



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

Case reference : **LON/00AC/OLR/2018/0387**

Property : **91 Lyttleton Road, London N2 0DD**

Applicant : **Anna Yiannakou**

Representative : **Mr T Laundon FRICS**

Respondents : **Ms M Howard and Mr B Howard**

Representative : **Mr A Cohen FRICS**

Type of application : **Section 48 of the Leasehold Reform, Housing and Urban Development Act 1993**

Tribunal members : **Judge S Brilliant
Mr L Jarero BSc FRICS**

Date of determination and venue : **25 September 2018
10 Alfred Place, London WC1E 7LR**

Date of decision : **15 October 2018**

**DECISION CORRECTED UNDER RULE 50 OF THE TRIBUNAL
PROCEDURE (FIRST-TIER) (PROPERTY CHAMBER) RULES 2013**

Summary of the Tribunal's decisions

- (1) The market value of the extended lease is £515,000.
- (2) The relativity between the extended lease and the existing unexpired term is 80.64%.

- (3) The appropriate premium payable for the new lease is £66,539 (in accordance with the calculation annexed to this decision).

Background

1. This is an application made by the applicant lessee pursuant to section 39 and 48 of the Leasehold Reform, Housing and Urban Development Act 1993 (“the Act”) for a determination of the premium to be paid for a new lease of 91 Lyttleton Road, London N2 0DD (“the flat”).
2. The flat is a self-contained ground floor flat of conventional construction forming part of a semi-detached building containing four flats. The flat comprises a front bedroom with a bay window, a rear bedroom with an ensuite toilet, a small study/bedroom, a bathroom/WC and kitchen. The gross internal area is 76m². There is exclusive use of a small rear garden measuring approximately 10m by 11.5m. Lyttleton Road is a busy four lane road linking the Great North Road with the North Circular Road.
3. The applicant holds the flat under a lease dated 15 October 1982 for a term of 99 years from 25 December 1972 (“the lease”). The lease is registered at Land Registry under title number NGL448896. The respondents’ freehold is registered at Land Registry under title number NGL739216.
4. By a tenant’s application notice dated 15 August 2017, served pursuant to section 42 of the Act, the applicant applied to acquire a new lease of the flat. The applicant proposed a price of £43,500 for the new lease.
5. On 9 October 2017, the respondents served a counter notice admitting the claim to acquire a new lease of the flat. The respondents proposed a price of £90,000 for the new lease.
6. By an application dated 12 March 2018, the applicant applied to the Tribunal for a determination of the premium due to the respondents. In addition, the applicant requested that the Tribunal determine the respondents’ costs payable pursuant to section 60 of the Act and the terms of the new lease and all other terms of the acquisition still in dispute.
7. Directions were given on 28 March 2018. The application to determine the respondents’ recoverable costs was stayed. We were not addressed on the terms of new lease or on any other terms of the acquisition still in dispute.

The hearing

8. The hearing in this matter took place on 25 September 2018. The applicant was represented by Mr T Laundon FRICS, who also gave expert evidence on behalf of the applicant in accordance with an undated written report.
9. The respondents were represented by Mr A Cohen FRICS, who also gave expert evidence on behalf of the respondents in accordance with a written report dated 8 August 2018.
10. The Tribunal did not find it was necessary to conduct an inspection.

The issues

Matters agreed

11. The following matters were agreed between the respective experts in a memorandum dated 8 August 2018:

Date of valuation	15 August 2017
Unexpired term at valuation date	54.36 years
Capitalisation rate	7%
Deferment rate	5%
Section 33 valuation costs	£1,853.36 (including VAT)

Matters in dispute

12. The following matters remained in dispute:

The value of the flat with the extended lease in accordance with the Act.
The appropriate freehold relativity.
Hence, the marriage value (50/50).
Appropriate premium to be

paid.

Value of the flat with the extended lease

13. Mr Laundon relied upon three comparable flats:

- (1) First floor flat, 93 Lyttleton Road.
- (2) Ground floor flat, 61 Lyttleton Road.
- (3) Ground floor flat, 63 Lyttleton Road.

Based on these comparable Mr Laundon valued the flat with an extended lease at £350,000 taking into account a tenant's improvements. Without the improvements £400,000.

