THE VALUATION TRIBUNAL FOR ENGLAND

Non-domestic rating appeal; 2017 rating list; accuracy of the rateable value in the list as at 1 April 2017; warehouse and premises; rental evidence; comparable assessments; appeal dismissed.

RE: Unit 2 Matrix Court, Sovereign Way, Chester CH1 4QJ

APPEAL NUMBER: CHG100805633

BETWEEN:	Alliance Automotive UK Ltd	Appellant
	and	
	Amanda Hitchings (Valuation Officer)	Respondent

PANEL: Mr S Wood (Presiding Senior Member)
Mr P Hickson (Senior Member)

CLERK: Ms R Muller

HEARING: Remote Hearing No. 1 on 14 November 2023

APPEARANCES: Mrs E Draycott from Altus Group, the representative for the Appellant
Mr T Tisdall, the representative for the Respondent

Summary of decision

1. Appeal dismissed. The assessment was confirmed at rateable value (RV) £62,500 with effect from 1 April 2017.

Introduction

2. This was a 2017 rating list appeal. The RV of the subject property was entered into the rating list £64,000 from 1 April 2017, as warehouse and premises. As this was a compiled list entry, the material day for this appeal was the same date of 1 April 2017. A check had been submitted on 15 March 2021 and completed on 5 May 2021 with a change to the RV of the subject property at a reduction to £62,500 due to factual matters regarding the areas. A challenge was submitted on 12 May 2022 and was completed on 1 March 2023.

3. An appeal was received by the Tribunal on 14 June 2023, on the grounds that the valuation for the hereditament was not reasonable. The proposed RV sought was a reduction to £56,500 RV with an effective date of 1 April 2017.

4. Mrs Draycott appeared on behalf of the appellant as both advocate and expert witness, instructed on a conditional fee basis. She declared that she understood and accepted that her duty was to the Tribunal in giving her evidence and she would comply with this as well as the requirements of her professional body, regardless of whether or not the evidence supported the client's case.

5. The subject property was constructed in 2008 and was located on Matrix Court off Sovereign Way in Chester. The subject property consisted of part brick/block construction, built around a steel portal frame and clad with profiled metal. It had a partly glazed frontage forming a trade counter area with insulation to the walls and roof. The subject property was unheated. The total gross internal area (GIA) of the subject property was 1,175.83 m² and had an eaves height of 6.65m. The subject property had been placed into the valuation scheme 307065.

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

Issue

7. The issue for the panel to consider was the correct unadjusted rate to be applied in the subject property's assessment. The Valuation Officer's representative, Mr Tisdall contended that £58.75/m² was correct, but Mrs Draycott requested the panel determine a revised unadjusted rate of £53.00/m².

Evidence and submissions

8. Mrs Draycott submitted a bundle of evidence which included: a summary of evidence statement; supporting legal arguments; issues for the Tribunal to determine; a summary of comparable assessments and rental evidence and a copy of the current valuation along with a copy of her proposed revised valuation.

9. Mrs Draycott contended that the base price of £58.75/m² was excessive when looking at the comparable properties provided. The comparable properties had had a reduction in their unadjusted rate. Therefore, she requested that the panel reduce the unadjusted base rate to £53.00/m², which would produce a revised assessment for the subject property of £56,500 RV.

10. Mr Tisdall, the representative for the respondent provided a copy of the challenge decision, the appeal history with agreed and disputed issues; the current rateable value, along with details of comparable properties to support his contention that the unadjusted rate of £58.75/m² was reasonable. Therefore, he considered that the current RV of £62,500 was correct and requested that the panel dismiss the appeal.

Decisions and reasons

11. In arriving at its decision, the panel was governed by rating legislation laid down by Parliament where schedule 6 to the Local Government Finance Act 1988 as amended by the Rating (Valuation) Act 1999, provides that: 2(1) The rateable value of a non-domestic hereditament none of which consists of domestic property and none of which is exempt from local non-domestic rating shall be taken to be an amount equal to the rent at which it is estimated the hereditament might reasonably be expected to let from year to year on these three assumptions—

    (a) the first assumption is that the tenancy begins on the day by reference to which the determination is to be made;

    (b) the second assumption is that immediately before the tenancy begins the hereditament is in a state of reasonable repair, but excluding from this assumption any repairs which a reasonable landlord would consider uneconomic;

    (c) the third assumption is that the tenant undertakes to pay all usual tenant's rates and taxes and to bear the cost of the repairs and insurance and the other expenses (if any) necessary to maintain the hereditament in a state to command the rent mentioned above.

12. There was a lease on the subject property which commenced on 1 March 2010, although neither party had the original rent paid at the onset of the lease. However, it had a passing rent of £65,000 per annum as of the rent review set on 16 March 2015 and was on a full repair and insurance terms. The rent was also reviewed on 16 March 2020 with a rent now passing at £73,500. The panel noted that although the rent was reviewed every five years, it would not be reduced upon review. Therefore, the panel placed less weight on the details, but considered the rent as part of the basket of evidence before it. Mrs Draycott had analysed the subject property's rent at £60/m² and Mr Tisdall had analysed the rent at £66.90/m². The unadjusted rate applied had been £58.75.

13. Mrs Draycott referred the panel to the following comparable properties in support of her contention that the subject property was over assessed. The comparable properties were located in the postcode area of CH1 4**: These properties were within the same scheme as the subject property, 307065.

    (i). Hinton Deevex Ltd, Sovereign Way, Chester CH1 4QJ. This property was constructed in 1994 and had a GIA of 2,632.31 m². It originally had an RV of £121,000 but this has been amended on 6 December 2017 to £108,000 RV to reflect quantum. The unadjusted rate had been reduced from £52.00/m² to £48.00/m². The only rental details available had been a rent renewal from 1 April 2020 at £110,000 per annum for 15 years with five yearly rent reviews. This comparable property was on the same scheme as the subject property and was a well-founded challenge.

