IN THE VALUATION TRIBUNAL FOR ENGLAND
IN THE MATTER OF A 2017 RATING LIST APPEAL

Case No: CHG101097741

Sitting remotely using Microsoft Teams

Date: 26 August 2025

SCHEDULE 11 TO THE LOCAL GOVERNMENT FINANCE ACT 1988

Non-domestic rating appeal; 2017 rating list; Challenge against Compiled List entry; Shop and Premises; café and premises; minimum guaranteed rent; accuracy of rateable value; rental and comparable evidence considered; found that weight of evidence supported a reduction in the assessment of subject property; Lotus and Delta v Culverwell (VO) & Leicester City Council [1976] RA 141. Decision: Allowed.

Before:
MRS M CHAGGAR
PROF P CATTERALL

Between:

NERO HOLDINGS LIMITED — **Appellant**

- and -

NICOLA JOHNSON (VALUATION OFFICER) — **Respondent**

Regarding:
UNIT 6 (RETAIL UNIT A) THE SHARD TOWER, LONDON BRIDGE STATION, LONDON SE1 9BR
(the "subject hereditament")

Mr D Price from Newmark Gerald Eve LLP for the Appellant
Miss L Roberts for the Respondent

Hearing date: 29 July 2025

DECISION AND STATEMENT OF REASONS

Decision

1. The appeal is allowed.

2. The Tribunal finds that the existing entry in the rating list for the appeal property of Rateable Value (RV) £272,500 was excessive and determined that the RV proposed by the appellant of £186,000 was reasonable.

Introduction

3. This was a 2017 rating list appeal. Unit 6 (Retail Unit A) The Shard Tower, London Bridge Station, London SE1 9BR (“the subject hereditament”) had been entered in the 2017 rating list as ‘Shop and Premises’ at a RV of £285,000 with effect from 1 April 2017.

4. The challenge proposal was submitted by Newmark Gerald Eve LLP on behalf of Nero Holdings Limited (the appellant) and was received by the Valuation Officer (VO) on 28 July 2023. It had been made on the grounds that the RV shown in the rating list on 1 April 2017 was excessive. The Challenge stage was completed on 30 October 2024 where the RV was reduced to £272,500 with effect from 1 April 2017.

5. 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 was excessive. The appeal was received by the Tribunal on 27 February 2025.

6. Both Mr Price on behalf of the appellant and Miss Roberts on behalf of the respondent, appeared as both surveyor-advocate and expert witness. In view of the Upper Tribunal’s judgment in *Gardiner & Theobald LLP v David Jackson (VO)* [2018] UKUT 0253 (LC), Mr Price stated that he was instructed on a success fee basis. He declared that he understood and accepted that his duty was to the Tribunal in giving his evidence and he would comply with this as well as the requirements of his professional body, regardless of whether or not the evidence supported the client’s case.

7. The panel accepted this expert witness evidence on the above basis as the appeal was 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). The panel therefore considered the expert evidence and attached such weight to it as it saw fit.

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

<u>Background</u>

9. The subject hereditament comprised a coffee shop, located on the upper concourse of London Bridge Station. Access to the upper concourse was to the left of The Shard skyscraper. The survey details and area of the subject property of 28.67m^2 was agreed by the parties.

10. The subject hereditament was entered in the 2017 rating list with an RV of £285,000, effective from 1 April 2017. It was classified as "shop and premises." The valuation was

derived using an unadjusted overall rate of £10,000 per m². However, the VO reduced the overall rate to £9,500 per m², which reduced the RV to £272,500.

11. This assessment was conducted under Valuation Scheme 381908, which applied specifically to retail units located within London Bridge Station, SE1. Properties within this scheme were valued on an overall basis rather than by the conventional zoning method. The scheme encompassed a variety of shop-type premises, including those operating as restaurants, food outlets, and office-style uses such as estate agencies. The base rate applicable to properties within this scheme ranged from £225 per m² to £15,000 per m² or per unit, depending on the nature and location of the premises.

12. The issue between the parties concerned the RV of the subject hereditament, in particular the price per m² that should apply.

Relevant Law

13. The term 'rateable value' is defined in paragraph 2(1), 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 various assumptions.

14. 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).

15. 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 was 1 April 2017.

16. Both parties had referred *to Lotus and Delta v Culverwell*. This Lands Tribunal judgment 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 taken into account. The assessments on other comparable properties may also be relevant. All of the evidence could then be weighted.

