valuation date that interest might be expected to realise if sold

on the open market by a willing seller (with neither the tenant nor any owner of an intermediate leasehold interest buying or seeking to buy) on the assumption that the tenant has no rights under the Act to acquire any interest in any premises containing the tenant's flat or to acquire any new lease.

Para 4 of the Schedule, as amended, provides that the landlord's share of the marriage value is to be 50%, and that where the unexpired term of the lease exceeds eighty years at the valuation date the marriage shall be taken to be nil.

Para 5 provides for the payment of compensation for loss arising out of the grant of a new lease.

Schedule 13 also provides for the valuation of any intermediate leasehold interests, and for the apportionment of the marriage value.

Judge F J Silverman
as Chairman
23 August 2013

Schedule A matters agreed by the parties prior to the hearing

MATTERS AGREED

1. Description of properties

Purpose built flats forming part of a block housing a total of 37 flats

FLAT 5

Ground floor

Communal entrance hall

Rear open deck access, front door to :

Flat 5

Entrance hall
Bed/sitting room
Kitchen
Bathroom/WC

FLAT 10

Ground floor

Communal entrance hall, stairs up to :

First floor

Communal entrance hall, door to :
Rear open deck access, front door to :

Flat 10

Entrance hall
Sitting/dining room - door to : Balcony
Kitchen
Double bedroom 1
Single bedroom 2
Bathroom/WC

1108

MATTERS AGREED

1. Description of properties

Purpose built flats forming part of a block housing a total of 37 flats

FLAT 5

Ground floor

Communal entrance hall

Rear open deck access, front door to :

Flat 5

Entrance hall
Bed/sitting room
Kitchen
Bathroom/WC

FLAT 10

Ground floor

Communal entrance hall, stairs up to :

First floor

Communal entrance hall, door to :
Rear open deck access, front door to :

Flat 10

Entrance hall
Sitting/dining room - door to : Balcony
Kitchen
Double bedroom 1
Single bedroom 2
Bathroom/WC

1108

MATTERS AGREED

1. Description of properties

Purpose built flats forming part of a block housing a total of 37 flats

FLAT 5

Ground floor

Communal entrance hall

Rear open deck access, front door to :

Flat 5

Entrance hall
Bed/sitting room
Kitchen
Bathroom/WC

FLAT 10

Ground floor

Communal entrance hall, stairs up to :

First floor

Communal entrance hall, door to :
Rear open deck access, front door to :

Flat 10

Entrance hall
Sitting/dining room - door to : Balcony
Kitchen
Double bedroom 1
Single bedroom 2
Bathroom/WC

1108

FLAT 28

Ground floor

Communal entrance hall, stairs up to :

Third floor

Rear open deck access, front door to :

Flat 28

Entrance hall
Sitting/dining room - door to : Balcony
Kitchen
Double bedroom 1
Single bedroom 2
Bathroom/WC

FLAT 32

Ground floor

Communal entrance hall, stairs and lift up to :

Fourth floor

Semi open communal landing and rear deck access,
front door to :

Flat 32

Entrance hall
Sitting/dining room - door to : Balcony
Kitchen
Double bedroom 1
Single bedroom 2
Bathroom/WC

1110

FLAT 14

Ground floor

Communal entrance hall, stairs up to :

First floor

Rear open deck access, front door to :
Entrance hall
Sitting/dining room - door to : Balcony
Kitchen
Double bedroom 1
Single bedroom 2
Bathroom/WC

FLAT 27

Ground floor

Communal entrance hall, stairs and lift up to :

Third floor

Communal landing door to :
Rear open deck access, front door to :

Flat 27

Entrance hall
Sitting/dining room - door to : Balcony
Kitchen
Double bedroom 1
Single bedroom 2
Bathroom/WC

1109

2. Tenure

Flat 5 - Lease dated 10th December 1986.
Term - 99 years from 25th March 1967
Therefore expires in 2066
Unexpired term at date of Initial Notice - 53.68 years

Flat 10 - Lease dated 19th July 1967
Term - 99 years from 25th March 1967
Therefore expires in 2066
Unexpired term at date of Initial Notice - 54.18 years

Flat 14 - Lease dated 23rd June 1967
Term - 99 years from 25th March 1967
Therefore expires in 2066
Unexpired term at date of Initial Notice - 53.65 years

