VALUATION TRIBUNAL FOR ENGLAND

2023 rating list appeals; Local Government Finance Act 1988; offices situated on a business park; rental evidence; comparable assessments; settled appeals; one appeal was dismissed and three appeals were allowed in part.

APPEAL NUMBERS:	CHG101199362; CHG101228130; CHG101223416 and CHG101199843
RE:	Gnd Flr Building 7, Croxley Green Business Park, Hatters Lane, Watford, WD18 8PA; 1st Flr West Wing Building 3, Croxley Green Business Park, Hatters Lane, Watford, WD18 8YG; Unit 6 Building 6, Croxley Green Business Park, Hatters Lane, Watford, WD18 8YH; and Gnd Flr Building 2, Marlins Meadow, Croxley Centre, Hatters Lane, Watford, WD18 8YA (the “appeal properties”)

BETWEEN:

De Lage Landen Leasing Limited;
International Game Technology PLC;
Corethree Ltd; and,
Glenmark Pharmaceuticals Europe Limited — Appellants

and

Ms J Moore
(Valuation Officer) — Respondent

SITTING:	*remotely using Microsoft Teams*
ON:	15 January 2025
PANEL:	Mr I Lonsdale, Presiding Senior Member Mrs F Cortese, Senior Member
CLERK:	Mr D Mulgrew
APPEARANCES:	Mr C Strong (Ryan Property Tax Services UK Ltd) (Appellants’ representative) Mr L Stevens (Respondent’s representative)

DECISION AND STATEMENT OF REASONS

Decision

1. The appeal in respect of Gnd Flr Building 7, Croxley Green Business Park, Hatters Lane, Watford was dismissed, and the other three appeals were allowed in part as follows:

   - 1st Flr West Wing Building 3, Croxley Green Business Park, Hatters Lane, Watford, WD18 8YG - rateable value £360,000 with effect from 1 April 2023

   - Unit 6 Building 6, Croxley Green Business Park, Hatters Lane, Watford, WD18 8YH - rateable value £40,750 with effect from 1 April 2023

   - Gnd Flr Building 2, Marlins Meadow, Croxley Centre, Hatters Lane, Watford, WD18 8YA - rateable value £560,000 with effect from 1 April 2023

Introduction

2. In accordance with regulation 13A of the Non-Domestic Rating (Alteration of Lists and Appeals) (England) Regulations 2009, four appeals have been made to this Tribunal on the grounds that the rateable value (RV) valuations for the appeal properties were not reasonable.

3. The panel consolidated the hearing of the appeals, as the supporting evidence in the cases was very similar. Further, in each case the appellants' representative was the same, as was the Valuation Officer's (VO) caseworker.

4. Each one of the appeal properties were entered in the 2023 rating list as "offices and premises". All four appeals were compiled list appeals disputing the RVs in the list on 1 April 2023. The material day in respect of all four appeals was therefore 1 April 2023.

5. A brief history of each list entry and the parties' respective positions is summarised as follows:

   De Lage Landen Leasing Limited
   Gnd Flr Building 7, Croxley Green Business Park, Hatters Lane, Watford, WD18 8PA
   - Original RV £630,000 effective from 1 April 2023.
   - Appellant's proposal sought a reduction to RV £390,000.
   - VO decided to reduce to RV £585,000 effective from 1 April 2023.
   - VO had assessed it at £270/m^2. The appellant wanted it reduced to £250/m^2.
   - RV sought by the appellant at the hearing was £540,000.

   International Game Technology PLC
   1st Flr West Wing Building 3, Croxley Green Business Park, Hatters Lane, Watford, WD18 8YG

- Original RV £377,500 effective from 1 April 2023.
- Appellant's proposal sought a reduction to RV £227,000.
- VO decided to make no reduction.
- VO had assessed it at £300/m^2. The appellant wanted it reduced to £260/m^2.
- RV sought by the appellant at the hearing was £327,500.

Corethree Ltd
Unit 6 Building 6, Croxley Green Business Park, Hatters Lane, Watford, WD18 8YH

- Original RV £43,500 effective from 1 April 2023.
- Appellant's proposal sought a reduction to RV £24,500.
- VO decided to reduce to RV £42,250 effective from 1 April 2023.
- VO had assessed it at £310/m^2. The appellant wanted it reduced to £270/m^2.
- RV sought by the appellant at the hearing was £36,750.

