

STATEMENT OF REASONS

RENFREWSHIRE VALUATION APPEAL PANEL

**SPORTS DIRECT.COM
UNIT 61 BRAEHEAD SHOPPING CENTRE
GLASGOW
2018**

HEARD AT RENFREW ON 10 MAY 2018

The appellants contended that Net Annual Value/Rateable Value (NAV/RV) should be reduced from £480,000 to £300,000.

Evidence was given by the appellants that the Assessor's approach to the valuation of the shop units in Braehead Shopping Centre was too unrefined and disregarded the details highlighted by a proper consideration of the relevant valuation evidence. The appellants contended that the Zone A rates of £1,800 per square metre for the ground floor and £950 per square metre for the first floor was not supported by the valuation evidence and that the Assessor had failed to take into account the specific layout of the appeal subjects and had disregarded the lack of demand for similar shops within the Centre. The appellants gave evidence that to maintain shop occupancy at the tone date the landlord had made significant rental concessions to several tenants either by reduced rents or turnover rents and this reflected the actual conditions of the market.

The appellants contended that the rateable value proposed by the Assessor was based on a basket of rents which is appropriate if the evidence is appropriately weighted but the appellants' view it was not and disregarded "turnover only" rents, low rents, long vacancy periods, lack of demand all apparent at the tone date. The appellants argued that the Assessor's evidence was subject to an averaging exercise and did not take into account the ranking of the evidence in the hierarchy of valuation. The appellants referred to six units at Braehead Shopping Centre as comparisons.

The Assessor then gave evidence that the hierarchy set out by the appellants would not be accepted by everyone. It was stated by the Assessor that he does not use averaging. The appeal subjects had been valued by the Assessor using the comparative principle by ascertaining the rent which the hypothetical tenant might be expected to pay for the subjects. The hypothetical level of value is derived from analysis of the rents of comparable properties in a particular area with the individual rents on the properties being adjusted to ascertain the hypothetical level of value as required.

The Assessor's approach is to examine both the terms of the lease being analysed and the motivations of each of the parties to the agreement including in particular their motivations in respect of the offer and acceptance of incentives. The Committee heard

evidence from the Assessor that the Assessor has a blended approach to the rents which would include looking at new lettings or lease extensions.

The Assessor defended the NAV of £480,000 by using a considerably wider range of comparisons than the appellants. The Assessor contended that the comparisons used by the appellants were selective and that they did not reflect the actual market transactions at the tone date.

The Assessor gave evidence that for the first of the appellant's comparisons there was no information disclosed on the terms agreed and therefore could not be taken into account. The appellant's second comparison was the lease extension and therefore lower and hierarchy. The third and fourth of the appellant's comparisons were "turnover only" and there was no information on the turnover. The fifth and sixth comparisons were post tone date. The Assessor argued that they were not compelling evidence.

The Assessor also argued that as evidenced by the comparison subjects the rents had increased in the Shopping Centre not decreased.

The Committee considered in full the evidence which had been submitted and arguments made for both parties. The Committee considered that the Assessor had taken into account all relevant information and comparisons available in assessing the NAV/RV and accepted the validity of the Assessor's approach as the Assessor's evidence included extensive comparisons. The Committee decided that, the Assessor's evidence was to be preferred to that of the appellant which was more selective. The Committee also considered that validity had been given to the Assessor's valuation due to the fact that all other appellants had accepted the position and withdrawn their appeals with no adjustment to the Zone A rate.

Accordingly the Committee dismissed the appeal and upheld the valuation proposed by the Assessor of £480,000.