VALUATION TRIBUNAL FOR ENGLAND

Non domestic rating appeal; 2017 rating list; Car Showroom and Premises; Rental evidence; Comparable properties; Tone; Appeal allowed.

Re: Bateman (North West) Ltd, Kendal Road, Lindale, Grange-Over-Sands, Cumbria LA11 6QR

APPEAL NO: CHG100054200

BETWEEN Bateman (North West) Ltd *(*Appellant)

and

Mr R Roberts (Respondent)

(Valuation Officer)

BEFORE: Mr K Ford (Senior member); Mrs F Higgin

REMOTE HEARING ON: Thursday 29 October 2020

CLERK: Mr J Hewitson

APPEARANCES:

Mr I Henderson (Carigiet Cowen - Representing the Appellant);

Mr A Steel (Representing the Respondent);

Summary of decision

1. The appeal was allowed and the assessment was determined at £168,000 rateable value with effect from 1 April 2017.

Introduction

2. The President of the Valuation Tribunal for England (VTE) is required to make sure arrangements are in place and make such statements and Directions so as to ensure that business before the Tribunal is conducted in accordance with The Local Government Finance Act 1988, Schedule 11, Part 1, paragraph A17(1) and The Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009 and by virtue of Part 2 regulation (5) (arrangement for appeals) and regulation (6)(3)(g) (appeal management powers) the VTE may determine the form of any hearing.

3. Therefore, in pursuance of Regulation (6)(3)(g) the VTE has incorporated “remote hearings” as part of that definition and for the time being as the default option until it is safe to return to normal working. The Tribunal’s Consolidated Practice Statement has been amended to reflect this.

4. This was a 2017 rating list appeal and the property had been entered in the rating list at £187,000 rateable value with effect from 1 April 2017, with a description of Car Showroom and Premises. At the challenge stage, the Valuation Office Agency (VOA) decided that the proposal was not well-founded but did reduce the assessment to £177,000 rateable value. The appeal was made by the appellant’s representative against the Valuation Officer’s (VO) Decision Notice of 23 March 2020.

5. The subject property comprises a modern car showroom facility approximately 15-20 years old, comprising two separate showroom building. A workshop area, a stand-alone car store, offices, stores and other ancillary areas together with car parking around the site. The property is in a rural location close to the village of Lindale. Lindale and Newton in Cartmel has a population of less than 1,000, with the nearby centres of Grange over Sands and Milnthorpe having populations of 4,000 and 2,000 respectively. The nearest towns are Ulverston (13 miles to the west) and Kendal (12 miles to the north). The property is accessed from the B5277 and is set back from the main road behind, hedges, shrubs and other soft landscaping. This has been reflected in the rateable value with a screening allowance of 10% having been included in the assessment.

6. This document is not intended as a verbatim report of the proceedings, nor is it proposed to reproduce in full all of the parties’ evidence. The absence in this decision of a reference to any statement or item of evidence placed before the panel by the parties should not be construed as an indication that the statement or item of evidence has been overlooked.

Issue

7. The issue between the parties concerned the RV of the appeal property and, specifically, the rate per m^2 that should apply.

8. All relevant factual information was not disputed by the parties.

Decision and reasons

9. The appeal hereditament must be valued for the purpose of non-domestic rating on the basis of the rent at which it might reasonably be expected to let from year to year on a number of assumptions (see paragraph 2(1) of Schedule 6 of the Local Government Finance Act 1988). The date of the hypothetical rent was 1 April 2015 (antecedent valuation date or AVD). Matters that affect the physical state or enjoyment of the property or the locality were to be taken as at 1 April 2017 (material day) for this appeal.

10. In his submission, Mr Henderson referred the panel to his bundle of evidence which included details of rents passing on other car showrooms and a schedule detailing a number of comparable properties which, he argued supported his contention that the correct rate for the main space accommodation should be £105 pm^2. The panel was also referred to location plans and photographs which had been included in the original bundle and to another set of photographs which both parties had agreed should be included for the panel’s assistance.

