

**THE HIGHLAND & WESTERN ISLES**  
**VALUATION APPEAL COMMITTEE**

**Inverness, 17 April 2018**

Subjects	Reference Number
<b>Shop, 9 Strothers Lane, Inverness, IV1 1LR</b>	<b>06/08/750445/1</b>
For the Appellant	For the Respondent
<b>Mr Matthew Tett</b>	<b>William G Gillies, Assessor &amp; Fiona Rostock, MRICS</b>

**SUBJECTS**

The Appeal Subjects comprise a retail unit at 9 Strothers Lane, Inverness, IV1 1LR. Strothers Lane is situated off the north side of Academy Street, Inverness. The shop occupies a ground floor unit. It is entered in the Valuation Roll at £28,000.

**EVIDENCE FOR THE APPELLANT**

The Appellant contended for a Rateable Value of £18,000. He did not seek to rely on the rent actually passing for the subjects, £3,996 per annum. He conceded this was not at the level of a market rent. It reflected an affordable level of rent agreed between him and the landlord, his wife, for the business run by the Appellant from the subjects.

Instead, the Appellant relied on (a) the level of rent paid by him before the subjects were bought by his wife in September 2010 and he became her tenant - £17,148; (b) the price of £237,500 paid by his wife for the subjects which “on a generous seven per

cent yield” would result in a rent of £17,000; (c) the extent to which the Rateable Value of nearby subjects had decreased since the 2010 revaluation, decreases not matched by the Rateable Value of the Appeal Subjects; (d) various retail comparisons in Strothers Lane and Academy Street, Inverness; (e) nearby subjects, namely, a car park, TK Maxx warehouse and Royal Mail Sorting Offices all of which have Rateable Values per square metre less than the Appeal Subjects.

### **EVIDENCE FOR THE RESPONDENT**

The Assessor led evidence from Fiona Rostock, MRICS. She has been a qualified Surveyor for 17 years and has worked in the Assessor’s Office for 21 years. In the 2010 and 2017 revaluations she has been substantially involved in the valuation of retail subjects.

The Tone Date for the present revaluation was 1 April 2015. The starting point in the revaluation exercise is to seek rental evidence at or around that date and from that assess the rent the hypothetical tenant would pay on the open market on the statutory terms.

Capital value would only be looked at if there is a dearth of rental evidence. There was no need to have regard to capital value in this case because there was sufficient rental evidence in the vicinity of the Appeal Subjects.

She spoke to the application of quantum allowances. As a general rule, larger units would pay slightly less per square metre than smaller units. There had been an element of quantum applied here. The starting figure was £32,193 less a 12 ½%

discount for an end allowance and the shape of the subjects. The application of that end allowance brought the valuation down to £28,249 which was rounded down to £28,000. £175 per square metre was the settled rate in Strothers Lane. Taking account of the comparable rental evidence and rental analysis which she had undertaken in respect of the subjects at 3, 4, 4a, 5 and 6 Strothers Lane, Inverness and wider Inverness town centre rents, in her evidence £175 per square metre was readily justified.

In terms of the level of rent paid by the Appellant prior to September 2010 - £17,148 – she understood that to be a “stepped rent” arrangement which, after the second year would have seen the rent rise to £34,000.

#### **SUBMISSIONS FOR THE APPELLANT**

The Appellant urged the Committee to have regard to the extent to which the Rateable Value of certain nearby subjects had fallen since the 2010 revaluation and he also asked the Committee to have regard to the 2010 Capital Valuation.

#### **SUBMISSIONS BY THE RESPONDENT**

In the Assessor’s submission it was not appropriate for the Committee to attach particular weight to the 2010 Capital Valuation of the subjects when there was, as here, a sufficiency of relevant rental evidence for similar subjects in the locality.

Neither was it part of the Assessor’s duty to carry out a comparison exercise between the 2010 and 2017 revaluations.

According to the evidence of Fiona Rostock £175 per square metre was well supported by the rental evidence. There was no evidence of the Appeal Subjects having been over-valued according to that exercise. An end allowance had been applied according to the Assessor's scheme of valuation. The area of the subjects had not been challenged nor was the Zone A rate in dispute.

The car park, Royal Mail Sorting Office and TK Maxx warehouse referred to by the Appellant were too dissimilar in character to be of any assistance to the Committee, especially when there was adequate rental evidence in the vicinity. Each of those was subject to different schemes of valuation, distinct from retail subjects such as the Appeal Subjects.

He invited the Committee to dismiss the Appeal.

## **DISCUSSION & DECISION**

Paragraph 2-06 of Armour on the Valuation for Rating states, "The process of revaluation involves a completely fresh start, ideally a completely fresh survey of all the lands and heritages in the area and a new assessment of valuation. A complete re-survey is not practicable or necessary, since most of the critical information on size and character of the various subjects will remain unchanged and the Assessor will probably have been able to discover from returns by the Rate Payers or grants of Building Warrant what changes in properties have been made. So far as is practicable, however, they will visually survey all subjects and will measure anything of which they have no sufficient record. In the preparation of their valuation they are in no way bound or fettered by the levels, methods or schemes of valuation which

they used for the previous Roll. They may follow similar systems of classification or they may introduce entirely new ones. Thus comparison with what has gone before is not a relevant ground of appeal nor is the complaint, so often heard from Rate Payers, which is levelled at the extent to which a valuation has 'increased'. Nor is an updating of the level of valuation from the previous revaluation a sound basis for an Assessor's of scheme of valuation."

It follows that the Committee should not have regard to the level of any increase or decrease in the Rateable Value of these or other subjects between the 2010 and 2017 revaluations.

The capital value of the subjects in 2010, or at any other time, would only be a relevant consideration where there was a dearth of comparable rental evidence. The Committee was satisfied that there was no such dearth of comparable rental evidence here. The rate of £175 per square metre was well supported by the evidence. There was no dispute as to the area of the subjects nor the Zone A rate in the Assessor's scheme of valuation. An end allowance had been applied. The reference to the car park, TK Maxx warehouse and Royal Mail Sorting Office were of no assistance to the Committee given the disparity between the nature of those subjects and the Appeal Subjects.

To the extent that the evidence of the Appellant and the Assessor diverged, the Committee preferred the evidence of Mrs Rostock, an experienced valuation surveyor. In the circumstances the Committee decided to dismiss the Appeal and so the Rateable Value remains £28,000.