



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

Case reference : **LON/00BB/OLR/2021/0258**

HMCTS code (paper, video, audio) : **V: CVPREMOTE**

Subject property : **Ground Floor Flat, 19 Forest Lane, London E15 1HA**

Applicant : **Mr J Rodriguez**

Representative : **Mr A Cohen FRICS**

Respondent : **Real Estate East Limited**

Representative : **Mr P Gunby MRICS**

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

Tribunal members : **Judge S Brilliant
Mr K Ridgeway MRICS**

Date of determination and venue : **29 March 2022 at 10 Alfred Place, London WC1E 7LR (Remote)**

Date of decision : **12 April 2022**

DECISION

Covid-19 pandemic: description of hearing

This has been a remote video hearing which has been not objected to by the parties. The form of remote hearing was by video V: CVPREMOTE. A face-to-face hearing was not held because it was not practicable and no-one requested the same. The documents that we were referred to are in two electronic bundles totalling 228 pages.

Summary of the Tribunal's decision

The appropriate premium payable for the new lease of Ground Floor Flat, 19 Forest Lane, London E15 1HA ("the Flat") is £51,780.

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 new lease of the Flat.
2. By a notice of claim dated 10 August 2020, served pursuant to section 42 of the Act, the applicant exercised the right for the grant of a new lease of the Flat. At the time the applicant held the existing lease granted on 03 January 1979 for a term of 99 years commencing on 03 January 1979. The unexpired term at the date of the notice was 57.4 years. The annual ground rent is a fixed £20.00.
3. The applicant proposed to pay a premium of £31,247 for the new lease.
4. On 24 September 2020, the respondent freeholder served a counter-notice admitting the validity of the claim and counter-proposed a premium of £70,000 for the grant of a new lease.

The application

5. On 19 March 2021, the applicant applied to the Tribunal for a determination of the premium to be paid.
6. Directions were given on 28 September 2021. By paragraph 12 of the directions the parties were ordered to agree a bundle of documents relevant to the outstanding issues. It was specifically said that that this should be a single bundle in PDF format. The applicant was ordered to prepare it and send a copy to the Tribunal and the respondent at least two weeks before the hearing.
7. Unfortunately, the applicant failed to comply with this direction. Instead, the Tribunal was faced with no less than four bundles: (1) the applicant's bundle which included Mr Cohen's report but not that of Mr Gunby, (2) Mr Gunby's report, (3) the appendices to Mr Gunby's report and (4) further photographs relied upon by Mr Gunby.
8. The Tribunal cannot emphasise too strongly that directions as to bundles need to be strictly obeyed. Far too much time was wasted at the hearing by the need constantly to chop and change from bundle to bundle. Matters were made worse by some of the pages having internal manuscript page numbers not corresponding to the PDF numbering.

The hearing

9. The hearing in this matter took place remotely on 29 March 2022. The applicants were represented by their expert witness, Mr A Cohen FRICS. The respondent was represented by its expert witness, Mr P Gunby MRICS.
10. Neither party asked the Tribunal to inspect the Flat 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 Cohen and the respondent relied upon the expert report and valuation of Mr Gunby dated 04 March 2022.

Location and description

12. The Flat is a self-contained flat on the ground floor of a 2 storey centre terrace Edwardian house. There is one flat on each floor, and as a they have their own front doors they might better be described as maisonettes rather than flats.

13. The Flat consists of three bedrooms, living room, kitchen and bathroom. The total area is 62.50 m²/ 673.00 ft². There is a narrow rear garden, but no garage or immediate on street parking. The road is a cut through between Forest Gate and Stratford. The building is opposite a railway line.

Matters agreed between the experts

14. From an agreed statement of facts the following matters were agreed by the date of the hearing:

- (1) The valuation date is 10 August 2020.
- (2) The unexpired term at the valuation date was 57.4 years.
- (3) The ground is fixed at £20 per annum.
- (4) The gross internal area is 62.50 m²/672.74 ft² plus garden.
- (5) The capitalisation rate is 6.5%
- (6) The deferment rate is 5%.
- (7) The relativity figure is 76.38%.
- (8) The freehold value has a 1% uplift.

The issue

15. The sole issue is the reversionary value of the Flat.

The comparables

16. Mr Cohen relied on the following comparables:

17A Maryland Square	£336,000	March 2020	51 m ² /549 ft ²
35 Maryland Street	£333,000	January 2021	74.69 m ² /804 ft ²
114A Leytonstone Road	£290,000	July 2020	56.3 m ² /606 ft ²
39 Hatfield Road	£332,500	May 2021	53.88 m ² /580 ft ²
55B Carnarvon Road	£380,000	June 2021	59.83 m ² /644 ft ²
111 Maryland Street	£430,000	June 2021	61.62 m ² /663 ft ²

17. The thrust of Mr Cohen's argument was that each of the comparables was better presented than the Flat and that each of the comparables was in a better location than the Flat. He did not carry out a £ per m²/ ft² exercise as he thought that

buyers in the real world were not concerned with the precise measurements of flats.

18. The thrust of Mr Gunby's argument against this was that the evidence of the state of the comparables was dependent upon what had been said by the selling agents and was not necessarily true, and that the comparables were not in a better location than the Flat. For example 114A Leytonstone Road was opposite a filling station and 39 Hatfield Road was next to a basketball court.