14. Mr Cohen relied upon six comparable flats:

- (1) Flat 35, Lyttleton Court, Lyttleton Road.
- (2) Flat 39, Lyttleton Court, Lyttleton Road.
- (3) Ground floor flat, 61 Lyttleton Road.
- (4) First floor flat, 93 Lyttleton Road.
- (5) 79 Lyttleton Road.
- (6) Flat 60, Lyttleton Court, Lyttleton Road.

Based on these comparable Mr Cohen valued the flat with an extended lease at £515,000.

15. We preferred the evidence of Mr Cohen for the reasons set out in the following paragraphs and value the flat with an extended lease at £515,000 and a freehold value of £520,202.

16. Mr Cohen relied upon six comparables. He found that the adjusted pound per ft² was £628.00. He applied this to the 820 ft² of the flat, resulting in a rounded down figure of £515,000. This analysis was not challenged by Mr Loudon.

17. Mr Cohen used a basket of comparables, including properties that were close by, and were similar in size though not identical to the flat. He pointed out that his comparables in Lyttleton Court were in a mansion type block owned by the Freshwater Group. He felt that these flats were not as desirable as the flat as they only had access to communal gardens, and often these types of flat had service charge problems. He adjusted his figures for these factors as well as making adjustments for time in that some of the comparables sold at dates different to the valuation date.
18. Mr Laundon, on the other hand, relied on only three comparables and did not explain how he arrived at his figure of £400,000. He made adjustments for a garage and a parking space, the latter Mr Cohen disputed, and he also discounted for the possibility of developing the roof space which was not included in the demise. He also deducted for tenants' improvements. This was unnecessary as his comparables were flats in their original condition though updated to comply with the terms of the lease. The improvements he was arguing for were an ensuite bathroom, full central heating and double glazing.
19. Mr Laundon made no adjustments for time. When cross-examined as to why he had not included Lyttleton Court in his list of comparables, his reply was that he chose comparables which best suited his client. This is in breach of the fundamental principle that his duty as an expert is to the Tribunal, and not to his client.

Relativity

20. Mr Laundon put forward a relativity rate of 82.63%. He relied upon an average of the following graphs:

1.	Nesbitt & Co	80.00%
2.	Andrew Pridell Associates	82.50%
3.	South East Leasehold	83.00%
4.	Leasehold Advisory Service	85.00%

21. Mr Cohen put forward a relativity rate of 77.82%. He relied upon an average of the following graphs:

1.	Gerald Eve	73.90%
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2.	Charles Boston	77.62%
3.	John D Wood Pure Tribunal Graph	78.05%
4.	Beckett & Kay	78.10%
5.	Nesbitt & Co	79.36%
6.	Andrew Pridell Associates	79.93%

22. In our view, we should ignore the tables produced by Gerald Eve, Charles Boston, John D Wood Pure Tribunal Graph and Beckett & Kay. The first two are predominantly, if not wholly, Prime Central London. John D Wood is an analysis of all Tribunal decisions countrywide. Beckett and Kay is not transaction-based but opinion based and concentrates on properties in Croydon.
23. We prefer to rely upon the graphs of Nesbitt & Co and Andrew Pridell Associates. Mr Cohen relied upon an email from the latter saying that relativity falls as one gets near to Central London. But he also said he did not know why and he was not present at the Tribunal to be questioned. The average of Nesbitt & Co (79.36% extrapolated for 54.36 years) and Andrew Pridell Associates (81.92% extrapolated 54.36 years) is 80.64%.

Name:	Judge Simon Brilliant	Date:	15 October 2018
		Date Corrected:	20 November 2018

Rights of appeal

By rule 36(2) of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013, the tribunal is required to notify the parties about any right of appeal they may have.

If a party wishes to appeal this decision to the Upper Tribunal (Lands Chamber), then a written application for permission must be made to the First-tier Tribunal at the regional office which has been dealing with the case.

The application for permission to appeal must arrive at the regional office within 28 days after the tribunal sends written reasons for the decision to the person making the application.

If the application is not made within the 28 day time limit, such application must include a request for an extension of time and the reason for not complying with the 28 day time limit; the tribunal will then look at such reason(s) and decide whether to allow the application for permission to appeal to proceed, despite not being within the time limit.

The application for permission to appeal must identify the decision of the tribunal to which it relates (i.e. give the date, the property and the case number), state the grounds of appeal and state the result the party making the application is seeking.

If the tribunal refuses to grant permission to appeal, a further application for permission may be made to the Upper Tribunal (Lands Chamber).