VALUATION TRIBUNAL FOR ENGLAND

2017 Rating List appeal: car showroom and premises; end allowance for poor visibility and prominence in dispute; appeal allowed in part.

APPEAL NUMBER:	CHG101056806	
RE:	R M B Toyota,1-3 Cygnet Drive, Stockton-On-Tees, TS18 3DZ (the “subject property”)	
BETWEEN:	Nigel Wood - Decidebloom Ltd	Appellant
	and	
	Amanda Hitchings BA (Hons) MRICS (Valuation Officer)	Respondent
SITTING:	*remotely using Microsoft Teams*	
ON:	11 November 2024	
BEFORE:	Mr SC Kamalan (Presiding Senior Member) Mr G McGill (Senior Member)	
CLERK:	Mrs J Smith IRRV(Tech)	
APPEARANCES:	Miss J Corney of Knight Frank - representing the appellant Miss L Willis - representing the Valuation Officer	

DECISION AND STATEMENT OF REASONS

Decision

1. The appeal is allowed-in-part.

2. The panel determined a rateable value (RV) of £282,500, with effect from 1 April 2017, based on an allowance of 5% for the Lexus building.

Introduction

3. This is a 2017 rating list appeal. 1-3 Cygnet Drive, had been entered in the 2017 rating list as ‘car showroom and premises’ at a RV of £315,000 with effect from 1 April 2017.

4. The challenge proposal was submitted by Knight Frank on behalf of the appellant. It had been made on the grounds that the RV shown in the rating list was inaccurate. A revised RV of £259,000 was proposed with effect from 1 April 2017.

5. The Valuation Officer issued a challenge case decision notice on 18 January 2023 which confirmed the RV was unreasonable and notified lower RV of £287,500 with effect from 1 April 2017.

6. In accordance with regulation 13A of the Non-Domestic Rating (Alteration of Lists and Appeals) (England) Regulations 2009, the appeal to this Tribunal was made on the grounds that the valuation for the hereditament is not reasonable. This appeal was received by the Tribunal on 28 June 2024.

7. Miss Corney 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), Miss Corney confirmed that she was instructed under a fixed fee and she declared that she understood and accepted that her duty was to the Tribunal in giving her evidence and that she would comply with this as well as the requirements of her professional body, regardless of whether or not the evidence supported the client's case.

8. The panel accepted this expert witness evidence on the above basis as the appeals were not complex and to do otherwise would be contrary to regulation 3 (Discharge of VTE functions – general) of the Procedure regulations and was allowable due to the Tribunal's rules on admissibility of evidence (Regulation 17(2)(a) where the Tribunal can admit evidence whether or not it would be admissible in a civil trial).

9. The panel therefore considered the expert evidence and attached such weight to it as it saw fit.

10. Miss Willis appeared as advocate and expert witness.

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

Relevant Law

12. The term 'rateable value' is defined in Schedule 6 to the Local Government Finance Act 1988 (as amended):

> "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".

Discussion

13. The subject property consists of two, purpose built, modern car showrooms established in 2007. They are situated in Preston Farm which is a well-known 'car valley' and home to a number of prime franchise car dealerships such as Audi, BMW and Mercedes Benz.

14. The appeal hereditament must be valued for the purposes of non-domestic rating on the basis of the rent at which it might reasonably be expected to let from year to year on a number of assumptions (see paragraph 2(1) of Schedule 6 to the Local Government Finance Act 1988). The date of the hypothetical rent was 1 April 2015, the Antecedent Valuation Date (AVD). Matters that affect the physical state or enjoyment of the properties or the locality were to be taken as at 1 April 2017.

15. The respondent Valuation Officer had already agreed to reduce the adopted rate for all the car showrooms at Preston Farm to £137.50/m^2. At the challenge stage the Valuation Officer also contended that a 5% end allowance should be applied to reflect that the assessment of the subject property comprises two separate showrooms. Therefore, the only remaining issue was the addition of a 10% end allowance sought by Miss Corney to reflect the limited prominence and visibility of the subject property.

16. The panel understood that car showrooms are valued nationally on a formula basis for a typical, modern, purpose-built car showroom. A percentage is applied to the adopted price for each component part – for example 100% for the showroom, 60% for the offices and 175% for the front car display spaces. Miss Corney maintained that the high value attributed to the display area to the front of the premises demonstrates its value, since this is what attracts potential customers. Any disabilities, such as a split-level site, poor visibility or masking of the premises (where it is situated behind another building) are dealt with separately with an additional allowance.

17. In support of her assertion that the subject property warranted an end allowance due to its lack of prominence, Miss Corney had submitted details of other car showrooms at Preston Farm which occupied prime sites. Stratstone (ex-Jaguar) was located adjacent to the first roundabout at the entrance to the site with car display spaces facing directly onto Yarm Road

and BMW had duel fronted car displays to both Tarm Road and Concord Way. In her opinion, both these properties benefited from superior visibility and prominence.

18. Miss Corney had also submitted details of other car showrooms situated at localities throughout the country, where an allowance had been made due to reduced prominence. These included the following - the comments of the Valuation Officer are in brackets:

Stoneacre, Broughton Way, High Street, Harrowgate, HG2 7NY

Located behind the High Street.10% allowance for limited visibility from the main road.

