



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

**Case reference** : **LON/00AY/OLR/2022/0277**

**HMCTS code  
(paper, video,  
audio)** : **P: PAPERREMOTE**

**Property** : **679 Wandsworth Road London SW8  
3JE**

**Applicants** : **Hermana Martins Sales and Jan Ahmad**

**Representative** : **Tolhurst Fisher LLP**

**Respondent** : **John Moran**

**Representative** : **Missing Landlord**

**Type of application** : **Section 26 Leasehold Reform, Housing  
and Urban Development Act 1993**

**Tribunal  
member(s)** : **Judge Pittaway  
Ms M Krisko FRICS**

**Date of decision** : **8 June 2022**

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**DECISION**

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**Covid-19 pandemic: description of hearing**

This has been a determination by remote hearing on the papers. The form of remote hearing was P:PAPERREMOTE. A face-to-face hearing was not held because no-one requested the same and all issues could be determined in a on paper. The documents that the Tribunal were referred to are in a bundle of 66 pages and a valuation by Mr M Stapleton FRICS dated 20 May 2022 (18 pages), the contents of which have been noted. The bundle did not contain the Vesting Order but this was sent to the tribunal with the application. The bundle did not contain the draft TR1 but this was provided to the tribunal on the date upon which it was due to make its determination.

## **Determination**

The tribunal accepts Mr Stapleton’s valuation of the freeholder’ existing interest at **thirty seven thousand five hundred and fifty pounds (£37,550)**

## **Background**

1. This is an application made by the applicant qualifying tenants pursuant to section 26 of the Leasehold Reform, Housing and Urban Development Act 1993 (“the **Act**”) for a determination of the premium to be paid for the collective enfranchisement of 679 Wandsworth Road London SW8 3JE (the “**property**”) where the Landlord cannot be found.
2. Hermana Martins Sales is the leaseholder of Flat 1 under a lease dated 26 September 1986 for a term of 125 years from 1 January 1986 and the leaseholder of Flat 3 under a lease dated 6 January 1987 for a term of 125 years from 1 January 1986. Jan Ahmad is the leaseholder of Flat 2 under a lease dated 28 January 1987 for a term of 125 years from 1 January 1986 and the leaseholder of Flat 4 under a lease dated 1 October 1986 a term of 125 years from 1 January 1986.
3. By an Order of the Wandsworth County Court (Claim Number HO1WTO27) dated 28 March 2022 the requirement to serve notice under section 13 of the Act, was dispensed with and the Wandsworth County Court ordered that the freehold shall be vested in the applicants on such terms as may be determined by the tribunal.
4. On 4 April 2022, the a applied to the tribunal for a determination of the premium and terms of acquisition.

## **The issues**

5. In the absence of the Landlord there are no matters agreed.
6. The valuation report prepared by Mr Mike Stapleton, an RICS registered Valuer dealt with the following matters:
  - (a) The subject property is a centre-terrace three-story house converted into four self-contained flats. Each flat consists of a lounge, one bedroom, a kitchen and a bathroom/WC. The approximate square footage of each flat is

Flat 1	60 m.sq
Flat 2	49 m.sq.
Flat 3	40 m.sq.
Flat 4	48 m.sq.
  - (b) No adjustments are sought for tenant’s improvements.

(c) The valuation date is given a 4 October 2021, being the Court issue date.

(d) Details of the tenants' leasehold interests:

(i) Dates of leases: all the flats are leased for 125 years commencing on 1 January 1986

(ii) Ground rents: the initial ground rent was £100 per annum for the first 33 years rising to £200 per annum for the next 33 years £300 for the following 33 years and £400 per annum for the residue of the term.

(iii) Unexpired terms at valuation dates: 89.24 years;

The tribunal regards these matters as uncontroversial and supported by documents in the bundle.

7. The issues before the tribunal to determine are
- (a) Capitalisation rate
  - (b) Virtual freehold value
  - (c) Deferment rate
  - (d) Relativity
  - (e) Other considerations
  - (f) The premium payable
  - (g) The form of the transfer

### **The hearing**

8. The case was dealt with on the papers on 7 June 2022 with the documents referred to above provided by the applicants' solicitor.
9. The tribunal was not asked to inspect the property and the tribunal did not consider it necessary to carry out a physical inspection to make its determination.
10. The applicants relied upon the expert report and valuation of Mr M Stapleton FRICS dated 20 May 2022.

### **Capitalisation rate**

11. Mr Stapleton submitted that capitalisation rates for this form of investment, where the rent is relatively modest, remain steady at 6%, which is the rate he has adopted in settlements with chartered surveyors in the greater London area and provinces for similar income streams.

