VALUATION TRIBUNAL FOR ENGLAND

2017 Rating List Appeal: car showroom and premises; price per m^2 in dispute; rental evidence; comparable assessments; settlement evidence; Local Government Finance Act 1988; appeal allowed.

APPEAL NUMBER:	CHG101057631	
RE:	Addison Audi, Scotswood Road, Newcastle Upon Tyne, NE4 7YW (the "appeal property")	
BETWEEN:	Decidebloom Ltd	Appellant
	and	
	Amanda Hitchings BA (Hons) MRICS (Valuation Officer)	Respondent
SITTING:	Remotely using Microsoft Teams	
ON:	Tuesday 21 January 2025	
BEFORE:	Mrs A Fielder, Presiding Senior Member Mr S Kamalan, Senior Member	
CLERK:	Mrs L Horne	
APPEARANCES:	Miss J Corney from Knight Frank, representing the appellant Mr P Loxley representing the Valuation Officer	

DECISION AND STATEMENT OF REASONS

Decision

1. The appeal is allowed. The panel determined a rateable value (RV) of £121,000, based upon £145 per m^2, with effect from 1 April 2017.

Introduction

2. This is a 2017 rating list appeal. Addison Audi, Scotswood Road, Newcastle Upon Tyne, NE4 7YW (the 'appeal property') had been entered in the 2017 rating list as 'car showroom and premises' at a RV of £142,000 with effect from 1 April 2017. This was based on an unadjusted price of £170 per m^2.

3. A challenge proposal was submitted by Knight Frank on behalf of Decidebloom Ltd and was received by the Valuation Officer on 3 May 2023. It had been made on the grounds that the RV was inaccurate. A revised RV of £121,500, based upon £145 per m^2, was proposed with effect from 1 April 2017.

4. There had been a group pre-challenge review (GPCR) in respect of car showrooms for the northern region, which involved discussions between the Valuation Office Agency and professional representatives. Six beacon locations had been considered and agreed. As there had not been an agreement reached in respect of car showrooms for Scotswood Road, Newcastle upon Tyne, the Valuation Officer issued challenge decision notices for the outstanding challenges.

5. The Valuation Officer issued a challenge case decision notice on 22 March 2024 which disagreed with the proposed alteration of the list, but stated that the current rating list entry was unreasonable. A revised RV of £129,000, with effect from 1 April 2017, based upon £155 per m^2 was confirmed.

6. In accordance with regulation 13A of the Non-Domestic Rating (Alteration of Lists and Appeals) (England) Regulations 2009, the appeal to this Tribunal has been made on the grounds that the valuation for the hereditament is not reasonable. The appeal was received by the Tribunal on 19 July 2024.

7. The appeal property is a prime franchise car showroom, with full height glazing, purpose-built in 1999. The hereditament comprises: internally, a showroom, workshop, office and ancillary areas; externally, vehicle display, workshop use, customer parking and compound storage. It is located on Scotswood Road, a dual carriageway leading directly into Newcastle city centre. It had been occupied first as Addison Audi, followed by Bristol Street Motors, Alfa Romeo, Fiat & Jeep (in 2016) and Stoneacre Lexus from September 2023.

8. As Miss Corney appeared on behalf of the appellant as both advocate and expert witness, the clerk asked if there was a success related fee involved and if so whether its existence was compatible with her obligations to the Tribunal as an expert. This question was raised in view of the Upper Tribunal's judgment in *Gardiner & Theobald LLP v David Jackson (VO)* [2018] UKUT 0253 (LC).

9. Miss Corney declared that she was not instructed under any conditional fee arrangement. She confirmed that she understood and accepted that her duty was to the Tribunal in giving her evidence and 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.

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

Relevant Law

11. Rateable value is to be determined in accordance with paragraph 2(1) of Schedule 6 to the Local Government Finance Act 1988, which provides:

    "(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.

12. 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).

13. The material day (the date by which physical factors have to be taken into account) was provided by the Non-Domestic Rating (Material Day for List Alterations) Regulations 1992 (SI 1992 No. 556) as amended. In respect of the subject appeal, the material day is 1 April 2017.

Discussion

14. The parties had submitted an agreed final bundle of 223 pages ahead of the hearing. This contained the appellant's original challenge submission, Valuation Officer's challenge decision notice and the appellant's additional submission.

15. On behalf of the appellant, Miss Corney contended that the present rate of £155 per m^2 for the appeal property was excessive. She cited the GCPR discussions which had agreed a rate of £145 per m^2 for car showrooms at Silverlink, which was, in her opinion, the prime location for car showrooms in Newcastle. Miss Corney also highlighted the agreement at £145 per m^2 reached for Seat, Scotswood Road.

16. For the Valuation Officer, Mr Loxley defended the present rate of £155 per m^2, with reference to rental evidence, comparable assessments and settlement evidence. He submitted that the location of Scotswood Road close to Newcastle city centre was more significant by comparison to Silverlink.

17. The appeal property was subject to a rent of £181,250 per annum with effect from 1 July 2014, which Mr Loxley analysed at £205.57 per m^2. However, Miss Corney confirmed that the tenant received a significant manufacturer's contribution which was confidential, but had been provided to the Valuation Office Agency through the GCPR negotiations. This appeared to address the statement made in the challenge case decision notice that the rental contribution was not disclosed in the forms of return.

18. It was a fact agreed by both parties that there was a general lack of rental evidence for prime car showrooms, as the majority are held freehold. The rental evidence scheduled by the Valuation Officer comprised older, lower specification car showrooms built between 1994 and 1999. As the rental evidence showed a consistent growth in rents between the AVDs of 2008 to 2015 (13.7% for Tyneside Audi, Silverlink, 10.6% for Minories Lexus, Benton Road,

Newcastle upon Tyne, and 12% for Sherwoods, Alma Place Durham), Mr Loxley disputed Miss Corney's contention that rents stagnated or declined during this period.

