



the
UNIVERSITY
of
GREENWICH

EXAMINATION PAPER: ACADEMIC SESSION 2005 / 2006

Campus: Avery Hill

School: Architecture and Construction

Department: Building Economics & Management
Urbanism

Title of Programme: BSc (Hons) Estate Management

Course Code: LAND 0011

Course Title: PROPERTY APPRAISAL II

Level: 2

Duration: 2 hours

Date: Tuesday 9th May 2006, start 9.30 am

INSTRUCTIONS TO CANDIDATES & FOR INVIGILATORS

Answer three questions including at least one from section A

You can answer either two questions from section A and one from section B, or one from section A and two from section B.

If answering question [1] please make sure that you answer all parts (a &b)

You are permitted to use Parry's Valuation Tables and an electronic calculator.

Section A

1. a) Value the freehold interest in an office building in central Bromley. The property has a floor area of 800m². The property is held under the terms of a 25-year FRI lease from May 25th 1981, at a current rental of £100,000 per annum with rent reviews at five yearly intervals. The tenant is major travel agent who with landlord's consent extended the building in 1995. This increased the net internal floor area from 750 m² to the existing 800m². The landlord and tenant have been negotiating a new lease to commence as soon as possible, given that the current tenancy expires shortly. The lease will be for a term of 15 years, with upward only rent reviews at five yearly intervals and with full repairing covenants. Rack rented yields are currently 6%.

Comparable evidence suggests that market rents for similar office buildings are currently £200 m². Quote any relevant legislation.

(18 marks)

- b) How would the valuation in **part a)** differ if instead we assume that the landlord had successfully opposed the grant of a new lease in order to redevelop the site. The Rateable Value is £100,000. Quote any relevant legislation.

(15 marks)

2. Mr B is the lessee of an off licence in Dartford. He has recently agreed to sell his business and assign the residue of his leasehold interest to a prospective purchaser Mr C. The lease commenced on August 25th 1989 for a term of 20 years, subject to upward only rent reviews at 5 yearly intervals. The current rent is £17,500, but the full rental value is £23,500. Mr C wishes to raise loan finance to carry out some new shop fitting, but his bank have declined to lend him money unless the lease can be extended to offer better security. Because of the problems in raising finance the landlord has agreed to accept a surrender of the existing lease from Mr B and grant a new 10 -year lease, without review. Rack rented yields are currently 8%.

What rent should be agreed as a result of this surrender?

Section B

3. Discuss the implications arising from Stokes V Cambridge in assessing compensation claims for development land.

4. A road widening scheme has resulted in the loss of garden space fronting exclusive houses in a south London suburb. Outline, using sketches and Case Law how a claim might be calculated in these circumstances

5. Define Market Value and explain why it was necessary for the RICS to introduce the Red Book In 1995.

6. Explain the importance for valuation purposes of three of the following cases.
 - i) GREA Real Property Co V Williams. **(11 marks)**
 - ii) Plinth Properties V Mott Hay Anderson. **(11 marks)**
 - iii) O'May V City of London Real Property Co. **(11 marks)**
 - iv) Betty's Cafes V Phillips Furnishings Stores Ltd. **(11 marks)**
 - v) Ponsford V HMS Aerosols. **(11 marks)**