VALUATION TRIBUNAL FOR ENGLAND

2017 Rating List appeals: car showroom and premises; end allowances for poor visibility and prominence in dispute; appeals allowed.

APPEAL NUMBERS:	CHG101058711 and CHG101066592
RE:	Lookers (Nissan and Renault), Auchinleck Drive, Carlisle, CA1 2UR Benfield Vans, Auchinleck Drive, Rosehill Estate, Carlisle, CA1 2AR

BETWEEN:	Annalisa Turner	Appellant
	and	
	Amanda Hitchings BA (Hons) MRICS (Valuation Officer)	Respondent

SITTING:	*remotely using Microsoft Teams*
ON:	24 June 2024
BEFORE:	Ms J Hopkinson (Presiding Senior Member) Ms S Bains (Senior Member)
CLERK:	Mrs J Smith IRRV Tech
APPEARANCES:	Miss J Corney of Knight Frank - representing the appellant Mrs C Cantrill - representing the Valuation Officer

DECISION AND STATEMENT OF REASONS

Decision

1. The appeals were allowed.

2. The panel determined a rateable value (RV) of £157,000, with effect from 23 August 2021, based on an end allowance of 10% for Lookers Nissan, Auchinleck Drive, Rosehill Estate, Carlisle, CA1 2UR and an RV of £163,000 with effect from 1 April 2017 for Benfield Vans, Auchinleck Drive, Carlisle, CA1 2UR, based on an end allowance of 5%.

Introduction

3. These are 2017 rating list appeals. Lookers Nissan, Auchinleck Drive, had been entered in the 2017 rating list as ‘car showroom and premises’ at a RV of £183,000 with effect from 23 August 2021. Benfield Vans, Auchinleck Drive. had been entered in the 2017 rating list as a ‘car showroom and premises’ at a RV of £188,000 with effect from 1 April 2017.

4. Since the appeal properties were in the same locality and the appellant’s evidence similar, with the agreement of the parties, the panel decided to hear both the cases together.

5. The challenge proposals were submitted by Knight Frank on behalf of the appellants. They had been made on the grounds that the RVs shown in the rating list were inaccurate. Revised RVs of £157,000 and £164,000, respectively, were proposed with effect from 23 August 2021 in respect of Lookers Nissan and 1 April 2017 in respect of Benfield Vans.

6. The Valuation Officer issued challenge case decision notices on 2 October 2023 which confirmed the RVs were unreasonable and notified lower RVs of £174,000 and £171,000. The material dates were 23 August 2021 in respect of Lookers Nissan and 1 April 2017 in respect of Benfield Vans.

7. In accordance with regulation 13A of the Non-Domestic Rating (Alteration of Lists and Appeals) (England) Regulations 2009, the appeals to this Tribunal were made on the grounds that the valuation for the hereditaments are not reasonable. These appeals were received by the Tribunal on 31 January 2024.

8. 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.

9. 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).

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

11. Mrs Cantrill appeared as advocate and expert witness.

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

Relevant Law

13. 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

14. The subject properties were originally built in 1989 and were of a steel frame construction with cladding to the walls and roof and glazing to the showroom frontages. Lookers Nissan had been refurbished in 2021 and Benfield Vans had been extensively refurbished in 2002 and again in 2014. Both premises are located within a cluster of car showrooms in Rosehill Estate, Carlisle. The majority of car showrooms in the area are located at the Kingstown Industrial Estate to the north of Carlisle close to the M6 motorway. Rosehill Estate is to the East of Carlisle and has four main dealerships.

15. The appeal hereditaments must be valued for the purposes of non-domestic rating on the basis of the rent at which they 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 for Benfield Vans and 23 August 2021 for Lookers.

16. The respondent Valuation Officer had recently agreed to reduce the adopted rate of the appeal properties to £105/m^2 to reflect the inferior quality of the premises compared to the Jaguar Land Rover showroom in Montgomery Way. This was in line with the tone reduction of the car showrooms in Kingstown Industrial Estate, Carlisle. Therefore, the only remaining issue was the addition of end allowances sought by Miss Corney to reflect the limited prominence and visibility of both the appeal properties.

17. 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.

18. In support of her assertion that the subject properties warranted an end allowance due to their locality at the end of a dead-end road, and away from the A69, Miss Corney had 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:

City West Business Park, Scotswood Road, Newcastle Upon Tyne, NE4 7DF

Vauxhall – 10% allowance for limited visibility

Rycroft Vehicles Ltd (Mercedes-Benz) – 10% allowance for limited visibility.

(Both car showrooms accessed via a winding uphill access road approximately 0.3 miles from the main road).

Richard Hardie, Bittern Close, Silverlink, Newcastle upon Tyne, NE28 9ND

Situated in the main area for car showrooms in Silverlink – 10% allowance for limited visibility from the main road.

(10% allowance for access as showroom requires almost a full circle journey from the main road).

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

Located behind a former public house that is now a retail unit. 10% allowance for limited visibility from the main road.

(10% allowance for masking. The property is not located in a normal environment for car showrooms and is not amongst other car showrooms that may draw attention to the site).

Newcastle Audi, Sanderson Street, Scotswood Road, Newcastle upon Tyne NE4 7LA

Limited visibility of display parking – 10% reduction of valuation of main spaces and 10% allowance for secondary spaces.

(Allowance due to sloping site not poor visibility)

Volkswagen House, Ashworth Road, Blackpool, FY4 4UW

10% allowance for limited visibility as the showroom is below road level.

Hereford Audi, Legion Way, Roman Road, Hereford, HR1 1LN

Adopted rate to reflect limited visibility from main road compares with the car showrooms on same site with main road frontage.

