

Appeal No. VA05/2/038

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

**Park Hotel Kenmare**

**APPELLANT**

**and**

**Commissioner of Valuation**

**RESPONDENT**

RE: Hotel, Land at Lot No. 30a, Shelbourne Street, Kenmare, County Kerry.

**B E F O R E**

**Michael P.M. Connellan - Solicitor**

**Deputy Chairperson**

**Patrick Riney - FSCS FRICS FIAVI**

**Member**

**Mairéad Hughes - Hotelier**

**Member**

**JUDGMENT OF THE VALUATION TRIBUNAL**  
**ISSUED ON THE 15TH DAY OF DECEMBER, 2005**

By Notice of Appeal dated the 28th day of June, 2005, the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of €50.00 on the above described relevant property.

The Grounds of Appeal as set out in the Notice of Appeal are:  
"Valuation excessive and inequitable."

The appeal proceeded by way of an oral hearing, which took place at the Valuation Tribunal Offices, Ormond House, Ormond Quay Upper, Dublin 7 on the 6<sup>th</sup> October 2005. Mr. Des Killen, Chartered Surveyor, GVA Donal O Buachalla, Property & Rating Consultants, represented the appellant and Mr. David Molony, B.Sc., MRICS, a District Valuer with the Valuation Office, represented the Commissioner of Valuation.

In accordance with the Rules of the Tribunal, prior to the commencement of the hearing, the parties had exchanged their respective submissions and forwarded copies to the Tribunal. From the evidence so tendered the following emerged as being the facts relevant and material to the appeal.

### **The Property**

The property comprises a 5 star category hotel known as the Park Hotel, Kenmare. It was constructed on part 2 and part 3 storey levels with a stone façade to the original hotel. The roofs are part pitched slate and mineral felt. There are 47 guest bedrooms, all of which have ensuite bathroom facilities, together with a dining room, which has a seating capacity for 90-100 persons.

A new extension was built in 2004 comprising a deluxe Destination Spa incorporating reception area, thermal experiences, treatment rooms, gym, relaxation rooms, beauty rooms, offices etc.

### **Location**

The property is located on Shelbourne Street in Kenmare Town almost opposite the junction with Main Street. It is located on its own grounds of approximately 11 acres on the southern side of Shelbourne Street. Vehicular access to the property is close to the junction with Main Street. The property is set well back from the public road and is accessed via a private tree-lined driveway.

### **Tenure**

It is understood that the property is freehold.

### **Appellant's Case**

Mr. Killen called his client, Mr. Francis Brennan, to give evidence. Mr. Brennan, having taken the oath, proceeded to give a detailed history of the hotel and of how he and his brother became involved in the hotel business. The original hotel, known as the Great Southern Hotel, was built in 1897 and had 19 bedrooms. During the 1950's and 1960's the number of rooms increased to 64 with the help of grant aid. Business was good during those years but there was an over exposure to the English market at that time. During the Troubles in Northern Ireland business declined and the hotel closed until 1979. In February 1979 the hotel re-opened with the number of rooms reduced from 64 to 50 larger rooms, but with a 5-star rating. Initially, Mr. Brennan became involved as general manager of the hotel in 1979. In February 1984, when the hotel went into receivership having failed to trade on a year round basis, he realised it had potential to make a profit if seasonally run. The receiver agreed to lease it to him and in 1986, having researched the availability of finance, both in Switzerland and in Ireland, Mr. Brennan purchased the hotel. His brother joined him in running the hotel in 1994. In February 2004 the new spa opened. It is one of only 5 such spas in the world. It is available to hotel guests only and has no private membership.

Access to the spa, he said, was through the Hotel ground floor area, to the first floor and then down to the reception area of the spa. He stated that the spa could never make money on its own. It had cost a total of €5m of which the buildings accounted for €3.8m.

After September 11<sup>th</sup>, 2001, American business was decimated and this year it was down by 40%. His hotel faced strong competition from the Sheen Falls Hotel, Kenmare which was built in 1991 with 15 bedrooms and had expanded over the years to 66 bedrooms.

Mr. Des Killen took the oath and adopted the précis prepared by his colleague, Ms. O Buachalla, as his evidence-in-chief. He referred briefly to his précis, emphasising various issues referred to in detail on page 2 thereof, specifically the following:

- The subject property was an amalgam of buildings, part of which was constructed over 100 years ago, so that the public areas were now too small and could not be altered as the hotel was a listed building.