Discussion

17. The panel noted that the original lease for the subject hereditament had commenced on 1 July 2012 for a term of six years at an annual rent of £200,000. The lease included provisions for annual rent reviews. A rent review effective from 1 July 2015 resulted in a nil increase, with the rent remaining at £200,000 per annum. This was due to the Minimum Guaranteed Rent (MGR) not exceeding the open market rental value. However, under the terms of the lease, the MGR could not be reduced. Both the original letting and the nil increase at review devalued the rental figure to £6,975 per m².

18. Mr Price cited an established valuation principle derived from a Valuation Tribunal (VT) decision in *SSP v Ricketts* 2022 (appeal numbers: CHG100339899; CHG100140083,

CHG100140079 and CHG100151377; Select Service Partners), which affirmed that the Market Gross Rent (MGR) should be adhered to and that this approach had been consistently adopted across all railway stations throughout London. Specifically, Mr Price referred to the rent review effective from 1st July 2015 for the subject hereditament, which resulted in a nil increase, maintaining the rent at £200,000 was due to the unit being over-rented. Mr Price highlighted the issue of oversupply, a point with which Miss Roberts concurred.

19. The panel referred to the previous VT of *SSP v Ricketts 2022*, where it was noted that these properties had been located at Victoria Station; Waterloo BR Station and Paddington Station. The appellants' with regards to their appeals were noted to pay a top up rental figure, as well as the MGR rental figure. The panel referred to paragraph 23, where the rental details had been documented, as being between March 2014 and December 2015.

20. The panel also referred to paragraph 31:

"I found the subject properties' MGR's good evidence, having been set reasonably close to the AVD."

21. Mr Price stated that his analysis of the rent of the subject hereditament equated to a rate of £6,975.93, rounded to £6,500. Originally, a representative for the appellant had requested that the overall price of the subject hereditament be reduced to £2,000 per m². However, due to the analysis of the rent of the subject hereditament, Mr Price requested that a revised overall price at £6,500 per m² be considered, which would amend the RV to £186,000 with effect from 1 April 2017.

22. Mr Price stated that that the appellant entered into a new three-year lease, which commenced on 1 July 2018. Under the terms of the lease, the (MGR) was set at £201,000 for the period from 1 July 2018 to 31 March 2019, subsequently reducing to £90,000 for the remainder of the lease term. These rental figures were explicitly stipulated within the lease agreement and were presumed to have been negotiated from the outset. This arrangement represented a downward-stepped rent structure, contrary to the more typical upward progression.

23. The April 2019 rent for the subject hereditament equated to £3,139 per m², demonstrating the direct impact of the 2016 redevelopment. A subsequent six-year lease commenced on 1 July 2021, with an MGR of £20,348 per annum, equating to £709 per m². Mr Price stated that this reflected the ongoing influence of the redevelopment and a continued downward trend in rental values for the subject hereditament's location.

24. Mr Price considered that the newly developed ground floor concourse, diverted footfall away from the subject hereditament and the other units situated on the upper level of the concourse.

25. The panel observed that, in accordance with the *SSP v Ricketts* ruling, the VO had initially been amenable to reaching an agreement based on a rate of £6,500 per m², resulting in a revised RV of £186,000. This figure had subsequently been approved at a higher level. However, the proposed agreement was later declined by another internal party due to the a 2014 transaction of Retail Unit C, The Shard Tower, London Bridge Station, London SE1 9BR, a neighbouring unit, as Unit C's rental figure had analysed to £10,000 per m², which had supported the overall price for the subject hereditament when it had first been entered into the 2017 rating list.

26. Prior to the hearing, Miss Roberts had submitted a revised valuation with regards to the subject hereditament of £215,000 based on an overall price of £7,500 per m². Miss Roberts stated that, following an external inspection of London Bridge Station, specifically focusing on both the Lower and Upper concourses, it was observed that the Upper Concourse, where the subject hereditament was located, experienced significantly lower footfall compared to the Lower Concourse. This disparity was primarily attributed to the fact that the Lower Concourse served as the main access point to train platforms, whereas the Upper Concourse functions predominantly was an exit route for local train services.

27. The station underwent a major redevelopment between 2012 and 2018, during which new entrances were introduced on Tooley Street and St Thomas Street, opening in 2016. These new access points had further diverted pedestrian traffic away from the Upper Concourse, as they offered more direct and convenient routes to the platforms via the Lower Concourse. Miss Roberts had placed greater emphasis on the rental value of the subject hereditament, with appropriate toning to the AVD, taking into account the observed reduction in footfall.

28. Given that the subject hereditament was situated in a part of the station that now exhibited reduced footfall, particularly in comparison to pre-redevelopment conditions, Miss Roberts stated that it was considered fair and reasonable to conclude that there had been no increase in its rental value of the subject hereditament over the duration of its occupation.