19. In view of the limited reliable rental evidence, the parties referred to a number of settlements in support of their adopted price per m^2. The Valuation Officer scheduled the following:
    - Minories Lexus, Benton Road – agreed at challenge to reduce from £160 per m^2 to £140 per m^2.
    - Patterson Seat, Scotswood Road - agreed at challenge to reduce from £165 per m^2 to £145 per m^2.
    - Silverlink (Lookers VW, Tyneside Audi, Elliott House, Hodgson Newcastle Ltd, Junction 600, Richard Hardie, Stratstone BMW, Wingrove Citroen) – all agreed following GCPR to reduce from £165 per m^2 to £145 per m^2.
    - 7 Cobalt Park Way and Aston Martin Garage, Cobalt Park Way, Wallsend - agreed following GCPR to reduce from £165 per m^2 to £145 per m^2.
    - Honda, Middle Engine Lane, Wallsend - agreed following GCPR to reduce from £165 per m^2 to £145 per m^2.

20. Mr Loxley submitted that with a 'car alley' of 11 established prime franchise car showrooms, some with historically higher values and a further 9 car showrooms within a few miles, due to the close proximity to Newcastle city centre, the A1 and Metrocentre Gateshead, with easy access to the densely populated conurbation of Tyneside, the differential of tone for Scotswood should continue.

21. Miss Corney cited the GCPR agreement for car showrooms at Silverlink at £145 per m^2 and the settlement for Seat, Scotswood Road, which had adopted the same rate. She outlined that the 2010 rates per m^2 in the 'cluster' at Scotswood Road were higher than the rates for 2010 at Silverlink, due to the fact that Silverlink was not as established then. As at 1 April 2017, Miss Corney argued that Silverlink is the prime location for car showrooms, attracting significant retail traffic through The Silverlink (the main access road) due to the retail park and Cobalt office park.

22. In support of her contention that the appeal property should not be valued higher than the car showrooms at Silverlink or Seat, Scotswood Road, Miss Corney provided an email from Richard Wackett at Montagu Evans. He had been involved in the GCPR discussions and had agreed an unadjusted rate of £145 per m^2 for the Seat showroom, which was described as: a Type 1 modern and purpose built (2005), double-height showroom, refurbished in 2016, located in the cluster which included Audi, Mercedes, Ford, Honda and Fiat (the subject property). Mr Wackett confirmed that he regarded £145 per m^2 as the maximum rate for Scotswood Road car showrooms for the purposes of the 2017 rating list. This had been established following lengthy discussions regarding both rental evidence and market commentaries through GCPR.

23. The panel noted that of the seven car showrooms within the small cluster at Scotswood Road, one had been agreed at £145 per m^2, one remained unchallenged, and five, including the subject property, were subject to appeal.

24. In consideration of the parties' evidence and submissions, the panel found that the most persuasive evidence was the agreement reached for Seat, Scotswood Road. This was a Type 1 car showroom located in the same cluster as the appeal property. In the challenge decision notice, the Valuation Officer had stated that it was "not the best" car showroom on Scotswood Road, as could be seen in the photographs provided. However, it had been highlighted by Miss Corney that the photograph included by the Valuation Officer had been

taken prior to the refurbishment in 2016. As at 1 April 2017, it was a fully refurbished Type 1 car showroom.

25. The panel was not persuaded by the Valuation Officer's approach to maintain a historic differential between Silverlink and Scotswood Road, as the agreement reached for Seat at £145 per m^2 supported that the values were aligned in respect of the 2017 list. On the basis that Seat was considered to be a relevant comparable assessment, the panel determined that it was not unreasonable for the appeal property to be valued at the same rate of £145 per m^2.

26. The appellant's proposed RV based upon £145 per m^2 is confirmed as follows:

Line	Floor	Description	Area m^2	£/m^2	Value £
1	Ground	Showroom	293.76	145.00	42,595
2	Ground	Showroom (low height)	125.53	130.50	16,381
3	Ground	Internal storage	76.92	65.25	5,019
4	Ground	Works office	46.28	72.50	3,355
5	Ground	Internal storage	29.24	32.62	953
6	Ground	Workshop	365.75	65.25	23,865
7	First	Office	41.00	60.90	2,497
8	First	Works office	22.70	50.75	1,152
9	First	Internal storage	36.20	21.75	787
10	First	Office	35.90	87.00	3,123
11	First	Staff WC	31.00	43.50	1,348
12	Ground	Canopy	86.90	29.00	2,520
13	Mezzanine	Internal storage	102.00	32.62	3,327
14	Ground	Vehicle display spaces	44	253.75	11,165
15	Ground	Vehicle display spaces	11	253.75	2,791
16	Ground	Vehicle display spaces	60	116.00	6,960
Total area:			1,408.18		
Subtotal:					127,838
Total before adjustments:					127,838
Adjustments made:					
				Layout 5%	(6,392)
Total value:					121,446
Adopted Rateable Value					**£121,000**

Disposal

27. In view of the above findings and conclusions, the Tribunal Panel is satisfied that the appellant's representative has demonstrated that the present RV of £129,000 is not reasonable, and therefore the appeal is allowed.

28. 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 orders the Valuation Officer to alter the entry in the rating list to rateable value £121,000 with effect from 1 April 2017.

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

30. A refund of the paid fee will now be arranged provided there is no review of the Tribunal's decision. The refund will take around six weeks to process.

Original decision issued: 11 February 2025
Date reissued to parties (RV rounded down): 24 February 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.