IN THE VALUATION TRIBUNAL FOR ENGLAND
IN THE MATTER OF A 2017 RATING LIST APPEAL

Case No: CHG100896364

Sitting remotely using Microsoft Teams on 1 and 2 June 2026

Date: 27 July 2026

SCHEDULE 11 TO THE LOCAL GOVERNMENT FINANCE ACT 1988

RATING — Local Government Finance Act 1988 — Proposal challenging Valuation Officer's notice of alteration; new hereditament; large distribution warehouse; generation 10; weight to be attached to the actual rent; relativities in dispute for the areas above and below the floor levels; valuation of staging area in dispute; uplift for lifts in dispute; appeal allowed.

Before:

FRAZER STUART
(VICE PRESIDENT)
Between:

AMAZON UK SERVICES LTD **Appellant**

- and -

KAREN GILES
(VALUATION OFFICER) **Respondent**

Regarding:

UNIT 1 WILDERS WAY, DERBY DE74 2BB
(the "subject property")

The Appellant was represented by Cain Ormondroyd (Counsel) from Francis Taylor Building
Simon Reay-Jones from WSP G L Hearn appeared for the Appellant as its Expert Witness
The Respondent was represented by Luke Wilcox (Counsel) from Landmark Chambers
Barry Leahy from the Valuation Office appeared as Expert Witness for the Valuation Officer

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DECISION AND STATEMENT OF REASONS

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DECISION

1. The appeal is allowed and the assessment reduced to £4,155,000 Rateable Value with effect from 5 August 2019.

STATEMENT OF REASONS

Introduction

2. This appeal was identified by the parties as a test case for the tribunal to determine how generation 10 large distribution warehouses, which were constructed for muti-level robotics operation, should be valued. The case was therefore heard by the tribunal as complex, in accordance with Practice Statement 3 of the tribunal's consolidated practice statement.

3. The appeal property was purpose built for Amazon and was located close to Junction 24 of the M1 Motorway and East Midlands Airport, within a development known as the East Midlands Gateway. Unlike most large distribution warehouses where after acquiring the property, the incoming tenant retrofits its floor levels, Amazon's floor levels were constructed of concrete and built into the hereditament during its construction. When retrofitting floors, resin deck panels, otherwise known as Resindek was used, because it was purposely designed for industrial and commercial buildings and was commonplace in warehouses and large distribution centres.

4. Prior to the hearing, the parties agreed to the exchange of new evidence to support their respective arguments. Given the evidential restrictions placed on the tribunal by Regulation 37A of its Procedure Regulations, I was grateful to the commonsense approach taken by both parties for agreeing to put all of the available evidence on the table in order to assist me.

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

Background

6. The appeal property was entered into the 2017 Rating List with an assessment of £4,740,000 Rateable Value with effect from 5 August 2019. WSP GL Hearn, on behalf of the Appellant, challenged the accuracy of that initial assessment by way of a proposal that was served on the Valuation Officer on 16 January 2023. The proposal was made in accordance with Regulation 4 (1) (d) of the Non-Domestic Rating (Alteration of Lists and Appeals) Regulations 2009 (the NNDR Appeals Regulations). Having considered the merits of the Appellant's proposal, the Valuation Officer decided to reduce the list entry to £4,350,000 Rateable Value with effect from 5 August 2019. The Valuation Officer's challenge decision was issued on 30 April 2025. WSP GL Hearn subsequently filed an appeal with the tribunal, against the Valuation Officer's challenge decision on 27 August 2025. The appeal was made in accordance with Regulation 13A of the NNDR Appeals Regulations on the grounds that the valuation for the hereditament is not reasonable.

7. Prior to giving his evidence as Expert Witness, Mr Reay-Jones assured me that neither he nor his employer would receive any success related fee, if the appeal was successful.

8. It was agreed that the material day for this appeal was 5 August 2019 and this would also be the effective date for any reduction in assessment, if the appeal was allowed.

9. I conducted this hearing over two consecutive days. By the close of proceedings on day one of the hearing, Mr Ormondroyd was only part way through his cross examination of Mr Leahy, who appeared for the Valuation Officer as Expert Witness, when I adjourned the hearing at a convenient point for the Appellant's Counsel.

10. In adjourning proceedings until the following day, I did not remind Mr Leahy that he was under purdah and as such should not discuss the case with any other person. This was an unfortunate oversight on my part but given Mr Leahy's senior position at the Valuation Office, I assumed he would be aware of his obligations to the tribunal in this respect. Unfortunately, my assumption was misplaced. On the evening of Monday 1 June 2026, the Respondent's Counsel contacted the tribunal's Registrar and Chief Clerk to report the fact that Mr Leahy had breached purdah and had discussed the case with Mr Alex Hargreaves, who was originally also due to give expert evidence for the Respondent, but both parties agreed that that would no longer be necessary and I was happy to endorse the fact that his testimony was not required. The discussion between Mr Leahy and Mr Hargreaves lasted for around ten minutes before another colleague from the Valuation Office strongly advised them to terminate the discussion and explained to them that they should not have been discussing the case at all.

11. The Registrar alerted me to the above situation and I decided to deal with the matter as a preliminary issue on the morning of day two.

<u>*Preliminary issue*</u>

12. Prior to allowing Mr Ormondroyd to continue his cross examination of Mr Leahy, I explained my disappointment after hearing the events that had transpired after I had adjourned the hearing for the evening.

13. I explained to the parties that I considered Mr Leahy's breach of purdah to be a serious transgression and some of the questions that were going through my mind. One of the questions was whether Mr Leahy should be allowed to continue giving expert evidence or whether I should discard his testimony. If I chose to release Mr Leahy from the hearing, another question in my mind was whether I should bring the whole proceedings to a close and hear the appeal completely afresh, as this was an important test case and it was important to have the benefit of hearing expert evidence from both parties.

