VALUATION TRIBUNAL FOR ENGLAND

Non-domestic rating appeal; 2017 Rating List; offices and premises; Lotus & Delta Ltd v Culverwell (VO) and Leicester City Council [1976] RA 141; appeal dismissed.

APPEAL NUMBER: CHG100731249

RE: Unit K River House at 33 Point Pleasant, London SW18 1NN
("the subject hereditament")

BETWEEN: Seven Hills Communications Limited — Appellant

and

Andre Ricketts (Valuation Officer) — Respondent

SITTING: *remotely using Microsoft Teams*

ON: 12 December 2024

BEFORE: Mrs O Robson (Senior Member)
Prof I Solanke

CLERK: Mr S Fletcher

APPEARANCES: Mr M Parvin of Altus Group (Appellant's representative)
Mr W Mak (Respondent's representative)

DECISION and STATEMENT OF REASONS

Decision

1. Appeal dismissed. The panel confirmed the rateable value (RV) of the subject hereditament to be £92,500 with effect from 1 April 2017.

Introduction

2. The appeal process began with a proposal made by the appellant's representative on 21 September 2021 in respect of the Valuation Officer's (VO) list entry of the subject

hereditament at £92,500 RV with effect from 1 April 2017. The appellant's representative proposed a revised assessment of £63,000 RV from that date based on a reduced tone of value for main space.

3. The respondent issued a challenge case decision notice on 19 December 2022 which stated that, based on the evidence available, the existing rating list entry was reasonable. Mr Parvin appealed that decision to this Tribunal on 22 March 2022 on the grounds that the valuation for the subject hereditament was unreasonable and sought a reduced tone of value for main space of £145 per m^2 from £215 per m^2.

4. The subject hereditament was an office and premises of 422m in a mixed-use building of steel portal frame construction with brick cladding. It was located on the west side of Point Pleasant, opposite the east side of Wandsworth Park.

5. Mr Parvin 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), the representative confirmed that he was instructed under a conditional fee arrangement. He 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 parties agreed the appeal was not complex and to do otherwise would be contrary to regulation 3 (Discharge of Valuation Tribunal for England (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). The panel therefore considered the "expert" evidence and attached such weight to it as it saw fit.

7. This decision document is not and does not purport to be a verbatim record of proceedings.

Issue

8. The issue for the panel to determine was the correct RV to be attributed to the subject hereditament in the 2017 rating list. The dispute concerned the tone of value for main space.

Evidence and submissions

9. Arguments and factual evidence from both the appellant's representative and the respondent was provided. This comprised documentation exchanged between the parties as part of the challenge process, the appellant's representative's challenge submission, the respondent's challenge decision notice and reference to, location plans and photographs of, the subject hereditament and properties deemed comparable to it by the parties. The Lands Tribunal judgment of *Lotus & Delta Ltd v Culverwell (VO) and Leicester City Council* [1976] RA 141 was also referred to.

Discussion

10. The subject 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 be let from year to year on a number of assumptions. Those assumptions are listed in paragraph 2(1) of Schedule 6 to the Local Government Finance Act 1988.

11. In accordance with the Rating Lists (Valuation Date) (England) Order 2014 (SI:2014 No.2841), the date of the hypothetical rent was 1 April 2015, the antecedent valuation date (AVD). This common date was used to ensure that every property was treated in a consistent way.

12. Matters that affected the physical state or enjoyment of the property or the locality were to be taken at the material day, as outlined by the Non-Domestic Rating (Material Day for List Alterations) Regulations 1992 (SI 1992 No. 556) as amended. In respect of the subject hereditament, the material day is 1 April 2017.

13. It is a well-established rating principle that the starting point in the determination of a property's RV should be the rent passing on the subject hereditament itself. The subject hereditament was originally let on a five-year lease in 2011 at £60,034 per annum. A review was agreed with effect from 18 October 2016 at £74,160 for a further term of five years. Mr Parvin contended that, when considering the market trend in the area and toning back to the AVD, the rent analysed to £146.57 per m^2 and therefore demonstrated that the VO's determined tone of value for main space was excessive. Mr Mak contended that little weight should be given to the subject rent agreed in 2016 as it was in excess of 18 months from the AVD and it was a renewal.

14. The VO referred to comparable assessments with rental evidence at Northfields Prospect Business Park. Numbers 5, 1, 11 and 16 were between 96m and 120m with rents agreed between 1 August 2014 and 1 June 2015 which the VO had analyzed to in the range of £189 and £268 per m^2. The tone of value for main space for those comparable properties was £255 per m^2. Mr Mak stated that the building which comprised the comparable properties was a three-minute walk from the subject hereditament and built in 1988. He contended that the properties there were valued at a higher tone of value for main space than the subject hereditament as they were superior in terms of quality. The VO had also submitted settlement evidence of further comparable assessments within Northfields Prospect Business Park where the tone of value for main space was higher than at the subject hereditament but had been reduced to £215 per m^2 through agreements due to a lack of air conditioning, which he stated the subject hereditament benefitted from.

