VALUATION TRIBUNAL FOR ENGLAND

Non-domestic rating appeal; 2017 Rating List; offices and premises; end allowance; appeal dismissed.

APPEAL NUMBER: CHG100881205

RE: Office Levels 1-7, 100 Bishopsgate, London EC2N 4AG
(“the subject hereditament”)

BETWEEN: Royal Bank of Canada — Appellant

and

Lucy Dyer (Valuation Officer) — Respondent

SITTING: *remotely using Microsoft Teams*

ON: 26 March 2025

BEFORE: Mrs M Chaggar (Senior Member)

CLERK: Mr S Fletcher

APPEARANCES: Mr S Booton of Jones Lang LaSalle (Appellant’s representative)
Mrs L Weir (Respondent’s representative)

DECISION and STATEMENT OF REASONS

Decision

1. Appeal dismissed. I confirmed the rateable value (RV) of the subject hereditament to be £10,230,000 with effect from 22 June 2020.

Introduction

2. The appeal process began with a proposal made by the appellant’s representative on 22 November 2022 in respect of the Valuation Officer’s (VO) list entry of the subject

hereditament at £11,000,000 RV with effect from 22 June 2020. The appellant's representative proposed a revised assessment of £9,310,000 RV from that date based on an end allowance which he described as a podium allowance.

3. The respondent issued a challenge case decision notice on 22 May 2024, which stated that based on the evidence available, the existing rating list entry was unreasonable and determined a revised entry of £10,230,000 RV with effect from 22 June 2020. The reduced RV was determined following an agreed tone of value for main space and an allowance for quantum. The appellant's representative appealed that decision to this Tribunal on 18 September 2024 on the grounds that the valuation for the subject hereditament remained unreasonable.

4. The subject hereditament was an office and premises located at 100 Bishopsgate in the City of London. 100 Bishopsgate was a modern office building completed in 2019. It comprised two blocks, one a 40-storey tower facing Bishopsgate and the other a 7-storey stack facing Camomile Street. The hereditament comprised the 1st to 7th floors of the tower and 1st to 5th floors of the stack.

5. Mr Booton 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. I 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). I therefore considered the "expert" evidence and attached such weight to it as I saw fit.

7. A second panel member had been allocated to this hearing. However, on the morning of the hearing, the member advised the Tribunal that they were no longer able to sit. Paragraph 11 of "Tribunal Business Arrangements" in Part 1 of the Consolidated Practice Statement for the Valuation Tribunal for England states:

"Hearings where a member is unable to sit

Where a panel member is allocated to a hearing and unable to sit for any reason or fails to appear…a hearing will proceed with a Senior Member alone where a member gives notice of unavailability within one working day of the hearing, to avoid postponing the hearing".

I duly proceeded to hear the appeal alone in my capacity as a Senior Member.

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

Issue

9. I was required to determine the correct RV to be attributed to the subject hereditament in the 2017 rating list. The issue in dispute concerned an end allowance.

Evidence and submissions

10. 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.

Discussion

11. 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.

12. 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.

13. 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 22 June 2020.

14. Mr Booton sought an end allowance of 10% which he described as a podium allowance at the subject hereditament. He contended that it was recognized in the City of London market that office space located near the ground which was surrounded by other buildings and of a significantly comparative larger floor space was less valuable when compared to offices on higher floors. He argued this was demonstrated at the 100 Bishopsgate building, where the tone of value for main space was £575 per m^2, yet an uplift was applicable of 1% for every floor above the 14^{th} floor up to a maximum uplift of 30%. Mr Booton contended that the floors of the subject hereditament had less natural light given their large and wide nature and were overlooked by neighboring properties impacting privacy and space planning. He also argued that the lower floors were impacted from noise and visual intrusion due to their proximity to the ground. Mr Booton provided photographs of the immediate locality of the 100 Bishopsgate to demonstrate the density of the surrounding area. The Heron Tower was to the north, St Mary Axe a narrow street to the west, buildings at Clerks Place to the South and 99 Bishopsgate across from the subject hereditament.