14. In view of the above, I sought the views of both Counsel. On behalf of the Valuation Officer, Mr Wilcox apologised for the previous night's turn of events. He assured me that Mr Leahy's *faux pas* was inadvertent and a result of a genuine misunderstanding of his duty to the tribunal rather than to secure any advantage. He submitted that nothing that Mr Leahy had said on the previous day had been contaminated and argued that I should proceed with the hearing and not reject Mr Leahy's evidence.

15. In response, Mr Ormondroyd stated that what had occurred was regrettable but his client was prepared to accept that no ill will or intention was involved and it should be put down to lack of experience. Mr Ormondroyd outlined the wish of his client for proceedings to continue.

16. After hearing the submissions from Counsel, I decided to adjourn to consider my decision. Having considered the matter, I accepted that what had occurred was an honest mistake

which had been promptly self reported. It was easy to be wise with the benefit of hindsight but I was disappointed that I failed to remind Mr Leahy that he was under purdah. That said, it was accepted that Mr Leahy should not have needed reminding, a point accepted by the Respondent's Counsel. Mr Wilcox conceded that he too should have reminded Mr Leahy of his obligations. However, I did not have a crystal ball and was unable to turn back the clock and change what had happened. Ultimately, I felt the most pragmatic approach was to continue with proceedings and not impose a sanction on Mr Leahy or his evidence. There were two reasons behind my decision. Firstly, in the discharge of its functions, the tribunal should deal with appeals in ways which are proportionate to the appeal, the complexity of the issues, the anticipated costs and the resources of the parties, in accordance with Regulation 3 (a) of the tribunal's procedure regulations. It was accepted that there was no nefarious intent on Mr Leahy's part and that it was simply an honest mistake. I was also conscious of the importance of this test case to the parties, with a number of appeals stayed pending the outcome, and if I brought proceedings to a halt and ordered a re-hearing it would only delay the dispensation of justice. I was also mindful of the costs incurred by the parties to get thus far and indeed the time I had spent in pre-reading in readiness for hearing the appeal, all of which could have been wasted. Given all of the circumstances, I decided that the most appropriate and sensible course of action was to allow proceedings to continue, as I had no doubt that Mr Leahy would have learned his lesson and I was satisfied that his evidence was not contaminated and he had not been coached by Mr Hargreaves.

Relevant law

17. The term 'rateable value' was defined in paragraph 2(1), Schedule 6 to the Local Government Finance Act 1988 (the "1988 Act") (as amended):

> (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.

18. In respect of an appeal against an entry in the 2017 rating list, the rental levels are to be taken as those passing at the antecedent valuation date (AVD) of 1 April 2015, in accordance with the Rating Lists (Valuation Date) (England) Order 2014 (SI 2014 No. 2841). Each appeal hereditament had to be valued, having regard to factual matters at the relevant material day, in accordance with paragraphs 2 (6) and (7) of Schedule 6 to the 1988 Act.

(6) Where the rateable value is determined with a view to making an alteration to a list which has been compiled (whether or not it is still in force) the matters mentioned in sub-paragraph (7) below shall be taken to be as they are assumed to be on the material day.

(7) The matters are—

(a) matters affecting the physical state or physical enjoyment of the hereditament,
(b) the mode or category of occupation of the hereditament,
(c) the quantity of minerals or other substances in or extracted from the hereditament,
(cc) the quantity of refuse or waste material which is brought onto and permanently deposited on the hereditament,
(d) matters affecting the physical state of the locality in which the hereditament is situated or which, though not affecting the physical state of the locality, are nonetheless physically manifest there, and
(e) the use or occupation of other premises situated in the locality of the hereditament.

Facts/issues agreed beforehand by the parties

19. In order to assist me, parties' experts had agreed the following;

I. The survey areas
II. The unadjusted main space rate which should apply which was £52.50 per m².
III. Adjustments to unadjusted rate to arrive at the adopted rate(s) were not agreed.
IV. The concrete upper levels were integrated into the appeal hereditament when it was built. This is as opposed to a tenant taking an empty shell unit and retrofitting it out with their own floor levels.
V. Rateable Plant & Machinery was mainly agreed. The only difference between the parties was whether the ground floor intermediate level should be valued as a mezzanine floor, by applying a relativity to the unadjusted main space rate or a cost based addition to the total value of the rateable plant and machinery.
VI. If I was to decide to adopt the VO's relativities for the first and second level areas, the parties agreed that a quantum allowance of 10% should apply. However, if I adopted the Appellant's relativities, no quantity allowance would be applicable.
VII. 6 x 2,000 kg capacity Goods lifts serve the first and second floor levels. In addition, there was a passenger lift that could cater for 1,600kg (which is about 20 people with average build) and 9 concrete stairwells.
VIII. The slab depth was 75-150mm due to the shape of the metal decking. A minimum 75mm depth is required for the anchoring system to ensure the concrete does not break if anything collided with the item secured to the floor. By contrast a timber-based resindek floor only required a 55mm depth for the equivalent anchoring system.
IX. The floor was pure concrete finished off by a power floated finish to create an approximate 1-3mm paste layer which acted as the wear layer. The power floating

process brings the smallest most hardwearing ingredients of the concrete to the surface. The mesh reinforcement layer was industry standard as confirmed by the Concrete Society.

X. The floors were not built to TR34 specification as they are for defined movement traffic. TR34 specification is for Free movement traffic like forklifts.

XI. The ground floor had a loading capacity of 25KN/m² (KN stands for kilonewton – a metric level of force). The staging areas had a capacity of 5KN/m² and the upper levels 6.25kN/m².

