VALUATION TRIBUNAL FOR ENGLAND

Non-domestic rating; 2017 rating list appeal; Local Government Finance Act 1988; Car showroom and premises; Price per m² in dispute; Lotus and Delta v Culverwell (VO) [1976] RA 141; Rental evidence; Comparable assessments; Appeal dismissed.

APPEAL NUMBER: CHG101046673

RE:	S G Petch Ltd. Middlesbrough Road, South Bank, Middlesbrough, Cleveland TS6 6AJ	
BETWEEN:	S G Petch Ltd	Appellant
	and	
	Amanda Hitchings (Valuation Officer)	Respondent
SITTING ON:	10 February 2025 (Remote Hearing number 1)	
BEFORE:	Mr Frazer Stuart, Vice President	
CLERK:	Mr Duncan Adamson IRRV (Hons)	
APPEARANCES:	Mr Nick Vincent of Sanderson Weatherall LLP	for the appellant
	Mr Philip Loxley	for the respondent

Summary of decision

1. Appeal dismissed. I confirmed the Rateable Value (RV) of the appeal property as £131,000 with effect from 6 July 2019.

Introduction

2. This 2017 rating list appeal had been brought in respect of the following: the appellant was the non-domestic ratepayer of the appeal property S G Petch, Middlesbrough Road, South Bank, Middlesbrough, Cleveland TS6 6UY.

3. The property had been entered in the 2017 rating list as a car showroom and premises based on a rate of £132.50/m² giving an RV of £136,000 with effect from 6 July 2019.

4. A challenge proposal was submitted by the appellant's representative on 5 April 2023 to reduce the rate to £122.50/m² seeking a revised RV of £125,000 with effect from 6 July 2019.

5. The valuation officer (VO) issued a challenge decision notice on 19 March 2024 which stated that, based upon the evidence and information available, the rating list entry was unreasonable but disagreed with the entry proposed.

6. The VO found that a rate of £127.50/m^2 was reasonable giving an RV of £131,000 with effect from 6 July 2019.

7. The appeal property was comprised of a purpose-built car showroom with a workshop, offices, ancillary areas, vehicle display areas and customer parking. It was situated on Middlesbrough Road in the South Bank area of Middlesbrough and was easily accessed via the A66. It was highly visible on Middlesbrough Road.

8. The representatives of both parties to the appeal stated that they were representing as advocates and expert witnesses, were not under any conditional fee arrangements and stated their obligations to the tribunal.

9. The Tribunal Business Arrangements provide that a hearing will normally take place before a panel of two members of the Tribunal, however, paragraph 10 of those arrangements also provide that the President, Vice-Presidents and nominated Senior Members may sit alone. As Vice-President I am satisfied that I am authorised to hear and determine this appeal alone.

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

Issue

11. The issue in dispute was whether the £/m^2 should be reduced.

Evidence and submissions

12. The bundle comprised all of the documents exchanged between the parties as part of the challenge process including the appellant's challenge submission, initial response to the challenge and the VO's challenge case decision notice.

13. The appellant's representative stated that the appeal property was a freehold, multi-franchise dealership located in the South Bank area of Middlesbrough operated by the appellant S G Petch Ltd. It was constructed in 2019 and there was therefore no 2010 main space rate to compare with.

14. It was entered into the 2017 rating list at a main space rate of £132.50/m^2 and the appellant was seeking a reduction to £122.50/m^2.

15. As it was not present in the 2010 rating list he submitted that the rate/m^2 of other comparable car showrooms, found approximately 1km west of the subject property around the Cargo Fleet Lane area, have been taken into consideration to support a reduction to £122.50/m^2.

16. He argued that the appeal property was not in the best location. Whilst it was on the main car showroom road, it was somewhat isolated and outside of the main cluster of showrooms. Properties in the cluster were valued at £127.50/m^2 but were still being appealed.

17. He referred to the state of the used car market from 2008 to 2015 and made reference to the used car commentary report from Knight Frank which detailed the closure of car showrooms, particularly in secondary locations due to the impact of the internet and car supermarkets. This had led to a lack of demand at these sites and a decline in their need. He submitted that the stagnant market was further evidence that there had been no growth between the 2010 and 2017 lists and that profitability had decreased even though turnover had increased.