11. Mr Henderson explained that car showrooms are often owner occupied and thus the amount of rental evidence available is very limited. There was no direct rental evidence from the

immediate locality of the subject property but to provide the panel with a wider rental picture, he submitted a schedule which had been discussed with the VO detailing rents at the AVD relating to:

J Edgar & Son, Dunmail Park, Siddick Road, Workington which was a rent review dated January 2011 that he analysed to £61 pm^2;

Including further details regarding this comparable, he explained that the property had also been let from January 2006 at a rent of £50,000 pa (£56 pm^2) and that a rental valuation carried out by an RICS appointed independent expert had determined 'the annual market value', reflecting tenant's improvements, at £80,000 (£62 pm^2) with effect from January 2016. A new 15 year lease from December 2017 was agreed at a rent of £90,000 pa (£70 pm^2).

274 Fylde Road, Ashton Preston which was another rent review dating from February 2013 and devaluing to £114 pm^2 with a 5% allowance for variations of floor levels;

Bristol Street Motors, Alemouth Road, Hexham, a rent review from April 2014 devaluing to £93 pm^2 and to

350 Blackpool Road, Preston which was the only new open market letting and which was dated December 2015 and analysed to £91.20 pm^2.

In addition, he indicated that a rent relating to Stan Palmer, Montgomery Way, Carlisle had been considered but discounted when it had been established that the rent was based on a RPI calculation and thus was not an open market rent.

12. Mr Henderson also provided further rental information in respect of these properties from previous or later agreements which were, he argued, too remote from the valuation date to be of assistance.

13. In considering this evidence the appellant's representative referred to each property in turn and related it to the subject property in terms of its quality and location. The comparables were, he submitted, all remote from the appeal property. In respect of the Preston showrooms, he stated that the City has a population of over 140,000 and is one of the major urban centres in the North West, considered by most car dealerships to be a major territory in the region. It had been accepted that that the Blackpool Road property was not a good comparable. Overall, Mr Henderson considered that there was relatively little to take from the rental evidence, other than the fact that it did demonstrate that there had been some uplift in values between the AVDs for the 2010 and 2017 rating lists. He considered that he had fairly reflected this uplift in his proposed valuation and argued that there was nothing to suggest that the increase that had been reflected in the VO's assessment was correct.

14. In respect of the available rental evidence, Mr Steel responded with his comments in respect of the comparables put forward by the appellant's representative. Overall, in respect of the market for car sales, he referred the panel to the fluctuations in the registrations of new cars which showed a drop between 2007 and 2011 followed by a steady increase to a peak in 2016 with a further decline after that time. This he submitted was an indication that the rental market would have improved with correspondingly higher rental levels than those prevailing in 2008, which was the antecedent valuation date for the 2010 rating list.

15. Mr Steel supported this argument by referring to the Fylde Road comparable which had been subject to a rent review in 2013 and had subsequently been subject to a new lease in

February 2018 which, his analysis showed, was at a rent equating to a 11% increase between the two dates. He submitted that the £110 pm^2 that had been adopted reflected a reasonable rate when the evidence was considered, stating that there was clear evidence that the existing car dealerships found benefit from being in that locality.

16. In respect of J Edgar & Son, Mr Steel referred to the rent determination and quoted the following extract ‘ rental evidence of dealership property in Workington is non-existent’ and stated that the property was in a ‘somewhat unconventional location for a vehicle dealership with no direct road frontage or prominence’.

17. Both the Bristol Street Motors, Hexham and 350 Blackpool Road, Preston showrooms did, Mr Steel argued, provide little assistance, the former property being in a somewhat remote location well away from Newcastle Upon Tyne and without the benefits of having a workshop and the latter having changed occupation with a new lease requiring substantial adjustments.

18. Having considered the rental evidence, the panel found that it provided very limited assistance. None of the properties cited were in the vicinity of the subject property and the character and relative location of each were different. The main conclusion the panel drew from this evidence was that there had been an uplift in rental values between the 2010 and 2017 rating lists but it did not provide conclusive evidence as to the appropriate level of value to be adopted for the appeal showroom.

