VALUATION TRIBUNAL FOR ENGLAND

2017 Rating List Appeal: Local Government Finance Act 1988; Price per m² to be adopted – serviced offices, rental evidence; short leases; comparable hereditaments in locality, allowed in part

APPEAL NUMBER:	CHG100663017	
RE:	Unit 301, Grand Union Studios, 332 Ladbroke Grove, London, W10 5AD (the "subject property")	
BETWEEN:	Seraphine Limited	Appellant
	and	
	Andrew Ricketts (Valuation Officer)	Respondent
SITTING:	*remotely using Microsoft Teams*	
ON:	Monday 9 December 2024	
BEFORE:	Mr A N Backway (Presiding Senior Member) Ms T M Blades (Senior Member)	
CLERK:	Mr A Jolly	
APPEARANCES:	Mr D Semple of Altus Group representing the appellant Mr C Towanezvi representing the respondent	

DECISION AND STATEMENT OF REASONS

Decision

1. The appeal is allowed in part. The rateable value (RV) is confirmed at £209,000 based on a price per m² of £375 with effect from 1 April 2017.

Introduction

2. This appeal has been brought in respect of the following: an appeal was lodged by the Altus Group on behalf of the occupier Seraphine Limited on 23 November 2022 against the Valuation Officer's decision of 28 July 2022.

3. This statement of reasons is not and does not purport to be a full verbatim record of the proceedings.

4. Mr Semple appeared on behalf of the appellant as both Advocate and expert witness. In view of the Upper Tribunal's judgment in *Gardiner & Theobald LLP v David Jackson (VO)* [2018] UKUT 0253 (LC), Mr Semple's declaration of truth included a statement that he was instructed under any conditional fee arrangement.

5. Mr Semple declared that he understood and accepted that his duty was to the Tribunal in giving his evidence and he would comply with this as well as the requirements of his professional body regardless of whether or not the evidence supported the client's case.

6. The panel accepted this expert witness evidence on the above basis as the appeal was not complex and to do otherwise would be contrary to regulation 3 (Discharge of VTE functions – general) of the Procedure regulations and was allowable due to the Tribunal's rules on admissibility of evidence (regulation 17(2)(a) where the Tribunal can admit evidence whether or not it would be admissible in a civil trial).

7. The panel therefore considered the "expert" evidence and attached such weight to it as it saw fit.

Preliminary Issue

The respondent served upon the appellant's representative and the Valuation Tribunal new evidence on the 12 November 2024. The evidence included new analysed rents removing the 8% uplift that had been applied for fitting out of offices together with photos of the subject property and the comparable properties and applying an uplift of £25 per m² in accordance with the Upper Tribunal decision *Bunyan (VO)* v *Acenden Limited* [2023] UKUT 17 (LC). No objection was raised by the appellant to the inclusion of this new evidence and therefore the panel admitted the evidence.

Issue

8. The issue before the panel concerned the price per m² that should be adopted with effect from 1 April 2017. The appellant's representative sought a reduction from RV £223,000 based on a price per m² of £400 to RV £173,000 based on a price per m² of £310. Originally, the price per m² had been set at £420 but in the Valuation Officer's challenge decision it was reduced to £400 per m².

9. The subject property was an office within a multi-let office building operated by Workspace Group Plc. The majority of the offices within the building were small ranging from 15 m² to 125 m² and are offered on quasi serviced terms. There were also a number of larger office units, which were in excess of 300 m, which were let on traditional market terms. The subject property was the largest office assessment within the complex with a total area of 559 m².

Decision and reasons

10. Mr Semple stated that the subject property was the largest office within the complex and that the valuation office had reflected the impact of quantum with values ranging from £500 per m² offices up to 25 m² and £400 for offices of 400 m² and larger. He did not consider the rental evidence of smaller offices within the complex to be of assistance as they were over shorter periods and included items over and above which would be normally expected in a

standard commercial tenancy such as cleaning, utilities, wi-fi and IT support and a contribution towards the on-site café and reception area etc.