15. Mr Booton stated it was difficult to devalue the rent at the subject hereditament and compare it with other assessments as it was a pre-let agreement years before the property became ready for occupation. Instead, he provided comparable assessments where he contended allowances had been given to hereditaments for their podium nature. He referred to the lower levels at City Point, 1 Ropemaker which he stated was a similar size to the subject hereditament and an allowance of 7.85% had been given before allowances for quantum and adjustments for uplifts. He stated that building was not surrounded by other buildings in a similar manner to 100 Bishopsgate and the floors also benefitted from light wells which were absent at the subject hereditament and therefore supported his higher sought allowance. He referred to the lower floors at 125 Old Broad Street which he stated were much smaller than the subject hereditament but with similar issues, and an allowance had been given of 8.57%. He referred to hereditaments at 99 Bishopsgate which were smaller than the subject, and argued allowances were given for light and size in the 2010 rating list. No allowances of such were given at 99 Bishopsgate in the 2017 list. He referred

to the lower floors of The Willis Building, 51 Lime Street and 25 Fenchurch Avenue which were part of the same development, and had allowances for what contended were podium allowances of 5.88% and 9.71% respectively. Mr Booton stated he was unable to say whether such allowances were given based on rental evidence as he was not privy to any negotiations for those assessments.

16. Mrs Weir contended that the City of London comprised a high intensity of buildings due to its desirable location and it was therefore the nature of the locality that properties would be overlooking each other. She argued that the area was a square mile of high demand which attracted global financial markets, and properties such as the subject hereditament had a market for banks which she contended were attracted to large floor spaces for trading layouts. She had inspected the subject hereditament and a 20% allowance to the tone of value of main space had been awarded for quantum to reflect its large size, at challenge stage. She was of the opinion that there was nothing else present at the subject hereditament or in its locality to warrant any further allowances, citing its large frontage to Chamomile Street generating light within the property, and no differences in quality between the stack and tower, or impact on flow. Mrs Weir stated that value increases at 100 Bishopsgate had been agreed for the floors above floor 14 to reflect the benefits of views at higher floors following negotiations between the Valuation Officer and the G7 (a collection of rating agents in the City of London which the appellant's representative was a member).

17. Mrs Weir argued that there was no evidence provided of any other towers in the City of London where allowances had been given for the reason they were lower floors. She stated that end allowances at 99 Bishopsgate were given in the 2005 list and carried through to the 2010 list, however, she argued they were for quantum which was later removed as the property was reconstituted into smaller hereditaments, and henceforth the reason there was no allowance in the 2017 list. She stated that the VO's records showed allowances were given for the lower floors at City Point, 1 Ropemaker to reflect fragmentation and quality. She stated that the fragmentation allowance was given due to the extension of the building in 2000 and the allowance for quality was due to the age of the original build in 1967 when compared to the extension. Mrs Weir argued the allowance given at 125 Old Broad Street was similar in terms of being for quality due to an extension to the original build, of which she considered created flow issues. She contended that the allowances given at the lower floors of the Willis Building was to reflect access from an inferior reception to the main one.

18. Based on the basket of evidence provided, I upheld the determination of the respondent that no allowance was applicable for what was described as a podium allowance by Mr Booton. An allowance for quantum to reflect the large size of the subject hereditament had already been awarded. Therefore, the key factors left to remain for consideration of any further allowance fell to be the purported lack of light at the premises, that the floors were overlooked by other buildings and the hereditament's close proximity to the ground.

19. I was not persuaded by Mr Booton that any of these factors warranted any further allowance. The City of London is a densely populated locality. I am of the opinion that any hypothetical tenant fresh to the scene who sought a property of the subject hereditament's size in a tower building such as 100 Bishopsgate would expect it to be near ground level, and to be overlooked by other buildings. In terms of privacy, I do not consider that there is any substantial interference with a hypothetical tenant's use and enjoyment of the subject hereditament resultant from the presence of surrounding buildings as any such nuisance could be easily mitigated to protect privacy, for example the installation and use of blinds. No evidence was provided that purported noise from the ground was of sufficient detriment to the hereditament, and again, would be expected in an office which was near ground level. In terms of natural light, I considered there to be significant access to light, I did not find it to be the case that areas in the hereditament were shrouded in darkness. When

considering comparative quality of the floors in 100 Bishopsgate as a whole, an uplift was already applicable, which had been agreed between the G7 and the Valuation Officer for floors higher than floor 14, to reflect the benefits of the view from those elevated floors. The subject hereditament was not impacted by any such uplift due to its height.

20. I attached little weight to the comparable assessments referred to by Mr Booton. It was not clear nor definitive what those allowances were given for. Mr Booton referred to them as podium allowances, of which I found the description to be vague as it comprised several purported disadvantages. Mrs Weir provided a breakdown of the reasons for the allowances such as quality, quantum and fragmentation which I found to be reasonable explanations, and common descriptions in terms of allowances in the rating field. It was also not clear if any of the allowances had been agreed on the basis of rental evidence. I did not find the comparable assessments to substantiate that the lower floors of buildings such as 100 Bishopsgate warranted allowances based on purported poor light or being overlooked by neighbouring properties.

Disposal

21. In view of the foregoing, the appeal was dismissed.

Date: 17 April 2025

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.
