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Ref LON/LVT/703

LEASEHOLD VALUATION TRIBUNAL FOR THE LONDON RENT ASSESSMENT PANEL

Leasehold Reform Act 1967

Housing Act 1980

DECISION OF LEASEHOLD VALUATION TRIBUNAL

ON AN APPLICATION UNDER S21 OF THE LEASEHOLD REFORM ACT 1967

Applicant: The Trustees of the Eyre Estate

Respondent: Dr L A Berger and Mrs S Berger

RE: 40 Springfield Road, St Johns Wood, London NW8

Date of Tenant's Notice: 19 November 1996

Application to Tribunal dated: 14 May 1997

Heard: 6 March 1998

Inspections: Subject property 6 March 1998. Comparable properties 7 April 1998

Appearances: Dr L A Berger (tenant)  
Mr C S R Marr-Johnson FRICS, Marr Johnson & Stevens

for the Tenant

Mr J E C Briant BA ARICS, Cluttons Daniel Smith  
Mr J Meikle BSc, " " "

for the Landlord

Members of the Leasehold Valuation Tribunal:

Mrs S E Denman CBE LLM (Chairman)  
Mrs J Davies FRICS  
Mrs M Cunningham JP MA

Valuation Date: 19 November 1996

Unexpired term at valuation date: 39.6 years  
Leasehold Valuation Tribunals determination: £218,500  
Date of Tribunal's decision:

- 2 JUL 1998

40 Springfield Road, NW8

### The Facts

1. 40 Springfield Road is a 1930's detached double fronted house with a single garage and driveway providing one off-street parking space by the front garden. It has an agreed effective floor "A" area of 187 m<sup>2</sup>/2009 ft<sup>2</sup>. It is held under a lease dated 14 June 1944 for a term of 99 years from 24 June 1937 expiring 24 June 2036, of which 39.62 years remained expired on the valuation date, 19th November 1996. The ground rent is £90 per annum fixed for the residue of the term. The parties are agreed that the property should be valued unimproved and that the marriage value should be shared equally.
2. Mr Marr-Johnson for the tenants proposes a premium of £132,000 and Mr Briant, for the landlord, a premium of £332,747. Their valuations are attached to this decision as appendices A and B respectively. An agreed schedule of comparables is attached as appendix C. Both parties alluded to a recently heard case in respect of similar property at 44 Springfield Road, where the evidence presented was similar, in the expectation that there would be liaison between the Tribunals.
3. The issues are:
  - (i) the value of the unimproved freehold interest
  - (ii) the value of the unimproved leasehold interest
  - (iii) the yield
4. On 6 March, following the hearing, we internally inspected the subject property, which is quietly situated in an attractive, tree lined, residential road of broadly similar superior, detached houses. It is somewhat overlooked at the rear by a large block of 1950's council flats. On 7th April 1998, we inspected the comparable properties referred to by the parties at the hearing.
5. Decision

#### (i) The value of the freehold

Mr Briant proposed £1.4 m and Mr Marr-Johnson £1.1m, both in reliance on the agreed comparables set out in Appendix C. The not exceptionally wide differing results rested on each valuer's interpretation of factors such as the buoyancy of the market at the date of valuation, the 'fit' of the particular comparable and the adjustments falling to be made for differences in size, location, condition and internal layout, in so far as known. Unlike as in the case of leasehold transactions, there were no comparable freehold sales in Springfield Road itself. Of those agreed, though the majority were sold fairly

close to the valuation date, all were larger and had such a variety of more detailed differences as to render most not comparable at all. Having digested each valuer's argument, drawn upon our appreciations of the considerable buoyancy of the market of prime property in superior residential areas such as this, we determined a value for the freehold interest of £1.25 m.

(ii) The value of the leasehold interest

Here the gap between the parties was even narrower, no doubt assisted by leasehold transactions on houses in the same road with similar unexpired terms, Nos 28 and 38 Springfield Road but both larger and sold in June and July 1997 respectively. Here, taking into account indications from the other comparables demised closer to the subject's valuation date, the Tribunal adopted Mr Marr-Johnson's assessment of £900,000.

(iii) Yield

Mr Briant's argument for a yield of 6% was based on his analysis of a list of some 30 cases, mainly settlements, but including some Tribunal decisions involving houses in the area, showing 6% to have been the agreed or accepted yield. He treated the location as on a par with Belgravia, Mayfair and Chelsea, where he said a 6% yield had been long established and drove home his argument by reference to the added effect of relatively short unexpired terms. Mr Marr-Johnson suggested a rate of 7.5%. Though he accepted that a rate of 6% might be correct for some property in prime central London locations, he did not consider this could be justified for the subject property, situated as it was on the boundary of the St John's Wood estate and backing onto council property. In addition, he questioned the quality of the evidence on which the rates said to have been agreed in the settlements were based, pointing out that avoidance of the cost of taking the matter to Tribunal is often an important consideration. The Tribunal does not accept that this part of St John's Wood is a location ranking with other prime areas of central London, where a 6% rate may have been adopted. We believe there is good cause to be wary of settlement evidence and find supporting Tribunal decisions quoted to have been somewhat selectively identified. We prefer instead to concentrate on the particular property and any individual factors other than prime location, which can impinge on the particular yield adopted. However, we consider that Mr Marr-Johnson exaggerates the unfavourable factors in this case, that there is a better case for a rate of 7% than either of those contended for by the parties, and accordingly we adopted that rate.

