VALUATION TRIBUNAL FOR ENGLAND

Non-domestic rating appeal; 2017 Rating List; car showroom and premises; tone of value of main space; end allowance; location and prominence; appeal allowed in part.

APPEAL NUMBER: CHG101071492

RE: Lookers (Fiat, Kia & Volvo), St Marys Way, Stockport SK1 2HY (the “subject property”)

BETWEEN: Annalisa Turner - Lookers — Appellant

and

(Valuation Officer) — Respondent

SITTING: *remotely using Microsoft Teams*

ON: 3 February 2025

BEFORE: Mr MF Hunt, Presiding Senior Member
Mrs M Chaggar, Senior Member

CLERK: Mrs H Beresford

APPEARANCES: Miss J Corney of Knight Frank (Appellant’s representative)
Miss L Willis (Respondent’s representative)

DECISION AND STATEMENT OF REASONS

Decision

1. The appeal is allowed in part. The panel determined the rateable value (RV) of the subject hereditament to be £218,000 with effect from 17 April 2017.

2. The appeal process began with a challenge made by the appellant’s representative on 8 June 2023 in respect of the Valuation Officer’s (VO) compiled list entry of the subject hereditament at £231,000 RV with effect from 1 April 2017. The appellant’s representative proposed a revised list entry of £194,000, based on a reduced tone of value for main space to £150/m^2 and an end allowance of 5% for poor quality.

Introduction

3. The respondent issued a challenge case decision notice on 30 April 2024 which stated that, based on the evidence available, the existing rating list entry was unreasonable, and determined a revised entry of £225,000 with effect from 1 April 2017. The revised RV accounted for a revised tone of value for main space from £170/m^2 to £165/m^2. The appellant's representative appealed that decision to this Tribunal on 22 August 2024 on the grounds that the valuation for the subject hereditament remained unreasonable. At the hearing Miss Corney stated that her revised valuation of RV £207,000 was based on a rate of £160/m^2 and an end allowance of 5% for poor quality.

4. The subject premises are a first-generation car showroom of single height. The premises are a steel portal frame building with profile cladding to the walls and roof and there is glazing to the showroom frontage. The premises have a main road frontage to St Marys Way which is a car showroom location. The property was built in 1989 but refurbished in 2016.

5. Miss Corney appeared on behalf of the appellant as both advocate and expert witness. She stated that neither she nor Knight Frank were instructed under a conditional fee arrangement.

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

Background

7. Arguments and factual evidence from both the appellant's representative and the respondent were provided. This comprised documentation exchanged between the parties as part of the challenge process, the appellant's representative's challenge submission, the respondent's challenge decision notice and reference to, location plans and photographs.

8. Miss Corney submitted that the Valuation Office Agency's (VOA) manual states that the most valuable car showrooms and premises are located on prominent, highly visible sites with good access. Prime locations are known as retail clusters. She stated that car dealerships prefer to be conglomerated in retail hubs, with high levels of passing traffic, this was known as the economics of agglomeration. The next most desirable locations are smaller clusters of showrooms, usually on busy main roads, also with high levels of passing traffic. With respect to the subject property she contended that the premises are located within the main car showroom cluster which is on St Marys Way in Stockport. However, the premises are a basic quality car showroom and of poor quality compared to many other modern car showrooms in the area.

9. Miss Willis argued that the subject property was not unreasonably valued at £165/m^2 as this was supported by rental and settlement evidence. She also argued that the property was of standard fitout and did not warrant an end allowance for poor quality.

10. The panel was required to determine the correct RV to be attributed to the subject hereditament in the 2017 rating list. The issue in dispute concerned the tone of value for the main space and whether an end allowance should be adopted for poor quality. All relativities were agreed between the parties.

Relevant Law

11. 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

12. In accordance with the Rating Lists (Valuation Date) (England) Order 2014 (SI:2014 No.2841), the panel had to determine the rateable value for the appeal property, which represented a rent that a hypothetical landlord and tenant would agree, as at the antecedent valuation date (AVD), 1 April 2015. The common date was used to ensure that every property was treated in a consistent way.

13. The Lands Tribunal judgment in *Lotus and Delta* v *Culverwell (VO) and Leicester City Council* [1976] RA 141 provided authoritative guidance on the weight to be attached to rental and assessment evidence. The rent on the subject property was considered to be the correct starting point but, where available, rents on similar properties were also to be considered. The assessments on other comparable properties may also be relevant. All of the evidence could then be weighted.

14. The panel noted that there was no rent passing on the subject property as it was held on a freehold basis. Both parties were in agreement that it is very difficult to find reliable rental evidence for car show rooms.

