VALUATION TRIBUNAL FOR ENGLAND

2017 Rating List Appeal: Local Government Finance Act 1988; Car showroom and premises; Lotus & Delta Ltd v Culverwell (VO) and Leicester City Council [1976] RA 141; tone of value of main space; comparable assessments; appeal dismissed.

APPEAL NUMBER:	CHG101087313	
RE:	Kia Motors, Fortune Close, Northampton, NN3 9HZ (the "subject property")	
BETWEEN:	Spirit Motor Holdings Limited	Appellant
	and	
	Joanne Moore IRRV (Hons) (Valuation Officer)	Respondent
SITTING:	*remotely using Microsoft Teams*	
ON:	12 September 2024	
BEFORE:	Mr Amran Hussain, Presiding Senior Member Mr EJ Barnett, Senior Member	
CLERK:	Miss N Shepherd, IRRV (Hons)	
APPEARANCES:	Mr K Rabbette, on behalf of the appellant Mr H Hussain, on behalf of the Valuation Officer	

DECISION AND STATEMENT OF REASONS

Decision

1. The appeal is dismissed.

2. The panel confirmed the Rateable Value (RV) for the subject property at £90,000 with effect from 1 April 2017.

Introduction

3. The appeal process began with a challenge made by the appellant's representative on 12 July 2023 in respect of the Valuation Officer's (VO) rating list entry of the subject property at

£90,000 RV with effect from 1 April 2017. The appellant's representative proposed a revised assessment of £56,000 RV from that date based on a reduced value for main space.

5. The respondent issued a challenge case decision notice on 11 August 2023, which found that the proposal was not well founded, and the current rating list entry was reasonable based on the information and evidence available. The appellant's representative appealed that decision to this Tribunal on 22 August 2023 on the grounds that the valuation for the subject hereditament remained unreasonable and sought a main space rate of £90/m^2.

6. The subject property was a car showroom and premises constructed in the early 2000's, measuring 721.87m^2. It was located to the southeast of Northampton in a modern commercial estate which could be accessed from the A45.

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

Relevant Law

8. When arriving at its decision, the panel is governed by rating legislation laid down by Parliament. Schedule 6 to the Local Government Finance Act 1988, as amended by section 1(2) of the Rating (Valuation) Act 1999, defines the Rateable Value of a non-domestic property as the amount equal to the rent at which it is estimated the property might reasonably be expected to let on a year to year basis 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 the 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.

9. 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).

10. 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 appeals, the material day is 1 April 2017.

Discussion

11. The panel had regard to *Lotus and Delta v Culverwell (VO) and Leicester City Council* [1976] RA 141. The panel was aware that this was a leading judgment which had set out six propositions to be followed when considering the weighting of evidence. The starting point was the subject rent. Consideration of how the time, subject matter and conditions related to the statutory requirements was required in order to determine how much weight should be attached to the subject rent. The remaining propositions required consideration of the rents of

similar properties and comparable assessments. In light of all the evidence an opinion could then be formed.

12. The panel noted that the subject property was held on a 25-year lease which had commenced on 26 November 2004 and was subject to Retail Price Index related reviews every five years. The most recent review had been on 16 November 2019, which set the rent at £143,160 per annum based upon the Retail Price Index and previous rental levels. However, both parties agreed that this evidence should be disregarded due to the distance of the date of the rent review from the AVD and that it was not a true reflection of the market rent which the subject property could have achieved at the AVD. Taking this into account the panel therefore attached little weight to this evidence.

13. The panel then addressed the comparable properties submitted by both parties. No rental evidence had been provided but both parties referred to assessments they deemed comparable to support their respective contended tone of main space rate.

14. The Valuation Officer had provided details of three other car showrooms all within the locality of the subject property, all of which also had a main space rate of £145/m^2. Mr Hussain submitted that these properties supported the subject property also having a base rate of £145/m^2, as they were all of a similar specification, being purpose-built showrooms, constructed in the 2000's.

15. The panel noted that two of the comparables were located on the same industrial estate as the subject property and measured 482.80m^2 and 1321m^2. The panel considered these properties to be good comparators in demonstrating the tone for purpose-built car showrooms within the immediate locality of the subject property.

16. Th final comparable submitted by the Valuation Officer was Woolaston Motors which measured 3644.57m^2 and was located 3 miles from the subject property. The assessment of this property had previously been challenged, with it being agreed that a main space rate of £145/m^2 was reasonable. Mr Hussain submitted that this agreement further demonstrated that there was an established tone supporting the current unadjusted rate at the subject property.

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17. Mr Rabbette referred to 5 St James Road in support of a main space rate reduction at the subject property. This hereditament had been entered into the Valuation List with a main space rate of £145/m^2 from 1 April 2017, however upon challenge this was then reduced to £90/m^2. Mr Rabbette contended that 5 St James Road was originally constructed as an industrial building before being converted into a car showroom in 2015 after undergoing substantial development works. He submitted it was of the same standard as a modern car showroom and comparable with the subject property and therefore demonstrated that the subject property should have a main space rate of £90/m^2.

18. Mr Rabbette also made reference to Land Rover, Northampton, which was a flagship showroom located on the opposite side of Northampton to the subject property, constructed in 2021. He submitted that this property was one of the best qualities properties within the region and of a far superior specification to the subject property. It also had a main space rate of £145/m^2, the same as that of the subject property. Mr Rabbette contended that the difference in quality between the two properties demonstrated that the current main space rate at the subject property was excessive.

19. The panel considered that 5 St James Road was a converted industrial unit and not a purpose-built car showroom like the subject property. Having regard to the photographs

provided of both properties the panel considered that that these demonstrated that 5 St James Road was of a lower specification than the subject property. Taking this into account the panel did not consider that this comparable supported the proposed reduction to £90/m^2 in respect of the subject property. Furthermore, the panel also noted that 5 St James Road was situated within Corby, which was located 23 miles from the subject property. Therefore, the panel also did not consider this to be a good comparable in terms of locality. As such, it attached little weight to this evidence.

20. Having regard to the photographs the panel did consider that the Land Rover showroom did appear to be of premium quality. However, it also noted that it was significantly larger than the subject property with an area of 6159.10m^2. Taking this into account, the panel considered that despite being of a high specification the main space rate of £145/m^2 had also been adopted at this property to reflect its size. As such, the panel did not consider that this property necessarily supported a lower main space rate at the subject property.

21. Having consideration to the evidence and submissions of both parties the panel attached most weight to the evidence presented by the Valuation Officer. It considered these comparables demonstrated there was an established tone for properties comparable to the subject property within similar locations. Therefore, based upon the evidence provided, the panel found the main space rate of £145/m^2 at the subject property to be reasonable.

Disposal

22. In view of the above findings and conclusions, the panel confirmed the RV of £90,000 for the subject property with effect from 1 April 2017 and dismissed the appeal.

Date issued to parties: 11 October 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.