Glenmark Pharmaceuticals Europe Limited
Gnd Flr Building 2, Marlins Meadow, Croxley Centre, Hatters Lane, Watford, WD18 8YA

- Original RV £600,000 effective from 1 April 2023.
- Appellant's proposal sought a reduction to RV £412,500.
- VO decided to make no reduction.
- VO had assessed it at £320/m^2. The appellant wanted it reduced to £260/m^2.
- RV sought by the appellant at the hearing was £487,500.

6. Mr Strong, as representative for the four appellants, appeared in a dual role of advocate and expert witness. He stated that he was being paid on a contingency fee basis but was aware that in giving expert evidence his responsibility was to the Tribunal.

7. Mr Stevens, for the VO, also appeared in a dual role of advocate and expert witness. He confirmed that he was not instructed under any conditional or other success-based fee arrangement. He also stated that he had not inspected the appeal properties internally but had researched the photographs and literature available on the internet.

8. The dual role is allowable in this Tribunal's proceedings having regard to procedure regulations[1] and rules regarding admissibility of evidence[2]. However, it was necessary to consider the "expert" evidence and assess what weight, if any, to give it in the context of the matters in issue.

9. During the hearing, the panel retired briefly to ensure both members had sight of page 29 of the VO decision in respect of Gnd Flr Building 2, Marlins Meadow, Croxley Centre, which was

[1] Regulation 3 (Discharge of VTE functions – general) of the Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009.
[2] Regulation 17(2)(a) (Evidence and submissions) of the Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009.

referred to by Mr Strong. This was a schedule of rental evidence for post 2015 buildings on Croxley Green Business Park.

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

Relevant Law

11. The term “rateable value” was defined in Schedule 6 to the Local Government Finance Act 1988 (as amended). The value was required to reflect an annual rent on the property, assuming a new letting with the tenant being responsible for all rates, taxes, repairs and insurance. In respect of all entries in the 2023 rating list, the Rating Lists (Valuation Date) (England) Order 2020 requires the rental levels to be taken on 1 April 2021, the antecedent valuation date (AVD).

Discussion

12. The issue in dispute in the four appeals concerned the price per square metre to be adopted in each of the rating assessments. As outlined in paragraph 5 above, all four properties had been assessed at a different price per square metre by the VO. This was based on their age and size. The representative for the appellants sought a reduction of the VO’s adopted price as follows:

- Gnd Flr Building 7, Croxley Green Business Park. The VO had assessed it at £270/m^2. The appellant wanted it reduced to £250/m^2. It was a 1980s building of 2,176m^2.

- 1st Flr West Wing Building 3, Croxley Green Business Park. The VO had assessed it at £300/m^2. The appellant wanted it reduced to £260/m^2. It was a 1980s building of 1,264m^2.

- Unit 6 Building 6, Croxley Green Business Park. The VO had assessed it at £310/m^2. The appellant wanted it reduced to £270/m^2. It was a 1980s building which was considerably smaller than the other appeal properties with an area of 136m^2.

- Gnd Flr Building 2, Marlins Meadow, Croxley Centre. The VO had assessed it at £320/m^2. The appellant wanted it reduced to £260/m^2. It was a 2018 building of 1,876m^2.

13. Mr Strong disagreed with the VO approach of only looking at rents on Croxley Business Park. He argued that the approach was too narrow. The VO had confined the rents to those on the estate between May 2019 and January 2022 and had not given full consideration to values at the AVD which reflected the impact from Covid-19. In his opinion, the office sector was impacted the most with many office workers transitioning to home working. To support his opinion, he referred to the most recent office building on the estate, Building 1 Marlins Meadow, which he stated remained 50% vacant.

14. Mr Strong's approach to rent was to reflect on rents from 16 March 2020, the first Covid lockdown to the AVD. There were no rental transactions on the appeal properties in that period of time and he had relied on two other properties at Croxley Green.

15. The first was 2nd Floor, Wing A, Building 4 Croxley Green Business Park, which was a new letting for 11 years from 1 February 2021. He had analysed the rent at £243/m^2 by taking the rent free period of 14 months to the rent review in the fifth year. The VO had devalued the rent to £263.23/m^2. The area of this property was 928m^2.

16. The second was 2nd Floor, Wing C, Building 4 Croxley Green Business Park, which was a new letting for 10 years from 17 November 2020. He had analysed the rent at £256/m^2 to a break clause in the fifth year. The information provided to the panel showed an area of 414m^2 (or 665m^2 ITMS) but it was not clear how the different area calculations had been made.

17. The panel also preferred the rental evidence closest to the AVD and accepted that rental evidence for new lettings would carry the greatest weight. However, the panel did not wish to exclude all of the other rental evidence in respect of Croxley Green, in particular Building 5 which was a rent review in February 2021 and a number of other rents just after the AVD.