Valuation Officer's existing assessment

UNIT 1, WILDERS WAY, KEGWORTH, DERBY, DE74 2BB

Property description:	Warehouse And Premises
Special category and code:	Large Distribution Warehouses/151
Basis of measurement:	Gross Internal Area

COMPONENT PARTS OF THE PROPERTY

Ref	Floor	Description	Area m²/unit	£ per m²/unit	Value (£)
1.1	Ground	Warehouse	36927.80	46.79	1,727,852
1.2	Ground	Area Under Intermediate Mezz	4554.00	35.60	162,122
1.3	Mezzanine	Intermediate Mezzanine	4554.00	21.36	97,273
1.4	Ground	Canteen	1623.10	55.95	90,812
1.5	Ground	Locker Room	1165.07	55.95	65,186
1.6	Ground	Reception / Entrance	695.10	61.03	42,422
1.7	Ground	Office	1686.38	61.03	102,920
1.8	Ground	Internal Storage	736.50	50.86	37,458
1.9	Ground	Drivers Room	544.00	55.95	30,437
1.10	Ground	Switch Room	28.55	50.86	1,452
1.11	Ground	Canopy	150.10	12.11	1,818
1.12	Ground	Switch Rooms	81.00	50.86	4,120
1.13	Ground	Pump House	73.90	50.86	3,759
1.14	Ground	Gatehouse	26.52	50.86	1,349
1.15	First	Warehouse	41868.44	29.14	1,220,046
1.16	Second	Warehouse	41868.44	17.93	750,701
ADDITIONAL FEATURES OF THE PROPERTY INCLUDED IN THE VALUATION					
		Plant and Machinery			19,899
				valuation sub-total	4,359,626

The total of all the elements above is £4,359,626, which we have rounded down to a rateable value of £4,350,000. This is effective from 05 August 2019.

Appellant's proposed valuation

EMA1 - UNIT 1, WILDERS WAY, KEGWORTH, DERBY, DE74 2BB
WSP GL Hearn Proposed Valuation

GLH Value £3,760,311.66 *Unadjusted Basic Rate: £52.50/m2*
GLH Rounded £3,760,000 *with effect from 05/08/2019*

REF	FLOOR	DESCRIPTION	AREA (m^2)	ADJUSTED £/m2	VALUE
1	**Ground**	**Area Under Supported Floor**	**41,481.80**	**£39.55**	**£1,640,695.93**
2	Ground	Canteen	1,623.10	£62.15	£100,881.24
3	**Supported (First)**	**Warehouse**	**41,868.44**	**£22.06**	**£923,748.63**
4	Ground	Locker Room	1,165.07	£62.15	£72,413.11
5	Ground	Reception / Entrance	695.10	£62.15	£43,202.85
6	Ground	Office	1,686.38	£67.80	£114,342.89
7	Ground	Internal Storage	736.50	£56.50	£41,614.55
8	Ground	Mess/Staff Room	544.00	£62.15	£33,811.47
9	Ground	Plant Room	28.55	£56.50	£1,613.16
10	Ground	Canopy	150.10	£13.45	£2,019.31
11	Ground	Plant Room	81.00	£56.50	£4,576.75
12	Ground	Plant Room	73.90	£56.50	£4,175.58
13	Ground	Gatehouse	26.52	£56.50	£1,498.46
14	**Supported (Second)**	**Warehouse**	**41,868.44**	**£16.55**	**£692,811.47**

Total Survey Value	£3,677,405.41
P&M	**£82,906.25 ***
Sub Total	£3,760,311.66
Rounded	**£3,760,000**

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Issues in dispute

20. The issues that the parties asked me to decide were as follows;
   a) the weight to be attached to the actual rent,
   b) whether concrete floors should be valued on the same basis as resindek floors,
   c) whether the area under concrete floors should be valued at the same rate as that under timber deck floors, where there were different heights between ground and first floor levels,
   d) whether there should be an uplift in the valuation to reflect the presence of goods lifts to the upper floors; and
   e) whether the intermediate staging area decks should be valued as mezzanine floors or as rateable plant and machinery.

Discussion

21. At the outset of proceedings, I understood that the main thrust of the Appellant's case was that the appeal property should be valued in line with LTN4 and the two party agreement that was reached in respect of same. That was why the Appellant proposed that the agreed relativities for LTN4 be applied to the appeal property before me. In order to assist me in the decision I had to make, I invited the parties to provide their respective valuations, together with notes to show how all the adjustments had been applied to arrive at the adopted relativity for each line entry in the valuation. Both parties complied with my request and produced detailed breakdowns for their valuation of the appeal property, LTN4, Unit 1 Wilders Way and Unit 1 Robson Way, Leicester (BHX2). The valuation for BHX2 was not agreed, according to the Appellant, but it was never challenged and therefore it was accepted.

22. As previously mentioned, the appeal before me was a test case to determine how Amazon's Generation 10 large distribution warehouses, which were designed and custom built with integral floors, as opposed to tenant retrofitted floors, should be valued. Generation 10 warehouses accommodate automated robotic operations. My understanding was that this type of facility was tried and tested by Amazon in the United States of America and had proved very successful. Therefore, the same or similar blueprint design was incorporated in the United Kingdom. Amazon acquired a large distribution warehouse, which was referred to as LTN4 and was located at Units DC1 and DC2, Prologis, Boscombe Road, Dunstable LU5 4FE. LTN4 differed from the appeal property, in that Amazon acquired the property when effectively it was a vacant large shed and it retrofitted its resindek floors. In contrast, the appeal property was purpose designed and built to Amazon's specification with concrete floors already in *situ* in readiness for its occupation.