Flat 27 - Lease dated 12th March 1968
Term - 99 years from 25th March 1967
Therefore expires in 2066
Unexpired term at date of Initial Notice - 54.18 years

Flat 28 - Lease dated 8th August 1967
Term - 99 years from 25th March 1967
Therefore expires in 2066
Unexpired term at date of Initial Notice - 54.97 years

Flat 32 - Lease dated 22nd March 1968
Term - 99 years from 25th March 1967
Therefore expires in 2066
Unexpired term at date of Initial Notice - 53.96 years

3. Ground rents

Flat 5			£25 per annum fixed throughout the term
Flat 10	1967 - 2000	£22 p.a.	
	2000 - 2033	£33 p.a.	
	2033 - 2066	£44 p.a.	
Flat 14	1967 - 2000	£22 p.a.	
	2000 - 2033	£33 p.a.	
	2033 - 2066	£44 p.a.	
Flat 27	1967 - 2000	£22 p.a.	
	2000 - 2033	£33 p.a.	
	2033 - 2066	£44 p.a.	
Flat 28	1967 - 2000	£22 p.a.	
	2000 - 2033	£33 p.a.	
	2033 - 2066	£44 p.a.	
Flat 32	1967 - 2000	£24 p.a.	
	2000 - 2033	£36 p.a.	
	2033 - 2066	£48 p.a.	

1111
5

5. Date of valuation

Dates of Initial Notices :

Flat 5	19 th July 2012
Flat 10	20 th January 2012
Flat 14	31 st July 2012
Flat 27	27 th January 2012
Flat 28	30 th October 2012
Flat 32	10 th April 2012

6. Values of long unimproved leasehold interests:

Flat 5	£80,000
Flat 10	£185,000
Flat 14	£185,000
Flat 27	£188,700
Flat 28	£188,700
Flat 32	£188,700

7. Capitalisation rate: 6.50%

MATTERS NOT AGREED

- 1. Uplift to freehold vacant possession values**
Mr Pridell contends there should be none
Ms Tolgyesi contends for 1%
- 2. Reversionary deferment rate**
Mr Pridell contends for 6%
Ms Tolgyesi contends for 5.25%
- 3. Relativity**
Mr Pridell contends for 83%
Ms Tolgyesi contends for 60%

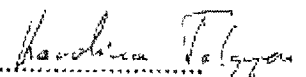
Signed



Andrew Pridell FRICS
Andrew Pridell Associates Limited
On behalf of the Applicants

Date: 11/2/13

Signed



Karolina Tolgyesi MRICS
Beckett & Kay LLP
On behalf of the Respondent

Date: 03/02/2013

1112
6

Schedule B
Valuations

Address: Flat 5 Coniston Court Holland Road Hove BN3 1JU.

Facts Used:

Value of extended long lease	£80,000	
Relativity	76%	
Value of existing unimproved leasehold	£60,800	
Valuation date	19/07/2012	
Yield/capitalisation rate	6.5%	
Reversionary deferment rate	5.0%	
Unexpired term at valuation date (years)	53.68	
Ground rent per annum	£25	(Fixed throughout term)
Value of tenants improvements	£0	

Valuation:

£

a) Diminution in value of landlord's interest -

i) Ground rent now	25	
YP 53.68 years @ 6.5%	<u>14.8611</u>	372

ii) Reversion to Capital Value	80,000	
Deferred 53.68 years @ 5%	<u>0.0729</u>	5832

Landlord's interest before lease extension 6204

iii) Reversion to Capital Value	80,000	
Deferred 143.68 years @ 5%	<u>0.0009</u>	

Landlord's interest after lease extension 72

Diminution in the value of the Landlord's interest:

6,132

b) Landlord's share of Marriage Value

Value of interests after Marriage

Value of extended lease.		80,000
Landlord's interest		<u>72</u>
Combined interests after Marriage		80,072

Interests before marriage		
Value of lessee's current interest	60,800	
Landlord's interest	6,132	
Combined interests before marriage.		<u>66,932</u>

Marriage Value, therefore - 13,140

Landlord's share of marriage value (50%)
6,570

Price payable under Act
12,702
(Say)
£12,700

Address: Flat 10 Coniston Court Holland Road Hove BN3 1JU

Facts used:

