



RA/67/2006

**LANDS TRIBUNAL ACT 1949**

*RATING – valuation – purpose-built offices on an industrial estate – comparables – valuation schemes – appeal allowed – RV increased to £10,350*

**IN THE MATTER OF A NOTICE OF APPEAL**

**BETWEEN**

**SUSAN ANNE WHITEHEAD  
(VALUATION OFFICER)**

**Appellant**

**and**

**BAKO (UK) LTD**

**Respondent**

**Re: 73 Roman Way  
Ribbleton  
Preston  
PR2 5BE**

**Before: A J Trott FRICS**

**Sitting at the Sessions House, Preston  
on 29 March 2007**

The appellant Valuation Officer in person, with the permission of the Tribunal  
Mr Adrian Telford Lang FRICS on behalf of the respondent

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**The following cases were referred to in argument:**

*Fir Mill v Royton UDC and Jones (VO)* (1960) 7 RRC 171

*Williams (VO) v Scottish and Newcastle Retail Ltd and Allied Domecq Retailing* [2001] EWCA Civ 185; [2001] RA 41, Court of Appeal.

## DECISION

### Introduction

1. This is an appeal by the Valuation Officer against a decision of the Lancashire Valuation Tribunal dated 26 July 2006 determining the assessment in the 2005 local non-domestic rating list of 73 Roman Way, Ribbleton, Preston, PR2 5BE (the hereditament) at a rateable value of £7,750. The hereditament was shown in the 2005 compiled rating list as “Office and Premises” at a rateable value of £11,750, which is the figure supported by the appellant. The material day and the effective date for the appeal are 1 April 2005.

2. The case was heard under the simplified procedure. Mrs Susan Anne Whitehead MRICS was authorised to appear on behalf of the VO and did so with the leave of the Tribunal. Mr Adrian Telford Lang FRICS, IRRV, Managing Director of ATL Surveys Limited, appeared on behalf of the respondent, with the leave of the Tribunal, in the dual capacity of representative and expert witness.

3. I made an accompanied inspection of the hereditament on 29 March 2007. I also made unaccompanied external site inspections on 30 March 2007 of 25 comparable properties that had been referred to in evidence.

### Facts

4. The parties prepared a statement of agreed facts from which, together with the evidence and my site inspections, I find the following facts.

5. The hereditament is situated on the Roman Way Industrial Estate on the B6243 approximately 3.5 miles north east of Preston and 1.25 miles from junction 31A of the M6 motorway. The estate comprises predominantly industrial units and has been developed from the early 1970s onwards. It is located close to two other industrial developments, the Red Scar and Rough Hey Industrial Estates.

6. The hereditament is located at the south eastern end of Roman Way at the rear of the estate. It comprises a freestanding, single-storey, purpose-built office block of brick construction under a profiled metal roof. It was constructed in 1996 without planning permission. No enforcement action has been taken against the development by the local planning authority which has acknowledged in writing that it would be unlikely to do so even if it were able. The property has an agreed net internal area of 138 sq m. There are seven marked car parking spaces that are included within the rating assessment. The building is situated within a larger site occupied by the respondent and is secured by electronically controlled sliding steel gates that were installed after the material day. Internally, the

hereditament has carpets over concrete floors with suspended ceilings and concealed fluorescent lights. The majority of the dividing walls are constructed from aluminium frames which are double glazed with interstitial Venetian blinds. There is a full gas central heating system but no air conditioning.

7. The respondent is the freehold owner-occupier of the hereditament for which there is therefore no direct rental evidence. The mode or category of use of the hereditament is as an office and all rental values, both for the hereditament and comparable properties, are quoted in terms of main space.

### **The case for the appellant**

8. In the absence of any rental evidence of purpose-built offices on the Roman Way Industrial Estate Mrs Whitehead firstly examined the evidence of rents from purpose-built offices on other industrial estates. Four such estates were identified, at Mead Way, Padiham; Kenyon Road, Brierfield; Wilkinson Way, Blackburn; and Bamber Bridge, Preston.