23. The success of LTN4 proved to Amazon that its robotics operation could work in the United Kingdom. Had the appeal property been physically identical to LTN4, the likelihood was that this appeal would not have been brought before me. The Appellant's position was that there was no discernible difference from an occupier's perspective between large distribution warehouses retrofitted with resindek floors and the appeal property, in terms of performance/use benefits. Consequently, it maintained that the hypothetical tenant would not pay a higher rent for a property with integral concrete floors. The Valuation Officer's position was that the costs involved in constructing the appeal property were greater, in comparison to LTN4 and the like, which would result in the hypothetical landlord looking for a return on his investment, in terms of a higher rent. The Valuation Officer believed that the appeal property should therefore be valued at a higher rate than the Large Distribution warehouses with resindek floors because in their opinion it was superior.

24. The case before me involved related purely to how the appeal property should be valued, there were no points of law in dispute involved.

25. In terms of the issues in dispute that the parties wanted me to decide, the first and overriding issue was the weight to be attached to the actual rent.

<u>Weight to be attached to the actual rent</u>

26. In considering the weight to be attached to the actual rent, I had regard to the guidance given by J H Emplyn-Jones FRICS in *Lotus & Delta Ltd v Culverwell (VO)* [1976] RA141, the first two of his propositions which were well established came to mind. The first proposition was where the hereditament which is the subject of consideration that rent should be taken as the starting point. The second proposition was that the more closely the circumstances under

which that rent is agreed both as to time, subject matter and conditions relating to the statutory requirements, the more weight should be attached to it.

27. Having regard to that guidance, in this case, there was an actual rent so that was my starting point and I had to have regard to how closely it matched the statutory requirements contained in the definition of rateable value.

28. Apart from the actual rent, no other rental evidence was presented before me by the parties. The appeal property was constructed to Amazon's design specification by a developer. However, rather than finance its construction with its own capital upfront, Amazon entered into an agreement with the developer to pay it back over 20 years. Amazon's payments were geared to compensate the developer for its use of capital, costs, risk and profit. The end result was a passing rent of £5,492,350 under a 20 year lease from 24 April 2019.

29. The actual rent paid by Amazon was calculated on the following basis;

> (Land cost + Gross Development cost + Fixed Developer's profit) x net investment yield = annual rent.

30. Although neither party relied on the actual rent, for the purposes of their valuation, the Valuation Officer's position was that, as the actual rent was in excess of the existing assessment, it was an indication that the current valuation was fair and reasonable.

31. On behalf of the Appellant, Mr Ormondroyd argued that I should disregard the actual rent. He submitted that the date when the level of rent was agreed was too remote from the antecedent valuation date to be of use. Moreover, the number of adjustments required to the rent to make it conform with the statutory hypothesis also made it unreliable

32. On behalf of the Valuation Officer, Mr Wilcox argued that it was fundamental that, when valuing for rating purposes, what was important to consider was the value of the appeal property to the occupier. What level of rent was it prepared to pay for the hereditament as it stands? It was accepted that the actual rent needed adjustment to conform to the statutory hypothesis but, however, the adjusted rent in terms of rateable value was calculated, it would show the rent that Amazon was willing to pay. Therefore, he submitted that I had to attach some evidential weight to it.

33. One of the fundamental principles in rating was that the hereditament to be valued has to be valued *rebus sic stantibus,* in other words as it stands on the material day. The appeal property's mode or category of use was that it was a large distribution warehouse designed to accommodate robotic operations. What I needed to establish was the value of that use to the occupier, in terms of the rent it was willing to pay. Although there was an actual rent, the level of rent Amazon agreed to pay was not the result of an agreement reached in the conventional sense. What I mean by that is that it did not result from a conventional letting with the property coming to the market and as a result of the normal higgling that takes place between a landlord looking to rent and a tenant bidding to take the property. Instead, it resulted from a commercial transaction between Amazon and a developer.

34. Learned Counsel put forward extensive competing submissions about the weight I should attach to the actual rent and my robust determination on this issue does not do justice to the eloquence of their arguments. That said, I found this issue straightforward to decide.

Decision on the rent issue

35. In any rating valuation the actual rent passing, if there was one, was the logical starting point. In the case under consideration, there was an actual rent arising from a 20 year lease commencing on 24 April 2019. This was just over 4 years post the antecedent valuation date of 1 April 2015. As previously stated, the level of rent set did not arise from the normal scenario where the hypothetical tenant takes a property, already in existence, and negotiates a deal with the hypothetical landlord. Instead, the rent resulted from a contractual arrangement that was entered into by Amazon with a Developer. The level of rent included developer's profit in addition to land and buildings costs to arrive at the baseline figure to which the investment yield was applied to calculate the level of rent. It followed the higher the investment yield, the higher the level of rent would be.

36. Generally speaking, the closer the rent conforms to the statutory hypothesis the more weight was usually attached to it. Similarly, the more adjustments that you had to make to adjust it to conform to the statutory hypothesis, the less reliable it was. With this in mind, I upheld Mr Ormondroyd's argument that the actual rent and how it was set was too far removed from the rating hypothesis and therefore I derived no assistance from it and attached no weight to it.

37. In addition, as I was not presented with any other rental evidence from either party, I was unable to test the reliability of the actual rent.

38. Having found for the Appellant on the rent issue, I turned my attention to the four other issues that the parties wished me to decide which they had described as the moving parts to the valuation exercise.

Whether concrete floors should be valued on the same basis as resindek floors

39. This issue related to the relativities that I should apply to the respective floors. On behalf of the Appellant, it was argued that the appropriate percentages/relativities had been agreed for properties that were functionally similar to the appeal property. The agreed relativities were 70% for the ground floor, 40% for the first floor, 30% for the second floor and 20% for the third floor. The assessment of LTN4 was agreed on this basis. I also noted that the 2017 Rating List valuation for Unit 1 Robson Way, Ellistown, Coalville, Leicestershire had been calculated using the same relativities.

