



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

<b>Case Reference</b>	:	BIR/00CN/OAF/2025/0001
<b>Property</b>	:	119 Westbourne Road, Handsworth, Birmingham, B21 8AU
<b>Applicants</b>	:	Anton Zupan and Barbara Zupan
<b>Representative</b>	:	Adcocks Solicitors and G.R. Bates BA, FRICS
<b>Respondent</b>	:	Persons Unknown
<b>Type of Application</b>	:	To determine the sum payable into Court by the Lessee to purchase the freehold interest pursuant to Section 27 of the Leasehold Reform Act 1967 by Order of Birmingham County Court dated 4 December 2024 under Claim No. L01BM912
<b>Tribunal Members</b>	:	I.D. Humphries B.Sc.(Est.Man.) FRICS (Chairman) V. Ward B.Sc FRICS (Regional Surveyor)
<b>Hearing</b>	:	None. Paper Determination.
<b>Date of Decision</b>	:	31 May 2025

---

**DECISION**

---

## **DECISION**

- 1 The price of the freehold interest is determined at £18,200 (Eighteen Thousand Two Hundred-Pounds).

## **REASONS**

### **Introduction**

- 2 The Applicants hold a lease of 119 Westbourne Road, Handsworth, Birmingham, B21 8AU, granted for a term of 99 years from 25 March 1947 at £4.50 p.a. ground rent and wish to acquire the freehold interest. Despite extensive enquiries, the Applicants' Solicitors have been unable to find the freeholder and applied to Birmingham County Court for a vesting order under s.27(5) of the Leasehold Reform Act 1967 ('the Act') on 30 September 2024, to transfer the freehold title to the Applicants, subject to payment of costs to Court.
- 3 By Order of Birmingham County Court dated 4 December 2024, Claim No. L01BM912, the freehold was to be vested in the Applicants subject to an application to the First-tier Tribunal (Property Chamber) ('the Tribunal') to determine the price in accordance with section 9 of the Act.
- 4 The Tribunal received the application on 10 January 2025 and issued Directions. The Tribunal has not inspected as details and photographs have been provided by the Applicants' agent, Mr Bates.

### **The Law**

- 5 The property is held by lease for a term of 99 years from 25 March 1947 granted by Arthur Ernest Jennens (Landlord) to Thomas Albert Satchell (Tenant) at a fixed ground rent of £4.50 p.a. The tenant is required to keep the house in repair.
- 6 The Applicants bought the leasehold interest on 14 September 1977 and having owned it for a period in excess of two years they are entitled to acquire the freehold.
- 7 The valuation date is the date of application to the County Court, 30 September 2024.

### **Facts Found**

- 8 The property comprises a traditional two storey inner terraced Victorian house understood to have been built in 1903. It is in Handsworth, a suburb about 3 miles to the west of Birmingham city centre in a road of similar terraced housing in a mainly terraced housing area. It is within walking distance of the A41 Soho Road which has a wide variety of shops and facilities.
- 9 The house is brick and slate construction with a rear wing. There is a passage to the left of the house which is outside the title on the Land Registry plan. There are front and back gardens but no provision for off road parking. It occupies a narrow plot.
- 10 From the photographs, it has been improved from the original specification by adding double glazing, re-fitting the kitchen and bathroom, central heating and replacing the gas fires. The Applicants' Surveyor has made no deduction to reflect the value of any tenant improvements which the Tribunal assumes to have been carried out under the repairing covenant in the lease.

## **Applicant's Submission and Tribunal Determination on Valuation Points**

### ***Ground Rent***

- 11 Applicant  
Mr Bates applies the ground rent in the lease of £4.50 p.a.

- 12 Tribunal  
The Tribunal agrees.

### ***Capitalisation Rate***

- 13 Applicant  
Mr Bates capitalises the ground rent at 7%.

- 14 Tribunal  
The Tribunal reduces this to 6.5% to reflect current market practice and the general approach taken by the Tribunal in recent cases in the Midlands.

### ***Deferment Rate***

- 15 Applicant  
Mr Bates assesses the deferment rate at 5.25%.

- 16 Tribunal  
The Tribunal agrees in line with established practice.

### ***Value of Freehold Interest with Vacant Possession assuming a fully developed plot - 'Entirety Value'***

- 17 Applicant  
The Applicants' Surveyor, Mr Bates, provides the prices achieved for 14 terraced houses sold in the area:

<u>Address</u>	<u>Date of Sale</u>	<u>Sale Price £</u>
92 Newcombe Road	September 2024	£150,000
14 Farnham Road	August 2024	£140,000
91 Greenhill Road	July 2024	£163,000
255 Nineveh Road	July 2024	£145,000
108 Westbourne Road	May 2024	£150,000
36 Greenhill Road	April 2024	£115,000
51 Uplands Road	March 2024	£147,000
29 Grove Avenue	March 2024	£140,500*
80 Stockwell Road	March 2024	£185,000
18 Clarence Avenue	March 2024	£117,000*
111 Victoria Road	March 2024	£138,000
4 Avenue Road	February 2024	£130,000
7 Spring Gardens	January 2024	£110,000
19 Mount Pleasant Avenue	January 2024	£130,000

\* end-terrace

- 18 From this, he assesses the maximum value of a hypothetical house on the plot, assuming the plot had been developed to its maximum potential (the 'Entirety Value'), to have been the average of the table at £140,000. He then adds 1.7% to reflect the average increase in the price of terraced houses in Birmingham in 2024 from data published by the UK House Price Index, to assess the Entirety Value at the valuation date of 30 September 2024 at £142,500 (rounded).
- 19 Tribunal  
The Tribunal has considered the properties listed by Mr Bates but notes that others listed on *Rightmove* have been omitted, for example, No.91 Greenhill Road which is another two bedroom terraced house in the same area, sold for £163,000 on 31 July 2024 and No.115 Westbourne Road only two doors from and of similar appearance to the subject house, sold for £170,000 on 28 October 2024, a month after the valuation date.
- 20 Taking an overall view and the Tribunal Members' general knowledge of values in the area, the Tribunal finds the Entirety Value to have been £165,000 at the valuation date.

