

TRIBIWNLYS PRISIO CYMRU - VALUATION TRIBUNAL FOR WALES

Appellant: Mr Mathew Parry

Appellant's Address: Frenni Freight, Parc Gwynfryn, Crymych SA41 3RQ

Appeal number: 684529886643/541NV17/25

The Matter Appealed against: 2017 Rating List

Date of Hearing: Wednesday 11th December 2019

Appearances: Mr M Parry (appellant) & Mrs D Giddings (for the respondent Valuation Officer)

Date of Decision: 15th January 2020

Decision of Tribunal: Appeal allowed in part

Members of the Tribunal: Mr DO Evans (Chairperson), Mr AE Sangster & Mr JG Edwards

Tribunal Clerk: Mr G Harris

Introduction:

1. Mr Parry contended, in a proposal to alter an entry in the 2017 Rating List received by the Valuation Officer on 13th October 2017, that the Rateable Value (RV) of Frenni Freight, Parc Gwynfryn, Crymych was incorrect and should be reduced from £33,250 to £14,645 with effect from 1st April 2017.

2. In making his proposal Mr Parry wrote –

Property is descried as workshop which would be insulated & heated for staff welfare, this is not insulated or heated.

It's used to load/unload lorries undercover. A small number of pallets that can't be delivered are stored using aprox 10 sq/m floor space.

Comparison with immediate neighbour, Riverlea, shows ground floor workshop or internal storage (insulated & heated) rated at £16.94 per sq/m. Mansel Davies shows internal store is £14.36 sq/m. We assess our building at £14.36 sq/m Our 7000 sq/m of land is rough surfaced & unfenced, rated at £1.00 per sq/m. Riverlea 1,500 sq/m of land better quality, rated at £1.00 per sq/m.

Amaeth Dil Agri, 700 sq mt, better quality, rated at 75p per sq/m. Riverlea, Whitland 15184 sq/m, unsurfaced, unfenced and rated at 40p per sqm t. As per your guidelines, volume attracts discount and we assess our land at 50p per sq/m.

3. This is a summary of the case and is not intended to be an exhaustive record of the proceedings. However, the parties can be assured that all the

evidence was fully considered by the tribunal when it arrived at its decision. Consequently, the absence of reference to any statement, or evidence, should not be construed as being overlooked.

Summary of the Case

4. Mrs Giddings, for the Valuation Officer, explained that she would be acting in the role of advocate. She introduced the appeal stating how the £/m² value of the subject hereditament was the matter under dispute.
5. She explained that the basis of valuation for the appeal property had been defined under Paragraph 2(1) Schedule 6 of the Local Government Finance Act 1988 as –

2(1) The rateable value of a non-domestic hereditament [none of which consists of domestic property and none of which is exempt from 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.*

6. Mrs Giddings described the appeal property as being an industrial unit of 776m² with ancillary storage land of 7,000m². It had been constructed of steel frame, with profile sheet sides and roof and a concrete floor. It benefited from an eave height of 5.2m and had a roller shutter door at each end of the unit. The walls and roof were not insulated. It was located on a small industrial estate north of the village of Crymych, some 10 miles north of the A40 at Whitland and 5 miles south of the A487. Mrs Giddings provided a location plan, a line drawing of the hereditament and photographs of the property in her evidence.
7. Mrs Giddings explained that as an enquiry for previously settled cases on the same valuation scheme had proved unsuccessful, an analysis of relevant rental transactions formed the best evidence of value for the appeal property.
8. To support her valuation, Mrs Giddings referred to a table of rental evidence included in her evidence. A number of rental transactions had been identified on similar units located on the same industrial estate. The transactions had been analysed to arrive at an opinion of open market rental

value. As the appeal property was larger than the units held in the rental summary an adjustment had been made to reflect the difference in size. The table of rental evidence was as follows -

Address (Parc Gwynfryn)	Total area m ²	Area ITMS m ²	Effective date of rent	Adjusted Rent (£)	RV (£)	Analysed rent £/m ²	Unit Value £/m ²
Unit 1	304.11	304.95	4 th Apr 12	12,545	11,500	41.14	38.00
Unit 10	252.28	245.97	1 st Dec 15	9,832		39.97	
Unit 2	285.36	278.23	9 th Oct 12	12,000	10,500	43.13	38.00
Unit 3	295.64	296.45	31 st May 13	12,500	11,250	42.17	38.00
Unit 4	353.42	335.32	1 st Jun 12	12,001	12,500	35.79	38.00
Unit 8A	137.24	133.81	15 th Jan 14	4,691	5,000	35.06	38.00