40. In giving his expert evidence, Mr Leahy explained how the Valuation Officer's approach to the valuation of large distribution warehouses had evolved over time. Mr Leahy did not agree with Mr Reay-Jones that Amazon's new multi-floor distribution warehouse design with its integrated concrete floors would not attract additional rent in the market, in comparison to traditional tenant retrofitted wooden decked mezzanine floors.

41. Multi-level distribution warehouses have evolved because of the dearth of land space for new developments. Having multi-levels meant that more storage space could be fitted within a smaller footprint. The traditional large distribution warehouse was a single storey warehouse built on an expansive plot. In recent years, logistics companies have moved away from this traditional model by building upwards not sideways, with consequent savings on land costs and less transportation costs if they were located in urban settings.

42. Mr Leahy's view was that a large distribution warehouse with integral concrete floors would be more valuable to the occupier, Amazon. Concrete was more durable and longer lasting. In his evidence, he outlined the main differences between Generation 10 and large distribution

warehouses with retrofitted floors. The Generation 10 type provided similar accommodation to the retrofitted version but were newly built and designed from the ground up. The main difference was that the upper floors were fully supported and integrated into the building design, meaning they were supported by the buildings structural frame and there were no voids between the floor and the building envelope/cladding. The upper floors consisted of in-situ poured reinforced concrete floors, supported by profiled metal sheeting, which sat on steel beams, which were in turn supported by the building's portal frame and structural columns. The building's portal frame and columns were underpinned by piles, which were independent from the floor slab. Amazon commissioned logistics developers to build these units in return for a 20-year pre-let lease. The rent was agreed in advance and was based upon a Development Agreement for Lease, which is calculated by reference to a formula relating to the amortised cost of development.

43. Mr Reay-Jones did not agree with Mr Leahy. He stated that his client derived no additional benefits from its premises having concrete as opposed to resindek floors and the market would not recognise any difference. He personally had inspected both sites and when asked which, in his opinion, was superior LTN4 or the appeal property, he responded to the effect that they were equally as good as each other.

44. In the Appellant's rebuttal report, Mr Reay-Jones compared the specification of LTN4 with the appeal property and a typical steel portal frame warehouse. In his view, LTN4 and the appeal property's respective specifications were similar but the ground floor at LTN4 was built to a higher standard than the appeal property and had a higher load bearing capacity. The latter had a load bearing capacity of half the industry standard.

45. The grid patterns within LTN4 and the appeal property were similar to each other but inferior to an un-encumbered steel portal frame warehouse.

46. Mr Reay-Jones also said that his client had had issues with concrete floors cracking which had caused repair issues and caused operational difficulties at some of its sites, the Bristol site was referred to in his rebuttal report. Therefore, there was a question mark over concrete's durability, if the screed was susceptible to cracking, and whether it was better than resindek.

47. I was willing to accept as fact that it would have cost more to build the appeal property, as opposed to LTN4 even if the tenant's improvements, which would include the retrofitted floors, were taken into account. However, cost of construction did not necessarily translate into an increased rent that a tenant would have been willing to pay.

48. Mr Leahy was of the opinion that a large distribution warehouse with integrated concrete floors would cost more to construct, in comparison to a unit retrofitted with resindek floors. In his mind, it followed that if the appeal property cost more to construct, the landlord would want a higher return on his investment, in the form of a higher rent. Whilst I could understand Mr Leahy's logic, cost does not always equal value.

49. If it would cost more to construct the facility with integral concrete floors, the logical question that followed was why would a landlord do that, if the property would not attract a higher rent, in comparison to unit with standard retrofitted flooring. The answer to that was probably because the landlord's exposure to costs would be reduced once the tenancy was at an end and the tenant had vacated and he became liable for all repairs under the statutory hypothesis.

50. The difficulty I had when considering this issue was that both experts before me had polarised views. Ultimately, having heard different expert opinions, I decided that the best course of action was to look at what the evidence before me was telling me.

51. The comparable evidence that was presented informed me that the standard relativities, as proposed by the Appellant, had been consistently applied to large distribution warehouses with tenant retrofitted floors. In order for the Valuation Officer to succeed on this issue, I needed to see that there was a positive value differential between the Generation 10 large warehouses like the appeal property and others that performed a similar function. When a valuation is under challenge, a valuer's intuition or subjective opinion that something is worth more is seldom enough. In a case like this it is not sufficient to assert something as fact, without evidence to back it up, because he who asserts must prove.

52. During proceedings, I was constantly reminded of the fundamental principle that as you value, so you devalue. The issue I had with adopting the Valuation Officer's proposed relativities was that I could not find any evidential basis from which they were derived from. The standard relativities that were applied to other large distribution warehouses had been derived, so I was advised, from rental analysis for the 2017 Rating List. However, as previously stated, apart from the rent for the appeal property which I found to be unhelpful, no other rental evidence was put on the table to support the Valuation Officer's increased relativities for the valuation of Generation 10 facilities.

53. Mr Leahy, in cross examination, opined that it was commonsense behind the fact that larger relativities were justified as concrete was superior to resindek. However, what an expert views as commonsense did not mean it was true, especially when the other expert who appeared before me advanced a different opinion. In this case, Mr Leahy was effectively putting forward a valuation based on higher relativities, to support his view that a tenant would pay more in rent for the benefit of integral concrete floors, in comparison to resindek, without any actual evidence to back up his expert opinion.

