VALUATION TRIBUNAL FOR ENGLAND

Non-domestic rating; 2023 rating list appeal; Local Government Finance Act 1988; Car showroom and premises; Price per m^2 in dispute; Lotus and Delta v Culverwell (VO) [1976] RA 141; Rental evidence; Comparable assessments; Appeal dismissed.

APPEAL NUMBER: CHG101106344

RE:	Lloyds Used Car Centre, Site 58, Kingstown Broadway, Kingstown Industrial Estate, Carlisle CA3 0HA
BETWEEN:	Lloyd Motors Ltd — Appellant and The Valuation Officer — Respondent
SITTING ON:	8 January 2025 (Remote Hearing number 4)
BEFORE:	Ms Alice Cole Roberts (Presiding Senior Member) Mrs Stacey Patel (Senior Member)
CLERK:	Mr Duncan Adamson IRRV (Hons)
APPEARANCES:	Mr Iain Henderson of Carigiet Cowen Ltd — for the appellant Ms Lucy Willis — for the respondent

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Summary of decision

1. Appeal dismissed. The Tribunal Panel confirmed the Rateable Value (RV) of the appeal property as £48,000 with effect from 1 April 2023.

Introduction

2. This 2023 rating list appeal had been brought in respect of the following: the appellant was the non-domestic ratepayer of the appeal property Lloyds Used Car Centre, Site 58, Kingstown Broadway, Kingstown Industrial Estate, Carlisle CA3 0HA.

3. The property had been entered in the 2023 rating list as a car showroom and premises based on a rate of £115/m^2 with effect from 1 April 2023 giving an RV of £48,000.

4. A challenge proposal was submitted by the appellant's representative on 7 August 2023 to reduce the rate from £115m^2 to £110/m^2.

5. The valuation officer (VO) issued a challenge decision notice on 29 July 2024 which stated that, based upon the evidence and information available, the rating list entry was reasonable and disagreed with the entry proposed.

6. The appeal property was a modern car showroom built in 1998 and consisted of a showroom, workshop, offices and ancillary areas. Externally, there were vehicle display spaces and customer parking. The property was owner occupied.

7. The VO was represented by Ms Lucy Willis who had submitted her statement of truth to the panel denoting her role as expert witness.

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

Issue

9. The issue in dispute was whether the £/m^2 should be reduced.

Evidence and submissions

10. The bundle comprised all of the documents exchanged between the parties as part of the challenge process including the appellant's challenge submission, initial response to the challenge and the VO's challenge case decision notice.

11. On 11 December 2024 the appellant's representative submitted an email to the tribunal with four additional documents, an executive summary of the appeal, photographs of the appeal property and schedules of relevant rating list assessments in Carlisle and in the wider Cumbria area. These were forwarded to the panel and the VO's representative who accepted that the documents were not new evidence.

12. In turn, the VO's representative emailed the tribunal with an updated settlement list which was accepted by the appellant's representative and forwarded to the panel.

13. The appellant's representative stated that the 2017 rating list entry for the appeal property was £111,000 with effect from 1 April 2017 based on a rate of £115/m^2. He explained that in previous lists there was a recognised £5/m^2 difference between the base rates for superior and for conventional car showrooms and this had been decided at previous valuation decisions. This was right to be continued but there was no evidence for an increase of £5/m^2 in the 2023 list.

14. He had submitted three properties he considered comparable to the appeal property all of which were assessed at £110/m^2 in the 2023 list. Sites 50, 57a and 94 Kingston Broadway.

15. He also referred to an independent used car commentary report from Knight Frank which detailed the closure of car showrooms, particularly in secondary locations due to the impact of the internet and car super markets. This had led to a lack of demand at these sites and a decline in their need. He submitted that the stagnant market was further evidence that there had been no growth between the 2017 and 2023 lists.

16. Although it was a national commentary, in his opinion there was evidence at the local level of the appeal property. There was little rental evidence in this sector and he therefore had to look at the hierarchy of evidence and settlements.