29. Miss Roberts stated that the Valuation Office Agency (VOA) had not received a FoR with regards to the subject hereditament's rent review which had taken place in July 2015 and therefore, did not consider it to be reliable evidence. She had toned up the rental details from when the lease was first set in 2012 and had toned up the rental figure to the AVD of 2015. Using evidence gathered from CoStar, she had applied 4.5% to the analysed rent of £6,975, which had produced a figure of £7,288 per m². She had rounded up in line with the Valuation Office Agency's (VOA) rounding policy to £7,500 per m² for the new proposed tone.

30. The panel referred to the details of Retail Unit C, which was similar in size to the subject hereditament and a neighbouring unit. Mr Price informed the panel that it had a rent review which took place in April 2014 and that its original lease had come into effect from 1 November 2012 at an agreed rent of £280,000 per annum. The panel placed more weight to the details of the subject hereditament's rent review, that had taken place circa three months post AVD of 1 April 2015, whereas the rent review that took place for Retail Unit C, took place one year prior to the AVD.

31. The panel observed that the redevelopment of the ground floor concourse had continued to impact the trading performance of retail units located on the upper concourse. In evaluating the subject hereditament, the panel considered two comparable units: Costa (SU66, Unit 266) and Cards Galore (SU68, Unit 268), both situated on the same concourse and of similar size—35.77 m² and 29 m² respectively. Costa's passing rent was £75,000, based on MGR and effective from 29 October 2018. Mr Price adjusted this figure to £1,806 per m² to reflect both the time differential and the shift in retail activity towards the lower concourse. He also noted that Costa occupied a marginally superior location compared to the subject unit. The Valuation Officer (VO) assessed the Cards Galore unit at £1,000 per m², aligning it with the adjusted valuation of the Costa unit.

32. However, the VO expressed the view that these units were unassessed and therefore not reliable as comparable evidence. The panel also noted that an earlier rent had been agreed for the Costa unit as of 11 August 2016, set at £270,000, which devalued to £7,500 per

square metre. The VO considered this rent to be based on 'other' factors and maintained that, even with appropriate adjustments, the resulting figure would not support a value at the AVD as low as the current basis. Due to the details above, the panel placed little weight onto the details of both of these units.

33. The panel was referred to the comparable properties of units occupied by WH Smiths and M&S, which were also on the same concourse as the subject hereditament, where both had overall values of £2,200 per m² within their assessments. The panel noted that the unit for M&S was much larger in size to the subject hereditament, but WH Smith's was similar in size to the subject hereditament. However, both had been assessed with the same value of £2,200 per m².

34. Overall, the panel considered the most comparable evidence was the subject property's rent review details from 1 July 2015, as it was close to AVD. The panel also considered that the comparable properties of Costa and WH Smith's assisted in its decision, as theses properties was similar in size to the subject hereditament and were neighbouring units, also situated on the upper concourse.

Determination

35. In view of the above findings and conclusions, the panel considered both parties' evidence, in particular, the rental analysis of the subject hereditament, as well as the comparable units located on the upper concourse. The panel concluded that the unadjusted overall rate of £7,500 per m² was excessive and that the rental evidence for the subject hereditament and the two units of WH Smiths and Costa supported a reduction to the revised figure requested by Mr Price of £6,500 per m².

36. The panel concluded that the appellant had demonstrated that a reduction in the RV of the subject hereditament to £186,000 was reasonable and the appeal was therefore allowed.

37. Accordingly, we order the VO to reduce the 2017Rating List entry for Unit 6 (Retail Unit A) The Shard Tower, London Bridge Station, London SE1 9BR to £186,000 with effect from 1 April 2017, within two weeks of the date of this order.

Refund of appeal fee

38. The Appellant is also entitled to a full refund of the fee paid in accordance with regulation 13E(1)(a) of the Non-Domestic Rating (Alterations of Lists and Appeals) (England) Regulations 2009 (as amended).

Right of further appeal

39. Any party who is aggrieved at the Tribunal's decision, and who appeared or was represented at the hearing, has a statutory right of further appeal to the Upper Tribunal (Lands Chamber) pursuant to Regulation 42 of the Tribunal Procedure Regulations. A party does not require permission to appeal from the Tribunal. Any appeal must be made directly to the Upper Tribunal (Lands Chamber) within **four weeks** of the date this decision and statement of reasons is issued.

40. Further information regarding this statutory right of further appeal, and the parties' other rights, is contained in the guidance booklet "*A guide to tribunal decisions*" available on the Tribunal's website at www.valuationtribunal.gov.uk/guidance-booklets/.

Mrs M Chaggar, Senior Member (Presiding)

Prof P Catterall, Member

26 August 2025

Clerk to the Tribunal: Ms R Muller
Date issued to the parties: 26 August 2025