9. The properties at Padiham, Blackburn and Bamber Bridge were said to be in similar locations to the hereditament, having no direct motorway access. The property at Brierfield enjoyed a superior location given its proximity to a motorway junction. The comparables were similar in physical characteristics to the hereditament except for that at Wilkinson Way, Blackburn which was said to be of inferior construction. The Padiham property had an impressive entrance and reception area. The property at Brierfield was over 7 times as large as the appeal property whilst the remaining three comparables were broadly similar in size. The dates of the rental transactions of the comparables varied from January 2002 to June 2005. The rent ranged from £72.78 per sq m (agreed) to £147.10 per sq m (not agreed).

10. Mrs Whitehead next looked at rental evidence from purpose-built offices on business parks and produced six comparables from three such parks, at Pittman Way and Eastway Business Village, both at Fulwood, Preston and at Sceptre Way, Bamber Bridge, Preston. All of the comparables were in a superior location to the appeal property. The three Pittman Way offices were constructed in 2002/3 and were said to be of similar size and quality of construction to the hereditament. They had no direct motorway access. The two comparables at Sceptre Way were built in 2001 and were of a similar quality and construction to the hereditament, but were closer to the motorway. The comparable at Eastway Business Park was also of similar quality and construction but was older, having been built in 1989. The dates of the rental transactions of the comparables varied from June 2000 to September 2004. The agreed analysis of the rent ranged from £122.84 per sq m to £125.56 per sq m.

11. Mrs Whitehead then considered the rental evidence of six purpose-built industrial units on the Roman Way Industrial Estate. One of these, 72 Roman Way, had been adapted as service centre offices that, whilst retaining the external physical characteristics of an industrial unit, had been fitted out internally as offices including a suspended ceiling, concealed lighting and air conditioning. This property had been let in April 2000 at £31.25 per sq m (not agreed).

Four of the remaining comparables in this category were said to be industrial in use and physical characteristics. They had rents fixed from July 2000 to June 2004 and agreed values ranging from £26.83 per sq m to £39.84 per sq m. The remaining property, at 72A Roman Way, was used as a gymnasium although the building retained many of the physical characteristics of an industrial unit. Mrs Whitehead also referred to a property at 434 Ranglet Road, Bamber Bridge, Preston which she cited to illustrate the difference between the rental value of purpose-built offices and purpose-built industrial units on the same industrial estate. The rent in respect of 434 Ranglet Road was fixed in May 2003 at £51.65 per sq m (not agreed). She compared this figure with the rent at Suite 1, Ground Floor 506, Green Place, Bamber Bridge which was analysed by her at £147.10 per sq m.

12. Finally, Mrs Whitehead referred to three comparable settled assessments in the 2005 rating list of purpose-built offices, all of which were on business parks. These were at Caxton Road and Pittman Way, Fulwood, Preston and at Sceptre Way, Bamber Bridge, Preston. All three were in a superior location to, and those at Fulwood were considerably larger than, the hereditament. The agreed adopted rates ranged from £110 per sq m to £128.13 per sq m.

13. Mrs Whitehead concluded from the foregoing evidence that, given the location of the hereditament on an industrial estate, it was not sustainable to adopt a value in line with purpose-built offices on business parks. However, given the physical characteristics of the hereditament, she considered that the adopted value should be closer to that of purpose-built offices than purpose-built industrial units. The range of rents from purpose-built offices located on industrial estates ranged from £72.78 per sq m to £147.10 per sq m and Mrs Whitehead said that she had adopted a value for the appeal property at £85 per sq m that was towards the bottom of this range. The valuation scheme applicable to the appeal property was scheme reference 27025. This scheme applied to office properties at the Roman Way Industrial Estate that were built after 1995 and had a value range of £70 to £95 per sq m, with no addition for car parking. The adopted value fell within this range.