17. He referred to the schedule of relevant rating assessments in the Cumbria area comparing their 2017 and 2023 list entries which showed lower £/m^2 rates generally around the £80/m^2 mark but also where the 2023 uplifted rate had been challenged and was then subsequently reduced by £5/m^2 by the VO. He felt that this showed that in the Cumbria area the 2023 list level of assessment had been tested and reverted back to the 2017 level.

18. He also made reference to the schedule of relevant rating assessments for car showrooms in Carlisle where the rate had been increased by £5/m^2 in the 2023 list mostly for properties now rated at £115/m^2. Many of these were currently being challenged and in his opinion, this showed that the tone of value in Carlisle was not settled. The higher rates of £120/m^2 and above for the superior car showrooms such as Mercedes Benz and Audi were also being challenged.

19. For these reasons he felt that, for the appeal property, the rate should be reduced to £110/m^2 thereby reducing the RV to £46,000.

20. In respect of the used car commentary report the VO's representative made reference to documents relating to New and Used Car Sales Data to show that the car market jumped straight into recovery from 2020 and there had been and continued to be significant investment in car showrooms in the north and across England. She felt that the reference to declining profit margins was not particularly relevant as the appeal property valuation was not a profits method valuation but a comparative valuation for this mode and category.

21. In summary, there was demand, the market had been healthy and had shown growth and she referred to the updated settlement list that showed that properties that were assessed at £110/m^2 for the 2017 list had been increased to £115/m^2 for the 2023 but for many there had been no subsequent challenge.

22. She also stated that there was little rental evidence but did refer to 6 Auchinleck Drive where the rent agreement of 1 October 2021, six months after the AVD, for £50,000, analysed to £140/m^2. Whilst this was a stepped rent and the property not directly comparable to the appeal property, this still evidenced growth in the market.

23. In her opinion, there was no evidence of reduced rents and therefore no evidence for a reduced rate/m^2 for the appeal property.

Decision and reasons

24. The panel referred to the Local Government Finance Act 1988 in respect of the definition of rateable value in paragraph 2(1), Schedule 6 to the Act (as amended). The rateable value of any hereditament is to be taken to be the amount, determined in accordance with the statutory assumptions, equal to the rent at which it is estimated the hereditament might reasonably be expected to let from year to year, on 1 April 2021 the "antecedent valuation date" (AVD). The material day for this appeal was 1 April 2023.

25. The panel was aware that the leading judgment in non-domestic rating assessments was *Lotus and Delta v Culverwell (VO) and Leicester City Council* [1976] RA 141.

26. The panel noted the appellant representatives argument that the appeal properties £/m^2 rate should remain to be as it was in the 2017 list. However, the panel was aware that each rating list required a fresh look at a properties assessment in the light of all the evidence available.

27. The panel noted that there was no rental evidence for the appeal property and very little evidence in the vicinity, however, the panel found that the rental evidence for 6 Auchinleck Drive from October 2021 was relevant as it showed that there had been growth in the market.

28. The panel noted that whilst many of the car showroom properties assessments were under challenge this was not necessarily relevant in the assessment of the appeal property. There had been a clear uplift from the 2017 list in the 2023 assessments of £5/m^2 but the panel found that it had not been presented with evidence that this was unreasonable.

29. The panel found that where the rate for the 2023 list had not been challenged this supported the valuation of the appeal property.

30. The panel also found that the VO's representative had provided more factual evidence in respect of the car market, its recovery and noted that there had been regular and sustained investment in such properties between the two rating lists. This supported the fact that the car market in this area was not the same as it was in 2017 and basing the appeal property's assessment simply on its comparison to its 2017 entry was not appropriate.

31. The panel was aware that in cases such as these the onus was on the appellant to provide suitable evidence that the VO's assessment of the appeal property was unreasonable, however, the panel had not been so persuaded.

32. The panel noted the reliance by the appellant's representative on the three properties at 50, 57a and 94 Kingstown Broadway but also that the VO's representative had stated that their refurbishments since 2017 had only come to light during this challenge process. The assessments of the properties were therefore due to be reviewed and the panel found that little weight could be given for these properties.

33. The appeal was therefore dismissed.

Date issued to parties: 6 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.