VALUATION TRIBUNAL FOR ENGLAND

2017 Rating List Appeals: Local Government Finance Act 1988; warehouses and premises; main space price; appeals dismissed

APPEAL NUMBERS: CHG101168772, CHG101270739, CHG101128498 and CHG101113453

RE: Units 1 & 2, Heathrow Logistics Park, Bedfont Road, Feltham TW14 8EE and 1 Ascot Road, Feltham TW14 8QH (the "appeal properties")

BETWEEN:

Pop Air Ltd
Expeditors International (UK) Limited
JAS Forwarding (UK) LTD — Appellant

and

Andrew Mouland
(Valuation Officer) — Respondent

SITTING: *Remotely using Microsoft Teams*

ON: 10 April 2025

BEFORE: Ms TM Blades, Presiding Senior Member
Mr SC Kamalan, Senior Member

CLERK: Mr R Gath IRRV(Hons)

APPEARANCES: Mr Andrew Hair (Ryan Property Services)
Mr Alex Hargreaves (Respondent's representative)

DECISION AND STATEMENT OF REASONS

Decision

1. The appeals are dismissed.

2. The Tribunal panel was not persuaded that the rateable values were unreasonable.

Introduction

3. The appellants had made challenges against the accuracy of the compiled list assessments in the 2017 Rating List, by way of proposals served on the Valuation Officer (VO) on 13 August 2023, 13 September 2023 and 3 January 2024. After considering the proposals and evidence submitted during the challenge period, the VO decided that the proposals were well founded and altered the existing assessments to £805,000 for Unit 2; £1,520,000 for 1 Ascot Road and £1,110,000 for Unit 1. Decision notices to that effect were served on the appellants on 23 September 2024, 24 September 2024, 25 September 2024 and 23 October 2024. Ryan Property Services then appealed the VO's decisions to this Tribunal on 21 and 22 November 2024, on the grounds that the current valuation for the hereditaments were not reasonable, under Regulation 13A of the Non-Domestic Rating (Alterations of Lists and Appeals) (England) Regulations 2009.

4. Mr Hair had declared that his firm is on a contingency fee basis. In view of the Upper Tribunal's judgment in Gardiner & Theobald LLP v David Jackson (VO) [2018] UKUT 0253 (LC), Mr Hairs' declaration of truth included a statement that he understood and accepted that his duty is to the Tribunal in giving his evidence and he will comply with this as well as the requirements of his professional body regardless of whether or not the evidence supports his client's case.

5. The panel accepted this expert witness evidence on the above basis as the appeal is not complex and to do otherwise would be contrary to regulation 3 (Discharge of VTE functions – general) of the Procedure regulations and is 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).

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

7. Mr Hargreaves confirmed that he was representing the VO as advocate and expert witness

Background

8. The appeal properties are newly built warehouses and premises located two miles from Heathrow cargo terminal. They have areas of 9,886m^2, 7,268m^2 and 12,442m^2 respectively and were all valued on an unadjusted rate of £110/m^2. They had eaves height of 10 and 12 metres.

9. The parties agreed that the appeals could be heard together as the evidence was the same for all of the appeals. Mr Hair confirmed that he had submitted the second proposal for Unit 2 on 3 January 2024 to protect his client's interest following the VO agreeing to reduce the RV down to £805,000.

10. The evidence bundle before the panel comprised all of the evidence disclosed and exchanged during challenge which included rental evidence and its analysis, the parties' skeleton arguments, a map of the locality and photographs of the appellant's comparable properties.

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; and

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 the case under consideration, the panel had analysed the competing evidence having regard to the authoritative guidance in *Lotus & Delta v Culverwell (VO) and Leicester City Council* [1976] RA141.

13. The rent for Unit 1 Heathrow Logistics Park commenced in January 2019 and for Unit 2 commenced in September 2020. Both parties accepted that the passing rents on the appeal properties was too far from the Antecedent Valuation Date (AVD) to be reliable. However, Mr Hargreaves did contend that he found the passing rent for the appeal properties, which analysed to £140/m² was a useful starting point. He referred to a market report by Cushman & Wakefield which stated that there had been compound annual growth of 4% which suggested that the value of £100/m² back at the AVD, which Mr Hair was seeking, was unrealistic. The panel applied significant weight to this argument as this would suggest a growth in rental values of approximately 40% since the AVD which it did not consider to be reasonable, given Cushman & Wakefield's report.

14. In terms of indirect rental evidence, whilst there was no AVD rent for comparable properties, the VO's rental evidence to demonstrate that the rent analysed to £102.50/m² for leases that commences in August 2012 and a September 2016 rent had been analysed to £127/m², which the panel concluded supported the value of the appeal property being £110/m².

15. Mr Hair argued that the appeal properties were not as valuable as the VO's comparable properties as they were located approximately two miles away from the airport and due to the high volume of traffic getting to the airport from the units. To support this, he argued that it took three years for the appeal properties to be let which demonstrated that there was less demand for units of that size in the locality and in effect contradicts the VO's argument that these was growth in the market. However, the panel applied less weight to this argument as no evidence was presented to the panel to prove that the traffic was a significant issue.

16. Turning to the tonal evidence, Mr Hair had produced a number of comparable properties within the locality that had been valued between £90/m² to £100/m². The panel applied some weight to these properties. Although they were smaller than the appeal property, as they

varied in size from 2025m² to 4871m², larger properties may benefit from a quantum allowance, if the evidence supports a quantum allowance. However, the panel noted that Unit 1 Heathrow South Cargo Centre and 145 Faggs Road which were larger than the appeal properties had been valued at £100/m² which suggested that in that locality properties may not benefit from a quantum allowance. The panel concluded that this may be due to the close proximity of Heathrow Airport and the very good transport links from it. Ultimately though, Mr Hair produced a number of properties that were valued at £100/m² which supported his argument.

17. Mr Hargreaves had presented a number of comparable properties which varied in size from 6676m² to 38,861m². They were valued from £94/m² to £130/m². In his opinion, two of these properties had been incorrectly valued at £100/m². He submitted that those valued towards the lower end (£94/m² to £100/m²) had disabilities such as an isolated property with access issues or a first generation warehouse which was older. However, the panel applied significant weight to the VO's comparable properties which were valued higher at between £115/m² to £130/m². Those valued at £130/m² were in a more superior location such as being adjacent to the airport.

18. Given the above, whilst Mr Hair had presented a number of properties with a main space value of £90/m² and £100/m², the panel was aware that the rent for the appeal property had been analysed to £140/m² some four and five years later and considered that the increase in rents from £100/m² to not realistic as this represents a growth of approximately 40% or 10% each year. The panel was more persuaded by the VO's comparable properties. They were closer in size to the appeal property and those located adjacent to the airport were valued at £130/m². The panel concluded that a main space price of £110/m² for the appeal properties was reasonable given they were just over two miles away from those valued at £130/m².

Disposal

19. The panel would like to thank the parties for co-operating with the Tribunal and focusing on the issue in dispute.

20. In view of the above findings and conclusions, the Tribunal panel was satisfied that the RV for the appeal properties was reasonable and that they were valued in line with other broadly similar units in the locality. The panel dismissed the appeals.

Date issued to parties: 7 May 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.