14. She submitted that Mr Lang's case relied heavily upon the rental comparable at 72 Roman Way. But this was an industrial unit used for offices and not a purpose-built office. She considered that it was wrong to adopt a rate for a purpose-built office that was adjusted upwards from an industrial base value. Mrs Whitehead dismissed Mr Lang's evidence of multi-storey, town centre offices in Preston as being irrelevant to the appeal property. Those offices were wholly different in scale and character and were not comparable in any meaningful sense.

15. At the hearing Mr Lang referred to Unit D, Astra Business Centre, Roman Way as a comparable which he submitted was a purpose-built office valued under a different valuation scheme (reference 27194) to that used to value the hereditament and for which the adopted rate was £55 per sq m. Mrs Whitehead said at the hearing that she thought scheme 27194 applied to poorer quality offices. However, she was allowed a period after the hearing in which to respond to this evidence in detail and she did so by letter dated 18 April 2007. She submitted that Unit D formed part of a larger development that was constructed in the early 1970s and which was formerly used as a Skill Centre. It had been converted from the former canteen

block. Mrs Whitehead noted that valuation scheme reference 27194 was silent on the age of construction of the properties to which it applied. However, valuation scheme reference 27025 applied to properties constructed after 1995. In her opinion it was logical to conclude that scheme 27194 was applicable to properties, such as Unit D, constructed before that time. In practice that is how the two schemes had been applied and therefore Mr Lang's reference to Unit D did not alter her opinion of the adopted value for the hereditament.

### **The case for the respondent**

16. Mr Lang submitted that the adopted rate of £85 per sq m for the hereditament was too high. Roman Way was an old and poor quality industrial estate, similar to the Rough Hey Estate. Many of the VO's comparables were modern two-storey purpose-built offices on new business parks that were very busy, in great demand and very different in character to Roman Way.

17. The key comparable was 72 Roman Way, located some 90 metres from the hereditament. It differed from that property in that it was a purpose-built industrial unit that had been converted into offices. 72 Roman Way was shown as offices in the compiled list but had been valued by reference to valuation scheme 9003, a scheme applicable to industrial properties on the Roman Way Industrial Estate that were built after 1970. The value range of the scheme was £30 to £70 per square metre. Mr Lang analysed the rent payable for 72 Roman Way at £34.92 per sq m. The VO's analysis produced a lower figure of £31.25 per sq m, which he compared with the adopted rate of £85 per sq m on the hereditament. He concluded that although adjustment should be made to the analysed rent of 72 Roman Way to reflect the better quality construction and finish of the hereditament, an increase of 272% was disproportionate and wholly unsupported by the appellant's evidence.

18. Mr Lang noted that the VO had altered the list in respect of 72 Roman Way with an effective date of 20 February 2007. The rateable value had been increased to £50,500 and the property was now valued by reference to valuation scheme 27025, the same scheme that was used in the valuation of the hereditament. The adopted rate was now £65.05 per square metre.

19. Mr Lang referred at the hearing to Unit D, Astra Business Centre, Roman Way. He said that this was a purpose-built office that had been valued by reference to scheme 27194, which was applicable to offices on the Roman Way Estate. The value range of that scheme was £45 to £65 per sq m and the adopted rate for Unit D in the 2005 list was £55 per sq m. He challenged Mrs Whitehead's statement at the hearing that scheme 27194 applied to inferior, poor quality offices and submitted that this was a good comparable.

20. In addition to the five comparables of purpose-built offices on industrial parks referred to by Mrs Whitehead, Mr Lang also relied upon a property in Churchill Way, Nelson. The parties agreed the rental analysis at £76.47 per sq m as from 1 April 2001. This property was located on an industrial estate at Lomeshaye that was some 20 years younger than the estate at Roman Way.

21. Mr Lang produced two further comparables of purpose-built properties on business parks in Farington, Leyland and Gisburn, Clitheroe. The former was let at an agreed rate of £51.07 from December 2001. The latter property was let from August 2005 at £90.33 per sq m. The adopted rate was reduced from £75 to £35 per sq m with effect from November 2005 by agreement with the VO following an appeal. He also included four further comparable industrial properties at Roman Way, the agreed rental analysis of which ranged from £31.54 per sq m to £39.05 per sq m.

