VALUATION TRIBUNAL FOR ENGLAND

Non-domestic rating; 2017 rating list appeal; Local Government Finance Act 1988; Car showroom and premises; Price per m^2 in dispute; Lotus and Delta v Culverwell (VO) [1976] RA 141; Rental evidence; Comparable assessments; Appeals dismissed.

APPEAL NUMBERS:CHG100897154 and CHG101046694

RE:	S G Petch Ltd, Fleming Road, Skippers Lane, Middlesbrough TS6 6UY		
BETWEEN:	S G Petch Ltd and	Appellant	
	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. Appeals dismissed. I confirmed the Rateable Value (RV) of the appeal properties as £66,000 with effect from 1 April 2017 and £79,000 with effect from 12 July 2017.

Introduction

2. These 2017 rating list appeals had been brought in respect of the following: the appellant was the non-domestic ratepayer of the appeal property S G Petch, Fleming Road, Skippers Lane, Middlesbrough, Teesside TS6 6UY.

3. The property had been entered in the 2017 rating list as a car showroom and premises based on a rate of £75/m^2 giving an RV of £70,500 with effect from 1 April 2017. An additional showroom was added 12 July 1017 increasing the RV of the property to £85,000.

4. Challenge proposals were submitted by the appellant's representative for CHG100897154 and CHG101046694 on 17 January 2023 and 5 April 2023 respectively to reduce the rate to £65/m^2 seeking a revised RV of £61,000 with effect from 1 April 2017 and £70,500 with effect from 12 July 2017.

5. The valuation officer (VO) issued a challenge decision notice on 20 February 2024 which stated that, based upon the evidence and information available, the rating list entries were unreasonable but disagreed with the entries proposed.

6. The VO found that a rate of £70/m^2 was reasonable giving an RV of £66,000 with effect from 1 April 2017 and £79,000 with effect from 12 July 2017.

7. 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.

8. 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.

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

Issue

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

Evidence and submissions

11. 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.

12. The appellant's representative had stated that the appeal property was freehold, owner-occupied and a multi-franchise dealership operated by S G Petch Ltd. It was a converted property rather than being purpose-built and was not situated in a cluster of other car showrooms, it had no prominence from the main trunk road the A1085.

13. In the 2010 rating list the property had an RV of £62,500 with a main space rate of £65/m^2 which was increased to £70,500 in the 2017 list with a main space rate of £75/m^2. The RV then increased to £85,000 with effect from 12 July 2017 following the addition of 162.84m^2 of showroom space. The RV of the appeal property was then reduced to £66,000 with effect from 1 April 2017 and to £79,000 with effect from 12 July 2017 as a result of the VO's Challenge Decision Notice reducing the rate to £70/m^2. The appellant sought a nil increase from the 2010 list, a rate of £65/m^2 for both appeals.

14. 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.

15. 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.

16. He referred to the two properties submitted by the VO at Riverside and Wynyard as demonstrating growth but stated that Riverside was a rental agreement between connected parties and therefore not reliable and Wynyard was in a better location than the appeal property and had greater visibility. He argued that because both properties had been agreed at nil increase from the 2010 list to the 2017 list and Wynyard was valued the same as the appeal property in the 2010 list, the rate for the appeal property should be valued at £65/m^2.

17. 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.

18. 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 is a fresh look at values. The physical circumstances and facts had changed at the appeal property and in the locality and it was not considered that the car showroom should be valued at nil increase on the 2010 RV. The revised valuation fitted in well with and had regard to the existing hierarchy of revised assessments in the 2017 Rating List.

19. 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.

20. He made reference to Riverside and Wynyard which demonstrated rental growth for secondary showrooms in Middlesbrough and a guide to the rental growth between the AVD's of 2008 to 2015, completely contrary to the proposal that rents had not increased during this period.

21. The rent agreements at Riverside and Wynyard had increased from 2011 to 2016 and continued to increase. Accordingly, the £/m^2 had increased. Both properties were secondary showrooms, not prime as in the appeal property, and were valued at a lower £/m^2 because they were not in as good a site or location.

22. There has also been a significant investment by SG Petch in the appeal property which did not support the idea of a stagnant market.

23. He referred to a summary of settlements in the locality which he argued showed an increase in tone. The VO's revised rate of £70/m^2 was at the low end of secondary values for prime car showrooms and reflected the physical characteristics and exact location and situation of the appeal property in the large and busy, mixed-use location of South Bank, compared to the rental evidence for the far worse specification hereditaments of Riverside Van Sales and Wynyard Motor Company.

24. The appeal property was still an operating prime franchise car showroom and as there had been car showroom rental growth from 2011 to 2016 an increase from £65/m^2 to £70/m^2 was reasonable.

Decision and reasons

25. 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 1 April 2017.

26. 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.

27. I noted the appellant representatives' argument that the appeal properties £/m^2 rate should remain to be as it was in the 2010 list. However, I was aware that each rating list required a fresh look at a properties assessment in the light of all the evidence available.

28. I noted that there was no rental evidence for the appeal property and very little 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.

29. The VO's representative had shown increases in rental values in the locality and I found that these were good evidence for the £70/m^2 rate for the appeal property.

30. I noted the Settlement Summaries submitted and found that these supported the rate of £70/m^2 as many assessments had been agreed at a higher rate than at the 2010 rate and showed a consistency in valuation for secondary showrooms in poorer locations. I found that it was clear that properties with a rate of less than £70/m^2 were older, had a worse specification in poorer locations and were not franchised brand properties.

31. I found that the VO's representative had provided more factual evidence in respect of the car market, its recovery and noted that there had been regular and sustained investment in such properties between the two rating lists. This supported the fact that the car market in this area was not the same as it was in

2010 and basing the appeal property's assessment simply on its comparison to its 2010 entry was not appropriate.

32. In summary, I found that with reference to all of the evidence that I had been presented with, the rate of £70/m^2 was reasonable. I confirmed the £70/m^2 for the appeal property and the RV's £66,000 with effect from 1 April 2017 and £79,000 with effect from 12 July 2017.

33. The appeals were 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.