

77

RECEIVED
2 JUL 2000

Ref. LON/LVT/1202/00

LEASEHOLD VALUATION TRIBUNAL
FOR LONDON RENTASSESSMENT PANEL

DECISION

Leasehold Reform Act 1967

RE: 36 QUEEN'S GROVE, ST. JOHNS WOOD, LONDON NW8

Applicants: The Trustees of The Eyre Estate

Respondents: Mr B M and Mrs V C Hintz

HEARING: Tuesday 27 June 2000

Appearances:

Mr J E C Briant BA ARICS for Applicants (Freeholders)

Mr K G Buchanan BSc (Est Man) ARICS for Respondents
(Leaseholders)

Members of Leasehold Valuation Tribunal:

Dr J T Farrand QC FCI Arb (Chairman)
Mrs E Flint DMS FRICS IRRV
Mrs L Walter MA(Hons)

INSPECTION: Wednesday 28 June 2000

Valuation Date: 3 June 1999

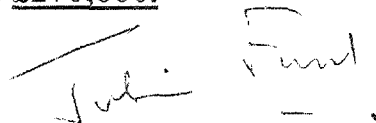
Leasehold Valuation Tribunal's Determination: £270,000

Date of Tribunal's Decision: 18 JUL 2000

- 1) The Respondents, as long leaseholders, had served a Notice on the Applicants, as freeholders, dated 3 June 1999 of their claim to acquire the freehold of 36 Queen's Grove which claim had been admitted on behalf of the Applicants on 5 July 1999.
- 2) By an Application to the Tribunal dated 10 January 2000, primarily a determination was sought of the price payable under the Leasehold Reform Act 1967 (section 9 as amended) for the acquisition. The price considered appropriate by the Applicants was then stated to be £300,000.
- 3) That Application also sought determination of what provisions ought to be included in the conveyance. However, no details were supplied and no representations have been submitted as to this aspect. Accordingly this decision is restricted to determining the price payable.
- 4) The Hearing was disposed of with commendably efficient brevity by virtue of the manner in which the parties' representatives elected to put their cases to the Tribunal. Reference was made to their respective Proofs of Evidence, which had been received by the Tribunal shortly before the Hearing had begun, as well as to a Statement of Agreed Facts, which had been received the week before. Then the attention of the Tribunal was drawn to the four elements in their two Valuations where they differed and the Tribunal was invited, in effect, to resolve those four differences in the light of the Proofs of Evidence and of their own inspections of 36 Queen's Grove and of the relevant comparables relied upon in the Proofs. After the resolution of those four elements, all else being agreed, it would be practicable for the Tribunal to determine the price payable arithmetically. On the basis that any insoluble questions encountered could be raised with the representatives, the Tribunal readily agreed to proceed as proposed and the Hearing ended, having lasted 30 minutes.
- 5) The representatives were not far apart in their Valuations: for the Applicants the price payable, as submitted by Mr Briant, was now £307,500; for the Respondents, Mr Buchanan submitted £247,000. The four elements of difference between their Valuations in reaching these two figures were as follows:
 - a) Site value: £1,150,000 according to Mr Briant; £920,000 according to Mr Buchanan (note: these figures affect a ground rent review at $1/80^{\text{th}}$ of site value).
 - b) Freehold improved value: £2,400,000 according to Mr Briant; £2,300,000 according to Mr Buchanan.
 - c) Value of tenant's improvements: £300,000 according to Mr Briant; £350,000 according to Mr Buchanan.

- d) Unimproved leasehold value: £1,700,000 according to Mr Briant; £1,635,000 according to Mr Buchanan.
- 6) The Tribunal duly inspected 36 Queen's Grove and the relevant comparables referred to which were all, as well as the location, substantially as described in the two Proofs of Evidence (except that 42 Queen's Grove was in course of demolition). It was considered that the sale price for 37 Queen's Grove (long lease, £2,400,000, August 1998) required adjustment to reflect its larger plot size and enjoyment of a garage (ie contrary to Mr Briant's submission). It was also observed that the bulk of the tenant's improvements had been effected 10 years earlier by the Respondents' predecessor, thus contradicting the statement (by Mr Briant) that, in St John's Wood: "It is usual for work carried out by the previous lessee to be considered of little practical value, and either altered again, or restored to its previous condition." The Respondents, who may be assumed to be in the market, had obviously been content with their predecessor's work. Nevertheless, as will be seen, the Tribunal's valuation of the improvements (ie to be disregarded) accepted the lower figure.
- 7) Having deliberated carefully in the light of all the available information, the Tribunal resolved the four differences between Mr Briant and Mr Buchanan as follows:
- a) Site value: £920,000 (as submitted by Mr Buchanan but on the basis of being 40% of Gross Development Value, equivalent, here, to freehold improved value, see next).
 - b) Freehold improved value: £2,300,000.
 - c) Value of tenant's improvements: £300,000.
 - d) Unimproved leasehold value: £1,640,000.
- 8) Accordingly, the Tribunal were able to agree a valuation (attached) enabling a formal determination of the price payable by the Respondents for acquiring the freehold of 36 Queen's Grove, St John's Wood, London NW8. That price is £270,000.

CHAIRMAN ...



DATE ... 18 JUL 2000

ATTACHMENT [TRIBUNAL'S VALUATION]

36 Queens Grove London NW8

Valuation date: 3 June 1999

GDV £2,300,000

Modern Ground rent 40% GDV $\frac{£920,000}{80} = £11,500$ pa

Unimproved freehold value £2,000,000

Unimproved leasehold value (82%) £1,640,000

Valuation of freehold

		£
Present interest:	Ground Rent	£350
	x YP 6.06 yrs at 6%	<u>4.985</u>
	modern ground rent	£11,500
	x YP 57.76 yrs at 6% 16.09	
	x PV of £1 6.06 yrs at 6% .702	<u>11.29</u>
		129,835
Reversion to FHVP (unimproved)	£2,000,000	
	x PV of £1 for 63.82 yrs at 6%	<u>.0243</u>
		48,600
	Lessors interest	180,170

Marriage Value

	FHVP (unimproved)	£2,000,000	
Less	lessors present interest	£ 180,170	
	unimproved lessors interest	<u>£1,640,000</u>	
		£ 179,830	
	50% marriage value		<u>89,915</u>
			<u>270,085</u>
	Enfranchisement price	say	£270000