VALUATION TRIBUNAL FOR ENGLAND

Non-domestic rating; 2017 rating list appeal; Local Government Finance Act 1988; Car showroom and premises; Price per m² in dispute; Lotus and Delta v Culverwell (VO) [1976] RA 141; Rental evidence; Comparable assessments; Appeal dismissed.

APPEAL NUMBER: CHG100753629

RE:	S G Petch, Broomside Park, Belmont, Durham DH1 1HP	
BETWEEN:	S G Petch Ltd and Amanda Hitchings (The Valuation Officer)	Appellant Respondent
SITTING ON:	4 February 2025 (Remote Hearing number 2)	
BEFORE:	Mr Frazer Stuart, Vice President	
CLERK:	Mr Duncan Adamson IRRV (Hons)	
APPEARANCES:	Mr Nick Vincent of Sanderson Weatherall LLP Mr Philip Loxley	for the appellant for the respondent

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Summary of decision

1. Appeal dismissed. I confirmed the Rateable Value (RV) of the appeal property as £262,500 with effect from 1 April 2017.

Introduction

2. This 2017 rating list appeal had been brought in respect of the following: the appellant was the non-domestic ratepayer of the appeal property S G Petch, Broomside Park, Belmont, Durham DH1 1HP.

3. The property had been entered in the 2017 rating list as a car showroom and premises based on a rate of £155/m² with effect from 1 April 2017 giving an RV of £342,500 with effect from 1 April 2017.

4. A challenge proposal was submitted by the appellant's representative on 6 December 2021 to reduce the rate to £105/m² giving a revised RV of £245,000 with effect from 1 April 2017.

5. The valuation officer (VO) issued a challenge decision notice on 20 March 2024 which stated that, based upon the evidence and information available, the rating list entry was unreasonable but disagreed with the entry proposed.

6. The VO found that a rate of £125/m^2 was reasonable as well as a 5% end allowance for the premises being a split unit giving an RV of £262,500 with effect from 1 April 2017.

7. The appellant's representative had found an error in the appeal's valuation submission and had submitted a revised valuation seeking an RV of £210,000 with effect from 1 April 2017. This took into account the relativities of the vehicle display spaces. In the 2010 list they were:

Vehicle Display Space 1 28m^2	3.00
Vehicle Display Space 2 12m^2	1.50
Vehicle Display Space 3 32m^2	0.80

And he now sought:

Vehicle Display Space 1 28m^2	1.75
Vehicle Display Space 2 12m^2	1.75
Vehicle Display Space 3 32m^2	0.80

8. He also sought a further 5% end allowance for the premises lack of visibility and prominence.

9. The representatives of both parties to the appeal stated that they were representing as advocates and expert witnesses, were not under any conditional fee arrangements and stated their obligations to the tribunal.

10. The appeal property had two specification car showrooms built in 2009 with offices at ground and first floors and amenity accommodation as well as a car maintenance workshop. Externally, there were vehicle display spaces and customer parking.

11. The Tribunal Business Arrangements provide that a hearing will normally take place before a panel of two members of the Tribunal, however, paragraph 10 of those arrangements also provide that the President, Vice-Presidents and nominated Senior Members may sit alone. As Vice-President I am satisfied that I am authorised to hear and determine this appeal alone.

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

Issue

13. The issue in dispute was whether the £/m^2 should be reduced and a further end allowance given of 5%.

Evidence and submissions

14. The bundle comprised all of the documents exchanged between the parties as part of the challenge process including the appellant's challenge submission, initial response to the challenge and the VO's challenge case decision notice.

15. The appellant's representative stated that the rent on the appeal property was between connected parties and therefore could not be relied on. There was also a lack of useful or available rental evidence in the vicinity and he had therefore taken into consideration the state of the used car market from 2008 to 2015.

16. He made reference to the used car commentary report from Knight Frank which detailed the closure of car showrooms, particularly in secondary locations due to the impact of the internet and car supermarkets. This had led to a lack of demand at these sites and a decline in their need. He submitted that the stagnant market was further evidence that there had been no growth between the 2010 and 2017 lists and that profitability had decreased even though turnover had increased.

17. He stated that this meant that there had been no increase in growth in the used car market and therefore there was no evidence for an increase in the £/m^2 from the 2010 list valuation to the 2017 list valuation that the VO had placed on the appeal property and other car showrooms in the area. He stated that this was evidenced by the two car showrooms at prime locations at Silverlink and Preston Farm that had been increased by 7.4% and 0% respectively. It was therefore incorrect for the appeal property to have a higher increase than these sites and the rate £/m^2 should therefore be the same as the 2010 rate at £105/m^2.

