



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

**Case reference** : **LON/00BH/OLR/2023/0412**

**Property** : **53, Kettlebaston Road, London E10 7PE**

**Applicant** : **Mr Devon White**

**Representative** : **Mr S R Jones BA (Hons) MRICS**

**Respondent** : **Daejan Estates Limited**

**Representative** : **Mr A Ndokaj BA Assoc RICS  
Wallace LLP**

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

**Tribunal members** : **Judge Dutton  
Mrs E Flint DMS FRICS**

**Date of  
determination and  
venue** : **12 December 2023 by video  
conferencing**

**Date of decision** : **4 January 2024**

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**DECISION**

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**Summary of the tribunal's decision**

- (1) The appropriate premium payable for the new lease is **£82,450**.

**Background**

1. This is an application made by the applicant leaseholder pursuant to section 48 of the Leasehold Reform, Housing and Urban Development Act 1993 ("the Act") for a determination of the premium to be paid for

the grant of a new lease of 53, Kettlebaston Road, London E10 7PE (the “property”), which is a first-floor maisonette in a two-storey purpose built terraced building. The property is in an area known as the Clementina Estate and was built in the late Victorian era. It comprises, at the valuation date, a reception room, bedroom, kitchen and bathroom/wc. There is access to a part of the rear garden which is demised. The property has its own front and back doors.

2. By a notice of a claim dated 10 October 2022, served pursuant to section 42 of the Act, the applicant exercised the right for the grant of a new lease in respect of the subject property with a proposed premium of £40,000.
3. On 14 December 2022, the respondent freeholder served a counter-notice admitting the validity of the claim and counter-proposed a premium of £130,000 for the grant of a new lease.
4. At the time, the applicant held a lease granted on 11 September 1978 between Nuduke Co. Ltd. (1) and Leslie Arthur Harden (2) as varied, for a term of 99 years less 3 days from 25 December 1963 at an annual ground rent of rising to £75. This lease was however disclaimed by the Treasury on 25 January 2021 following the dissolution of Nudike Limited.
5. The Respondent is a long leaseholder of the property by virtue of a lease made between Woodken Property Co. Ltd (1) and the Respondent (2) for a term of 900 years from 23 December 1963 and is the competent landlord.
6. On 5 June 2023, the applicant applied to the tribunal for a determination of the premium.

### **The issues**

### **Matters agreed**

7. The following matters were agreed:
  - (a) The gross internal floor area is 62.9square metres, which equates to 677 square feet;
  - (b) The valuation date: 10 October 2022;
  - (c) Unexpired term: 40.19 years;
  - (d) Ground rent: £50 pa until 24 December 2029 and £75 for the remainder of the term throughout the term;
  - (e) Long leasehold (unimproved) value: 99% of the freehold (unimproved) value;
  - (f) Capitalisation of ground rent: 7.5% per annum; and

(g) Deferment rate: 5%.

(h) Relativity at 62.22%

### **Matters not agreed**

8. The following matters were not agreed:

(a) The long lease value.

(b) The premium payable.

### **The hearing**

9. The hearing in this matter took place on 12 December 2023 by video. The applicant was represented by Mr Stephen Jones, and the respondent by Mr. Amaldo Ndokaj.

10. Neither party asked the tribunal to inspect the property and the tribunal did not consider it necessary to carry out a physical inspection to make its determination.

11. The applicant relied upon the expert report and valuation of Mr Jones dated 30 November 2023 and the respondent relied upon the expert report and valuation of Mr Ndokaj dated 7 December 2023.

12. At the start of the hearing, we considered two applications. One was made by Mr. White for an adjournment of the hearing and the other by Wallace LLP for the Respondent seeking to strike out the Applicant's case for non-compliance with the directions.

13. It is right to say that Mr White has taken some time to get to grips with this application. He requested an adjournment shortly before the hearing, which was refused and was renewed before us. We have noted all that was said and the difficulties he has encountered, which do not need setting out here. We asked him whether, in the light of his attendance and that of Mr Jones, who had confirmed with us that he was ready to proceed, it made sense to seek to adjourn and incur more costs. He accepted that it did not, so withdrew his application, the more so as the only issue rested on the value to be attributed to the long lease.

14. There were no legal submissions on the day from the Respondent's in respect of their strike out application, although we did have a three page, unsigned and undated statement in support. Mr Ndokaj confirmed he was asked to pursue the strike out application but confirmed with us that he was ready and able to proceed. In the light of this we did not see anything being gained by a strike out and therefore we proceeded to hear from both experts.