(ii). Units 2 & 3, Jupiter Drive, Chester West Employment Park, Sealand Road, Chester CH1 4QS. This property was constructed in 2005 and had a GIA of 1,758.40 m². It originally had an RV of £100,000 but this has been amended on 11 January 2021 to £91,500 RV due to the settlement of Hinton Deevex Ltd. The unadjusted rate had been reduced from £58.00/m² to £52.78/m². No rental details had been provided. This comparable property was on the same scheme as the subject property and was agreed at the Check stage.

(iii). Unit 5, Jupiter Drive, Chester West Employment Park, Sealand Road, Chester CH1 4QS. This property was constructed in 2005 and had a GIA of 473.94 m². It had an RV of £27,500. The unadjusted rate was £64.00/m². The rent was a new letting for a term of three years. It had commenced on 1 March 2014 and had a passing rent of £22,500 per annum. This comparable property was on the same scheme as the subject property. Mrs Draycott had analysed the rent at £59.00/m², whereas Mr Tisdall had analysed the rent at £64.19/m².

14. The panel considered the details of Units 2 & 3 Jupiter Drive to be the closest in size although a slightly older building. The panel noted it was in the same scheme as the subject property and had had its unadjusted rate reduced due to the settlement on Hinton Deevex Ltd. However, no rental details had been provided for this comparable property and no reason for the reduction in the unadjusted rate had been provided with regards to these two units except for the well-founded Challenge on Hinton Deevex Ltd. It was smaller in size at 1,758.40m², however, it did have significantly lower eaves than the appeal property at 3.8m. As no reason had been provided to the facts that reflected the reduction in the unadjusted rate for these two units, the panel considered the rest of the evidence before it in order to assist in making a determination.

15. Mrs Draycott stated that the rent in 2015 devalued to £60/m² which when considered in isolation, supported the current value. However, based on the other comparable properties, the rental evidence had not been followed in the scheme in general. The rent of the appeal property, being a rent review on a long lease was unreliable.

16. The panel asked the parties about the comparable properties above and if there was anything that lowered the rents. Mrs Draycott stated that during the challenge stage she did not get to view the copies of the comparable leases and therefore, could not confirm the reasons for the reductions. Mr Tisdall stated that he had not been the Valuation Officer who had agreed to the reductions, therefore, he was not able to provide any comments on this matter.

17. The panel turned its attention to the evidence provided by Mr Tisdall, which he contended supported the unadjusted base rate of £58.75/m^2 for the subject property.

(i). 2A, Talbot Way, Sealand Industrial Estate, Chester, CH1 4LT. This property was constructed in 2015, so much newer in design and had a GIA of 3,816 m². It had an RV of £141,000. The unadjusted rate was £59.50/m². The rental details provided was a new rent set at £120,000 per annum on full repair and insurance terms from 5 October 2015 for a term of 10 years. The panel noted that this comparable property was a detached unit, had a motor parts store like the subject property and was close in proximity to where the subject property was located. Its eaves height was also similar at 7m.

(ii). Unit 9A, Bumpers Lane, Chester, CH1 4LT. This property was constructed in 2014 so again, much newer in design, and had a GIA of 437.29 m². It had an RV of £28,500. The unadjusted rate was £65.00/m². The rental details provided was a new rent set at £35,000 per annum from 10 March 2015 for a term of 10 years. This comparable property was a semi-detached unit with an eaves height of 5m.

(iii). Units C1, C2 & C3, Chester Trade Park, Bumpers Lane, Chester, CH1 4LT. This property was constructed in 2005, similar in age to the subject property, with a GIA of 814.29 m². It had an RV of £51,500. The unadjusted rate was £65.00/m². The rental details provided was a rent renewal set at £60,000 per annum on 22 March 2016 for a term of 9 years remaining. This comparable property was a detached unit with an eaves height of 7.3m.

18. The panel noted that the comparable properties presented by Mr Tisdall were within a different scheme (307145) to the subject property. Mr Tisdall stated that both schemes related to industrial properties where there may be up to 10 units on each park, the schemes were very similar but just in different areas.

19. Of the comparable properties detailed above by Mr Tisdall, the panel noted that both Unit 9A, Bumpers Lane and 2A, Talbot Way, Sealand Industrial Estate had rents that had commenced close to the AVD on 10 March 2015 and 5 October 2015, just one month prior AVD and six months post AVD. Both were new rents which analysed at £64.59 and £57.25.

20. The panel found that Mrs Draycott had failed to produce any significant evidence to justify her argument for the lower base rate of £53.00/m². The panel attached more weight to Mr Tisdall's comparable property of 2A, Talbot Way due to it being subject to a new 10 year lease from 10 October 2015 of full repair and insuring terms. It was a detached unit and had a motor parts store, like the subject property. The property was much larger, but the rent was an open market rent, which had analysed to £57.25.

21. Even though the rent for the subject property was a renewal close to the AVD on 16 March 2015, the panel did not disregard it, however, there was no evidence to support whether or not this rent was an open market rent. The panel placed more weight on the comparable properties where new lettings had taken place and rents set close to the AVD. Therefore, the panel held that a reduction in the unadjusted rate was unwarranted.

22. The persuasive or legal burden of proof was on the appellant to prove his case. Unfortunately, Mrs Draycott had failed to discharge this burden as there was no reliable substantive valuation evidence to support a case for a reduced base price and therefore, the appeal was dismissed.

Date: 5 December 2023

Appeal number: CHG100805633

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.