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: CHG101119488

RE: Peugeot South Cleveland Garages, Brenda Road, Hartlepool, TS25 1PE (the "subject property")

BETWEEN: Pendragon Plc — Appellant

and

(Valuation Officer) — Respondent

SITTING: *remotely using Microsoft Teams*

ON: 2 December 2024

BEFORE: Dr S Penni, Presiding Senior Member
Mrs F Cortese, Senior Member

CLERK: Ms N Shepherd IRRV (Hons)

APPEARANCES: Ms M Oates, on behalf of the appellant
Ms L Willis, on behalf of the respondent

DECISION AND STATEMENT OF REASONS

Decision

1. The appeal is dismissed.

2. The panel confirmed the Rateable Value (RV) for the subject property at £49,750 with effect from 1 April 2017.

Introduction

3. The appeal process began with a challenge made by the appellant's representative on 1 July September 2023 in respect of the Valuation Officer's rating list entry of the subject property at £53,500 RV with effect from 1 April 2017. The appellant's representative proposed a revised assessment of £45,750 RV from that date based on a reduced value for main space.

4. The respondent issued a challenge case decision notice on 21 March 2024, which found that the proposal was partly well founded, and the current rating list entry was unreasonable based on the information and evidence available. The RV was reduced to £49,750 with effect from 1 April 2017, based upon a main space rate of £65/m^2. The appellant's representative appealed that decision to this Tribunal on 21 March 2024 on the grounds that the valuation for the subject hereditament remained unreasonable and sought a main space rate of £65/m^2.

5. The subject property was a purpose-built single height car showroom and premises, constructed in 1989, measuring 1097.03m^2. It was located on Brenda Road, to the south of Hartlepool town centre.

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

Relevant Law

7. 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.

8. 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).

9. 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

10. 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.

11. With regards to the subject property no rental evidence had been provided by either party in respect of this. In the absence of any rental evidence for the subject property the panel therefore had regard to the comparable properties submitted by both parties.

12. Ms Oates referred to Group Pre-Challenge Review discussions between the Valuation Office Agency and agents acting for car showroom occupiers within the Northern region. She submitted that it had been agreed that Silverlink in Newcastle and Preston Farm in Stockton were considered to be the beacon sites due to them having the prime locations in the Northeast. There had been some rental evidence at these locations and agreements had been made for the 2017 list. For Silverlink the original main space rate of £165/m^2 had been reduced to £145/m^2 and at Preston Farm the original main space rate of £150/m^2 had been reduced to £137.50/m^2.

13. Ms Oates contended that although the subject property was not situated on a prime site or located within such a prominent position as the car showrooms at Silverlink and Preston Farm that there was a lack of comparable reliable, rental evidence at secondary sites similar to that of the subject property. She referred to the fact that there was a lack of demand for car showrooms located at a secondary site, meaning many had closed. As such, she submitted that the agreed values at Silverlink and Preston Farm were useful evidence in establishing the value for secondary sites, such as the subject property.

14. Ms Oates submitted that of particular relevance was that between the 2010 and 2017 lists, the increase in main space rate at Silverlink was 7.44%, which was to be expected, due to it benefitting from good road links and being co located with other car showrooms. At Preston Farm however, there had been a nil increase between the two lists, which Ms Oates contended was the best evidence in also supporting that there should have been no change between the main space rate adopted for the subject property in both the 2010 and 2017 lists.

15. Ms Oates also referred to an independent report from Frank Knight which detailed the closure of car showrooms, particularly in secondary locations, due to the impact of the internet and car marketplaces, meaning a lack of demand at these sites and a 24% decline in their need. She submitted that the stagnant market was further evidence that there had been no growth between the 2010 and 2017 lists. This was further evidenced by the fact that a number of car showrooms within the locality had now become vacant, demonstrating the reduction in the need for them.

16. Ms Willis contended the accuracy of this report, submitting that it was not evidence of stagnation or decline of the car showroom market in the Northeast and that a number of car showrooms had opened or been refurbished within the locality since the 2010 list.

Furthermore, the vacant showrooms referred to by Ms Oates had at the material date been occupied as a car showroom.

17. The panel considered Ms Oates argument regarding the lack of increase in RV between the 2010 and 2017 rating lists for Preston Farm. The panel noted that the AVD between these two lists was seven years apart and it was aware that caselaw states that each rating list was separate and distinct and should stand upon its own evidence. As such, the panel ultimately attached no weight to this contention.

18. The panel also considered that at both Silverlink and Preston Farm the main space rates adopted applied to each car showroom located at those sites, regardless of any differences between the age or quality of the showroom or the marque of car that was sold there. The panel considered that this indicated that the main space rate agreed was done so mainly taking into account the specific facts of the locations of each site. As such, the panel did not consider that either Silverlink or Preston Farm necessarily supported a reduction in main space rate for the subject property.

19. Ms Willis provided no details of comparable rental evidence; however, she did refer to several properties which she considered supported the current main space rate of £65/m^2. Of these the panel paid particular consideration to two, which were located on the same road as the subject property. H Tones & Son was within the immediate locality of the subject property and had total area of 2078.09m^2. It had a main space rate of £65/m^2 and had remained unchallenged throughout the 2017 list. Bristol Street Motors was located 0.3 miles from the subject property and had a total area of 2764.72m^2. The main space rate had been reduced from £65/m^2 to £60/m^2 upon decision notice.

20. The panel considered these properties to be good comparators given the proximity of their location to the subject property and also in terms of age and construction. The panel noted that although Bristol Street Motors had been agreed at £60/m^2, which was the same as the main space rate proposed for the subject property, that the total area at that property was significantly larger than the subject property. Therefore, the panel considered that the agreed main space rate at Bristol Street Motors had also been adopted to reflect the size of the property.

21. Ms Willis also provided details of Riverside Van Sales and Wynward Motor Company, which were located within 14 miles of the subject property. These properties were not directly comparable to the subject property but had been provided to demonstrate that there had been growth within the car showroom market at secondary sites since the 2010 list. Both of these properties had increases in the amount of rent payable between the 2010 and 2017 list, which the panel considered useful in showing that at these sites the there was no stagnation within the market.

22. Having considered both parties' evidence and analysis, the panel concluded that the main space rate of £65/m^2 was not excessive. It attached most weight to the comparable assessments of H Tones & Son and Bristol Street Motors. It considered that these properties were situated within the same locality and were of a similar age and specification. Based upon these properties the panel found the assessment of the subject property to be reasonable and confirmed the RV at £49,750 from 1 April 2017.

Disposal

23. In view of the above findings and conclusions, the panel dismissed the appeal.

Date issued to parties: 27 January 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.

Amended decision in accordance with Regulation 39 of the Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009 due to a clerical error