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

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

19. Miss Corney had also submitted photographs which included an aerial view of the Rosehill Estate and pictures taken at various points along the approach roads to the subject properties. From these photographs the panel noted that neither of the subject properties could be seen from the A69 nor from Montgomery Way. Furthermore, Lookers Nissan, which was at the end of the dead-end Auchinleck Drive, was not visible from the top of that road.

20. Having considered all the evidence submitted, 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. Whilst some of Miss Corney's comparable properties may have been given an allowance for other disabilities, it was clear to the panel that both subject properties lacked prominence and that this was a disadvantage .
21. In the circumstances, the panel determined that the appellant's proposed end allowances of 10% for Lookers Nissan, which was situated at the end of the road, and 5% for Benson Vans which was further along Auchinleck Drive, were both reasonable.

Disposal

22. In view of the above findings, the panel concluded that Miss Corney had successfully demonstrated that the valuations of both subject properties were unreasonable and both appeals were allowed. For CHG101058711 the addition of a 10% allowance resulted in a reduction of the RV of the subject property to £157,347 (rounded to £157,000). For CHG101066592 the addition of a 5% allowance resulted in a reduction in the RV of the subject property to £163,147 (rounded to £163,000). A breakdown of the assessments has been shown below:

Lookers Nissan, Auchinleck Drive

Line	Floor	Description	Area m²	£/m²	Value £
1	Ground	Showroom	477.60	105.00	50,148
2	Ground	Office	11.30	105.00	1,186
3	Ground	Office	10.50	105.00	1,102
4	Ground	Office	10.10	105.00	1,060
5	Ground	Office	9.20	105.00	966
6	Ground	Staff WC	15.60	47.25	737
7	Ground	Staff Room	18.02	52.50	946
8	Ground	Public WC	5.70	105.00	598
9	Ground	Reception	23.30	105.00	2,446
10	Ground	Works Office	10.80	52.50	567
11	Ground	Store	97.60	47.25	4,611
12	Mezzanine	Store	158.55	23.62	3,744
13	Ground	Workshop	362.80	47.25	17,142
14	Ground	Store	8.50	47.25	401
15	First	Office	37.50	63.00	2,362
16	First	Office	10.60	63.00	667
17	First	Store	1.10	31.50	34
18	First	Kitchen	4.80	63.00	302
19	First	Staff WC	16.33	31.50	498
20	First	Store	6.70	31.50	211
21	First	Office	23.18	63.00	1,460
22	First	Office	17.50	63.00	1,102
23	Ground	External Store	63.59	26.25	1,669
24	Ground	Showroom	231.20	105.00	24,276
25	Ground	Office	10.40	105.00	1,092
26	Ground	Office	9.30	105.00	976
27	Ground	Public WC	3.80	105.00	399
28	Ground	Workshop	355.80	47.25	16,811
29	Ground	Office	10.30	63.00	649
30	Ground	Store	92.30	47.25	4,361
31	Mezzanine	Store	52.60	23.02	1,210
32	Ground	Portable Building	68.22	47.25	3,223
33	Ground	Display Spaces	19	183.75	3,491
34	Ground	Display Spaces	18	183.75	3,307
35	Ground	Display Spaces	46	84.00	3,864
36	Ground	Display Spaces	12	84.00	1,008
37	Ground	Rough Surfaced Unfenced Land	410.35	4.20	1,723
38	Ground	Rough Surfaced Fenced Land	1,501.86	4.20	6,307
39	Ground	Hard Surfaced Fenced Land	1,417.67	5.25	7,442
Total area			5,659.67		
Subtotal					174,098
Plant and Machinery					731
Total before Adjustments					174,829

Poor Visibility and prominence		10%	-17,482
			157,347
Say £157,000 Rateable Value, with effect from 23 August 2021			

Benfield Vans, Auchinleck Drive

Line	Floor	Description	Area m²	£/m²		Value £
1	Ground	Showroom	862.47	110.25		95,087
2	Ground	Office	34.92	63.00		2,200
3	Ground	Workshop	727.14	47.25		34,357
4	Ground	Area Under Supported Floor	37.68	33.08		1,246
5	Mezzanine	Internal Storage	37.68	23.63		890
6	Ground	Staff WC	18.12	47.25		856
7	Ground	Area Under Supported Floor	69.18	33.08		2,288
8	Ground	Mess/Staff Room	16.91	52.50		888
9	Mezzanine	Internal Storage	69.18	23.63		1,635
10	First	Office	128.44	63.00		8,092
11	Mezzanine	Internal Storage	39.39	23.03		907
12	Ground	Display Spaces	25	183.75		4,594
13	Ground	Display Spaces	18	183.75		3,308
14	Ground	Display Spaces	30	84.00		2,520
15	Ground	Display Spaces	47	84.00		3,948
16	Ground	Rough Surfaced, Fenced Land	1,037	4.20		4,355
17	Ground	External Storage	161.50	26.25		4,239
Total area			3,359.61			
Subtotal						171,410
Plant and Machinery						323
Total before Adjustments						171,733
Poor Visibility and prominence					5%	-8,586
						163,147
Say £163,000 Rateable Value, with effect from 1 April 2017						

Order

23. As a consequence of the above decisions, the Valuation Officer is ordered to reduce the 2017 Rating List entry for Lookers Nissan, Auchinleck Drive, Rosehill Estate, Carlisle, CA1 2UR to £157,000 with effect from 23 August 2021, and reduce the 2017 Rating List entry for Benfield Vans, Auchinleck Drive, Rosehill Estate, Carlisle, CA1 2UR to £163,000, with effect from 1 April 2017. These alterations are to be made within two weeks of the date of this Order.

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

Date issued to parties: 17 July 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.