18. Mr Strong also relied on settled appeals in respect of Suites 1, 2, 4, 9 and 12 Hercules Way, Leavesden WD25 7GS. They had initially been assessed by the VO at £330/m^2 but had been settled at £230/m^2. Mr Strong stated that they had been constructed in the early 2000s but accepted that the appeal properties would have commanded a higher value at the AVD. The panel was cautious about placing too much reliance on the evidence given the difference in location and noted that the offices at Hercules Way ranged in size from 25m^2 to 254m^2. As such the panel only considered the evidence to be comparable in size only to Unit 6 Building 6, Croxley Green Business Park. The other three appeal properties were completely different in size.

19. Mr Strong considered that Clarendon Road was the prime office area in Watford as supported by having the highest price per square metre in the rating list of £330/m^2. He referred to a new letting on 2nd to 4th floor, 40 Clarendon Road (2,620m^2) from April 2020. It had been let as a fully refurbished office. The rent devalued to £270/m^2 if the rent free period was taken over 5 years, or £310/m^2 if taken over 10 years.

20. He also referred to Ground Floor, 40 Clarendon Road (nearly 800m^2) which was a new letting from September 2020 for a 10-year term which analysed to £300/m^2. He considered this the absolute ceiling for a refurbished office in Watford.

21. Mr Strong described the connectivity of Croxley Green Business Park stating that to get to London you had to change trains, where at Clarendon Road it was closer to Watford Junction Station with direct service to London Euston. Clarendon Road was also nearer the M25 motorway. Mr Stevens considered Croxley Green to be the leading M25 business park. He said it was like a small village with a café and gym on site and a "huge" amount of car parking.

22. Ultimately, Mr Strong's revised valuations were based on the new lettings prior to the AVD on Croxley Green and he had pitched the values in between the settlements on Hercules Way and the rental evidence for 40 Clarendon Road.

23. The VO had assessed the buildings built before 2015 as follows:

- Up to 500m^2 @ £310/m^2
- 517m^2 to 2,000m^2 @ £300/m^2
- 2,223m^2 to 5,700m2 @ £270/m^2

24. The buildings constructed from 2015 were assessed as follows:

- Up to 500m^2 @ £325/m^2
- 508m^2 to 3,000m^2 @ £320/m^2
- 3,200m^2 to 5,800m^2 @ 300/m^2

25. The panel decided that the best evidence was from Croxley Green Business Park as it had numerous rents to consider from this location, even though there were not many new lettings immediately prior to the AVD. However, there were some new lettings shortly after the AVD and there were some rent reviews.

26. The panel considered each one of the appeal properties individually as follows:

Gnd Flr Building 7, Croxley Green Business Park, Hatters Lane, Watford, WD18 8PA

27. The panel decided to dismiss the appeal. It was satisfied that the VO's revised valuation was reasonable based on £270/m^2.

28. In reaching this decision, the panel noted that there was a rent on this property that had been set by lease renewal in 2014 and had been reviewed in December 2019. The VO had analysed this rent at £289.60/m^2. The panel appreciated that it pre-dated the first Covid lockdown which reduced the amount of reliance that could ultimately be placed on it.

29. The panel considered that the best rental evidence was in respect of Building 5 Croxley Green Business Park. Although it was a rent review and not a new letting or lease renewal, the panel considered it to be strong evidence because it had been agreed on 23 February 2021, so was very close to the AVD. In addition, Building 5 was 5,456m^2 and therefore more than double the size of Ground Floor Building 7. The rent devalued to £270.30/m^2.

30. Further, the VO had well founded a proposal in respect of Building 5. A professional representative acting for the appellant on Building 5 had sought a reduction in the unit price to £270/m^2 and the VO had accepted this proposal.

31. Additionally, the price of £270/m^2 was well below the rents on 40 Clarendon Road (when the rent free periods were devalued over 10 years).

1st Flr West Wing Building 3, Croxley Green Business Park, Hatters Lane, Watford, WD18 8YG

32. The panel decided to allow this appeal in part. It reduced the price per square metre from £300/m^2 to £285/m^2.

33. At 1,264m^2, this property was considerably smaller than Gnd Flr Building 7, Croxley Green Business Park. The panel therefore considered it reasonable to expect the unit price to be higher per square metre than £270/m^2. It was in the VO size band 517m^2 to 2,000m^2.

34. The panel regarded the new letting for Second Floor, Wing A, Building 4 Croxley Green Business Park as comparable in size. The new letting was very good evidence because it occurred on 1 February 2021, only two months prior to the AVD. The rent devalued to £263.23/m^2, but this did not reflect the category B fit out which needed to be added to this. When asked, neither party's representative was able to assist the panel with the amount for the category B fit out, but Mr Strong stated it would not be £46/m^2 as had been used on another comparable property.

