

VAC – 14/6/06

STATEMENT of REASONS

Re

VALUATION APPEAL

By

M. MAEEN and S. AHMED

In respect of

Shop, 350/346 Kings Park Avenue, Rutherglen,
Glasgow G73 2AL

And

VALUATION APPEALS

By

CLARE O'BRIEN and M. MAEEN

In respect of

Shop, 344 Kings Park Avenue, Rutherglen,
Glasgow G73 2AL

Both appeal subjects had been valued by the Assessor on the comparative principle. If there are in existence subjects which in size, character and location are sufficiently comparable with the subjects to be valued and if these subjects are let in the statutory terms or at rents which can be adjusted so as to represent the rents of those subjects in the statutory terms then the annual value of the subject to be valued may be arrived at by consideration of the rents payable for the comparable subjects (Armour para 19 - 19).

The case for the appellant, while clearly presented, was flawed in the eyes of the Committee by being based entirely, so far as rental evidence was concerned, on two identical rents passing for the appeal subjects 344 Kings Park Avenue, to the exclusion of all other rental evidence including the rent passing for the adjacent subjects at 352 Kings Park Avenue.

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The best method of arriving at an estimate of annual value is by the study of actual rents passing both in respect of the subjects being valued and subjects comparable with them in size, character and situation (Armour on Valuation for Rating, Fifth Edition, para 19-02 and Simmons Furniture Store Limited -v- Assessor for Dumfries and Galloway 1989 SLT 4). In the view of the Committee there existed here subjects which passed the test to be treated as appropriate comparisons, details of which, including an analysis of the rents passing had been provided to the Committee. In these circumstances, the rent passing for the appeal subjects themselves was not conclusive or determinative of the annual value of the subject. Evidence of such a rent was simply an adminicle of relevant evidence (Armour 19-07).

The rent rate of £72 per square metre brought out by an analysis of the rents passing for the appeal subjects was clearly significantly lower and out of line with all but one of the rents passing for all comparable subjects in respect of which evidence was placed before the Committee. A correct valuation for the appeal subjects required the net to be cast wider than the appeal subjects and consideration taken of the relevant rental analysis of all the comparable properties.

This did not of course mean that the Assessor was necessarily correct in fixing his zone A rate of £120 per square metre. The valuation exercise was one requiring extrapolation from the available evidence using the valuer's knowledge, skill and judgement. It was not an exact science.

Having looked at the comparison evidence closely, the Committee concluded that the zone A rate suggested by the Assessor was slightly higher than it should have been and that an appropriate zone A rate would be £115 per square metre.

The evidence in respect of the shops at 9A-9E Kingsheath Avenue and 8-6 Kingsheath Avenue were of some assistance to the Committee. The former, to which a zone A rate of £110 had been applied, and had been agreed with the landlord, were of limited assistance. These shops were now unoccupied as the common landlord of all five shops was attempting to obtain planning permission for change of use. While the Committee were not entirely persuaded by the arguments of the appellants' agent that in these circumstances the landlord would lack interest in whatever zone A rate was agreed, the subjects, although comparable to the/...

the appeal subjects in terms of general size and location, were not purpose built shops being converted from one garage premise. There was only one landlord, who had agreed the rents and the zone A rate.

There was only one rent from 8-6 Kingsheath Avenue. The zone A rate of £135 had been agreed with professional agents.

The best evidence of comparison properties was in the view of the Committee those shops at Castlemilk Road. These were physically close to the appeal subjects in a largely similar location, of a generally similar size and type and there were eight rents available, three of which had been fixed in the “tone year” of 2003. The analysis of these rents appeared to support the zone A rate of £135 chosen by the Assessor. Two valuations (one of a let shop and one of an unlet shop) had been agreed with professional agents and there were no appeals outstanding in respect of the other shops. It appeared to the Committee that the zone A rate of £135 had been appropriately chosen and acquiesced in.

It was however agreed that the Castlemilk Road shops were in a better situation than those of the appeal subjects. There were more shops grouped together, providing greater variety and there was a larger residential catchment area. The group of shops there and on Kingsheath Avenue could be regarded as forming a neighbourhood shopping centre which the shops in Kings Park Avenue could not. The appeal subjects however, although in a poorer location, did have some advantages. Kings Park Avenue was a busy commuter street and they were adjacent to a railway station. They did however have the immediate physical disability of the pelican crossing which hampered loading and unloading.

Having taken all of the evidence into account, the Committee was of the view that the Assessor’s figure of £120 per square metre for zone A was fairly close to being correct. The Assessor had approached the comparative principle valuation appropriately, had explained it to the Committee and had produced a figure which came close to allowing for the differences between the appeal subjects and the other comparison subjects. The zone A rate had the additional advantage of falling fairly equally between the rent passing for number 344 Kings Park Avenue, which on all the other available evidence seemed too low and the rent passing for number 352 which on all the available evidence seemed too high.

However, the Committee felt that a slightly greater differential should have been allowed to allow for the admitted difference between the location of the appeal subjects and the location of the comparison properties in Castlemilk Road. On balance the zone A rate should be £115 rather than £120 per square metre and the valuations of both appeal subjects should be recalculated on that basis. The same percentage quantum allowances (which were not in dispute) should then be applied as had been applied in the valuation under appeal.