

Case Name: *Go Outdoors Limited v Laura Lacey (VO)* [2019] UKUT 0051 (LC) (18 February 2019)

Topic: Valuation: approach to be taken where there are limited comparables

Full case: [click here](#)

Summary: Where there are limited comparables the UT will have regard in the main to the expert evidence of the valuers, with weight being given to the consistency and professionalism of the presentation of such evidence.

Commentary: This case concerned the valuation for rating purposes of a retail warehouse in Plymouth under the 2010 list, with an open A1 non-food retail planning permission. The antecedent valuation date was 1 April 2008 and the effective date and material day were both 5 December 2011. The terms agreed for the lease to GO resulted in a rent-free period of 21 months in total. It was common ground between the experts that the devaluation of the rent should be carried out using a discounted cash-flow method, adopting a discount rate of 8% quarterly in advance, over the first 10 years of the term; however, the experts could not agree as to the length of rent-free period to be reflected. The range of values lay between £73.09 and £79.19 psm.

The VTE had determined the RV at £377,500 (the list had shown a value of £397,500) and the appellant was seeking a value of £300,000.

There were few relevant comparables for the valuation exercise. By the end of the hearing it was established that there were only three local comparables, and only one of these had been referred to in the appellant's surveyor's expert report. Against that background, the UT analysed the rent reserved in the lease of the appeal property as follows:

- The devaluation should treat 3 months as a fitting out period and the remaining 18 months as an incentive, equating to a rent of £318,750 or £76.11 psm;
- The adjustment to reflect conditions at the AVD cannot be done by reference to market reports (numerous such reports are referred to in the decision), which are too generic to be reliable and only provide a context. The UT preferred the VO's evidence in this respect, her opinion being that rents fell between the AVD and the letting of the appeal property (but the extent of that fall was unclear);
- The (immediately adjacent) comparable property leased to Carpetright (on a renewal lease following refurbishment) would suggest a rent in the order of £104 psm, before quantum adjustment. Applying a quantum discount of around 26% would give a rent of around £77 psm for the appeal property, but there was doubt as to whether the Carpetright rent of £104 was a valid comparable (given that it was an existing tenant);
- The other local comparables (The Range and Fairway Furniture) suggested a rent for the appeal property of higher than £77 psm.

The tribunal commented that where the evidence is inconclusive it is necessary to assess the credibility of the experts. Here, the UT found the VO's evidence to be more persuasive by a

notable degree. Her evidence was said to be consistent throughout and she benefited from experience in the private sector retail market prior to joining the valuation office.

Taking all factors into account, the UT concluded that the RV of the property should be based on a value of £85 psm. This gave an RV of £355,000 (rounded) when applied to the agreed floor area of 4,188.50 sq.m (after adding a minor amount for rateable plant and machinery).