15. The panel tuned to the rental evidence which was available. Miss Corney had stated that for Stockport there was very limited reliable rental evidence. Miss Corney had referred to Tesla, 396-398 Wellington Road, Stockport, SK4 5AD, stating that this property had a rent of £140,000 per annum agreed on 1 September 2015 with 3 months' rent free, she submitted that this rent analysed to £145/m^2, and the property had a base rate of £160/m^2. Miss Willis argued that the tenant had spent £905,421 on improvements to the property which had added a 10% uplift to the rent to reflect good quality fit out resulting in a rent of £154,000 with an analysed rent of £159.60/m^2 and a base rate of £160/m^2. The panel noted that both parties had argued that this property had a superior fit out to the subject property.

16. Miss Willis also referred to a rent on HR Owen, St Marys Way, Stockport SK1 4AP, which analysed to £190,47/m^2, and had a base rate of £165/m^2. Miss Corney disputed the rent for

HR Owen, St Marys Way, stating that it was not an open market rent. Finally, Ford 153-177, Wellington Road North, Stockport, Cheshire, SK4 5BP was referred to by Miss Willis which analysed to £190.09/m^2 and had a rate of £165/m^2. The panel noted that this rent had been agreed on the 1 October 2012 which was somewhat remote from the AVD.

17. Miss Coney referred to various comparable properties which she argued supported a rate of £160/m^2 for the subject property. In particular, the panel noted that: Citroen (now vacant) Reg Vardy St Marys Way Stockport SK1 4AP, a single height showroom with a similar specification to the subject property and in the same location, had a rate/m^2 of £160/m^2 which had not been challenged; and HR Owen, St Marys Way, Stockport SK1 4AP, another single height showroom similar to the subject property and in the same location but with the benefit of a superior fitout had a basic rate recently reduced from £175/m^2 to £165/m^2.

18. With respect to the end allowance of 5% for poor quality Miss Corney referred to the Citroen Reg Vardy St Marys Way as this had a 3.5% for a disadvantage which Miss Corney suggested could have been for poor quality. The panel noted that Miss Willis stated that the 3.5% allowance was for visibility rather than quality. Miss Corney had also referred to Skoda, Renault and Fiat, St Marys Way, Stockport which had a 5% end allowance for quality. The panel noted that the subject property had been refurbished in 2016 and appeared to be of reasonable quality.

19. Miss Willis referred to settlements for 13 car showrooms in the Stockport area which she argued supported £165/m^2 for the subject property the panel noted that most of these were superior to the subject property and therefore not directly comparable and others were located in different locations in Stockport.

20. With regard to the rate/m^2 the panel found Miss Corney's evidence to be the most persuasive and it determined that based on Citroen (now vacant) Reg Vardy St Marys Way, and HR Owen, St Marys Way a base rate of £160/m^2 was fair and reasonable for the subject property. The panel was not, however, persuaded that and end allowance should be adopted for poor quality as the subject property did not appear to have any particular disadvantage and a base rate of £160/m^2 reflected the quality of the property.

21. The appeal was therefore allowed in part with a revised valuation as follows

Line	Floor	Description	Area m^2	£/m^2	Value £
1	Ground	Showroom	464.12	160.00	74,259
2	Ground	Workshop	495.41	72.00	35,669
3	Ground	Workshop	332.05	72.00	23,907
4	Ground	Workshop	122.86	72.00	8,846
5	Ground	Area Under Supported Floor	117.46	50.40	5,920
6	Ground	Office	140.05	160.00	22,408
7	Mezzanine	Internal Storage	117.46	36.00	4,228
8	First	Workshop	35.03	48.00	1,681
9	Ground	Public Toilets	7.02	160.00	1,123
10	First	Office	193.19	100.80	19,437
11	First	Staff Toilets	7.87	48.00	378
12	Ground	Vehicle Display Spaces	29.00	280.00	8,120
13	Ground	Vehicle Display Spaces	30.00	280.00	8,400
14	Ground	Vehicle Display Spaces	29.00	128.00	3,712
		Total area Subtotal	2120.52		218,124

Plant and Machinery	+128
	218,252
Adopted RV	218,000
	Wef 1 Apr 2017

Disposal

22. The appeal was allowed in part.

Order

23. In accordance with Regulation 38(4) and (9) of the Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009, the respondent is ordered to alter the subject hereditament's entry in the rating list to 218,000 with effect from 1 April 2017. The respondent must comply with this order within two weeks of its making.

24. Any fee paid will be refunded in full in accordance with regulation 13E of the above Regulations.

Date issued to parties: 20 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.