54. In paragraph 36 of the Upper Tribunal's judgment in *Hitchings (VO) v Shoosmiths LLP and Mando Group* [2025] UKUT 224 (LC), there was a rather pithy criticism of the former VTE President's determination of the appropriate uplift to reflect the Category B fit out for the Grade A office space appeals that were before him. The Upper Tribunal stated;

> This is an appeal by way of re-hearing, not a review of the VTE's decision, so we do not need to discuss in detail the approach taken by the President to valuing the Category B uplift. There is no argument before us that we should follow it. We think it is right to observe that we agree with the VO's criticisms of the VTE's approach. The selection of £10 per m² and £15 per m² for Liverpool and Manchester respectively was arbitrary and unevidenced, and it is not an approach that should be adopted for the future.

55. With the above in mind, I decided that any decision I made, other than to adopt the Appellant's relativities would have been arbitrary and unevidenced. At the end of the day, the VTE is a fact finding tribunal and any decisions that it makes must be evidenced based. With regard to this issue, Mr Leahy was cross examined at length to provide evidence to support his proposed relativities. In the absence of any evidence to corroborate them, the relativities he had adopted were arbitrary and therefore I found in the Appellant's favour on this issue and adopt its expert's relativities which were consistent with how properties in the same

mode or category of use had been valued. If there was a value differential, there was no valuation evidence before me to quantify it.

Area under supported floor

56. On behalf of the Appellant, Mr Reay-Jones had valued the whole of the ground floor at a relativity of 0.7. This was the normal relativity that was applicable for areas under mezzanine floors. In his expert report, he said his approach was supported by the Upper Tribunal's Judgment in *Robert Dyas Holdings Ltd v Moore (VO)* [2025] UKUT 163 (LC). I was familiar with the Upper Tribunal's judgment in *Robert Dyas* and in that case relativities were not in dispute.

57. Mr Leahy had, however, adopted a base relativity of 1, before adjusting for height and quantum to arrive at an adopted relativity of 0.83 or to be more specific 0.828 for the ground floor area that was under the concrete floor. In contrast, a relativity of 0.7 was applied for the area that was under the supported floor. He was of the opinion that the ground floor at the appeal property provided greater value for the occupier in comparison to an area underneath a supported floor (0.7) and an undercroft (0.85). The Valuation Officer's challenge decision notice explained that it was normal for a relativity of 0.85 to be applied for areas under undercrofts. Typically, this would be where there was a warehouse area underneath first floor offices which are integral to the building's structure. An agreement had been reached with the Appellant's representative applying the same relativity in the settlement of an appeal relating to Unit 1 Barbour Drive, Crawley RH10 3JY. As the ground floor area underneath a concrete ceiling afforded greater value than an undercroft, that was why he had adopted a base relativity of 1 before adjusting for height and quantum.

58. It followed that the Valuation Officer's justification for the difference in relativities for the ground floor sought to reflect the difference in ceiling height and secondly the fact that concrete floors were independently supported by the building's structural frame. Therefore, the area underneath the concrete floor was not as encumbered in the same way as mezzanine floors, which was due to the fact that they were supported by stanchions bolted to the ground floor slab. There were many more of these stanchions required and they were situated much closer together to enable the load to be spread across the floor slab, compared to concrete upper floors whose columns were much fewer providing much wider spans and were independently supported through the floor slab on piled foundations. Mr Wilcox drew my attention to the photographs which he argued clearly highlighted the difference in the two areas which would be reflected in the value to the occupier.

59. The Valuation Officer's position was that the ground floor accommodation was a perfect fit for Amazon's operational needs, as its manpower and machinery were able to operate and conduct its business as intended. This was why the Valuation Officer believed that the ground floor should be valued at two relativities (0.7 for the restricted area underneath an intermediate mezzanine and 0.828 for the remainder).

60. In the Valuation Officer's challenge decision notice, the Valuation Officer referred to another property occupied by Amazon at Unit 1 Robson Way, Leicester. Most of the ground floor was valued at a relativity of 1 with the part underneath the mezzanine floor valued at 0.7 to reflect the greater encumbrance of being underneath a supported mezzanine floor.

61. In response, when referring to the Valuation Officer's height chart for adjustments, Mr Ormondroyd argued that this evidence was misleading. He argued that once the ceiling height fell below a set level, the space became obsolete as normal warehouse space and

therefore a relativity of 0.7 should be consistently applied. Where comparable properties were cited by the Respondent to support a higher relativity of 0.7, he suggested they provided a false comparison. In support of his argument on this issue, he referred to the agreed assessment of 2 Wilders Way where a relativity of 0.7 had been applied across the whole of the ground floor. Even though this was inconsistent with how the appeal property had been valued, Mr Leahy had conceded that Unit 2 Wilders Way's valuation was correct.

62. My understanding was that a ceiling height of between 12 and 14 metres was required to attract full rate or a relativity of 1. In this case, the ceiling height was much lower at 7.25 metres below the concrete floor and 3 metres below the mezzanine. Mr Ormondroyd, in his cross examination of Mr Leahy, had highlighted the folly of taking the Valuation Officer's scale for height adjustments too rigidly because when you reached a nadir ceiling height, the space was unusable as warehouse space and the relativity that the scale said should apply was nonsensical.

63. Both experts agreed that a lower relativity should apply to the ground floor accommodation and it was also agreed that 0.7 was applicable to the area underneath the mezzanine. Mr Reay-Jones believed that the same relativity should be applied across the ground floor, however, Mr Leahy believed that a higher relativity of 0.828 should apply for the area with a ceiling height of 7.25 metres.