9. Mrs Giddings considered the December 2015 letting on Unit 10 to be the best piece of evidence, as the transaction had occurred closest to the Antecedent Valuation Date. She had therefore placed more weight on this compared to the other transactions which had been set between 2012 and 2014. They were considered to be relevant evidence but had been weighted to a lesser extent than the 2015 transaction.
10. Mrs Giddings contended that the basket of rental evidence firmly supported a level of value of £38/m² for units on the site which were less than 500m². Mrs Giddings explained that as leasing a larger unit tended to achieve a lower price per square meter a hypothetical landlord would provide a discount to reflect this issue. As the appeal property was the only unit larger than 500m² and did not have a passing rent an assumption had been made in this respect. As such a discount of around 10% had been made in the proposed rate of £35/m². This rate had been further discounted to £32.44/m² to reflect the lack of insulation in relation to the walls and roof. The value of the ancillary storage land had been reduced from £1/m² to £0.60/m² in agreement with the appellant.
11. In light of this Mrs Giddings' proposed valuation was as follows –

Floor	Description	Area m ²	£/m ²	Value (£)
Ground	Workshop	776.10	32.44	25,177
Additional features of the property included in the valuation				
	Rough Surfaced, Unfenced Land	7000.00	0.60	4,200
Valuation Subtotal				29,377
Adopted Rateable Value				£29,250

12. Referring to the comparable properties referred to by Mr Parry in his proposal Mrs Giddings did not believe that they were particularly comparable and therefore were not the best evidence from which to base a

valuation. Riverlea Tractors, Crymych despite being located close to the appeal property was 4 times larger at 3011m² and was much older having been constructed between 1940 and 1954. Similarly, Riverlea tractors, Whitland was also larger at 2242m², had been constructed in 1980 and had been valued on a scheme for rural properties.

13. Other properties included Jewson, Crymych which had been valued as a builder's merchant and was also larger at 1073m² and older being built in 1980. WH James and Son Ltd, Crymych was not located on an industrial estate, was larger at 1500 and much older of a 1919 to 1939 construction. Mansel Davies and Son Ltd, Llanfyrnach was much larger at 3612.3m², had been built between 1955 to 1964 and was also not on an industrial estate.⁷⁹ St Davids Road, Letterston was also larger at 1562.39m² and according to VOA records had been built between 1965 and 1970 however Mr Parry had provided a picture of a modern looking building which Mrs Giddings considered needed further investigation. Finally, Midway Garage was of a similar size to the appeal property at 615.10m² however was far older having been constructed between 1955 and 1964 and was again not located on an industrial estate.
14. In light of the above, Mrs Giddings contended that the assessments were not comparable and that the best evidence was the passing rents available on the units located on the same industrial estate. As such, she requested that the tribunal amend the appeal property's entry in the Rating List to RV £29,250 with effect from 1st April 2017.
15. Under cross examination Mrs Giddings confirmed that it was an accepted practice to apply a quantum allowance for larger assessments, the amount of which would be based on rental evidence available. Older properties would usually attract a lesser rental value with age being a considerable factor, as would location, when considering a rental bid.
16. Mr Parry contended that no one would pay a high rent for a cheap shed, a businessperson would build his own. It had cost Mr Parry £75k or £100/m² to build the appeal property. An insulated shed would have cost much more, at around £200/m². The appeal property did not have running water, and the toilets were portaloos as there was no sewerage connection, it was just 4 walls and a ceiling and 88% land.
17. Mr Parry explained that the owner of the neighbouring industrial estate had paid around £140k to construct each industrial unit which had an average size of 300m² with each unit benefiting from heating and a water supply. An additional £450k had been spent putting a road network in. Mr Parry contended that if it cost 3 times the amount to build one of the industrial units, his property should be at least half the value. The industrial estate was a small site with a niche market, with each unit attracting a significant rent.
18. Mr Parry contended that the VOA's case had been based on the appeal property being located on the industrial estate which he said was not the case. The VOA were not active in the area and he believed that his property

should be valued in comparison with similar businesses in the locality such as Mansel Davies, Letterston, Riverlea in Whitland or Midway Garage, Crymych which Mr Parry described as the best comparable, it had been rebuilt in 2006, was located 1 mile from the appeal property and had been valued at £17.61/m². Mansel Davies had been valued at £16.68/m² and Riverlea at £20.50/m². Another similar business based at Railway Yard, Boncath had been valued using a unit rate of £12/m².