22. Mr Lang referred to two purpose-built, town centre multi-storey office premises in Preston: New City House, 57-63 Ringway and 33-34 Winkley Square. He analysed the rent payable in respect of the former at £96.52 from November 2003 whilst a rental analysis of the latter was agreed by the parties at £86.29 per sq m from January 2001. The respective adopted rates were £75.60 and £75.75 per sq m. Mr Lang considered that these two comparables showed that the valuation of the appeal property was too high and he queried whether an office on a secondary industrial estate located on the fringes of Preston could be worth the same as town centre offices.

23. Mr Lang concluded from the evidence that the appellant had not been consistent in her valuation of offices on the Roman Way Estate, having failed to use scheme 27194 in valuing the hereditament when that scheme had been used to value Unit D, Astra Way. He also relied upon the neighbouring property at 72 Roman Way as good evidence of an office building which had been valued at a considerably lower rate than the appeal property. He had distinguished the other comparables used by the VO and had shown that the VT had been correct to determine a rateable value of £7,750 based upon an adopted rate of £55 per sq m.

## **Conclusions**

24. The parties went to commendable lengths to collect, analyse and present their evidence, but unfortunately they failed to do so compendiously. This resulted in an accumulation of detail that detracted from the clarity of their argument. At times the key issues became lost in the disputed minutiae. The essence of the case is how best to interpret the available evidence given that there is a lack of directly comparable rental evidence involving purpose-built offices on the Roman Way Industrial Estate. Apart from the hereditament, evidence was given of only two other properties on that estate that are used solely as offices, namely 72 Roman Way and Unit D, Astra Business Centre. It was agreed that 72 Roman Way was not a purpose-built office but the parties disagreed about the provenance of the offices in Unit D. I shall return to these comparables shortly. In the absence of evidence from the Roman Way Industrial Estate the parties looked elsewhere for comparables. I did not find Mr Lang's reference to large, multi-storey offices in Preston town centre to be helpful. I agree with Mrs Whitehead that these hereditaments are wholly different in scale and character to the appeal property and are of no relevance.

25. Much of the evidence was concerned with purpose-built offices on business parks. Mr Lang argued, convincingly in my opinion, that the appellant's comparables under this category bore little resemblance to the appeal property, either physically or locationally. They

were more modern, enjoyed superior locations and were considerably busier. Despite his criticisms, however, Mr Lang produced two comparables under this category. I found neither of them to be of assistance. One was in a remote and isolated location, while the other was significantly larger (by 40 times) than the hereditament. Mrs Whitehead's comparables revealed a range of rents that were some 50% higher than her adopted rate for the hereditament. The differences between that property and Mrs Whitehead's comparables are marked and I agree with her conclusion in which she fairly concedes that it is not sustainable to adopt a value for the hereditament that is in line with purpose-built offices on business parks. For the same reason I attach little weight to the evidence of the four comparable settled assessments, all of which relate to this type of property.

26. The parties also examined rental evidence from five purpose-built offices on industrial estates. Suite 4D-K 1 Mead Way, Padiham, Burnley is not a self-contained office but is a suite of offices within a building that is considerably larger and more modern than the appeal property and which has a prestigious reception area. It is so unlike the appeal property as to be of little comparable value. Only one of these properties had a rent that was fixed within a year of the AVD. That property is at 31-33 Kenyon Road, Brierfield, Nelson. It is a two-storey building that was constructed (1994) at about the same time as the hereditament and is similarly located at the back of an industrial estate. It is closer to the motorway and is seven times as large as the appeal property. The agreed rental analysis is £72.78 per sq m. Mr Lang produced another comparable from the same estate, at 32 Churchill Way, which the parties agreed had a rental value, fixed two years before the AVD, of £76.47 per sq m. The remaining two comparables, at Wilkinson Way, Blackburn and at Bamber Bridge, Preston, both had higher rents, at £115.79 per sq m and £139.74 per sq m respectively. Their locations were similar to that of the hereditament. The building at Wilkinson Way was more modern (2003) but of inferior construction whilst that at Bamber Bridge was a suite within a larger building constructed in 1992. I place weight upon these comparables, particularly the two offices at Nelson.