19. Given the limited rental evidence available and in accordance with the hierarchy detailed in *Lotus and Delta v Culverwell (VO) & Leicester City Council* [1976] RA 141, Mr Henderson submitted that it was necessary to then consider the evidence provided by other car showrooms. He informed the panel that, in recent weeks, consideration had been given to the rating assessments of car showrooms across Cumbria and he highlighted those properties that he contended were relevant in determining the value of the subject property. He explained that the assessment of Hadwins Audi, Lindale had recently been revised and an allowance had been granted to reflect the split/divided nature of the property. He contended that the base rate of £110 pm^2 had not specifically been challenged due to the lack of evidence and the property being owner occupied and he referred to correspondence between himself and the representative acting on behalf of the owner confirming this submission. In respect of Hadwins VW Lindale the 2017 rateable value of £75,500 was based on a rate of £75 pm^2.

20. In addition, he referred the panel to a schedule detailing the settlements and what he submitted was the hierarchy of evidence from Carlisle, detailing the assessments of six car showrooms and argued that there was a clear hierarchy that had been established within the area. He considered that there was now settlement evidence to support his opinion of value. It was submitted that there has been a two-tiered hierarchy of car showrooms in Carlisle and for the 2017 rating list there were four modern, conventional car showrooms that had been assessed in the 2010 rating list at a base rate of £105 pm^2 and which had now been established at a base rate of £110 pm^2 for the 2017 rating list. He contended that Carlisle was a far better location and stated that this had always been reflected, with a difference in the base rates that had been adopted.

21. It was argued that this settlement evidence demonstrated a reasonable uplift in value between rating lists and Mr Henderson submitted that the increase in the base rate from £100 pm^2 in 2010 to £110 pm^2 in 2017 was disproportionate and wrong, contending that his proposed assessment reflected a reasonable increase that reflected not only the rental evidence but also the evidence provided by the settled assessments of similar use properties.

22. In respect of the comparable properties, Mr Steel did not accept that there should be a direct correlation between rating lists and stated that values change over time and that the revaluation is the opportunity to reflect the changes in market values.

23. Mr Steel argued that the rents demonstrated that there had been a steady increase in value between the two lists and considered that the differing values that had been adopted had been challenged and that an agreed level of value was becoming established detailing five showrooms that were now settled at £110 pm^2.

24. It was submitted that £110 pm^2 adopted at the appeal property reflected the location and was in line with the base rate that had been adopted at the nearby property (Hadwins Audi) when the assessment had recently been settled. He did not consider that the appellant's representative had demonstrated that the figure was unreasonable.

25. Having found little assistance from the rental evidence, the panel had regard to the comparable properties that were submitted by the parties and accepted the contention of the appellant's representative regarding the hierarchy that existed. Although it accepted that there should not necessarily be a correlation between rating lists, the evidence did demonstrate to the panel that there had been a degree of consistency in the levels of value that had been adopted and the uplift to £110 pm^2 from £105 pm^2 had been clearly demonstrated. Whilst this was countered to a degree by the rate adopted at Hadwins Audi, the panel did not consider it reasonable to take that one settlement in isolation, notwithstanding that it was the closest geographically. It was apparent from the evidence submitted that the locality for car showrooms extended beyond the immediate vicinity and thus, the panel found it reasonable to consider the overall pattern of values across the whole region.

26. The uplift detailed by Mr Henderson was not challenged and the panel found that it would be unreasonable to disproportionately increase the assessment of the subject property given the lack of direct rental evidence.

27. Overall, the panel found that the rate of £105 pm^2 adopted by the appellant's representative was fair and reasonable. This was shown to be the case having regard to the rental evidence and, when the panel noted the settlements made in respect of the 'conventional' showrooms in Carlisle, it found that the proposed uplift fairly reflected the market uplift.

28. On this basis the panel found that the rateable value should be determined at the proposed assessment of £168,000 with effect from 1 April 2017.

Order

29. Under the provisions of Regulation 38 (4) and (9) of The Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009 the VTE orders the Valuation Officer to alter the List within two weeks of the date of this order to show Bateman (North West) Ltd, Kendal Road, Lindale, Grange-Over-Sands, Cumbria at a Rateable Value of £168,000 with effect from 1 April 2017.

30. Any fee paid will be refunded in full in accordance with regulation 13E.

Date: 26 November 2020

Appeal number: CHG100054200