

## STATEMENT OF REASONS

Relative to appeal

By

Tesco Stores Limited

In respect of Shop etc,

51 Belhaven Road, Wishaw.

This appeal is a Running Roll appeal in respect of a new supermarket entered by the Assessor in the Valuation Roll on 26<sup>th</sup> November, 2007.

There was an agreed statement of facts between the parties in relation to the floor areas, the reduction factors to be applied, the size of the mezzanine floor within the appeal subjects and the valuation of the petrol filling station. The dispute related to the rate to be applied. The Appellants contended for a rate of £120 per square metre; the Assessor for a rate of £150 per square metre.

The Appellants contended that the key factor in the valuation of the appeal subjects, and indeed any supermarket, was its location. The other factors included the catchment area served by the supermarket, the demographics, competition and physical characteristics including size. They had arrived at their rate by comparing the appeal subjects with three other supermarkets in Wishaw; a supermarket formerly occupied by the Appellants at Main Street, Wishaw to which a rate of £105 per square metre had been applied, a supermarket occupied by Morrisons at Kirk Road, Wishaw to which a rate of £110 per square metre had been applied and a supermarket occupied by Asda at Newmains to which a rate of £120 per square metre had been applied. The Tone of the Roll had been established by settled appeals in respect of the first two of these comparisons and the valuation of the third which opened in October, 2007 was arrived at having regard to the Tone of the Roll.

The Appellants contended that the comparisons referred to by them were valid comparisons because they were located in proximity to the appeal subjects and the appeal subjects were affected to a similar degree by catchment area, demographics and competition. Although it was to be noted that competition in Wishaw had increased due to the opening of the Asda store in Newmains in October, 2007 followed by the appeal subjects in November, 2007. All of the comparison subjects were considerably smaller than the appeal subjects. However, it was contended that they all enjoyed more prominent sites than the appeal subjects, better layout within the subjects and better pedestrian access. The best comparison, the Appellants asserted, was that occupied by Asda at Newmains which the Appellants contended was superior to the appeal subjects in respect of the catchment area which it served. The Appellants contended that having regard to the

rates applied to these comparisons particularly that of the supermarket at Newmains the proper rate to be applied to the appeal subjects was £120 per square metre.

The Assessor contended that he had valued the Appeal Subjects by comparison with other stores of similar character, size and location but with emphasis on its size. The Appeal Subjects extended to 8,487.08 square metres comprising the ground floor of 6,366.07, the mezzanine floor of 1,893.40 square metres, the cage marshalling of 375.57 square metres, the external pump house and plant room of 24.75 square metres and the loading canopy of 109.85 square metres. The Assessor made reference to eleven comparisons which were supermarkets located throughout Lanarkshire which were in excess of 6,000 square metres. The rates applied to these comparisons ranged from £105 per square metre in respect of the Asda store, Main Street, Coatbridge to £175 per square metre in respect of the Sainsburys store, Kingsgate East Kilbride and Asda, Palace Grounds Hamilton. He asserted that the best comparison with the Appeal Subjects from this list was the Asda Store at Watson Street, Motherwell to which a rate of £150 per square metre had been applied.

He contended that he had adopted a consistent approach to the valuation of all supermarkets in his valuation area relative to their size. He made reference to supermarkets within seven geographical areas within Lanarkshire; East Kilbride, Coatbridge/Airdrie, Bellshill/Motherwell, Hamilton, Cumbernauld, Rutherglen/Cambuslang and Wishaw. In the main, this exercise demonstrated that as the size of a supermarket increased in a particular location, the rate also increased. There were some anomalies, in Coatbridge/Airdrie and Rutherglen/Cambuslang which he attempted to explain.

He contended that having regard to the size and the location of the Appeal Subjects, the proper rate to be applied to them was £150 per square metre.

The Committee were of the view that in valuing the Appeal Subjects that regard required to be had to both location and size. They also accepted as contended by the Appellants and accepted by the Assessor, that competition is also a relevant factor.

They felt that the comparisons referred to by the Appellants whilst valid comparisons in terms of location were not comparable in relation to the size of the Appeal Subjects as they were all considerably smaller.

They were of the view that the Assessor's comparison at Watson Street, Motherwell whilst more comparable to the Appeal Subjects in terms of size was not affected to the same degree, as the Appeal Subjects, by competition from other supermarkets.

They were of the view that having regard to all relevant factors and to their own local knowledge of the area that the value of the Appeal Subjects was between the comparisons referred to by both parties and that the appropriate rate to be applied to the Appeal Subjects was £135.