### ***Site Value***

- 21 Applicants  
Mr Bates values the land element of the Entirety Value at 32.5% to arrive at a modern ground rent for the purposes of section 15 of the Act of £46,312 (i.e. 32.5% of £142,500). In support, he cites *El-Gadhy v Liverpool City Council* (LRA/78/2015) 'and subsequent Midlands Region Tribunal decisions' in which he has acted.
- 22 Tribunal  
In the Tribunal's view the case cited does not support the proposition because in that case the Tribunal determined the site percentage at 30% for a house in Liverpool, subject to express reservation that such ratio should not be taken to apply to all properties in Liverpool.
- 23 Other cases have adopted a wide range of percentages depending on the circumstances of the plot, location and market conditions at the time. There is no fixed percentage and values have ranged from 25% in Swansea [*Lewis v James* (1981) 258 EG 651.LT] to 55% for a mews property in Chelsea [*Tsiapkinis c Cadogan* (2008) L&TR 21].
- 24 Within the West Midlands, 30-35% is common but lower percentages have been applied in some areas, e.g. Halesowen 25% [*Collins v Jones* (1981) 2 EGLR 108 LT] and Saltley, Birmingham, 27% [*Wilkes v Larcroft Properties Ltd.* (1981) 257 EG 1160 LT].
- 25 In the subject case, 119 Westbourne Road Handsworth occupies a narrow plot where redevelopment would require the adjoining houses to be supported during construction. Overheads such as Architect's fees and fees payable to the local authority to consider a planning application would be likely to form a higher percentage of the final value than for say a semi-detached house in one of the more affluent suburbs of the West Midlands, leaving less available to purchase the plot after taking account of developer's profit. With this in mind, the Tribunal reduces the site percentage to 27.5% although it is emphasised that each case is considered on its merits and this should not be taken as precedent for all terraced housing in the West Midlands.

.../cont.

***Value of Freehold Interest with Vacant Possession, existing house -  
'Standing House Value'***

26 Applicant

Mr Bates considers the plot to be fully developed and the Standing House and Entirety values to be the same.

27 Tribunal

The Tribunal agrees.

***Allowance under Schedule 10 to the Local Government & Housing Act 1989***

28 Applicants

Mr Bates deducts 5% from the Standing House Value for the possibility that tenants may remain in occupation on expiry of the statutory 50 year lease in 71.5 years' time.

29 Tribunal

The deduction referred to by Mr Bates was first raised in *Re Clarise* [2012] UKUT 4(LC) where one of the points for the Upper Tribunal to consider was whether a tenant's right to remain in occupation at the end of the statutory lease should be reflected in the value of the third stage, or 'Haresign addition', of the valuation. The right arises under Schedule 10 to the Local Government and Housing Act 1989 which provides that a tenancy continues automatically until notice is served under para 4 of Schedule 10, when a tenant is entitled to an assured shorthold tenancy under the Housing Act 1988 at a market rent. The Upper Tribunal heard evidence from Expert Mr G.Evans who agreed that the right may make the freehold less attractive than if property were offered for sale with vacant possession, as a result of which he deducted 1.75% from his standing house valuation.

30 However, the Upper Tribunal, of its own volition and '*in the absence of any comparable evidence*', applied a discount of 20% which remains uncontested.

31 In the subject application, this Tribunal notes that *Re Clarise* was decided 14 years ago under different market conditions and while agreeing the principle that a house subject to a tenancy may be less attractive than a house with vacant possession, the fact that the reversion will not fall in for 71.5 years and the rent payable would be a market rent would make any assessment of reduction in value de minimis. Accordingly, the Tribunal finds Schedule 10 to have no material effect on the reversionary value in 71.5 years' time in this application.

**Valuation**

Applicant

32 Mr Bates contends for a freehold price of £17,600.

Tribunal

33 Based on the above, the Tribunal values the freehold interest under the Act as:

Term 1

Ground Rent

£ 4.50

Years Purchase 21.5 years 6.5%

11.4101

£ 51

c/f

£ 51

b/f £ 51

### Term 2

Entirety Value	£ 165,000	
x plot ratio	<u>0.275</u>	
Plot Value	£ 45,375	
5.25% return	<u>0.0525</u>	
Equivalent rental value per s.15 of the Act	£ 2,382	
Years Purchase 50 years 5.25%	17.5728	
Present Value 21.5 years 5.25%	<u>0.33294</u>	
		£ 13,936
<u>Reversion</u>		
Standing House Value	£ 165,000	
Less for Sch.10 Local Government etc. Act 1989	<u>£ 0</u>	
	£ 165,000	
Present Value 71.5 years 5.25%	<u>0.02577</u>	
		<u>£ 4,252</u>
		£ 18,188
Freehold Value rounded to		<u>£ 18,200</u>

### **Tribunal Determination**

- 34 The Tribunal determines the price of the Freehold interest in accordance with section 9(1) of the Leasehold Reform Act 1967 at £18,200 (Eighteen Thousand Two Hundred Pounds) as at 30 September 2024.

I.D. Humphries B.Sc.(Est.Man.) FRICS  
Chairman

### **Appeal**

If either party is dissatisfied with this decision they may apply to this Tribunal for permission to appeal to the Upper Tribunal (Lands Chamber). Any such application must be received within 28 days after these written reasons have been sent to the parties (Rule 52 of The Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013).