### Applicant's expert evidence

15. We had the opportunity of considering the report of Mr Jones. After setting out that which had been agreed, which included the relativity he confirmed that the issue remained the assessment of the long lease value. His report gave his personal details, the background to the case, the location of the property and its description which included an assertion that the property had the benefit of partial replacement windows although that assertion did not say that these were improvements we needed to consider, and he certainly did not put any value on this element.
16. He then moved onto the nub of the case being the extended lease value and his view that as a result of the "mini budget" of 23 September 2022 he should consider sales after that date. In support of this proposition, he referred us to the House Price Index from the Land Registry for Waltham Forest which at appendix 6 to his report showed the index at 144 at October 2022 and 139.60 at September 2023. In addition, he had appended an article from the Financial Times headed *UK House-buying demand drops 44% in wake of 'mini' budget*. The article starts with the comment that housing demand has almost halved in the wake of Liz Truss's September mini budget as a result of higher mortgage rates. The article goes on to say that borrowing costs have gone up as a result of the Bank of England's decision to raise interest rates to combat inflation and the 'mini' budget, although it is suggested that costs have come down since the 'mini' budget was scrapped.
17. With this scenario in mind, he referred to a limited number of comparable properties. The first was 14 Kettlebaston Road a first-floor property which sold in January 2023 for £260,000. This was not a straightforward sale. We need to consider Mr Ndokaj report for the details. Mr Jones calculated that with adjustments for double glazing of 2.5% and adjusting for the passage of time the value at the valuation date would be £261,548.
18. The second property was 44 Kettlebaston Road which was a first floor flat with a section of garden, such as the subject property, which had sold on 28 October 2023 for £303,000 with a new 150-year lease. It was said to be in a similar condition to the subject property, but with double glazing for which a 2.5% discount was applied. Applying the latest index point with the Land Registry (September 2023) he concluded that the comparable value at the valuation date was £302,620.
19. There were other sales of one-bedroom flats which he discounted from his sales analysis. These were at 8 Kettlebaston Road which sold in February 2023 for £385,000, having been marketed he said from 22 October 2022. He suggested that this was modernised and would normally attract a discount of 10% for that reason and an adjustment for the passage of time downwards of 2.235%. He considered the price

achieved reflected the ground floor position, the garden and the ability to extend. The next discounted property was 83 Viking Place, a one bed roomed flat on 3rd/top floor of a purpose built block, which sold in November 2022 for £300,000 on a 95 year lease. He said it appeared to be in a modernised condition but had no garden but did have parking.

20. The final discounted comparable was 84 Hitcham Road E17, said to be in a better location, which sold for £380,000 on 3 April 2023, having been marketed since 5 October 2022 at a guide price of £375,000. It was modernised and therefore subject to adjustment to reflect that and the passage of time.
21. He concluded that he should take the average of his two preferred comparables at 14 and 44 Kettlebaston Road, which rounded down comes to £280,000 and add 1% for the share of freehold and a relativity of 62.22 % to produce freehold value of £282,828 and an existing lease value of £175,976, which initially gave a premium to be paid of £71,870. However, he revised this when fully understanding the workings around the sale of 14 Kettlebaston Road and concluded that the premium to be paid would be £73,806, rounded down by £1 to 73,805.
22. Mr Jones was then asked questions by Mr Ndokaj. The circumstances surrounding the sale of 14 Kettlebaston Road was reviewed. He accepted it was an online auction and assumed the sellers were selling quickly perhaps as a result of the mini budget. He had misunderstood the total premium payable and accepted that the purchase of price of £260,000 had purchaser's fee of £10,920 to be added to it and thus the adjustment we referred to at paragraph 21 above. He considered that the correct market value had been reached as he was not aware that it was a forced sale. The condition he thought was similar to the subject property and did not think it necessary to adjust for the lease length of 86 years.
23. As to 44 Kettlebaston Road he confirmed he considered the condition of this property to be worse than 14 Kettlebaston Road. He was referred to previous valuations of the subject property conducted in 2017 and the apparent anomalies.
24. Mrs Flint asked about the comparable at 8 Kettlebaston Road which he considered to be an 'outlier' being improved and on the ground floor. He thought the existence of planning permission, even if not implemented was worth a deduction of 10%, to include the ground floor location and a further 10% should be applied for improvements. He accepted that the House Price Index was not 'massively' reliable, and he did not use a square footage calculation as most comparables were of a similar footprint.

