VALUATION TRIBUNAL FOR ENGLAND

2017 Rating List Appeal - Local Government Finance Act 1988 – price per m² in terms of zone A – rent on subject property – other rental evidence – tonal evidence – weighting of evidence – appeal dismissed

APPEAL NUMBER:	CHG100884080	
RE:	5 Isaac Newton Shopping Centre, Grantham, NG31 6EE (the “subject property”)	
BETWEEN:	Grace and Co (Retail) Ltd	Appellant
	and	
	Ms J Moore IRRV(Hons) (Valuation Officer)	Respondent
SITTING:	*remotely using Microsoft Teams*	
ON:	Monday 15 April 2024 at 10:15 am	
BEFORE:	Mr K Everett (Presiding Senior Member) Mrs A E Fielder (Senior Member)	
CLERK:	Mr A Jolly	
APPEARANCES:	Mr F Smith representing the appellant Ms R Pitts representing the respondent	

DECISION AND STATEMENT OF REASONS

Decision

1. The appeal is dismissed. The panel confirmed rateable value (RV) £18,500 with effect from 1 April 2017.

Introduction

2. This appeal has been brought in respect of the following: An appeal was lodged by Mr Smith on behalf of the occupier on 20 November 2023 against the Valuation Officer’s (VO) Challenge Decision Notice of 4 November 2023.

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

4. As Mr Smith appeared on behalf of the appellant as both advocate and expert witness, the clerk asked if there was a success related fee involved. This question was raised in view of the Upper Tribunal's judgment in *Gardiner & Theobald LLP v David Jackson (VO)* [2018] UKUT 0253 (LC).

5. Mr Smith declared that he was not instructed under any conditional fee arrangement. Mr Smith confirmed 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. Ms Pitts confirmed that she was acting on behalf of the respondent in the dual role of advocate and expert witness.

Issues

7. The issue before the panel concerned the price per m² to be adopted in terms of zone A having regards to rental evidence and tonal evidence.

8. The subject property was a retail unit located within the Isaac Newton Shopping Centre within Grantham. The shopping centre was anchored by a Morrisons Supermarket and there was a car park to the rear of the centre. The subject property was currently valued based on a zone A price of £330 per m² with an RV of £18,500 and the appellant's representative sought a reduction to RV £15,250 based on a zone A price of £275 per m².

Evidence and submissions

9. The bundle comprised a summary of case from the appellant's representative, the VO's challenge Notice, rental evidence, tonal evidence and valuations.

Decision and reasons

10. Mr Smith considered the rent passing for the subject property provided assistance as it was let from August 2014 for 10 years with the first year being rent-free, the second year at £17,500, third year at £18,5000 and the fourth and fifth year at £19,500. He stated that there was a rent review and a tenant owner break clause in the fifth year. He stated that the VO had taken three months of the rent-free period as fitting out but he considered normally fitting out would take a retailer a few days to a week and not three months.

11. Mr Smith referred to the VO's evidence and stated that only 24 Isaac Newton Shopping Centre was of similar size. 23 Isaac Newton Shopping Centre was larger and the lease was from a later date but he considered it showed the downward trend in rents. He also considered the other properties cited by the respondent were larger and some were lease renewals, so therefore did not provide assistance. He also considered that the rental evidence of some of the units, being either national or regional companies occupying them, did not provide assistance.

12. Mr Smith referred to the settlement details provided by the VO and stated that Unit 7 Isaac Newton Shopping Centre was a kiosk type unit considerably smaller than the subject property

whereas Unit 1 Isaac Newton Shopping Centre was four times larger than the subject property. He therefore did not consider the settlement details to be of assistance.

13. Mr Smith considered the rent supported his request for a reduction in RV to £15,250 based on a zone A price of £275 per m².

14. Ms Pitts stated that whilst the rent on the subject property was the starting point consideration should be given to other rents within the locality to give a wider view of rents passing and not rely upon just one rent.

15. Ms Pitts informed the panel that the rent on the subject property was a new letting and included 12 month rent free period and the rents stepped until year four then a review at year five. She stated that when analysing the rent she had taken three months of the rent-free period to be for fitting out and the remaining nine months as an incentive, which is normal practice, and therefore the rent analysed to £281.86 per m² in terms of zone A.

16. In support of her contention that £330 per m² in terms of zone A Ms Pitts provided rental evidence of hereditaments within the same locality as the subject property with leases between January 2013 and September 2017 which analysed between £286.86 per m² to £494.86 per m².

17. As further support Ms Pitts referred to two settlements relating to 1 and 7 Isaac Newton Shopping Centre where the price per m² had been reduced. 1 Isaac Newton Shopping Centre price per m² had been reduced from £495 to £445 and 7 Isaac Newton Shopping Centre price per m² reduced from £525 to £475. She considered this supported the £330 per m² adopted for the subject property.

18. The panel first considered the analysed rent for the subject property. It accepted that taking three months of the rent-free period as fitting out and the remaining nine months being an incentive as an accepted method of analysing rent for valuation purposes. The panel therefore accepted the analysed rent of £281.86 per m².

19. Whilst the rent on the subject property, in accordance with the decision of *Lotus and Delta* v *Culverwell (Valuation Officer) and Leicester City Council* [1976] RA 141, is the starting point other rental evidence can also be considered. The panel therefore considered that it should have regard to the basket of evidence and not only have regard to the rent on the subject property.

20. In weighting the rental evidence, the panel had regards to the size of the hereditament, date rent commenced and whether the lease was a new lease, renewal or a review. From the rental evidence the panel had not been persuaded by the appellant's representative that RV £18,500, based on a price per m² in terms of zone A of £330, was unreasonable. The rental evidence showed rental values, in the main, were greater than the one rent passing on the subject property.

21. The panel having considered and weighted the evidence and having not been satisfied by the appellant's representative that RV £18,5000 was unreasonable confirm that RV and dismiss the appeal.

Date issued to parties: 2 May 2024

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.