



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

Case Reference	:	LON/00AC/OLR/2015/1084
Properties	:	Flats 29 & 32 Brook Lodge, North Circular Road, NW11 9LG
Applicants	:	Jeremy Golker and Annette Sharon Golker
Representative	:	Mr Andrew Cohen MRICS
Respondent	:	New Prop Company Limited
Representative	:	Mr Myron Green BSc
Type of Application	:	Grant of new lease (Section 48 Leasehold Reform, Housing and Urban Development Act 1993)
Tribunal Members	:	Mr M Martynski (Tribunal Judge) Mr P M J Casey MRICS
Date and venue of Hearing	:	20 October 2015 10 Alfred Place, London WC1E 7LR
Date of Decision	:	11 November 2015

DECISION

Decision summary

- The premiums to be paid for the new leases of the flats in question are as follows:

Flat 29	£26,825
Flat 32	£31,640

2. Our valuation is attached.

Background

3. The properties which are the subject of this application are one-bedroomed and two-bedroomed flats within a 1930's purpose-built block.
4. The parties' respective valuers undertook much valuable work on the matter and as a result, prior to the hearing before us, they had agreed all but one element of the valuations.
5. The relevant elements of the valuations are as follows.

Item	Flat 29	Flat 32
Lease date	28 July 1978	4 July 1980
Lease term	99 years from 25.03.78	99 years from 25.03.78
Date of Notice	6 October 2014	6 October 2014
Date of Counter-Notice	12 December 2014	12 December 2014
Valuation date	6 October 2014	6 October 2014
Remaining term	62.45 years	62.45 years
Long lease value	Agreed at £300,000	Agreed at £350,000
Capitalisation Rate	Agreed at 7%	Agreed at 7%
Deferment Rate	Agreed at 5%	Agreed at 5%
Relativity Rate	87.59% (App) 84.85% (Resp)	87.78% (App) ¹ 84.85% (Resp)
Valuation	£25,063 (App) £29,214 (Resp)	£28,237 (App) ² £34,320 (Resp)

Evidence

6. Both Valuers produced written reports and gave oral evidence to the tribunal as to their opinion on the correct method of arriving at the Relativity Rate.
7. In the absence of any useful comparables, both Valuers relied upon graphs of relativity. The difference between them was that Mr Cohen, for the Applicants, relied upon the graphs produced by;
Beckett & Kay
South East Leasehold
Nesbitt & Co
Austin Gray
Andrew Pridell

¹ Mr Cohen for the Applicant recorded the start date for the lease incorrectly in his report. This figure should therefore have been the same as for Flat 29, that is 87.59%

² This figure of course requires adjustment due to the error in the lease start date

Mr Cohen felt that these graphs were suited to the subject properties and that, whilst all of them had their failings, they were nonetheless a useful guide. Mr Cohen arrived at his figure for Relativity by taking an average of these graphs.

8. As for Mr Green, he found the most useful of the graphs to be that produced by Nesbitt & Co. He therefore relied upon that graph but then adjusted his figure by taking the figure from the John D Wood Pure Tribunal Graph, which he said represented, "*average relativities determined independently by expert Tribunal panels*".

Decision

9. In our view, both Valuers are very experienced and they relied upon their experience and expertise. Both chose logical routes by which to arrive at their conclusions. Given the relative merits and demerits of the graphs upon which each Valuer relied upon, we do not consider it appropriate to prefer one choice of graphs over another. For these reasons we have averaged the expert opinions of each Valuer (86.22%) and rounded to the nearest quarter to arrive at our decision on Relativity at 86.25%.

Mark Martynski, Tribunal Judge
11 November 2015

First Tier Tribunal
Property Chamber (Residential Property)

Valuation under Schedule 13 of the Leasehold Reform Housing and
Urban Development Act 1993

Premium payable for an extended leasehold Interest in 29 Brook
Lodge, North Circular Road, London NW11 9LG

Valuation date: 13 October 2014

1. Value of Freeholder's existing interest

Agreed between the parties' valuers @ £15,344

2. Value of Freeholder's proposed interest

Agreed between the parties' valuers @ £178

3. Diminution in value of Freehold interest on grant
of new lease

£15,166

4. Marriage value calculation

Landlord's proposed interest	£178	
Tenant's proposed interest (as agreed by the parties)	<u>£300,000</u>	£300,178

Less

Landlord's existing interest	£15,344	
Tenant's existing interest (at 86.25% of f/h value)	<u>£261,338</u>	£276,682
		<u>£23,318</u>

Landlord's share of marriage value	50%	<u>£11,659</u>
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5. Premium payable

£26,825

First Tier Tribunal
Property Chamber (Residential Property)

Valuation under Schedule 13 of the Leasehold Reform Housing and
Urban Development Act 1993

Premium payable for an extended leasehold Interest in 32 Brook
Lodge, North Circular Road, London NW11 9LG

Valuation date: 13 October 2014

6. Value of Freeholder's existing interest

Agreed between the parties' valuers @ £18,376

7. Value of Freeholder's proposed interest

Agreed between the parties' valuers @ £208

**8. Diminution in value of Freehold interest on grant
of new lease**

£18,168

9. Marriage value calculation

Landlord's proposed interests	£208	
Tenant's proposed interest (as agreed by the parties)	<u>£350,000</u>	£350,208

Less

Landlord's existing interests	£18,376	
Tenant's existing interest (at 86.25% of f/h value)	<u>£304,894</u>	<u>£323,270</u>

£26,938

Landlord's share of marriage value	50%	<u>£13,469</u>
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10. Premium payable

	£31,637
Say	<u>£31,640</u>