35. The panel also had regard to the January 2019 rent review on Gnd Flr Building 8, Croxley Green Business Park which also fell within the VO size band. This devalued to £285/m^2. The panel appreciated this was before Covid, but it gave an indication to the panel that the value should be no higher than this.

36. Therefore, the panel adopted £285/m^2 resulting in the following revised valuation:

Floor	Description	Area (m2)	Relativity	Price (£/m^2)	Value (£)
Ground	Office	1,264.86	1	285	360,485
				Subtotal	360,485
	Car parking	62 spaces		0	0
				Total	360,485
				Rateable Value	360,000

Unit 6 Building 6, Croxley Green Business Park, Hatters Lane, Watford, WD18 8YH

37. The panel decided to allow this appeal in part. It reduced the price per square metre from £310/m^2 to £300/m^2.

38. This was in the size band up to 500m^2.

39. The appeal property's rent was effective from 20 September 2021. The VO devalued it to £290.01/m^2.

40. Further, the panel noted that Unit 20 Building 6, Croxley Green Business Park had a lease renewal from 1 September 2021 that analysed at £309.58/m^2.

41. Having regard to the above, the panel decided that £300/m^2 was reasonable. This resulted in the following revised valuation:

Floor	Description	Area (m2)	Relativity	Price (£/m^2)	Value (£)
First	Office	133.1	1	300	39,930
First	Kitchen	3.4	1	300	1,020
				Subtotal	40,950
	Car parking	6 spaces		0	0
				Total	40,950
				Rateable Value	40,750

Gnd Flr Building 2, Marlins Meadow, Croxley Centre, Hatters Lane, Watford, WD18 8YA

42. The panel allowed this appeal in part and decided to reduce the price per square metre from £320/m^2 to £300/m^2.

43. It was a 2018 building of 1,876m^2.

44. This property was let from 1 October 2018 on a 15-year term, with a rent free period of 22 months. Rent reviews were ever 5 years. The parties disagreed on the rent analysis. The appellant's representative stated at the hearing that the 2018 rent devalued to £248/m^2 and the 2024 rent review was £323/m^2. The VO had devalued the 2018 rent to £271.60/m^2 or £273.50/m^2 (with the VO taking the rent free period to the 2nd review) then had added a somewhat arbitrary amount of £46/m^2 for tenant fit out, arriving at £317.60/m^2. The VO's analysis of the 2024 rent review was also £323/m^2.

45. Sadly, no further information or evidence on fit out was provided.

46. When asked, Mr Stevens stated that there was no other helpful rental evidence for the more modern buildings.

47. However, the panel noted the VO size bands showed that the value of the more modern buildings had been uplifted by £20 when compared with the 1988 buildings assessed at £300/m^2 in size band 517m^2 to 2,000m^2.

48. The panel decided to keep a similar uplift when compared with its decision on 1st Flr West Wing Building 3, Croxley Green Business Park which had been decided at £285/m^2. The

panel therefore considered whether Gnd Flr Building 2, Marlins Meadow, Croxley Centre should have a value of £305/m^2 or thereabouts. In the end, the panel preferred to round this down to £300/m^2, resulting in the following revised valuation:

Floor	Description	Area (m2)	Relativity	Price (£/m^2)	Value (£)
Ground	Office	1,876.55	1	300	562,965
				Subtotal	562,965
	Car parking	70 spaces		0	0
				Total	562,965
				Rateable Value	560,000

Order

49. Under the provisions of regulation 38(4) of the Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009, the Valuation Tribunal for England orders the Valuation Officer to reduce the entry in the rating list as follows:

- 1st Flr West Wing Building 3, Croxley Green Business Park, Hatters Lane, Watford, WD18 8YG - rateable value £360,000 with effect from 1 April 2023

- Unit 6 Building 6, Croxley Green Business Park, Hatters Lane, Watford, WD18 8YH - rateable value £40,750 with effect from 1 April 2023

- Gnd Flr Building 2, Marlins Meadow, Croxley Centre, Hatters Lane, Watford, WD18 8YA - rateable value £560,000 with effect from 1 April 2023

50. Under regulation 38(9), the Valuation Officer must comply with this order within two weeks of the date of its making.

Refund of appeal fee

51. As the grounds of three appeals have been made out, the appeal fee is to be refunded in full in respect of those three appeals. This will take approximately six weeks to process.

Date issued to parties: 14 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.