VALUATION TRIBUNAL FOR ENGLAND

2017 Rating List Appeal: Local Government Finance Act 1988; rental evidence for subject property; was lease between connect parties; what effect on rent would restrictive clause have; comparable hereditaments and rental evidence; weighting of evidence; appeal allowed in part.

APPEAL NUMBER: CHG100916828

RE: Unit C, Distillery Wharf, London, W6 9GX (the "subject property")

BETWEEN:	Benham and Reeves	Appellant
	and	
	Andrew Ricketts (Valuation Officer)	Respondent

SITTING: *remotely using Microsoft Teams*

ON: 25 April 2025

BEFORE: Mr J Thomas, Presiding Senior Member
Mrs F Rahman-Cook, Senior Member

CLERK: Mr A Jolly

APPEARANCES: Mr S Bunch of Sanderson Weatherall representing the appellant
Miss M Maine representing the respondent

DECISION AND STATEMENT OF REASONS

Decision

1. The appeal is allowed-in-part. The rateable value (RV) is confirmed at £24,250 based on the price per m² of £325 with effect from 1 April 2017.

Introduction

2. This appeal has been brought in respect of the following: an appeal was lodged by the Sanderson Weatherall on behalf of the occupier Benham and Reeves on 15 October 2024 against the Valuation Officer's Decision of 1 July 2024.

3. Mr Bunch 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), Mr Bunch's declaration of truth included a statement that he was not instructed under any conditional fee arrangement. Mr Bunch 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.

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

Issue

5. The issue concerned the price per m² to be adopted for the subject property with effect from 1 April 2017. The representative sought a reduction from the unadjusted price per m² of £440 to £260 per m².

6. The antecedent valuation AVD for this appeal was 1 April 2015 and the material date was 1 April 2017.

7. The subject property was an office located in a mainly residential development upon the River Thames and was approximately 10 minutes from Hammersmith Underground Station. It measured 74.64 m² and had entered the 2017 Rating List at £34,250 RV but reduced at challenge stage to £31,000 RV.

Decision and reasons

8. Mr Bunch informed the panel that the subject property was leased from 15 June 2015 for £20,000 per annum and that since then there had been two reviews where a nil increase was agreed. This rent analysed to £270 per m² and therefore adjusting that to the AVD he considered £260 per m² to be reasonable. He considered that this rent was the best evidence as it was only two months from the AVD.

9. Mr Bunch also considered the price per m² adopted for the neighbouring unit B also supported his contention that £440 per m² was excessive. This hereditament had been placed in the rating list at £340 per m². He stated that the respondent considered that the property had been incorrectly inserted in the list against values for 1980s offices, but he believed the VO had had a number of opportunities to correct that error but had not.

10. Mr Bunch did not consider the respondent's comparable dwelling of 10 Hammersmith Grove to be comparable as it was a larger multi-storey high-specification style building, considered as a Headquarter type office, which was centrally located in Hammersmith close to the station.

11. Mr Bunch confirmed that there was a restrictive clause, but it was not as restrictive as the respondent considered as it was in place to avoid certain retail users only. From his experience if there was any uplift in the rent due to the clause it would amount to around 5% only.

12. Miss Maine stated that she did not consider £31,000 RV to be unreasonable and that the burden was upon the appellant's representative to prove that the RV was unreasonable.

13. Miss Maine stated that the property was within a complex built around 2013/14 comprising mainly residential properties with some commercial units. The subject property had a return frontage and that the rear backed onto the River Thames and was 10 minutes from Hammersmith Station.

14. Miss Maine considered the rent on the subject property, whilst close to the AVD, had a restrictive clause which would have an effect on the rent payable. Also, she considered that the rent may have been between connected parties as the occupier was the letting agent for properties on the development. She therefore considered the rent should be treated with caution and lesser weight should be applied to it. However, in considering the rental analyses of the subject property she stated that with a £25 per m² uplift for fitting out for London offices the price per m² at its lowest should be £308 but regard should also be had to the restrictive clause.

15. Miss Maine explained that Unit B had been placed into the wrong scheme for 1980s buildings and therefore the assessment was incorrect. She explained that she was now unable to alter the entry for the 2017 Rating List as the list was now closed for alterations, but she had amended the entry for the 2023 Rating List.

16. In support of her contention that £440 (minus 5% due to not having raised floors) was reasonable she cited rental evidence for 10 Hammersmith Grove, an office building constructed in 2013. These rents commenced from July 2014 and June 2015 and analysed between, including an uplift for fit out, £465.04 per m² to £484.56 per m². This property had been entered into the 2017 Rating List at £460 per m². Whilst she accepted this hereditament was close to the station and central Hammersmith, she considered this was outweighed by the closeness of the subject property to the River Thames and a quieter location.

17. Miss Maine confirmed that she had not requested a copy of the lease for the subject property as she considered the rent was not of assistance and confirmed that she did not know the rental terms for Unit B. She also did not provide details of how much of an effect a restrictive clause would have on the rental value.

18. The panel did not consider 10 Hammersmith Grove to be comparable to the subject property. It was in a more central location close to the underground networks. It was also considerably larger than the subject property with each floor being at least 10 times the size of the subject property. The panel therefore placed minimal weight upon this rental evidence.

19. The panel noted that Unit B Distillery Wharf had been entered into the Rating List at a lower value than the subject property and noted that the reason was that it had been wrongly valued in line with 1980s offices when it was constructed at the same time as the subject property. The panel also noted that no rental evidence had been provided by either party in relation to this hereditament to assist the panel on the level of rents prevailing in the immediate locality and therefore the panel gave lesser weight to this comparable hereditament.

20. The panel noted the respondent’s comments concerning the lease on the subject property possibly being between connected parties but provided no supporting evidence of this apart from the fact that the appellant, who was a letting agency, was dealing with the lettings on the development. The panel was not persuaded by the respondent that the lease was between connected parties and therefore considered the rental evidence was of assistance.

21. The panel considered that the rental evidence for the subject property provided the best evidence. The lease commenced two months after the AVD and analysed to £282 per m². The panel noted the issue of the restrictive clause and accepted that the clause could reduce the rental bid. However, only the appellant's representative was able to provide a guide as to how much of an effect such a clause may have and from his experience, he considered the effect would be approximately 5%. The panel, in the absence of any other information, accepted 5% increase should be applied to the analysed rent together with the £25 per m² uplift for fitting out. The panel considered a price per m² of £325 was therefore reasonable.

22. The Panel having considered the evidence have been persuaded by the appellant's representative that the price of £440 per m² was unreasonable. In considering and weighting the evidence the panel considered the best evidence was that of the subject property's 2015 rent. It considered that £325 per m² was reasonable and confirm RV £24,250 with effect 1 April 2017. The appeal is therefore allowed in part.

Order

23. As a consequence of the above decision, the Valuation Officer is ordered to reduce the 2017 Rating List entry to £24,250 with effect from 1 April 2017 within two weeks of the date of this order.

Valuation

floor	description	area m²	price per m²	value
ground	office	74.64	£ 325.00	£ 24,258.00
			say	£ 24,250.00

date issued to parties: 14 May 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.