- There were significantly higher maintenance costs on the older section of the hotel than if it were a modern purpose-built hotel.
- Although there was a lift, the bedrooms in the older part of the hotel were mostly accessed by stairs. The installation of a lift had reduced the number of rooms from 50 to 47.
- There was no function room so the hotel did not benefit from weddings or corporate events.
- The hotel was run by two brothers, who worked over 200 hours a week between them. To replace them would require four people at a minimum cost of €200,000 per annum.
- It was a seasonal hotel, located in a tourist area, and was therefore not open all year round.
- Staff could number up to 66, which is very high for a 47-bedroomed hotel.

Mr. Killen emphasised that the owners' excellent talent and management expertise should not be ignored when arriving at a fair rateable valuation.

He stated that his two main comparisons were:

- 1) Sheen Falls Hotel, Kenmare, which was purpose built, was superior to the subject, had larger bedrooms, was part of an International Group and was capable of attracting conferences, weddings and other functions.
- 2) The 110 bedroomed Dunloe Castle Hotel, Killarney, which was extended and refurbished and much larger than the subject property. It had a gross area of 9,363 square metres, together with a conference centre of 1,086 square metres and a pool with treatment rooms.

Mr. Killen said he had introduced the Riversdale House Hotel comparison only to indicate other hotel accommodation in Kenmare.

Mr. Killen said that the previous revision of the subject property in 1990 predated the existence of one of its main competitors, the Sheen Falls Hotel, and the existence of similar, more modern hotels in Ireland which reduced the market for the subject.

**Respondent's Case**

Mr. Molony took the oath and adopted his précis as his evidence-in-chief. He said that when he revised the valuation in 2004 he saw no reason to change the levels per square metre which were agreed at first appeal stage in the 1990 revision. He pointed out the Park Hotel occupied a central location in the town of Kenmare overlooking Kenmare Bay.

Under cross-examination Mr. Molony said he accepted that the Park Hotel had 47 bedrooms (his précis had referred to 50 bedrooms) but he did not accept that the mix of 'periods' in the building, resulting in various stairs and access issues, was a problem.

He accepted that when the original valuation was done on the Park Hotel there were a different set of circumstances, e.g. the Sheen Falls Hotel had been built since. Although accepting that the Sheen Falls Hotel was a very good 5-star hotel he said he would prefer the subject property for its character and atmosphere. He agreed that the Sheen Falls Hotel had the benefit of a large conference centre and of a much larger dining-room than the subject but he said that the Park Hotel did not seek to attract outside guests to the dining-room. He agreed that both the Sheen Falls and the Dunloe Castle Hotels had swimming-pools, both of which availed of external membership.

Asked about the higher maintenance costs on the older part of the subject property Mr. Molony said he noted a maintenance figure of €80,000 per annum had been put forward by the appellant but said the costs would depend on whether the buildings were sealed. In reply to the Tribunal Mr. Molony said the Sheen Falls Hotel was very similar to the subject and was located close by. Dunloe Castle Hotel was some distance away and, unlike the subject, was not on the Ring of Kerry. He said that he accepted Mr. Brennan's earlier detailed evidence.

In summing up, Mr. Killen pointed out that Mr. Molony accepted that there had been changes since the 1990 valuation and that these changes had introduced more competition. He also said that the part played by the actual tenant should be taken into account. Finally, he stressed that the Sheen Falls had greater ability to earn money per square metre as it did not have the age and layout problems of the subject.

In summing up, Mr. Molony stated he had covered most of his main points already made in his submission and that it was very hard to move off agreements that had already been made.

### **Findings and Determination**

The Tribunal has considered the submissions made and all of the evidence adduced during the hearing and makes the following findings:

1. The two main comparisons are the Sheen Falls Hotel, Kenmare and the Dunloe Castle Hotel, Killarney.
2. There have been significant changes since the subject property was last valued in 1990 including the building of the Sheen Falls Hotel.
3. In recent years there is more competition in this sector of the market.
4. While the personal service and expertise of the current proprietors is an advantage to the subject property it cannot be the cause of any levy being applied to a fair and reasonable rateable valuation.
5. The Sheen Falls Hotel, the common comparison, has a number of advantages over the subject, namely:
  - It is part of an international hotel group with resultant benefits such as group marketing.
  - It is purpose-built leading to lower management and staff costs.
  - It has 66 bedrooms against the subject's 47 and so has more income-generating capacity.
  - It has a large conference centre.
6. No private members are attached to the spa in the subject and access to it is poor.

In view of the foregoing the Tribunal hereby determines the rateable valuation as follows:

Hotel	3,826 sq. metres @ €33 per sq. metre	= €126,258.00
New Spa	1,151 sq. metres @ €33 per sq. metre	= <u>€37,983.00</u>
Total Net Annual Value		= €164,241.00
Rateable Valuation	@ 0.5%	= <del>€</del> 21.20
Rateable Valuation Say		<del>€</del> 21

And the Tribunal so determines.