18. In respect of an end allowance he had made reference to photographs of the appeal property stating that it was completely masked from the main road. He had referred to a Valuation Tribunal decision in June 2024 for Mercedes Benz in Peterborough where it had been stated that a key factor in car showroom valuations was their visibility and he felt that 5% was therefore reasonable.

19. The VO's representative had stated that the appellant had relied on general market conditions from the Knight Frank commentary report but this was not acceptable to the VO.

20. Further, the VO was not of the opinion that the 2010 rating assessment was the appropriate starting point when assessing a property for the 2017 Rating List.

21. He stated that the vast majority of car showrooms in the North East were still operating as car showrooms, sales volumes had continued to rise and the market had recovered from 2008 with growth through to 2015 and 2016. Car supermarkets had not taken over and online sales were commonplace for all car retailers. Durham city was a prime location, there had been significant investment and these factors together showed that the market was not stagnant.

22. He had enquired of the appellant's representative as to whether S G Petch Ltd had supplied trade figures to him showing the market decline from 2008 to 2015 but nothing had been forthcoming.

23. He made reference to rental evidence for Sherwoods Durham at Alma Place where open market rents had increased from 9 July 2010 at £153.44/m^2 and a rent of £125,000 per annum to a new letting on 9 July 2015 at £171.85/m^2 and rent of £140,000 per annum. He also made reference to the revised assessment

at Minories Toyota, Durham Autodrome, Alma Place at 2010 of £110/m^2 and an RV of £131,000 to £165/m^2 and RV of £176,000 for the 2017 list later revised to £135/m^2 and RV of £144,000. He felt that this was prime evidence for an increase in the rate for the appeal property.

24. He also made reference to a schedule of assessments in Durham where the £/m^2 at Pulman, Abbey Road was higher than the £125/m^2 for the appeal property or the same as for Springfield Honda and Bristol Street Motors and also that some assessments had not been challenged.

25. In respect of the request for an end allowance for visibility he stated that one showroom was highly visible from the road and whilst the Nissan showroom was only visible when the site was accessed such physical characteristics had been reflected in the rate/m^2 which had been reduced during the challenge to £125/m^2. Of the properties submitted by the appellant's representative they were not comparable to the appeal property and the end allowances given were for different reasons. S G Petch Durham had no unusual or exceptional disabilities or physical characteristics.

26. For these reasons, he submitted that £125/m^2 was reasonable for the appeal property.

Decision and reasons

27. I referred to the Local Government Finance Act 1988 in respect of the definition of rateable value in paragraph 2(1), Schedule 6 to the Act (as amended). The rateable value of any hereditament is to be taken to be the amount, determined in accordance with the statutory assumptions, equal to the rent at which it is estimated the hereditament might reasonably be expected to let from year to year, on 1 April 2015 the "antecedent valuation date" (AVD). The material day for this appeal was 1 April 2017.

28. I was aware that the leading judgment in non-domestic rating assessments was *Lotus and Delta v Culverwell (VO) and Leicester City Council* [1976] RA 141 which set out six propositions to be followed when considering the weighting of evidence. The starting point was the subject rent followed by the consideration of the rents of similar properties and comparable assessments.

29. I noted the appellant representatives' argument that the appeal properties £/m^2 rate should remain to be as it was in the 2010 list. However, I was aware that each rating list required a fresh look at a properties assessment in the light of all the evidence available.

30. I noted that there was no rental evidence for the appeal property and very little evidence in the vicinity. The appellant had relied on the Knight Frank commentary report but did not provide evidence specific for the appeal property. I found that it was clear that there had been investment in the market and that the market had grown over the period up until 2015.

31. The VO's representative had shown increases in rental values and I found that these were good evidence for the £125/m^2 rate for the appeal property.

32. In respect of an additional 5% end allowance for visibility I found that this was not relevant as the site could be viewed from the road. The site did not have any of the physical characteristics that other sites suffered from.

33. I noted the Durham City assessment schedule and found that this supported the rate of £125/m^2 as many had been agreed at the higher or the same rate. Whilst there were some disagreements I found that this was not a determinative feature for its decision as there was no indication as to how these might be decided upon at challenge or appeal.

34. I found that the VO's representative had provided more factual evidence in respect of the car market, its recovery and noted that there had been regular and sustained investment in such properties between the two rating lists. This supported the fact that the car market in this area was not the same as it was in 2010 and basing the appeal property's assessment simply on its comparison to its 2010 entry was not appropriate.

35. In summary, I found that with reference to all of the evidence that I had been supplied with, the rate of £125/m^2 with a 5% end allowance for the divided or split site was reasonable. I confirmed the RV of £262,500 with effect from 1 April 2017.

36. The appeal was therefore dismissed.

Date issued to parties: 28 February 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.