6. Determination

We therefore determine the price to be paid for the freehold in possession of 40 Springfield Road, NW8 is £218,500 in accordance with our valuation which is attached to this decision as Appendix D.

CHAIRMAN .....

*Glynis Benjamin*

2 JUL 1998

DATE .....

**Dr & Mrs L Berger**

**Leasehold Reform Acts 1967 & 1993**

**40 Springfield Road, London NW8**

<u>Freehold Valuation as at</u>	Nov 1996 claim	Jun 2036 expiry	
Ground rent per annum:			£90
Years' purchase for:           39.6    years at	7.5%		<u>12.57</u>
			£1,131
Reversion to fully repaired but unimproved value, freehold with vacant possession		£1,100,000	
Present value of £1 after:           39.6    years at	7.5%	<u>0.057124</u>	
			<u>£62,836</u>
Open market value of landlords' interest			£63,968

**Marriage Calculation**

Freehold as above		£1,100,000	
less freeholders' interest	£63,968		
and lessee's interest @ (ignoring the right to claim)	<u>£900,000</u>		
		<u>£963,968</u>	
Total marriage value		£136,032	
Landlords' share @ 50%		<u>0.5</u>	
			<u>£68,016</u>
<b>Enfranchisement price exclusive of costs</b>			<b><u>£131,984</u></b>

**C S R Marr-Johnson**

**6th March 1998**

## THE LEASEHOLD REFORM, HOUSING AND URBAN DEVELOPMENT ACT 1993

40 SPRINGFIELD ROAD S 9(1c)

Valuation Date. 19/11/96

## LEASE TERMS:

Lease commenced: 24/06/37

Lease to expire: 24/06/36

Unexpired Term: 39.62

Ground rent (pa) to review: £90

FHVP £1,400,000

Leasehold Value £875,000 62.50%

## LANDLORDS INTEREST:

Term 1:

Ground Rent: £90

YP 39.62 @ 6% 15.0102

£1,351

Reversion:

FHVP Less improvements: £1,400,000

PV £1 39.62 @ 6% 0.0994

£139,143

£140,494

## LEASEHOLD INTEREST

£0

## MARRIAGE VALUE:

FHVP: £1,400,000

Less

Landlords Interest: £140,494

Leasehold Interest: £875,000

Total Marriage Value: £384,506

Take 50% MV £192,253 £192,253

Leaseholders interest: £1,067,253

Freeholders interest: £332,747

**Schedule of Comparables**

## 40 SPRINGFIELD ROAD, LONDON NW8

ADDRESS	TYPE OF PROPERTY	APPROX. 'A' AREA	ACCOMMODATION / AMENITIES	TENURE / LEASE LENGTH	GROUND RENT	PRICE	DISPOSAL DATE
<b>SUBJECT PROPERTIES</b>							
<b>40 SPRINGFIELD ROAD</b> Valuation date: 19/11/96	1930's detached double fronted low built house.	187 m <sup>2</sup> 2013 sq ft	INTERNAL : 6 Bedrooms, 2 bathrooms, shower room, Study, 2 reception rooms, kitchen / breakfast room, guest cloakroom, utility, WC. EXTERNAL : Garage, OSP 1, landscaped garden, 2 tradesman's entrances, loft storage.	99 year lease from 24/6/1937 expiring 24/6/2036, therefore with 39.5 years unexpired term.	£90 pa for the remainder of the term.	£600,000	25th March 1993
<b>LEASEHOLD COMPARABLES</b>							
<b>3 LANGFORD PLACE</b>	A 1930's detached 2 storey double fronted house.	203 m <sup>2</sup> 2185 sq ft	INTERNAL : Entrance Hall, Guest Cloak, Drawing room, Dining room, Family Room, Kitchen/Breakfast room, 5 bedrooms Dressing area, 3 bathrooms (1 en suite), utility room, cellar storage. EXTERNAL : Paved forecourt, 1 OSP, Internal garage, rear garden	Lease for a term of 99 years from 25/3/34, expiring 25/3/2033. Unexpired term 36 years.	£80 p.a.	£942,500 With benefit of Claim	31/1/97
<b>58 QUEEN'S GROVE</b>	A low built red brick 1930's house	164 m <sup>2</sup> 1767 sq ft	INTERNAL : 5 bedrooms , 1 dressing room, 3 bathrooms ( 1 en suite), guest WC, 2 reception rooms, kitchen/ breakfast, utility, separate WC. EXTERNAL : Garage , rear garden, off street parking.	99 year lease from 29/9/33, expiring 29/9/2032. Unexpired term 36 years.	£75 p.a. during the residue of the term.	£795,000	October 1996
<b>28 SPRINGFIELD ROAD</b>	A low built red brick 1930's house	267 m <sup>2</sup> 2874 sq ft	INTERNAL : 7 bedrooms , dressing room, 3 bathrooms ( 1 en suite), guest WC, 3 reception rooms, kitchen/ breakfast, sun room, morning room EXTERNAL : Garage , OSP 1.	99 year lease from 24/6/37, expiring 24/6/2036. Unexpired term 39 years.	£90 p.a. during the residue of the term.	£1,250,000	June 1997
<b>38 SPRINGFIELD ROAD</b>	A low built red brick 1930's house	224 m <sup>2</sup> 2411 sq ft	INTERNAL : 6 bedrooms, dressing room, 3 bathrooms (1 en suite), 3 reception rooms, kitchen/breakfast room, store room, utility room, cloakroom EXTERNAL : Garage OSP 1.	99 year lease from 29/9/33, expiring 29/9/2032. Unexpired term 38 years.	£90 p.a. during the residue of the term.	£1,275,000	July 1997