(10% allowance for masking. There are no other car showrooms in the vicinity to attract business).

Hutchinson Honda, Forty Acre Road, Peterborough, PE1 5PS

Reduction in adopted rate to reflect limited visibility and prominence as located on dead end road.

(Adopted rate also reduced in 2010 list. Disability considerably worse than the subject property).

Stephen A Sims Cars Ltd, McMullen Road, Darlington,DL1 1XS

Reduction in adopted rate to reflect the quality and layout. Showroom set back from main road.

19. Miss Corney had submitted photographs which included aerial views of Preston Farm and pictures taken along the approach roads to the subject property. She explained that visitors to Preston Farm would leave the main A66 road at the junction where the Citroen showroom was located and then drive down Yarm Road until reaching a second roundabout where there were a cluster of showrooms, including Mercedes Benz and BMW. They would then drive along Concord Way, passing the Land Rover, Porsche, Vauxhall and Kia dealerships before reaching another roundabout at the end of Concord Way. It was here that the subject property was located, adjacent to the Audi showroom. Whilst Miss Corny had referred to a large bank of trees which lined Bowesfield Lane, and obscured the rear of the subject property, Bowesfield Lane led to an industrial area and was mainly used by employees driving to work. It was not the primary access road to the car showrooms.

20. The panel acknowledged that a key factor when determining the value of a car showroom, regardless of where it was located in the country, was its visibility and prominence. This was demonstrated by the formula used by the Valuation Officer which applied the highest percentage value to the display spaces at the front of the property. From Miss Corney's account, vehicles entering 'car alley' at Preston Farm would have to travel the length of Concord Way to reach the roundabout at the end of the road where the subject property was located. From the photographs submitted, the panel found that the Toyota showroom and the

adjacent Audi showroom were both clearly visible from that roundabout and therefore, in the panel's view, no allowance for lack of prominence was justified. However, the Lexus showroom was less visible, since it was situated behind the Toyota building, further down Cygnet Drive. In view of this the panel determined that an allowance of 5% was warranted for the assessment relating to this building only.

Disposal

21. Having considered all the evidence, the panel partially upheld the appeal. The addition of a 5% allowance for the Lexus showroom resulted in a reduction of the RV of the subject property to £283,170 (rounded to £282,500). A breakdown of the assessment has been shown below:

Line	Floor	Description	Area m^2	£/m^2	Value £
1.0	Ground	Showroom -Toyota	356.22	144.38	51,431
1.2	Ground	Customer Hub Area & Sales	135.81	144.38	19,608
1.3	Ground	After Sales Office	40.17	137.50	5,523
1.4	Ground	Kitchen	22.87	82.50	1,887
1.5	Ground	Workshop	450.42	61.88	27,872
1.6	Ground	Mess/Staff Room	45.51	68.75	3,129
1.7	Ground	Parts Store	97.73	61.88	6,048
1.8	Ground	Parts Office	11.78	72.19	850
1.9	First	Offices	365.66	86.63	31,677
1.10	First	Plant Room	28.82	41.25	1,189
1.11	Ground	Valeting Bay	80.31	61.88	4,970
1.12	Ground	Gatehouse	12.21	82.50	1,007
1.13	First	Upper Parts Store	56.31	40.22	2,265
1.14	Ground	Veh Display Spaces- Front T	45.00	240.63	10,828
1.15	Ground	Veh Display Spaces – Side T	30.00	240.63	7,219
1.16	Ground	Customer MOT	38.00	110.00	4,180
1.17	Ground	Veh Spaces -2nd Hand	54.00	110.00	5,940
2.1	Ground	Showroom – Lexus	431.23	137.16	59,148
2.2	Ground	Workshop	354.30	58.79	20,829
2.3	Ground	Internal Storage	37.05	57.31	1,545
2.4	Ground	Works Office	32.47	63.68	2,068
2.5	Ground	Internal Storage	37.05	57.31	2,123
2.6	Ground	Kitchen	3.37	78.38	264
2.7	First	Office	129.30	78.38	10,135
2.8	First	Kitchen	43.49	73.38	3,409
2.9	First	Plant Room	28.69	38.21	1,096
2.10	First	Locker Room	19.31	58.79	1,135
2.11	Ground	Veh Display Spaces – Side L	34.00	228.60	7,772
2.12	Ground	Veh Spaces – customer	9.00	104.50	941

2.13	Ground	Demonstrator Spaces	7.00	104.50		732
2.14	Ground	Rear Spaces -Staff	12.00	104.50		1,254
Subtotal						298,074
Divided or Split Unit					-5%	-14,904
						283,170
Say £282,500 Rateable Value, with effect from 1 April 2017						

Order

22. As a consequence of the above decision, the Valuation Officer is ordered to reduce the 2017 Rating List entry for R M B Toyota, 1-3 Cygnet Drive, Stockton-On-Tees, TS18 3DZ to £282,500 with effect from 1 April 2017. This alteration is to be made within two weeks of the date of this Order.

23. The appellant is also entitled to a refund in full of the fee paid in accordance with regulation 13E (1)(a) of the Non-Domestic Rating (Alteration of Lists and Appeals)(England) Regulations 2009. The refund will take around six weeks to process.

Date issued to parties: 9 December 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.