Value of extended long lease	£185,000
Relativity	76%
Value of existing unimproved leasehold	£140,600
Valuation date	20/01/2012
Yield/capitalisation rate	6.5%
Reversionary deferment rate	5.0%
Unexpired term at valuation date (years)	54.18
Ground rent per annum	£33 rising to £44 after 21.18 years.
Value of tenants improvements	£0

Valuation : £

a) Diminution in value of landlord's interest -

i) Ground rent now	33	
YP 21.18 years @ 6.5%	<u>11.3312</u>	374
ii) Ground rent at next review	44	
YP 33 years @ 6.5%	13.4591	
Deferred 21.18 years at 6.5%	<u>0.2635</u>	3,5465
		156
iii) Reversion to Capital Value	185,000	
Deferred 54.18 years @ 5%	<u>0.0711</u>	13,153.5
Landlord's interest before lease extension		13,683.5
iv) Reversion to Capital Value	185,000	
Deferred 144.18 years @ 5%	0.0009	
Landlord's interest after lease extension		166.5
Diminution in value of Landlord's interest		
13,517		

b) Landlord's share of Marriage Value

Value of interests after Marriage

Value of extended lease	185,000
Landlord's interest after lease extension	166.5
Combined interests after Marriage	<u>185,166.5</u>

Value of interests before Marriage

Value of lessee's current interest	140,600
Landlord's interest before lease extension	<u>13,683.5</u>
Combined interests before Marriage	<u>154,283.5</u>

Marriage value therefore - **30,883**
Landlord's share of marriage value (50%)

15,441.5

Price payable under Act

28,958

(say)

28,950

Address: Flat 14 Coniston Court Holland Road Hove BN3 1JU

Facts used:

Value of extended long lease	£185,000
Relativity	76%
Value of existing unimproved leasehold	£140,600
Valuation date	31/07/2012
Yield/capitalisation rate	6.5%
Reversionary deferment rate	5.0%
Unexpired term at valuation date (years)	53.65
Ground rent per annum	£33 rising to £44 after 20.65 years
Value of tenants improvements	£0

Valuation: £

a) Diminution in value of landlord's interest -

i) Ground rent now	33	
YP 20.65 years @ 6.5%	<u>11.1936</u>	369
ii) Ground rent at next review	44	
YP 33 years @ 6.5%	13.4591	
Deferred 20.65 years @ 6.5%	<u>0.2724</u> 3.6663	161
iii) Reversion to Capital Value	£185,000	
Deferred 53.65 years @ 5.0%	<u>0.0730</u>	13,505
Landlord's interest before lease extension		14,035
iv) Reversion to Capital Value	£185,000	
Deferred 143.65 years @ 5.0%	<u>0.0009</u>	
Landlord's interest after lease extension		<u>166.5</u>

Diminution in value of Landlord's interest
13,868.5

b) Landlord's share of Marriage Value

Valuation of interests after Marriage

Value of extended lease	185,000
Landlord's interest	<u>166.5</u>
Combined interests after Marriage	185,166.5

Value of interests before Marriage

Value of lessee's current interest	140,600
Landlord's interest before lease extension	<u>14,035</u>
Combined interests before Marriage	<u>154,635</u>
Marriage value therefore	30,531.5
Landlord's share of Marriage Value (50%)	

Address: Flat 27 Coniston Court Holland Road Hove BN3 1JU

Facts used:

Value of extended long lease	£188,700
Relativity	76%
Value of existing unimproved leasehold	£143,412
Valuation date	27/01/2012
Yield/capitalisation rate	6.5%
Reversionary deferment rate	5.0%
Unexpired term at valuation date (years)	54.18
Ground rent per annum	£33 rising to £44 after 21.18 years
Value of tenants improvements	£0

Valuation:

a) Diminution in value of landlord's interest - £

i) Ground rent now	33	
YP 21.18 years @ 6.5%	11.33	374
ii) Ground rent at next review	44	
YP 33 years @ 6.5%	13.4591	
Deferred 21.18 years @ 6.5%	<u>0.2638</u>	3.5505
		156
iii) Reversion to freehold value	188,700	
Deferred 54.18 years @ 5.0%	<u>0.0712</u>	13,435
Landlord's interest before lease extension		13,965
iv) Reversion to freehold value	188,700	
Deferred 144.18 years @ 5.0%	<u>0.0009</u>	
Landlord's interest after lease extension		<u>170</u>

