

THE VALUATION TRIBUNAL FOR ENGLAND



Summary of Decision: non-domestic rates, shop, zoning, comparable shops, rental evidence, appeal dismissed.

Re: 11 Eastwood Road Rayleigh, Essex SS6 7JD

APPEAL NO: CHG000000139

BETWEEN:

The Rayleigh Salon

t/a Salon Messina

Appellant

and

Mr C. Sykes

Respondent

(Valuation Officer)

BEFORE: Ms. L. Moses (Chairman)

SITTING AT: The Tribunal Offices, 2nd Floor, 120 Leaman Street, London, E1 8EU

ON: 26th June 2018

APPEARANCES:

The Appellant was represented by Mr Anthony Jacobson, the owner of the company.

The Respondent Valuation Officer was represented by Mr Simon Clare of the Valuation Office Agency as advocate and expert witness.

Summary of Decision

1. The appeal is dismissed as the rental evidence and the comparable evidence provided from the neighbouring properties supported the revised Rateable Value sought by the Valuation Officer.

Introduction

2. This was a 2017 Rating List appeal. The Rateable Value of the appeal hereditament was £23,000 from 1 April 2017. The Valuation Officer had reviewed the assessment and sought to defend a revised rateable value of £21,500. Mr Jacobson proposed that his RV should be set at £16,500. This was a compiled list appeal so the material day was also 1 April 2017. The appeal was made on 9th February 2018, following the Valuation Officer's Decision Notice of 9th November 2017 in respect of the appeal property (hereditament).
3. According to the VOA the breakdown of the valuation was as follows:

Floor	Description	Area m²/unit	Price per m²/unit	Value
Ground	Retail Zone A	37.00	£350.00	£12,950
Ground	Retail Zone B	41.20	£175.00	£7,210
Ground	Retail Zone C	10.30	£87.50	£901
Air conditioning system		77.50	7.00	543

Total value: £21,604 Rounded down to £21,500

4. The appeal hereditament was a shop. I was advised at the hearing by Mr Jacobson that the RV of his shop had increased by £3,000 whereas the comparable shops in the immediate locality had decreased in value.

Particular reference was made to 3 Eastwood Road, where Mr Jacobson advised that he was valued at 59% more in RV when the accommodation at number 3 is only 14% smaller than his shop.

5. Mr Jacobson also submitted that as the RV is meant to represent the open market rental value as at 1st April 2015 the current valuation of £23,000 is completely out of line with the rent paid of £14,000.
6. According to the VO response to the challenge (dated 17th August 2017) the rent on the appeal property of £14,000 from 23rd May 2013 analyses to £286 per m²; this includes an adjustment to reflect the 6 month rent free period. The rent was agreed some two years prior to the antecedent valuation date (AVD) and does not take into account £50,000 spent on improvements.
7. At the hearing Mr Jacobson explained that whilst £50,000 was spent setting up the business only £20,000-£25,000 was used on the building itself, the remainder was spent on chairs, sinks, mirrors etc. which were his items and did not form part of the hereditament. The rent free period was also challenged on the basis that he had to pay the equivalent of 6 months rent as a deposit before occupying the property.
8. I note from the submission that Mr Jacobson, in his email dated 4th October 2017, had stated that he 'did not invest £50,000 into fitting out the shop'. It was unfortunate that the Valuation Officer did not investigate that assertion further.

Decision

9. For rating purposes it is a requirement that the appeal hereditament must be valued for the purpose of non-domestic rating on the basis of the rent at which it might reasonably be expected to let from year to year on a number of assumptions (see paragraph 2(1) of Schedule 6 of the Local Government Finance Act 1988). The date of the hypothetical rent was 1 April 2015 (antecedent valuation date or AVD).
10. Matters that affect the physical state or enjoyment of the property or the locality were to be taken as at 1 April 2017 for this appeal.

11. I therefore turn first to the rental evidence submitted. According to the Valuation Officer's submission the rent devalues to £286 per m² (after reflecting tenant's improvements). This was compared to the rent on 2 Eastwood Road which devalues to £365.97 per m² and 7 Eastwood Road which devalues to £415 per m².
12. I place the greatest weight on the rents passing on numbers 2 and 7 Eastwood Road which are located in the same parade and opposite the subject shop as they were agreed in January and February 2014, close to the AVD. From this evidence I find that the price per m² adopted for the appeal shop is not excessive. I also accept that if the rent on the subject property is included the average of the three rents also demonstrates that the value adopted for the subject shop is not excessive.
13. With regard to the comparable shops presented in evidence, I found the location plans to be particularly helpful. It was evident from these plans that the other shops on the same side of the road as the appeal unit are assessed on the basis of £375 per m² zone A. Whereas on the other side of the road the parade of shops which includes unit 2 are assessed on the basis of £350 per m². It is recognised by me that the Valuation Officer, following his site visit, accepted that there was no difference between the odd and even sides of the road and as a result, reduced the assessment of the subject shop to the level on the parade opposite.
14. Turning to the points raised by Mr Jacobson, I recognise his arguments over the changes in value increasing the assessment of his shop and reducing the neighbouring ones following the 2017 revaluation. The purpose of a revaluation is to have regard to changes in the rental market since the previous valuation, which must be based on actual rental evidence and as I stated above I am satisfied that the rental information provided does not demonstrate that the level of value adopted is excessive.
15. With regard to the comparison with 3 Eastwood Road I find that the reason for the apparent disparity in valuations raised by Mr Jacobson arises due to the fact that number 3 has areas which are valued at lower levels of value, particularly on the first floor, which is assessed on a much lower basis; in

addition unit 3 has a smaller zone A which attracts the highest value. So while the total floor areas of these units was highlighted by Mr Jacobson; the areas in terms of zone A, which has regard to the levels of value applied to the different zones is a more appropriate comparator as it allows for the lower values applied to the rear part of the shop and the upper floor. I am therefore satisfied that as unit 3 has a smaller zone A area and also has areas that attract lower levels of value the differential in value between this unit and the subject shop is not incorrect.

16. I therefore determine that the entry in the Rating List be confirmed at £21,500, with effect from 1st April 2017; as contended by the Valuation Officer in his challenge notice of decision and before me. The appeal against this entry by Mr Jacobson is therefore dismissed.

APPEAL NO: CHG000000139

27 June 2018