19. Mr Gunby relied on the following comparables:

15 Forest Lane	£385,000	September 2017	62 m ² /667.36 ft ²
18 Forest Lane	£345,000	February 2016	59 m ² /635.07 ft ²
5 Maryland Square	£360,000	July 2020	56.3 m ² /505.9 ft ²
91 Chatsworth Road	£290,000	September 2020	78 m ² /839.59 ft ²
43 Steele Road	£405,000	October 2020	46 m ² /495.14 ft ²
25B Maitland Road	£370,000	October 2020	68.4 m ² /736.25 ft ²
128 Chobham Road	£435,000	January 2021	93 m ² /1,001.04 ft ²

20. As far as these comparables are concerned, the Tribunal does not pay attention to 15 Forest Lane and 18 Forest Lane as they are too dated. Mr Gunby did not press 128 Chobham Road as being a true comparable. It is very large with an integral garage. 111 Maryland Street is not of assistance either as it is a house. Nor are 35 Maryland Street and 91 Chatsworth Road as they are two storey maisonettes.

21. Mr Gunby made adjustments to take into account the different sizes of the comparables to the Flat and the nature of their location.

22. Mr Gunby was criticised by Mr Cohen for putting a figure of £450,000 in the statement of agreed matters in October 2021, when at the hearing he relied upon a figure of £375,000 - only £50,000 above the figure put forward by the applicant. It is well established law that the figure the landlord puts in the counter notice does not need to be a genuine figure (in contrast with the figure that the tenant puts in the initial notice). However, as Mr Cohen pointed out in so many words, the statement of agreed matters is part and parcel of the expert's report and should not have contained a figure put in solely to bolster the respondent's case.

Discussion

23. We have looked at each of the remaining seven comparables and our reasons for the adjustment of them are at Appendix A .

24. Taking the average of the adjusted figures we reach a reversionary value of £357,000.

Conclusion

x. We have stated the premium at the commencement of this decision. Our calculations are set out in appendix B attached.

Name: Judge Simon Brilliant

Date: 12 April 2022

Rights of appeal

By rule 36(2) of the Tribunal Procedure (First-tier Tribunal) (Subject 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 subject 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).

Appendix A

Analysis of comparables

19 Forest Lane area 62.5 sqm

Comparable	Remarks	Sale Price and Date	Adjustment	Comparable Price
Mr Cohen's Comparables				

17a Maryland Square	51 sqm, 2 bed, front and rear gardens	£336,000 March 2020	+£10,000 Smaller, front & rear gardens, time	£346,000
114A Leytonstone Road	56.3 sqm, 2 bed, first floor, no garden, opposite petrol station	£290,000 July 2020	+£30,000 No garden, opposite petrol station	£320,000
39 Hatfield Road	53.8 sqm, more modern and good sized rear garden, adjacent to outside basketball court	£332,500 May 2021	-£1,500 Smaller, bigger garden, location, time	£334,000
55b Caernarvon Road	59.8 sqm, 2 bed, large garden with summerhouse/office	£380,000 June 2021	-£30,000 Large garden and summer house, time	£350,000
Mr Gunby's Comparables				
5 Maryland Square	47.0 sqm, 2 bed, ex council flat, no garden, no gas central heating	£360,00 July 2020	+£30,000 Much smaller, no garden, ex council flat	£390,000
91 Chatsworth Road	78.0 sqm, 2 bed ex council flat, no garden	£290,000 Sept 2020	+£25,000 Larger, no garden, ex council flat	£315,000
43 Steele Road	46.0 sqm, 2 bed, garden	£405,000 Oct 2020	£0 Smaller, better garden	£405,000

Appendix B

Valuation for lease extension

Gnd Flr Flat, 19 Forrest Lane, London, E15 1HA

Valuation Date	10/08/2020			
Lease Commencement	03/01/1979			
Lease Term	99.00	years		
Unexpired Term	57.40	years		
Long Lease value	£357,143			
Freehold VP value	£360,714			+1% long lease value
Ground rent	£20.00	Term 1	Term 2	Term 3
Reversion years	57.40	£0.00	£0.00	£0.00
Capitalisation rate	7%			
Deferment rate	5%			
Compensation	£0.00			
Relativity	76.38%			

Diminution of Landlord's interest

Ground rent					£20	
YP	57.40	yrs @	7.00%		<u>13.99176452</u>	£280
Rent Review 1					£0	
YP	0.00	yrs @	7.00%		0	
PV of £1	57.40	yrs @	7.00%		<u>0.020576484</u>	£0
Rent Review2					£0	
YP	0.00	yrs @	7.00%		0	
PV of £1	57.40	yrs @	7.00%		<u>0.020576484</u>	£0
Reversion to VP value					£360,714	
PV	57.40	yrs @	5.00%		<u>0.06077630</u>	£21,923
						<u>£22,203</u>

Value existing freehold

L/lord's interest on reversion of new lease

FH VP					£360,714	
PV	147.40	yrs @	5.00%		<u>0.00075283</u>	-£272

Landlord's share of Marriage Value

Val. Tenant's interest new long lease						£357,143
Val. l/lord's interest after reversion of new lease						£272
						<u>£357,415</u>

Less

Val. tenant's interest existing lease		Relativity	76.38%		£275,514	
Val. l/lord's interest existing lease					<u>£22,203</u>	
						<u>£297,716</u>
						<u>£59,698</u>

Marriage Value at Compensation	50%					£29,849
						<u>£0</u>

PREMIUM

£51,780