15. The VO also referred to further comparable assessments. Suite G River House 37, Point Pleasant was 232m and located on the ground floor of the building which comprised the subject hereditament. Mr Mak argued it was inferior to the subject hereditament as its windows were facing the road, however, the respondent had adopted the same tone of value for main space at £215 per m^2 which had a 10% allowance subsequently applied for a lack of air conditioning. Unit B at 18, Northfields was 157m and located on the ground floor of a building Mr Mak stated was one-minute from the subject hereditament and built at the same time in 1990. Like Suite G River House 37, Point Pleasant, Mr Mak stated that the property was inferior to the subject due to its ground level position, yet respondent had valued the tone of main space the same with an allowance of 10% for air conditioning. 1st Flr 108, Point Pleasant's tone of value for main space, which the VO stated was in a newer building than the subject hereditament and considerably larger, was agreed at £230 per m^2.

16. Mr Parvin argued that the comparable assessments referred to by the VO were unreliable. He stated that Northfields Prospect Business Centre comprised properties which were significantly smaller than the subject hereditament and benefitted from their own private access, secure off street parking, no shared communal lobbies or lifts and were presented fitted out which limited costs to the tenants. He argued that number 5 Northfields Prospect Business Centre had a connected party agreement and should therefore be disregarded. He stated that 1st Flr 108, Point Pleasant was freehold, had no passing rent, and was built 10 years prior to it. It was also circa half its size.

17. Mr Parvin referred to several comparable assessments at both Delta Park and Argyll Park which had tones of value of £145 per m^2 and £155 per m^2 respectively, in support of the tone of value he sought at the subject hereditament. He stated that Delta Park was a detached stand-alone office block over three floors and similar to the subject hereditament in terms of specification and layout. It also benefited from parking which was lacking at the subject hereditament. He stated that Argyll House was also similar to the subject hereditament in terms of specification and access, and both were surrounded by residential areas.

18. The VO contended that less weight should be applied to the assessments at Delta Park and Argyll Park given they were not directly comparable as properties provided which were in the same 'Point Place' development as the subject hereditament. Mr Mak stated that Delta Park was predominantly a site used for industrial warehouse use, and any offices present in that location were ancillary. He stated that it was also located 400m to the east of the subject hereditament on the other side of the River Wandle and was therefore in a different locality. He stated that whilst Argyll Park was similar in terms of specification and access, it comprised of smaller properties than the subject hereditament and was located 800m to the south-east of it and argued that it too was in a different locality.

19. Based on the basket of evidence provided, the panel upheld the determination of the respondent for the tone of value for main space at £215 per m^2 for the subject hereditament. It found the most compelling evidence to be Suite G River House 37, Point Pleasant and Unit B at 18, Northfields. The former was located in the same building as the subject hereditament and the latter in its direct neighbour, and therefore the panel considered were more indicative of value in its locality than most of the other offices and premises submitted as part of the appeal. The tones of value for main space for those comparable assessments was the same for the subject hereditament, albeit an allowance had been subsequently applied for their lack of air conditioning.

20. The panel attached weight to the comparable properties with rental evidence at Northfields Prospect Business Centre, as although the majority of the properties were smaller than the subject hereditament, they were still located in close proximity to it. The panel deemed the that the rents were sufficiently close to the AVD and the tone of value for main space at the subject hereditament fell within the range of the respondent's analysed rents at those comparable assessments. The adopted tone of value for the vast majority of the other comparable properties at Northfields Prospect Business Centre was £215 per m^2, which the panel found supported that there was a settled tone for offices and premises in the direct locality of the subject hereditament. It did not find that the added benefits cited by Mr Parvin such as private access were sufficient factors to warrant a lower value of tone at the subject hereditament given it was comparably fully air conditioned.

21. The panel attached little weight to the rent on the subject hereditament agreed in 2016 as it found it was a renewal and too remote from the AVD to be an accurate indicator of value at that time in light of the tonal evidence provided which it had found supported the VO's determined tone of value for main space. The panel attached less weight to the comparable properties submitted by Mr Parvin. Whilst similar in terms of specification to the subject hereditament, Delta House and Argyll House were 400m and 800m from it respectively, the former being separated by a river. Mr Wak did state that Delta House was predominantly of industrial warehouse use, and the offices present there were ancillary and therefore different to the subject hereditament. This was not refuted by Mr Parvin. Nonetheless, the panel preferred to attach significantly more weight to comparable assessments it had deemed were in the direct locality of the subject hereditament, and therefore a better indicator of value in it.

Disposal

22. Having regard to the evidence, the panel determined that the tone of value for the main space at the subject hereditament was fair and reasonable at £215 per m^2. The subject hereditament's RV at £92,500 with effect from 1 April 2017 was confirmed.

23. In view of the foregoing, the appeal was therefore dismissed.

Date: 3 January 2024

Right of 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.