**40 SPRINGFIELD ROAD, LONDON NW**

ADDRESS	TYPE OF PROPERTY	APPROX. 'A' AREA	ACCOMMODATION / AMENITIES	TENURE / LEASE LENGTH	GROUND RENT	PRICE	DISPOSAL DATE
<b>SUBJECT PROPERTIES</b>							
<b>40 SPRINGFIELD ROAD</b> Valuation date: 19/11/96	1930's detached double fronted low built house.	187 m <sup>2</sup> 2013 sq ft	INTERNAL : 6 Bedrooms, 2 bathrooms, shower room, Study, 2 reception rooms, kitchen / breakfast room, guest cloakroom, utility, WC. EXTERNAL : Garage, OSP 1 landscaped garden, 2 tradesman's entrances, loft storage.	99 year lease from 24/6/1937 expiring 24/6/2036, therefore with <u>39.5</u> years unexpired term.	£90 pa for the remainder of the term.	£600,000	25th March 1993
<b>FREEHOLD COMPARABLES</b>							
<b>8 ST JOHN'S WOOD PARK</b>	A low brick built detached house arranged over three floors.	278 m <sup>2</sup> 2992 sq ft	INTERNAL : 5 Bedrooms, Games room, Study, 3 reception rooms, kitchen, utility room, guest cloakroom, Games room. EXTERNAL : Double Garage, OSP 3.	FREEHOLD	N/A	£1,400,000	August 1996
<b>57 HAMILTON TERRACE</b>	Detached period house of brick construction under a slate roof.	201 m <sup>2</sup> 2163 sq ft	INTERNAL : 5 bedrooms, 3 bathrooms (1 en suite), Kitchen, family room, staffbedroom, bathroom, drawing room, dining room, study. EXTERNAL : Rear garden overlooked by the Telephone exchange. No provision for OSP	FREEHOLD	N/A	£1,425,000	December 1996
<b>42 CARLTON HILL</b>	A detached period house.	202 m <sup>2</sup> 2174 sq ft	INTERNAL : 6 bedrooms, 4 bathrooms, 3 reception rooms, kitchen/breakfast room, staff accommodation, cloakroom. EXTERNAL : OSP 2, garden, 2 garages	FREEHOLD	N/A	£1,250,000	December 1996
<b>10 CARLTON HILL</b>	Semi detached period house divided into 3 separate flats.	202 m <sup>2</sup> 2174 sq ft	INTERNAL : Could provide following refurbishment : 5 bedrooms, 4 bathrooms, 4 reception rooms, kitchen.	FREEHOLD	N/A	£1,300,000	May 1997
<b>14 CARLTON HILL</b>	Semi detached period house	254 m <sup>2</sup> 2734 sq ft	INTERNAL : 6 bedrooms, 4 bathrooms (3 en suite), dressing room, double reception room, music room, kitchen/breakfast room, dining room, conservatory, study, shower room, utility room, cloakroom. EXTERNAL : OSP 2	LEASEHOLD 95 years unexpired	£1,200 p.a. with review to 0.5% of capital value	£1,650,000	May 1997
<b>37 LOUDOUN ROAD</b>	Detached red brick house.	141 m <sup>2</sup> 1516 sq ft	INTERNAL : 6 bedrooms, dressing room, 3 bathrooms, 3 reception rooms, kitchen, utility room, cloakroom. EXTERNAL : Garage, OSP1	FREEHOLD	N/A	£900,000	May 1997

Appendix D

40 Springfield Road, St John's Wood, London NW8

Valuation Date: 19.11.96

Value of Lessor's Interest

Ground Rent Receivable	£90 pa	
YP for 39.6 yrs @ 7%	<u>13.305</u>	£1,197

Reversion

Freehold Interest	£1,250,000	
YP deferred 39.6 yrs @ 7%	<u>.06865</u>	<u>85,813</u>

Value of Lessor's Interest £87,010

Lessor's share of marriage value

Freehold Interest	£1,250,000
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Less

Value of Lessee's interest	£900,000	
Value of Lessor's interest	<u>87,010</u>	<u>£987,010</u>
Marriage Value		£262,990

50% to Lessor	<u>£131,495</u>
Enfranchisement Price	<u>£218,505</u>

Say	<u>£218,500</u>
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