64. There was no rental evidence before me to assist on this issue and the comparable assessment evidence was giving me mixed messages. The assessment of 2 Wilders Way supported the Appellant's case on this issue, whilst the assessment of Unit 1 Robson Way supported the Valuation Officer. I found this issue difficult to decide because both experts were giving opposite opinions. However, one thing they did both agree on was that a relativity of 0.7 should apply to the area under the mezzanine.

65. My past experience from hearing previous appeals was telling me that for ground floor warehouse accommodation, the usual starting point was to adopt a relativity of one, before adjusting for height. Mr Leahy's valuation approach was therefore more in line with custom and practice. Mr Ormondroyd, for the Appellant, with the aid of skillful cross-examination and clever advocacy had done his best to undermine the credibility of the Valuation Officer's height adjustment tables, as there came a point where as he put it, the space tipped over and was obsolete as normal warehouse space. I accept that at the lower end of the scale, it could lead to absurdity. For instance, space that had little or no ceiling height at all could not be classed as storage or used as such and yet it was still valued at 78% of the building base rate, if the scales were applied rigidly.

66. Nevertheless, when I compared and contrasted the ground floor under the mezzanine (where a relativity of 0.7) had been agreed against the remaining area which had a higher ceiling height, it was clear to me that Mr Leahy's valuation was far more realistic in reflecting the difference in quality between the two areas, in comparison to Mr Reay-Jones's one size fits all approach. The ground floor area that Mr Leahy had valued at a relativity of 0.828 was clearly more valuable, was less encumbered by the steel grid pattern and in my judgment supported a higher rate. Accordingly, I found for the Valuation Officer on this issue.

Uplift for lifts

67. The Valuation Officer had applied an adjustment factor/uplift of 5% to the relevant relativities for the intermediate mezzanine, first floor and second floor levels to reflect the value of a

goods lift. Mr Leahy conceded, however, that the assessments of LTN4 and 1 Robson Way were agreed without any adjustment being made for goods lifts. It was put to him that he was going against the spirit of these agreements by proposing that an addition should be made to reflect the presence of goods lifts.

68. On behalf of the Valuation Officer, Mr Wilcox argued that an uplift to reflect the value of the lifts was justified as the presence of lifts was not already reflected in the unadjusted base rate.

69. In response Mr Ormondroyd, for the Appellant, argued that there was no rental evidence to support an adjustment for lifts. Moreover, there was a lot of settlement evidence where assessments had been agreed without any adjustment to reflect the presence of lists. Mr Leahy had conceded that a lot of agreements had been reached without an uplift and admitted that the Valuation Officer had been inconsistent in their valuation approach. There was no settlement evidence before me to show that a 5% uplift for lifts had been agreed and precious few where assessments had been accepted without challenge.

70. The Appellant’s position was that although the goods lifts were an essential requirement to operate the supported floors, as they are configured, their presence did not represent an advantage above and beyond that presented by the floors themselves. In his skeleton arguments, Mr Ormondroyd contended that it would be patently unfair to subject the ratepayer to an increase to reflect this feature for the 2017 Rating List.

71. My starting point for determining this issue was to have regard to what the unadjusted base rate assumed. In cross-examination by Mr Wilcox, Mr Reay-Jones conceded that the unadjusted base rate did not reflect the presence of lifts. Where a property lacked a feature that the unadjusted base rate assumed it had, it was custom and practice to adjust downwards to reflect its absence. In contrast, where a property benefits from a feature that it is not reflected in the unadjusted base rate, an uplift was normally required.

72. Whilst I accepted that a number of settlements had been reached with no adjustment made to reflect the presence of goods lifts, my task was to arrive at the correct valuation for the appeal property. It was trite law that consistency of assessment was desirable, however, it should not be sacrificed for consistency of error, when what was needed was a different type of consistency that of accuracy. I therefore rejected the argument that it would be unfair to apply an uplift, as in my view, an uplift was clearly appropriate. Mr Leahy’s uplift of 5% was relatively modest and I have adopted his adjustment factor to reflect the presence of lifts. They clearly add value and that value needs to be reflected by adjusting the unadjusted rate. I therefore did not accept the Appellant’s claim that the presence of goods lifts was not advantageous to it above and beyond that presented by the floors themselves, the lifts were clearly of benefit and added value to the occupier. That added value therefore needed to be reflected in the assessment.

Value of the intermediate supported floors.

73. This last issue was not significant in valuation terms but was still one that the parties asked me to address. Mr Leahy had valued what was referred to as the staging areas, as if they were standard supported floors which were normally valued at a base relativity of 0.5 before adjustment to reflect height etc. Mr Reay-Jones had treated them as rateable plant and machinery and had valued them as such. His valuation of the platforms on this basis was £63,007.25. Apart from this item, the value of the other rateable plant and machinery had been agreed at £19,899.

74. On behalf of the Valuation Officer, Mr Wilcox argued that the staging areas had many of the essential features associated with a conventional mezzanine. However, this was not how Mr Reay-Jones described the platforms in his rebuttal evidence, he described them as unusual in shape which were designed to meet the occupier's specific service plant and choice of automated conveyor system, which was unlike any mezzanine type floor used to house stock in a warehouse, which was usually rectangular in shape. As the platforms were more in the nature of process plant with which the business was run, he had valued the platforms on the basis that they were rateable plant and machinery.

75. In the Valuation Officer's challenge decision notice, it was explained that the appeal property was the only Generation 10 warehouse which had been valued with a cost based addition for this feature. To address this, the Valuation Officer had amended their valuation approach to value the platforms based on a relativity of the main space price, so they were valued in line with wooden deck mezzanine floors. This was also in line with the agreement reached with the Appellant for LTN4. Although the valuation of LTN4 was agreed, the breakdown of each party's valuation to arrive at the agreed RV was different. In the event that I valued the platforms on a cost basis, the Valuation Officer's value on this basis was £81,928 based upon the VO cost guide.