18. He stated that this meant that there had been no increase in growth in the used car market and therefore there was no evidence for an increase in the £/m^2 from the 2010 list valuation to the 2017 list valuation that the VO had placed on the appeal property and other car showrooms in the area. He stated that this was evidenced by the two car showrooms at prime locations at Silverlink and Preston Farm that had been increased by 7.4% and 0% respectively.

19. In his opinion, if a prime location such as Preston Farm had no increase of rate between the 2010 and 2017 list then that should be the same for other car showrooms in the locality and so be reflected in the appeal property's valuation.

20. The VO's representative had stated that the appellant had relied on general market conditions from the Knight Frank commentary report but this was not acceptable to the VO. No rental evidence had been supplied to support the reduction of the £/m^2.

21. He stated that the vast majority of car showrooms in the North East were still operating as car showrooms, sales volumes had continued to rise and the market had recovered from 2008 with growth through to 2015 and 2016. Car supermarkets had not taken over and online sales were commonplace for all car retailers. In this location, there was no evidence of market stagnation and there had been investment in the market. This was evidenced by the appeal property, a brand new car type 2 car showroom typically dictated by the brands which had only been built in 2019.

22. Further, the VO was not of the opinion that the 2010 rating assessment was the appropriate starting point when assessing a property for the 2017 Rating List. Each rating list was a fresh look at values.

23. Unfortunately, there was no rental evidence available and he referred to a settlement schedule of car showrooms in the locality and their locations and compared examples of Lookers and Derek Slack motors that were valued at £137.50/m^2 and £132.50/m^2 to those at S Jennings Ltd, Reg Vardy plc and the appeal property that had all been reduced from £132.50/m^2 to £127.50/m^2. This was because they were not in as good a location. Other properties were valued lower than the appeal property because they were older or of lower quality or in a poorer location such as not within the cluster of car showrooms.

24. However, the appeal property was still an operating prime franchise car showroom close to a car showroom cluster within a large commercial area.

25. For these reasons, he felt that £127.50/m^2 was reasonable for the appeal property.

Decision and reasons

26. I referred to the Local Government Finance Act 1988 in respect of the definition of rateable value in paragraph 2(1), Schedule 6 to the Act (as amended). The rateable value of any hereditament is to be taken to be the amount, determined in accordance with the statutory assumptions, equal to the rent at which it is estimated the hereditament might reasonably be expected to let from year to year, on 1 April 2015 the “antecedent valuation date” (AVD). The material day for this appeal was 6 July 2019.

27. I was aware that the leading judgment in non-domestic rating assessments was *Lotus and Delta v Culverwell (VO) and Leicester City Council* [1976] RA 141 which set out six propositions to be followed when considering the weighting of evidence. The starting point was the subject rent followed by the consideration of the rents of similar properties and comparable assessments.

28. I noted the appellant representatives’ argument that the appeal property should be compared to other car showrooms in the area where the £/m^2 rate should have remained to be as it was in the 2010 list.

29. However, I was aware that each rating list required a fresh look at a properties assessment in the light of all the evidence available.

30. I noted that there was no rental evidence for the appeal property and no rental evidence in the vicinity. The appellant had relied on the Knight Frank commentary report but did not provide evidence specific for the appeal property. I found that it was clear that there had been investment in the market and that the market had grown over the period up until 2015.

31. I noted the Settlement Summaries submitted and found that these supported the rate of £127.50/m^2 as it reflected the physical characteristics and location of the appeal property being in the mixed use location of the South Bank which I found was a better location than the properties of Riverside Van Sales and the Wynyard Motor Company. These properties were not comparable to the appeal property.

32. The rate for the appeal property was less than that of the properties in the centre of the cluster, Derek Slack Motors, Evans Halshaw and S Jennings as it was isolated from it, however, it was still in the general car showroom area in Middlesbrough well positioned from the A66.

33. I therefore found that the now reduced rate of £127.50/m^2 and an RV of £131,000 with effect from 6 July 2019 was reasonable.

34. I was not persuaded by the evidence before me that such a rate was unreasonable and the appeal was therefore dismissed.

Date issued to parties: 5 March 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.