

4689



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

Case reference : LON/00BJ/OLR/2018/0199

Property : Flat 1, 3 Veronica Road, London,
SW17 8QL

Applicants : (1) Seema Vithlani
(2) Reshma Vithlani

Representative : Ms Danielle Rigg, ODT Solicitors

Respondents : (1) Samuel Akinola Odukale
(2) Timothy Mobolurin
(3) Ishola Bankole
(all Executors of Adewunmi
Awofodu)
(4) Premi Lalji Patel
(Intermediate Lessor)

Representative :

Type of application : Absentee Landlord –
determination of premium payable
for new lease, sections 26 and 27
Leasehold Reform, Housing and
Urban Development Act 1993

Tribunal member(s) : Judge Shaw
Mr L Jarero BSc FRICS

**Date and venue of
hearing** : 17th April 2018
10 Alfred Place, London WC1E 7LR

Date of Decision : 17th April 2018

DECISION

INTRODUCTION

1. This case involves an application for determination of the terms of acquisition of a new lease of Flat 1, 3 Veronica Road, London, SW17 8QL (the property”), pursuant to the provisions of sections 24-26 and 51(1) – (5) of the Leasehold Reform, Housing and Urban Development Act 1993 (“the Act”). The case has been transferred to the Tribunal consequent upon the order of the County Court at Wandsworth, dated 26th January 2018, it having been impossible to trace the whereabouts of the Respondent freeholders.

THE EVIDENCE

2. The application is supported by an expert’s report and valuation dated 5th April 2018, prepared by Mr Rupert Greenlees BA (Hons) dip(surv) MRICS. Mr Greenlees has over ten years experience in the profession and has carried out many valuations of this kind. He is particularly experienced in the area of the subject property.
3. The property forms part of a 3 storey Edwardian house in Tooting/Balham, which house has been divided into 6 flats. The property is the ground floor flat and is held pursuant to a lease dated 31st August 1995, which runs from 15th August 1987. It has an unexpired term of 68.93 years at the valuation date – which is 11th September 2017. The ground rent under the lease is £100pa for the first 33 years, rising to £150 for the next 33 years and £225pa for the remainder of the term.

Unimproved Extended Lease Value

4. Mr. Greenlees has referred to comparables of sales during 2017 of broadly similar properties in the area at paragraph 20 of his report, with agents particulars at pages 253-277 of the bundle. He has used these comparables as a basis for his valuation, and has deduced from them an average rate of £9,054 p sq metre (£841 p sq foot). He has made the various adjustments set out at paragraphs 19.7 and 19.8 of the report. On this basis he has arrived at the sum of £615,000 as the valuation of the unimproved extended lease value. The Tribunal has considered the comparable evidence and approach, and is satisfied that the valuation reached is reasonable, on the basis of the evidence adduced.

Relativity

5. In considering the appropriate relativity, Mr Greenlees has taken the Gerald Eve 1996 relativity graph as a starting point and analysed in accordance with the authorities and methodology set out at paragraph 25 and 26 of his report. In short, this has produced a relativity figure of 87.35% which is in line with the Tribunal's experience for leases of this duration. Again the Tribunal accepts and adopts this conclusion. The existing lease value is £542,584, using this relativity, as explained at paragraph 28 of the report.

Capitalisation Rate

6. In considering the capitalisation rate, Mr Greenlees has used the 2008 Nailrile decision, has further considered the passing rents under the intermediate lease and the ground rents in the other flats in the building which have been the subject of statutory extensions. This has meant that, applying Nailrile, the NLF rate should be adopted, which at the

Valuation Date was 2%. The Tribunal approves this approach and conclusion.

Deferment Rate

7. So far as deferment rate is concerned, Mr Greenlees has followed the Decision in *Sportelli*, there being no compelling evidence to support any alternative approach. The property is in a good area and in a small and easily managed building. The Tribunal accepts and adopts the rate of 5% used.

Intermediate Leasehold Interest

8. The capitalised sum of the income stream from the ground rents is £6,327, which sum has been included in the calculation at Schedule 23 of the report. As noted at paragraph 15.5 of the report, the intermediate lease reversion is of no value in this case.

CONCLUSION

9. The result of the conclusions referred to above is that the Tribunal accepts and adopts the valuation at Schedule 3 to Mr Greenlee's report, appearing at page 215 of the bundle. This results in a premium to be paid for the new lease in the sum of **£50,137**. The Valuation is reproduced and attached to this Decision.
10. The Tribunal has also considered, and approves, the draft form of lease submitted at pages 171-181 of the bundle.

Judge Shaw

Dated: 17th April 2018