

Appeal No. VA05/1/016

AN BINSE LUACHÁLA
VALUATION TRIBUNAL
AN tACHT LUACHÁLA, 2001
VALUATION ACT, 2001

Grant Thornton

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Office(s) at Lot No. 24-26 (Floors 3,4,5), City Quay, Mansion House A, County Borough of Dublin

B E F O R E

John O'Donnell - Senior Counsel

Chairperson

Brian Larkin - Barrister

Member

Mairéad Hughes - Hotelier

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 9TH DAY OF MAY, 2005

By Notice of Appeal dated the 8th day of February, 2005, the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of €3,623.00 on the above described relevant property.

The Grounds of Appeal as set out in the Notice of Appeal are:

"The valuation is excessive when compared to the levels applied to the pre-designated offices in the general area."

Introduction:

The premises the subject matter of these proceedings is situated on the south side of City Quay, approximately half a mile east of Dublin City Centre. They comprise the top three floors of a modern purpose built six storey over basement office block. The area of the relevant property is agreed and comprises a total net lettable floor area of 3,217.43 sq. metres. The premises are held by way of lease for a term of 21 years from September 2003 at an initial rent of €1,388,573 per annum. In addition to the office space there are a total of 40 car spaces which come with the accommodation in question. While the original rateable valuation in respect of the car spaces was €760 per car space, this was revised downwards on appeal to the Commissioner to a valuation of €635 per car space. As this was the figure originally sought by the appellant it is now agreed. Therefore the only outstanding issue is the appropriate rateable valuation to be applied to the offices.

The appellant was represented by Mr. Joseph Bardon, Chartered Surveyor. The respondent was represented by Mr. Raymond Sweeney, B.A., M.Econ.Sc., District Valuer, Valuation Office. Both the appellant and the respondent furnished written submissions. Both representatives also gave evidence and were cross-examined by the other.

The Appellant's Case:

The appellant acknowledged that the rateable valuation per square metre reached on appeal in respect of the offices of the premises was the sum of €170.85. It was accepted that this figure was the same figure as was reached for the office premises in the building next door to the subject building, being that of Geneva Ireland Financial Trading Limited at Riverside House ("Geneva").

However, Mr. Bardon submitted that the rateable valuation of the subject property should be reduced for the following reasons:

- (i) While the premises is close to George's Quay (which is a prestigious office location) the subject property is not in a recognised office location and has somewhat convoluted access.
- (ii) While the passing rent is somewhat high the tenant did obtain the benefit of a significant rent free period; the tenant also received a substantial capital contribution to the fitting out of the premises from the landlord and so notionally the actual rent is probably lower. It was agreed however that the passing rent is not of any great significance or relevance in the instant case, perhaps because it is not a true reflection of rental value.
- (iii) The main thrust of the appellant's case was that the use of Geneva as a comparator is flawed and should be treated with considerable caution. Mr. Bardon contended that the rateable valuation reached in respect of the Geneva building had ignored as a comparator a nearby office premises located in Princes Street South and known as Setanta Sports. Mr. Bardon felt that it was inappropriate to use comparators in significantly different locations (Ulster Bank and Coopers & Lybrand, both located in George's Quay) which were not only much bigger but also in a more prestigious location. The value per square metre in respect of office spaces in the Setanta building was €109.34 per sq. metre. Mr. Bardon felt that if more consideration had been given in the Geneva valuation to the valuation of QMP Limited at Sir John Rogerson's Quay (where the office space was valued at €129.84 per sq. metre) and if any consideration had been given to the Setanta Sports building very close by, the valuation in respect of Geneva of €170.85 per sq. metre would not have been reached.
- (iv) Mr. Bardon accepted that the Geneva valuation had never been appealed since assessment in December 2001. He also accepted that it was not the function of the Valuation Tribunal to revisit the issue of the Geneva valuation on this occasion. He contended that the George's Quay office development was much more prestigious with more prestigious occupiers; while the subject building might be structurally similar to some of the George's Quay buildings, it would not be in quite the same league.

(v) The appellant's comparisons are set out at Appendix 1 to this judgment.

The Respondent's Evidence:

Mr. Sweeney, on behalf of the respondent, indicated that his prime comparator was the Geneva building. He felt it was difficult to think of a more appropriate comparison in the circumstances. In his view the Geneva valuation had been reached in a fair and reasonable manner. He accepted that the Geneva building was somewhat smaller than the subject building but contended that an allowance should not be made (and generally was not made) for variations in office block size, even where the office blocks in question are subsequently sub-divided. He produced a newspaper article and aerial photograph of the building in question as well as photographs of the Setanta Sports building. In his view the Setanta Sports building was not a viable comparator. While it was a building of good standard it was unremarkable. In his view it was in a vastly inferior location. It did not have an aspect onto the river though structurally it was probably not that much different. He accepted however that George's Quay would be a slightly better location being closer to the city centre and to the DART station. In this respect he contended that a figure of €185 per sq. metre had been agreed in respect of George's Quay building with a view onto the river; in the circumstances he felt that the reduction to €170.85 for the subject building which also fronted onto the river was appropriate in the circumstances.

The respondent's comparisons are set out at Appendix 2 to this judgment.

Both parties adopted their written submissions as their evidence which written submissions provided photographs of the subject property and comparators as well as other relevant information.

The Issue:

The only issue between the parties was the quantum of the rateable valuation to be apportioned to the upper floor offices. The concept of net annual value is well known. Both parties accepted the legitimacy of the use of comparators in the locality. In effect the only issue between the

parties was the weight to be attached to the Geneva valuation having regard to the fact that the Geneva valuation did not utilise the Setanta Sports building as a comparator.

Decision:

We note Mr. Bardon's concern that the Setanta Sports building was not utilised by the relevant valuer in assessing the rateable valuation for the Geneva building. However we note that the valuation in question of the Geneva building did utilise a number of other comparators within a reasonable radius of the Geneva building. It is not our role or function to set aside the Geneva valuation, but in any event we do not feel that the Geneva valuation is so unreliable or flawed as to be disregarded. Indeed having regard to its direct proximity to the subject building we feel it would be perverse if we were to ignore the Geneva valuation. We also note that the Geneva valuation was not appealed.

The fact that the Geneva valuation did not take account of the Setanta Sports building does not in our view mean that we cannot look at the Setanta Sports building. However we are of the view that the Setanta Sports building, although in a nearby location is significantly less desirable than the subject building for a number of reasons. It does not have an aspect onto the river or river frontage. It does not have car park spaces (though we accept that these would of course be valued separately in any event). The buildings immediately adjacent to it appear to us to be less prestigious and less attractive than (for example) the buildings in George's Quay which are not far from the subject building and which also enjoy river aspect. In our view the character of the subject building is closer in tone to the character of the George's Quay and George's House buildings than it is to the Setanta Sports building or for that matter to the QMP building.

Accordingly we are of the view that the approach taken by the Valuation Office in using as its prime comparator the Geneva building next door to the subject building was correct. We do not believe that the absence of the Setanta Sports building from the valuation process leading to the rateable valuation reached for the Geneva building renders the Geneva valuation flawed or unsound in the particular circumstances. The Setanta Sports building does appear to be significantly different to the Geneva building and to the subject building also.

Determination:

Having regard to the evidence adduced and arguments proffered, the Tribunal affirms the rateable valuation of €3,623.00 on the subject property.

And the Tribunal so determines.