

Orme Associates

Property Advisers

Littledales Park, Hartford, CW8 2ZL (six properties)

These properties were held leasehold from Adriatic Land Limited (freeholder) by the leaseholders for a term of 900 years from 2006 and at a rent of £200 pa reviewable in line with the Retail Price Index at five yearly intervals, with £263 pa then payable. Orme Associates acquired the freehold to the properties for £5270 per property, negotiating the Landlords valuer down from circa £8500, landlords legal and valuers fees were approximately £1000 plus VAT.



Shop and flat at 20-22 Larkhill Place, Liverpool, L13 0AL

This property was held by the shop owners and had just 7½ years still to run with a peppercorn rent. Orme Associates proceeded to acquire the freehold from the Landlord, Liverpool City Council, and no agreement on price could be reached. In making an application to the First-tier Tribunal for a determination on price we submitted a valuation of £12168 whilst the Landlord submitted a valuation of £29860, and the First-Tier Tribunal awarded £29852 stating they “...preferred the Landlords arguments”. We thought the capital value of the property and the site value adopted was too high, so we asked the First-Tier Tribunal for permission to appeal their decision, this was refused as it was considered that our arguments did not “...have a real prospect of success”. In these circumstances the requesting party can ask the Upper Tribunal direct, i.e. without permission, to hear the case, and the Upper Tribunal agreed stating that the Applicant (our client) “arguably [had] a well-founded complaint” and later in allowing the appeal awarded £19389, closer to our valuation of £12168.



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7 Snowberry Way, Whitby, Ellesmere Port, CH66 2UA

Our client wished to acquire the freehold to this property which had 137 years still to run with an original rent of £80 pa reviewable by reference to Retail Price Inflation every five years, and had risen to £128.18 pa. During our valuation we noticed that the reviewed rent should actually be £113.25 pa, and we asked the Landlord to refund the overpayments made, it did, and we supplied a valuation based on the correct rent subsequently agreeing a price marginally above our valuation. The Landlords solicitor later asked for legal fees of £1250 + VAT and a valuer fee of £400 + VAT. We served completion notices and unilaterally paid £800 + VAT in total for Landlords fees, and asked for a schedule of costs for submission to our clients costs consultants but they did not submit a schedule and no assessment was made.



225 South Ferry Quay, Liverpool, L3 4EE

We acquired the freehold estate of this dockside three storey townhouse property for the leaseholder using the Leasehold Reform Act 1967 and completed in 2019, at a price of £1666.00 plus agreed Landlords permissible fees of £1100.00 (inclusive of VAT), totaling £2766.00 to pay. Our fee was £395.00 for the entire process and was invoiced upon completion at HM Land Registry.

Initially we were unable to agree the terms of transfer as to a freehold service charge which can be refused by the buyer, and the extent of the user clause.

We were informed that the estate roads were not of a standard suitable for adoption by the Local Authority, and any service charges are administered by the tenants management company, and on that basis our client agreed to a service charge for the upkeep of the roads and paths, and we agreed to a user clause to limit the use of the property to that of residential use for a single household or for family occupation. We also agreed some other usual restrictions on use, such as a limitation on the number of pets and an agreement not to alter the appearance of the front of the property.

Following the agreement our previous application to the First-Tier Property Tribunal for a determination on the terms of transfer for this property was vacated.

Comment

The price payable represents a 6% capitalization rate which is 16.66 times the ground rent, with a valuation date of January 2017 (this is the date of service of the tenants notice to have the freehold), albeit

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we now think multiples for similar non-reviewable ground rents have fallen to 14.28 to 15.38 times or 6.5%-7% capitalization rate. We consider the Landlords legal fees of £750 + Vat to be approaching the top of what is acceptable, however the Landlords valuer fee of £200 (no VAT was chargeable) was about half the expected figure, and therefore the global sum concluded was, considered to be an acceptable outcome.



10 Wallis Drive, Widnes, WA8 9NH

This property comprises a detached new build house let on a long lease at a rent of £150 per annum subject to five yearly reviews by reference to the Retail Price Index. Orme Associates agreed a price with the Landlord of £3300 of the freehold plus £1000 + VAT for the landlords' costs, however the Landlord required a service charge carried over into the freehold title. We disagreed and made an application to the First-Tier Tribunal stating the landlord was not legally entitled to require this, and the Tribunal held in the tenants favour, accepting our terms of transfer.



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