76. Mr Ormondroyd argued that the Valuation Officer had originally valued the staging areas as rateable plant and machinery and was right to do so. He contended that Mr Leahy had failed to demonstrate where the relativity applied was supported by rental evidence.

77. Whilst Mr Ormondroyd made a valid point that the Valuation Officer's adopted relativity for the supported floors was not substantiated by rental evidence, such platforms are normally retrofitted by tenants as a tenant's improvement. I could see the merits in both parties' approach. What it did was highlight the fact that if you employ two different valuation methods, you tend to arrive at two different values, even though the figure you are seeking to find should in theory be the same. However, in practice this was frequently the case and therefore parties tend to try to persuade the tribunal to value a property by whatever method of valuation is favourable to them. When such disputes come before the tribunal, it has to be wise to that and objectively weigh up all of the evidence and competing arguments, then stand back and look and see which valuation method produces the more realistic answer with regards value.

78. In his skeleton arguments, Mr Ormondroyd stated that this issue in dispute was not highly value significant, nevertheless it did exercise my mind as I found it a difficult issue to decide.

79. I could well understand why the Appellant sought for the supported floors to be valued as rateable plant and machinery, as the resultant valuation would be advantageous to it. These supported floors, even though the Appellant sought to persuade me that they were somewhat different to standard mezzanines, were in my judgment very much similar to same. Therefore, I upheld Mr Leahy's valuation approach which was more in line with custom and practice. Mr Leahy's approach was also in line with that which was applied in the valuation of Unit 1 Robson Way, Coalville (BHX2). The accuracy of this assessment was not challenged by the Appellant.

Conclusion

80. In view of the above findings and conclusions, I am satisfied that the Appellant's grounds for making the appeal are made out and that the existing 2017 Rating List assessment was not

reasonable. As a corollary, the appeal was allowed and the entry reduced to £4,155,000 Rateable Value with effect from 5 August 2019. My valuation is appended to this decision and statement of reasons.

Order

81. Under the provisions of regulation 38(4) of The Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009, the Valuation Tribunal for England ordered the Valuation Officer to amend the 2017 Rating List entry for the appeal property to reflect my valuation which is £4,155,000 Rateable Value with effect from 5 August 2019.

82. Under regulation 38(9), the Valuation Officer must comply with this Order within two weeks of its making.

83. As the appellant's grounds of appeal were made out, it was entitled to a refund of its fee paid in accordance with regulation 13E(1)(a) of the Non-Domestic Rating (Alterations of Lists and Appeals) (England) Regulations 2009 (as amended).

Right of further appeal

84. Any party who is aggrieved at the Tribunal's decision, and who appeared or was represented at the hearing, has a statutory right of further appeal to the Upper Tribunal (Lands Chamber) pursuant to Regulation 42 of the Tribunal Procedure Regulations. A party does not require permission to appeal from the Tribunal. Any appeal must be made directly to the Upper Tribunal (Lands Chamber) using Form T385 (Notice of appeal) within **four weeks** of the date this decision and statement of reasons was issued.

85. Further information regarding this statutory right of further appeal, and the parties' other rights, is contained in the guidance booklet "*A guide to tribunal decisions"* available on the Tribunal's website at www.valuationtribunal.gov.uk/guidance-booklets/.

Frazer Stuart
(Vice President)
27 July 2026

David J Slater
Registrar & Chief Clerk
Date issued to the parties: 27 July 2026

APPENDIX: TRIBUNAL'S VALUATION
main space rate including fire protection/sprinklers £53.82

Ref	Floor	Description	Area m2	Accom. Factor	Adj1	Factor1	Adj2	Factor2	Adj3	Factor3	Adjusted Factor	Adjusted £/m2	RV
1	Ground	Warehouse	36927.8	1	Air Con	1.05	Height	0.92	Quantum	0.9	0.869	46.77	£1,727,113
2	Ground	Area Under Supported Floor	4554	0.7	Air Con	1.05					0.735	39.56	£180,156
3	Mezz 1	Intermediate Mezz	4554	0.5	Air Con	1.05	Floor Above	0.8	Lift	1.05	0.441	23.73	£108,066
4	Ground	Canteen	1623.1	1.1	Air Con	1.05					1.155	62.16	£100,892
5	Ground	Locker Room	1165.07	1.1	Air Con	1.05					1.155	62.16	£72,421
6	Ground	Reception	695.1	1.2	Air Con	1.05					1.26	67.81	£47,135
7	Ground	Office	1686.38	1.2	Air Con	1.05					1.26	67.81	£114,353
8	Ground	Storage	736.5	1	Air Con	1.05					1.05	56.51	£41,620
9	Ground	Messroom	544	1.1	Air Con	1.05					1.155	62.16	£33,815
10	Ground	Plant Room	28.55	1	Air Con	1.05					1.05	56.51	£1,613
11	Ground	Canopy	150.1	0.25							0.25	13.46	£2,020
12	Ground	Plant Room	81	1	Air Con	1.05					1.05	56.51	£4,577
13	Ground	Plant Room	73.9	1	Air Con	1.05					1.05	56.51	£4,176
14	Ground	Gatehouse	26.52	1	Air Con	1.05					1.05	56.51	£1,499
15	First	Warehouse	41868.44	0.4	Air Con Partial	1.025			Lift	1.05	0.431	23.17	£970,092
16	Second	Warehouse	41868.44	0.3	Air Con Partial	1.025			Lift	1.05	0.32	17.38	£727,673
												Total	£4,137,221
												P&M	£19,899
												RV	£4,157,120
												RV Say	**£4,155,000**