27. The evidence from the Roman Way Industrial Estate itself comprised details of industrial units which have varying levels of office accommodation (from 11.5% to 39.7%). The mode or category of occupation of all except one of these units is industrial, the exception being a gymnasium. I do not find these comparables to be helpful other than as providing an industrial base value from which the parties have analysed the comparable at 72 Roman Way. The mode or category of occupation of the hereditament is as an office and it should be valued accordingly. There are two comparable offices on the Roman Way Industrial Estate. Firstly, there is the nearby property at 72 Roman Way. Constructed as an industrial unit in 1982 it was converted into offices in 2000. The adopted rate in the 2005 compiled list entry was some £47 per sq m. However, in February 2007 the VO altered the list entry to an adopted rate of £65 per sq m. Secondly, reference was made to Unit D, Astra Business Park which was valued in the 2005 list as an office and premises at an adopted rate of £55 per sq m. Mr Lang contended that Unit D was purpose-built as offices while Mrs Whitehead argued that it had been converted from an industrial unit that was built in the early 1970s.

28. In both cases the parties disputed the valuation scheme that was used. The hereditament was valued by reference to scheme 27025 which applies to offices at Roman Way that were



built after 1995. In the compiled 2005 list 72 Roman Way was valued by reference to scheme 9003 which applies to industrial property built after 1970. The recent alteration to the list was made by reference to scheme 27025. Unit D on the other hand was valued in the 2005 list by reference to scheme 27194. This is applicable to offices at the Roman Way Industrial Estate. There is no reference in the scheme to the age of the buildings to which it applies. Mrs Whitehead says that it should apply to buildings constructed before 1995. I can find nothing in the scheme, however, to support Mrs Whitehead's tentative statement at the hearing that it applies to inferior quality (as opposed to older) offices. There is a significant difference between the value ranges of the two office valuation schemes; scheme 27194 has a range of £45 to £65 per sq m while scheme 27025 has a range of £70 to £90 per sq m.

29. I agree with Mrs Whitehead that valuation schemes should only be used as a guide and that direct rental evidence is the appropriate basis to establish the level of value. In this instance the wording of schemes 27025 and 27194 could have been worded more clearly to explain the temporal differences in their application. But I accept Mrs Whitehead's explanation of the difference between the two schemes as being reasonable and I prefer her explanation of the background to the use of Unit D as offices. (I would add that according to her definition it would appear that 72 Roman Way, given its age and its conversion to offices, should be valued by reference to scheme 27194 rather than 20725.)

30. The rental evidence of 72 Roman Way is historic, having been fixed in April 2000. Accordingly I do not attach weight to this transaction. There was no evidence of the rental value of Unit D given at the hearing although Mr Lang subsequently submitted details of a prospective letting of the property in April 2007. I find that to be of no assistance.

31. I accept Mr Lang's argument that the appellant has given insufficient weight to the location of the hereditament at the back of an industrial estate that dates from the 1970s and away from the main spine distributor road. It is isolated and in a relatively unattractive position. From the evidence before me, and with particular regard to the comparables of purpose-built offices on industrial estates to which I have referred above, I conclude that the adopted rate on the appeal property of £85 per sq m is too high. I do not accept, however, that the figure of £55 per sq m that was determined by the VT is justified. I think that Mrs Whitehead was correct to place the assessment within the range of values contained in valuation scheme 27025 and I believe that the evidence that the parties produced supports this. But I consider that the adopted rate should be reduced to £75 per sq m, giving a rateable value of £10,350. The appeal is therefore allowed to this extent and I direct that the 2005 rating list be amended accordingly with effect from 1 April 2005.

32. This case was heard under the simplified procedure under which an award of costs is made only in exceptional circumstances. In my opinion there are no such circumstances in this case and neither party suggested at the hearing that there were.

Dated 25 May 2007

A J Trott FRICS