**Diminution in value of landlord's interest
13,795**

b) Landlord's share of Marriage Value
Valuation of interest after Marriage

Value of extended lease	188,700
Landlord's interest after lease extension	<u>170</u>
Combined interests after Marriage	188,870

Value of interests before Marriage

Value of lessee's current interest	143,412
Landlord's interest before lease extension	<u>13,965</u>
Combined interests before Marriage	<u>157,377</u>
Marriage value therefore	31,493

Landlord's share of Marriage Value (50%)

15,746.5

Price payable under the Act

29,541.5

(Say)

29,500

Address: Flat 28 Coniston Court Holland Road Hove BN3 1JU

Facts used :

Value of extended long lease	£188,700
Relativity	76%
Value of existing unimproved leasehold	£143,412
Valuation date	30/10/2012
Yield/capitalisation rate	6.5%
Reversionary deferment rate	5.0%
Unexpired term at valuation date (years)	53.40
Ground rent per annum	33 rising to £44 after 20.4 years
Value of tenants improvements	£0

Valuation:

a) Diminution in value of landlord's interest -		£
D) Ground rent now	33	
YP 20.4 years @ 6.5%	11.1271	367
ii) Ground rent at first review	44	
YP 33 years @ 6.5%	13.4591	
Deferred 53.4 years @ 6.5%	<u>0.2767</u>	<u>3.7241</u>
		164
iii) Reversion to freehold value	188,700	
Deferred 53.4 years @ 5.0%	<u>0.0739</u>	<u>13,945</u>
Landlords interest before lease extension		14,476
iv) Reversion to freehold value	188,700	
Deferred 143.4 years @ 5.0%	<u>0.0009</u>	
Landlord's interest after lease extension		<u>170</u>
Diminution in value of landlord's interest		14,306

b) Landlord's share of Marriage Value

Valuation of interest after Marriage

Value of extended lease	188,700
Landlord's interest after lease extension	<u>170</u>
Combined interests after Marriage	188,870

Value of interests before marriage

Value of lessee's current interest	143,412
Landlord's interest before lease extension	<u>14,476</u>
Combined interests before Marriage	<u>157,888</u>

Marriage value therefore **30,982**

Landlord's share of Marriage value (50%)

15,491

Price payable under the Act

29,797

(Say)

29,800

Address: Flat 32 Coniston Court Holland Road Hove BN3 1JU

Facts used:

Value of extended long lease	£188,700
Relativity	76%
Value of existing unimproved leasehold	£143,412
Valuation date	11/04/2012
Yield/capitalisation rate	6.5%
Reversionary deferment rate	5.0%
Unexpired term at valuation date (years)	53.96
Ground rent per annum	£36 rising to £48 after 20.96 years
Value of tenants improvements	£0

Valuation:

a) Diminution in value of landlord's interest -		£
i) Ground rent now	36	
YP 20.96 years @ 6.5 %	<u>11.274</u>	406
ii) Ground rent at next review	48	
YP 33 years @ 6.5%	13.4591	
Deferred 20.96 years @ 6.5%	<u>0.2671</u> <u>3.5949</u>	173
iii) Reversion to freehold value	188,700	
Deferred 53.96 years @ 5.0%	<u>0.0719</u>	
		<u>13,568</u>
Landlord's interest before lease extension		14,147
iv) Reversion to freehold value	188,700	
Deferred 143.96 years at 5.0%	<u>0.0009</u>	
Landlord's interest after lease extension		<u>170</u>
Diminution in value of landlord's interest		
13,977		

b) Landlord's share of marriage value

Value of interests after Marriage

Value of extended lease	188,700
Landlord's interest after lease extension	<u>170</u>
Combined interests after Marriage	188,870

Value of interests before Marriage

Value of lessee's current interest	143,412	
Landlord's interest before lease extension	<u>14,147</u>	
Combined interests before Marriage		157,559
Marriage value therefore		31,311

Landlord's share of Marriage value (50%)

15,655

Price payable under Act.

29,632

(Say)

29,600