## **Respondent's experts evidence**

25. We then heard from Mr Ndokaj. As with Mr Jones he had prepared a detailed report covering the location and description of the property, the improvements, of which he said there were none, the terms of the lease and the law.
26. His report then set out a number of comparable properties he relied upon to ascertain the long lease value. The first was 8 Kettlebaston Road which sold in February 2023 for £385,000. We noted all that was said. His second comparable was a property at 50 Kettlebaston Road, which sold in March 2022 for £351,000. Both were ground floor maisonettes. He then put forward 41 Morieux Road, which at the hearing he told us was his preferred comparable. This first-floor property sold on 22 July 2022 for £370,000 with an extended lease, with a share of the garden. When adjusted for time the price rose to a rounded figure of £379,000.
27. There then followed comparables at 46 Bloxham Road another ground floor property which sold on 22 October 2022 at a price of £350,000, having exchanged in July 2022 and after adjustments for time gave a value of £358,000, 37 Morieux Road and 69 Bloxham Road, both ground floor properties with values of £391,000 and £375,550 respectively.
28. The last comparable was 14 Kettlebaston Road although he was able to give more information than Mr Jones. It appeared that the sellers wished for a quick sale and proceeded by the 'modern method of auction' which we understand to be on line. He understood from discussions with agents that with the shorter lease, under 90 years and the condition of the property it would appeal to investors. He then gave his view on the costs that might be incurred by such a purchaser, which added some £95,000 to the cost of purchase. He gave less weight to this property as it was marketed before the valuation date but sold after.
29. Taking these properties into account, with appropriate adjustments made that the long lease value of the property at the valuation date was £380,000 reflecting a rate per square foot of £561.
30. At the hearing Mr Ndokaj confirmed he had confined his list of comparables to those properties on the Clementina Estate. He considered the property at 41 Morieux Road to be his preferred comparable, it being in good condition as required by the lease. His view was that the repairing obligations which required the tenant at all times to "well and substantially repair" which included fixtures meant that any replacement kitchens and bathrooms were not improvements to be taken into account.
31. He considered that first floor properties were more desirable for security reasons and that the floor area was slightly larger, which could allow some internal configuration. In addition, he suggested that the property could be extended into the roof space, although accepted that this was not demised to the lessee.

32. As to the subject property he challenged whether the double glazing was an improvement and whether the applicant had installed them.
33. In answer to questions from Mr Jones he confirmed that he was happy with an 18 month period prior to the valuation date but not thereafter. He disregarded 44 Kettlebaston Road as being too late, nearly a year beyond the valuation date and likewise 8 Kettlebaston Road. He had not, he said, seen any decline in the market on the Clementina Estate since the mini budget. People were coming to the area having been priced out of other London areas such as Hackney and Dalston.
34. He confirmed that with regard to his comparables he made no deductions for tenants' improvements. Reference was made to previous valuations conducted in respect of the subject property in 2017. As to 14 Kettlebaston Road he was asked how he had achieved the costings for renovation. Which he said he based on his own experience of refurbishing property. He was also asked why he had included a profit in the assessment of the value for this property. His response was that the property he was told had been acquired by a cash purchaser who would be seeking a profit.
35. He was asked by Mrs Flint about the impact of the mini budget. His view was that whilst supply may have dwindled the demand had not in this area. The prices had remained. He confirmed that the costs he assessed for renovating would be subject to VAT.
36. Mr White had some questions for Mr. Ndokaj but these drifted into areas outside the jurisdiction of this hearing.

## **FINDINGS**

37. We should address some issues raised by the experts before we consider the premium to be paid. The first relates to the impact of the mini budget. The 'evidence' from Mr Jones was to be found in an article in the Financial Times. The article records that borrowing costs have risen throughout the year, driven by the Bank's increase in interest rates. This it is said was accelerated by the mini budget but came down following the scrapping of those proposal.
38. There appears to be little other evidence of the impact this budget had on prices. The House Price index for Walthamstow for flats shows a drop from 143 in October 2022 to the low of 135.9 in June 2023. However, this does not reflect the prices at point of sale but rather at the time of registration. There is according to this index, a downturn in sales from January 2023 when 176 is the figure recorded as against 296 in November 2022.