11. Whilst Mr Semple accepted that the rent for the subject property and his comparable rental evidence was agreed nearly two years post antecedent valuation date (AVD) and therefore he had toned back the rental evidence to the AVD. Also, he stated that as the offices are ready for occupation straight away there was no fitting out cost incurred so he made no adjustments. He analysed the rent for Unit 301 at £309.81 per m² and Unit 302 at £307.92 per m² which supported his contention that the price per m² should be £310.

12. Mr Semple, in further support of his contention that £310 per m² should be applied referred to other hereditaments within the locality. His comparable hereditaments were all located within a mile of the subject property. He considered that Westbourne Studios and the subject property were directly comparable in terms of building, specification and quality but were in different localities. He considered Westbourne Studios was in a superior location closer to the underground network and closer to Notting Hill and Portobello Road. He accepted that this comparable hereditament had formerly been a nightclub but was refurbished in 2002. It had been valued between £375 per m² and £450 per m² and historically valued higher than the subject property in the 2010 rating list. He also referred to Canalot Production Studios which was another Workspace Building which had values more in line with Westbourne Studio at between £375 per m² to £475 per m² which he considered suggested values in Grand Union Studio were inflated. Finally, Mr Semple referred to Canal Buildings which was only eight years older than the subject property and had been valued at £2454 per m² for 2131.45 m².

13. Mr Towanezvi stated that the rent on the subject property being 19 months after the AVD was too remote and that there was sufficient other rental evidence within Grand Union Studios to assist in establishing a price per m² for the subject property. He considered that toning the rent back to the AVD was not appropriate in this instance due to the length of time and would only tone back a maximum of 12 months.

14. Mr Towanezvi had originally analysed the rental evidence with an 8% uplift for fitting out but had provided updated analysed rental evidence to show no uplift for fitting out and also the 25% uplift as per the Upper Tribunal decision in *Bunyan (VO)* v *Acenden Limited* [2023] UKUT 17 (LC). However, he accepted that there was no fitting out costs for tenants and therefore did not apply the £25 per m² uplift. His analysed rents showed values of between £400 per m² to £586 per m². The similar sized unit 401 Grand Union Studio rent analysed to £441.15 per m².

15. Mr Towanezvi then referred to the appellant's representative's comparable hereditaments which he did not consider were truly comparable. Canalot Production Studio was a 1930s building that had formerly been an industrial manufacturing building that had been converted into workspace offices. Westbourne Studios had been a former nightclub that had been refurbished in 2002 and Canal Building was a considerably larger building at 2131.45 m² and was in one occupation.

16. The panel was aware that the subject property and the complex was a new building in 2016 and therefore rental evidence was at least one year or more from the AVD. The panel considered this was too remote from the AVD to assist and accordingly considered other evidence to establish a price per m² to be adopted.

17. The panel considered the comparable hereditaments cited by the appellant's representative. It did not consider that Canal Building was a comparable hereditament. Although the closest to the subject property it was considerably larger and therefore be subject to considerable adjustment due to quantum. The panel therefore placed minimal weight upon this comparable.

18. The panel considered that Westbourne Studios and Canalot Production Studios to be of assistance in establishing a price per m². Whilst the properties were older they had both been refurbished into workspace offices to a similar specification as the subject property but the difference in age was, in the panel's opinion, outweighed by the difference in location with the subject property in an inferior location due to the distance to the underground network. The panel noted that offices of 200 m² or above within Westbourne Studios and Canalot Production Studios had been valued at £375 per m² and the panel considered this to be reasonable price per m² for the subject property.

19. The panel therefore allows the appeal in part and confirm RV £209,000 with effect from 1 April 2017.

Valuation

Floor	Description	Area m²	£ per m²	Value
Third	office	559	£ 375.00	£ 209,625.00
			Say	£ 209,000.00

Order

20. As a consequence of the above decision, the Valuation Officer is ordered to reduce the 2017 Rating List entry to £209,000 with effect from 1 April 2017 within two weeks of the date of this order.

Refund of appeal fee

21. As the ground of the appeal has been made out, the appeal fee is to be refunded in full. This will take approximately six weeks to process.

Date issued to parties: 8 January 2025

Right of further appeal

Any party who is aggrieved by the Tribunal's decision, and who appeared or was represented at the hearing, has the right of appeal to the Upper Tribunal (Lands Chamber). Any such appeal should be made within four weeks of the date of this decision notice.