### **The tribunal's determination**

12. The tribunal accepts a capitalisation rate of 6%.

### **Reasons for the tribunal's determination**

13. The tribunal notes that this rate is the norm in many cases and in the absence of any specific evidence to show that this should be varied in this case the tribunal will adopt this rate.

### **Freehold value**

14. Mr Stapleton values the freehold interest of the property, disregarding improvements and the unexpired existing leases and the effect of the Act at £1,773,000, apportioned between the flats as follows;

Flat 1	£540,000
Flat 2	£441,000
Flat 3	£360,000
Flat 4	£432,000

Mr Stapleton has calculated these values by taking a rate of £9,000 per metre square. He has determined this rate by considering four comparables with long leases, adjusting their sale prices (if appropriate) to reflect when they were sold and taking the average value per square metre;

- (a) A split level flat of 67.5 m.sq in 689 Wandsworth Road sold for £595,000 on 3 June 2021;
- (b) A ground floor flat of 63.2 m.sq. in 681 Wandsworth Road sold for £600,000 on 28 May 2021;
- (c) A ground floor flat of 55 m.sq.in 671 Wandsworth Road sold for £515,000 on 28 June 2021; and
- (d) A ground floor flat of 86 m.sq. in 665 Wandsworth Road sold on 26 April 2021 for £685,000.

Mr Stapleton has increased the average value per square metre by 1% to allow for conversion from long leasehold to freehold value.

### **The tribunal's determination**

15. The tribunal accepts Mr Stapleton's value of the freehold interest in the four flats.

### **Reasons for the included the tribunal's determination**

16. Mr Stapleton has included leasehold title documentation for his comparables in his valuation.
17. While noting that all Mr Stapleton's comparables are two-bedroom flats and that three, at least, are situated on the ground floor of their respective properties, the tribunal accepts that the evidence provided supports the freehold values for the property submitted by Mr Stapleton.

### **Deferment rate**

18. Mr Stapleton has adopted the deferemnt rate approved in Sportelli of 5%.

### **The tribunal's determination**

19. The tribunal determines that 5% is appropriate as the deferment rate .

### **Reasons for the tribunal's determination**

20. The tribunal sees no reason to depart from the Sportelli rate.

### **Relativity**

21. Mr Stapleton made no commentary on marriage value or relativity as all the leases have terms of more than 80 years unexpired.

### **The tribunal's determination**

22. The tribunal agree with Mr Stapleton that marriage value and relativity are not relevant to the valuation.

### **Reasons for the tribunal's decision**

23. All the leases had unexpired terms of more than 80 years at the valuation date.

### **Other considerations**

24. Mr Stapleton submitted that there were no other considerations to be taken into account.

### **The tribunal's determination**

25. There are no other considerations, such as development hope value or tenants' improvements, to be taken into account.

### **Reasons for the tribunal's decision**

26. No other considerations have been drawn to the tribunal's attention.

### **The premium**

27. The tribunal accepts Mr Stapleton's valuation of the freeholder' existing interest at **thirty seven thousand five hundred and fifty pounds (£37,550)**

28. The tribunal noted a slight difference in its totals of the reversions of £84 from that of Mr Stapleton, making its total £22,872, but it does not consider the difference to be material. The tribunal considers that in the valuation the reversion value (which it has taken to be £22,872 based on the present multiplier used in the valuation) should also be apportioned between the flats as follows;

Flat 1	£6,966
Flat 2	£5,689
Flat 3	£4,644
Flat 4	£5,573

### **The Transfer**

29. The draft TR1 submitted by the applicants' solicitor is approved subject to the following

In **panel 8 (Consideration)** delete remove the cross from the first box and place a cross in the third box and insert,

'The sum of thirty five thousand eight hundred and twenty one pounds ninety two pence (£35,821.92) has been paid into Court pursuant to an order made under section 26(1) of the Leasehold Reform, Housing and Urban Development Act 1993 (being the £37,550 premium determined by the Tribunal less the costs of £1,728.08 assessed by the Court).'

In **panel 11 (Additional provisions)** insert,

'This transfer is executed for the purposes of chapter 1 of part 1 of the Leasehold Reform Housing and Urban Development Act 1993'

In **panel 12 (Execution)** delete the current sealing block for the Court and instead state,

'Signed as a Deed by [*insert name*] the officer of the Court nominated to execute this Deed on behalf of John Moran in accordance with the Order of the Court dated 28 January 2022'.

**Name: Judge Pittaway**

**Date: 8 June 2022**