THE VALUATION TRIBUNAL FOR ENGLAND

Non-domestic rates; transitional certificate appeal; office and premises; appeal allowed in part.

RE: 35 High Holborn, London WC1V 6AE

APPEAL NUMBER: VT00013176

BETWEEN:	Warner Bros (represented by CBRE Ltd)	Appellant
	and	
	Andrew Ricketts (Valuation Officer)	Respondent

PANEL: Mr F J Rogers (Presiding Senior Member)
Miss L Westwell (Senior Member)

CLERK: Ms S Hodgson

ON: 31 January 2023

REMOTE HEARING

APPEARANCES: Mr A Keena of CBRE Ltd for the appellant
Mrs D Pathak of the Valuation Office Agency for the respondent

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Summary of decision

1. Appeal allowed in part. The certified rateable value (RV) for transitional purposes on 31 March 2017 is reduced to £704,000.

Introduction

2. This appeal has been brought in respect of a transitional certificate for 35 High Holborn, London (the "appeal property"). The appeal disputed the Valuation Officer's (VO's) certification that the RV for the appeal property should have been £860,000 on 31 March 2017.

3. The appeal has been made under regulation 21 of the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2016 (SI 2016 No.1265) because the appellant was dissatisfied with the value so certified.

4. The appeal property was a seven-storey office building that was originally built in the 1980's. It underwent a major refurbishment in 2012 and entered the 2010 rating list as a new property from 1 February 2014. The area was reduced at the check stage as agreed between the parties to 1,565m^2 and a reduced RV of £704,000 based on £450 per square metre (psm) was proposed, this was rejected by the appellant's agent.

5. This tribunal decision document is not and does not purport to be a verbatim record of proceedings. Consequently, the absence of a reference to any statement, or evidence, should not be construed as it having been overlooked.

Issue

6. The issue in dispute concerned the RV of £860,000 for 31 March 2017 which had been certified by the VO's notice dated 8 July 2020.

Evidence and submissions

7. Mr Keena for the appellant contended that when compared to other neighbouring buildings, the amount certified for the subject property at 31 March 2017 was excessive. He argued that the subject property should not be viewed differently to the adjacent assessments that had been reduced in the 2010 rating list to £315 psm and £385psm, where the subject remained at £550psm. Mr Keena asked the panel to reduce the RV of the subject property to £605,000 based on £380psm.

8. Mrs Pathak for the respondent contended that the subject property was not comparable to the adjacent buildings as they were mixed use buildings with retail units on the ground floor. She also argued that the subject building which was built in the 1980's was newer than the adjacent assessments which were built in the 1930's, 1940's and 1950's, and therefore the subject attracted a higher price. Mrs Pathak had provided comparable tone evidence of other office buildings located on High Holborn that were in the 2010 rating list at £483psm and £500psm. She asked the panel to confirm the RV for the subject property at £704,000 based on £450psm.

Decision and reasons

9. Schedule 6 to the Local Government Finance Act 1988 as amended by the Rating (Valuation) Act 1999, provides that:

   2(1) 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;

(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.

10. Rental levels had to reflect the market at the antecedent valuation date (AVD) of 1 April 2008.

11. There was a passing rent on the appeal property of £778,952 per annum from February 2014, however this was listed as the rent for 34-36 High Holborn and both parties agreed it was too far removed from the AVD to be relevant to this appeal, therefore the panel attached no weight to it.

12. The panel heard from Mr Keena that the neighbouring buildings at 31-33 High Holborn and 37-39 High Holborn were in the 2010 list between £315psm and £385.88psm, compared to the appeal property which remained at £550psm.

13. The panel noted that these assessments were split into 1st Floor and 2nd Floor assessments at each location, and were originally built in the 1930's and 1950's. In addition, the two locations had retail premises at the ground floor levels and 31-33 High Holborn also incorporated residential units in the building.

14. Mr Kenna stated that across Holborn where the subject property was located, there was a general increase in RV's between the 2010 and 2017 rating lists of approximately 10%. The subject property was the only assessment that reduced in value between the lists. It was his contention that for the subject property to follow the trend in the area the RV should be reduced to £605,000.

15. The panel considered this argument; however, it was aware that the original RV of £870,000 was no longer the value being requested by Mrs Pathak, and the revised figure of £704,000 was below the RV of £710,000 in the 2017 list. In addition, the panel was aware that the values in the 2017 list were not relevant to the appeal before it today as the AVD was different for both lists and different sets of evidence and different economic circumstances had to be considered for each rating list.

16. Mrs Pathak had submitted two comparable assessments at 184 High Holborn and 190 High Holborn, both were originally built in the 1980's and were exclusively office buildings. The assessment at 184 High Holborn incorporated the 3rd to 5th Floors and was valued at £500psm

and an appeal had been dismissed, and 190 High Holborn incorporated the Basement to 8th Floors and was valued at £483psm and an appeal had been withdrawn.

17. Mr Keena stated that there was a junction at Kingsway and Southampton Row and argued that the VO's comparable assessments were less comparable as they were valued in a scheme for properties west of the junction, and the subject property was valued in the scheme for properties east of the junction.

18. The panel found that as there was no relevant rental evidence put forward, it had to determine the RV to be certified based on the tone in the area. While 184 and 190 High Holborn may have been in different schemes, no evidence was put forward to show what these schemes were or the values for them.

19. The panel found that the adjacent buildings to the subject property were not truly comparable due to their age and the mixed use of the buildings.

20. It was the panel's opinion that the VO's comparable evidence was stronger as it was for office buildings that had no retail elements. The evidence put forward by Mrs Pathak was also of office buildings originally built at a similar time to the subject property in the 1980's.

21. Based on the evidence before it, the panel found there was insufficient evidence to reduce the base rate to £380psm.

22. Therefore, the appeal was allowed in part, and the panel confirmed the certified RV for transitional relief purposes at £704,000 based on £450psm.

Order

23. The Valuation Officer is hereby ordered to amend the rateable value so certified for transitional relief purposes to £704,000 RV effective 31 March 2017.

Date: 24 February 2023

Appeal number: VT00013176

Right of 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.