



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

Case Reference : **GM/LON/00BK/OLR/2020/0025**

Property : **Flat E 506 Edgware Road London W2 1EJ**

Applicant : **Hackspot Limited**

Representative : **Ashworth Solicitors**

Respondent : **Hassibeh LLP**

Type of Application : **A new extended lease**

Tribunal Members : **Judge Prof Robert Abbey
Sarah Redmond MRICS**

Date and venue of determination : **21 September 2021 at 10 Alfred Place, London WC1E 7LR**

Date of Decision : **21 September 2021**

DECISION

Introduction

1. This is an application made by the Applicants under section 50 of the Leasehold Reform, Housing and Urban Development Act (as amended) (“the Act”) for a determination of the terms and price for the granting of an extended new lease of the property known as **Flat E 506 Edgware Road London W2 1EJ**. (“the property”).

2. By an Order made by Recorder Lamber QC sitting at the County Court at Central London dated 12 December 2019, the new extended leasehold interest in the property was vested in the Claimant and the matter transferred to the Tribunal to determine the price to be paid for that interest. The order was made upon the Court being satisfied that the location of the Respondent, as the freeholder, could not be ascertained despite reasonable attempts by the Claimants to do so. Therefore, the Respondent did not participate in these proceedings. The Tribunal noted that a second defendant was included in the Claim, Mohamed Salim Yusuf Musa Patel, the Head Lessee and his location is similarly unascertainable and he did not participate either.

3. The property comprises a two-bedroom fourth floor flat with third floor access in a Victorian era building. The lease being extended is dated 23 December 2004 and is for a term from 23 December 2004 until 20 December 2095 at a yearly rent of £250 that was fixed at that sum by a Deed of Variation dated 12 April 2005.

4 There has been submitted to the Tribunal a valuation report dated 30 January 2020 from Mr Samuel Corble BA (Hons) MSc MRICS RICS registered Valuer of JSRE Partners, the Surveyor for the Applicant.

The Tribunal's decision

5 The Tribunal's determination took place on 21 September 2021. There was no oral hearing and the Tribunal's determination was based solely on the documentary evidence filed by the Applicant.

6 The valuation evidence relied upon by the Applicant was contained in the report prepared by Mr Samuel Corble MRICS mentioned in paragraph 4 above. After considering the location and the local amenities he then considered the details of the property. Mr Corble provided a detailed description of the property which he had inspected in person in June 2018, with a floor plan and photographs. He described the building as in in generally poor order, not well-maintained but the Property in reasonable condition. The accommodation was described as updated but finished to a low-level specification. With reference to the treatment of improvements under the act, he noted that the accommodation has been altered and reconfigured but did not seek to make any deduction in that regard.

7 He analysed four transactions to derive the freehold/long lease value for the flat including the sale of the subject property in 2015. The remainder are all 2 bed flats on upper floors of purpose-built blocks with associated services such as porter and lift. The Tribunal agreed with this analysis which adjusted for time and date; tenure; condition and other factors, namely location and provision of superior services. He then took the average £psf rate, £763.38. The Tribunal were concerned that the subject property required adjustment for more than 3.5 years and considered that an average of the 3 other flats was appropriate giving an average rate of £775,76 pfs and a FH value of £380,122. The Tribunal agreed that the extended lease is 99% of FHVP, £376,321.

8 Mr Corble then considered the short lease relativity for the existing lease at 76.69 years and the Head Lease, 9.19 years. After making a deduction of 2.5% for Act rights to the sale price of the subject, he undertook an exercise using a further comparable sold with a long lease to 2175, which he considered was close to its notional FH value. at the time of the sale of the subject which he analysed to produce a No Act World relativity of 91.09% at 80.24 years remaining. He made a further adjustment of 2% to account for the shorter term at the valuation date giving 81.09%. This he cross referenced with the established graphs. These give a spread from 90.85% to 87.88%. Whilst the Tribunal is conscious that there are subjective deductions in his analysis, the cross check is helpful and the Tribunal accepts the proposed figure.

9 As to the short reversionary interest, in the absence of reliable real-world evidence he adopts the graph relativity of 17.64%. The Tribunal agrees this figure. The Tribunal agreed that the dual rate of 6% and 2.25% sinking fund is appropriate here to capitalise the ground rent with a head lease interest. The deferment rate of 5% per *Sportelli* is also accepted and the Tribunal agree that 5.75% is appropriate to reflect the lack of control in respect of the remaining short length of the Head Lease.

10 The Tribunal applied these variables to the valuation as per the attached valuation.

Conclusion

9. Accordingly, the Tribunal took careful consideration of all of the evidence and determined that the premium for the new extended leasehold interest is **£24,202.00 apportioned £13,342 to the Freeholder and £10,860 to the Head Lessee**. The premium is apportioned between the Head Lessee and the Freeholder on the basis of their respective existing interests. The Tribunal also approves the terms of the new lease as drafted.

The annex to this decision sets out rights of appeal available to the parties

Prof Robert M. Abbey

Tribunal Judge

21 September 2021

Annex

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)

VALUATION