39. The comparables put forward by Mr Ndokaj in the main predate the valuation date, are largely comprised of ground floor accommodation and he makes no adjustment for anything other than time. We find this somewhat surprising. Is there a difference between ground floor and first floor accommodation? Mention was made of security, but both the maisonettes have separate doors to front and rear and are, in the main, double glazed and thus more secure than would be the case with sash windows. Further, with ground floor accommodation there can be direct access to the garden area, without the need of stairs and in some cases this would give the opportunity to extend, subject to planning, possibly without having to pay the Landlord a premium. For extending into the roof, which appears not to be within the demise of the subject property, and which was suggested as a reason for the first floor properties perhaps being more sought after, would, we believe, require payment to the Landlord to acquire the space. There is also the benefit of being above the ground floor property from a privacy point of view. We find therefore that this is a question of taste but we find that there must be some value for the direct access to the garden.
40. We were unconvinced by his adherence to the phrase “well and substantially to repair” to mean that the replacement of the original kitchen and bathroom, as well as the provision of double glazing was only that which was required by the lease and for which no allowance should be made. We find that modernisation and improvement of the property by updating the kitchens and bathrooms as well as the installation of double glazing would go beyond ‘well and substantially’ repairing the demised premises and should be reflected in any value.
41. Mr Ndokaj has in part adopted a square footage assessment, which we do not consider would apply for a one bed roomed maisonette in a terrace of like properties. Indeed, he says in his report that “*there is a ceiling for the price the market would pay for a one bedroom maisonette, whatever the rate per sq ft show.*” The range is wide, from £675 per sq. ft for 37 Morieux Road to his preferred comparable of 41 Morieux Road of £556 per sq.ft, although the latter was over 100 sq.ft larger. He considers that the average is £561 per sq.ft, thus giving the price of £380,000 for the subject property. This is higher, after adjustments for time, than any of the comparables he put to us and makes no allowance for floor level or state of modernisation.
42. Mr Jones has limited his comparable evidence to 14 and 44 Kettlebaston Road. As to 14 Kettlebaston Road he had to revise his value when he became aware of the extra cost to the purchaser. In addition, we are concerned that the circumstances surrounding the sale may have impacted on the price achieved. The sale was by auction, we believe online, and achieved a sale price considerably below the comparables put forward by Mr Ndokaj, (£260,000 plus an additional purchaser’s fee of £10,920) even allowing for further adjustments for improvements and possibly floor level. If we were to adopt Mr Ndokaj’s approach and



consider square footage rates this would give a price of £436 per sq.ft. It does not feel right and we put no weight to this comparable

43. The other property relied upon was 44 Kettlebaston Road which was a first-floor property but did not complete until October 2023, a year after the valuation date. After adjustments for time and improvements the value dropped to £302,620 using the September 2023 index of House Prices we referred to above. This seemed to us to be rather outside the parameter of the comparables. Mr Ndokaj had relied on properties from March 2022 to a sale date of February 2023, although the property, 8 Kettlebarton Road, had come to the market at around the valuation date. We find that 44 Kettlebaston Road is of some assistance in that it is a first floor property, in, seemingly, a similar condition and presumably less affected by the mini budget.

44. Whilst we have our concerns about Mr Ndokaj's approach and reluctance to allow anything for condition we stood back and have reviewed the comparables that have been put forward. The following would we find seem to be the case:

8 Kettlebaston is in a more imposing building, its architecture makes a statement when compared to the majority of the properties we have considered. It appears to be in very good condition and has a decked garden which may explain the higher price. Adjusting for time and 10% for improvements gives £338,700. If we deducted 5% for the garden value it is reduced to £321,765.

50 Kettlebaston appears to be in good modernised condition, there is a bath and a walk in shower. -10% for improvements and 5% for the garden after adjusting for time gives a value of £322,728

41 Morieux adjusted for time and condition gives a value of £340,759

46 Bloxhall adjusted for time, 10% improvements and 5% garden gives a value of £306,090

37 Morieux adjusted for time, paved garden, modernised with some original features gives a value of £332,350

69 Bloxhall we have deducted 15% for improvements and garden £318,750 which is surprising as this flat has the whole width of the garden and also a side entrance.

14 Kettlebaston this is an unreliable comparable: Respondent made too many assumptions and adjustments to place any weight on this.

44 Kettlebaston adjusted for time, £310,380, no further adjustments made.

If we consider these adjusted comparables we get to an average price, rejecting as we do 14 Kettlebaston Road, in the region of £321,000.

45. If we adopt this average figure as being the long lease value for the subject property, which we do, we calculate the premium to be £82,450 as shown on the attached valuation.

**Name:** Judge Dutton

**Date:** 4 January 2024

**Appendix:** Valuation setting out the tribunal's calculations

### **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).

**CASE REFERENCE LON/00AC/OLR/2014/0106**

**First-tier Tribunal  
Property Chamber (Residential Property)**

**Valuation under Schedule 13 of the Leasehold Reform Housing and  
Urban Development Act 1993**

**Premium payable for an extended leasehold Interest in [Property]**

**Valuation date: [Date]**