19. To support his contentions Mr Parry provided the tribunal with photographs of the appeal property and of the above comparable businesses.
20. At the conclusion of the hearing, the tribunal decided to reserve its decision until they had inspected the appeal property and externally viewed some of the comparable assessments.

The Reasons for Decision

21. The tribunal accompanied by the appellant, the Valuation Officer having declined the invitation, inspected the appeal property, both internally and externally, on Thursday 9th January 2020. Following the inspection of the appeal property the tribunal externally viewed the units located on Parc Gwynfryn and a number of comparable assessments. After considering all of the evidence the tribunal decided as follows: -
22. In his proposal Mr Parry had contended that the Rating List was inaccurate, and his RV should be reduced to £14,645. In making its decision the tribunal had to decide whether the Valuation Officer has been correct to decide that the appeal property was located on Parc Gwynfryn and as such use the rental evidence of other properties located on the estate as a basis of valuation. Or, as Mr Parry contended should the hereditament be valued in line with similar businesses located in the surrounding area.
23. During the site inspection the tribunal noted that when viewed from the A478 the entrance for the industrial estate was prominently advertised by way of a sign headed by the Parc Gwynfryn logo with the names/logos of all the businesses located on the estate listed underneath, including that of Frenni Freight. The entrance into the estate off the A478 was by way of a tarmac road with the Frenni Freight site to the left after an entrance wall, which again advertised the name of the estate. Although the remainder of the units were located on the other side of the estate's entrance road, and despite Mr Parry's contentions that the property had been constructed prior to the rest of the units, the tribunal believed that a reasonable onlooker would consider Frenni Freight to be located on Parc Gwynfryn.
24. The tribunal noted that although it considered the appeal property to be located on Parc Gwynfryn, the other units seemed to be superior in build quality having insulation and part brick-built interiors. The tribunal also noted that although the appeal property had been valued as a shell, a 2-storey

office accommodation block within the property had not been included in the valuation.

25. After externally viewing a number of the comparable properties put forward by Mr Parry in his proposal the tribunal noted a number of similarities however were not persuaded that the appeal property should be valued using their unit values due to their location and the fact that they were in the most part considerably larger and older than the appeal property.
26. In light of this the tribunal considered that the Valuation Officer had been correct to base her valuation of the appeal property on the rental evidence of other properties located on the estate, using the analysed rental value of £38/m² as the starting point. The tribunal considered the 2.5% reduction due to a lack of wall insulation and a further 2.5% due to a lack of roof insulation to be fair, however did not consider the 10% quantum allowance fully reflected the difference in size between the appeal property and other units on the estate. The tribunal considered that an additional 15% discount in the unit rate of £38/m² fairly reflected the lack of heating, sewerage connection and running water. The tribunal believed that this reduction also fairly reflected the difference in quality between the appeal property and the other superior units located on Parc Gwynfryn.
27. Applying the total 25% discount to the unit rate of £38/m², followed by the two further 2.5% allowances resulted in a unit rate of £27.1/m². Using this unit rate, the Tribunal's valuation was as follows –

Floor	Description	Area m ²	£/m ²	Value (£)
Ground	Workshop	776.10	27.10	21,032

Additional features of the property included in the valuation

	Rough Surfaced, Unfenced Land	7000.00	0.60	4,200
Valuation Subtotal				25,232
Adopted Rateable Value				£25,000

28. In light of the above, the appeal was allowed in part and the tribunal orders that the Valuation Officer alters the RV of Frenni Freight, Parc Gwynfryn, Crymych to £25,000 with effect from 1st April 2017.

Certified a true copy on 15th January 2020