

Appeal No. VA08/1/003

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

Aldi Stores (Ireland) Limited

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Supermarket at Lot No. 7B, Rathmines Town Centre, Rathmines West B, Rathmines West, County Borough of Dublin

B E F O R E

Michael P.M. Connellan - Solicitor

Deputy Chairperson

Joseph Murray - B.L.

Member

Damian Wallace - QFA, MIPAV, Valuer

Member

JUDGMENT OF THE VALUATION TRIBUNAL

ISSUED ON THE 7TH DAY OF MAY, 2008

By Notice of Appeal dated the 10th day of January, 2008, the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of €700.00 on the above described relevant property.

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

"The Valuation is excessive and inequitable in relation to comparable properties in the rating area."

The appeal proceeded by way of an oral hearing held in the offices of the Tribunal, Ormond House, Ormond Quay Upper, Dublin 7, on the 28th day of February, 2008. At the hearing the appellant was represented by Ms. Dawn Holland, B.Sc. (Hons), MIAVI, GVA Donal O Buachalla, Property & Rating Consultants, and the respondent by Mr. Edward Hickey, a District Valuer with the Valuation Office.

Both parties having taken the oath adopted their respective précis and valuation, which had previously been received by the Tribunal and exchanged with the other party, as their evidence-in-chief.

The overall area of 927.70 sq. metres was agreed by both parties.

Valuation History

The property was the subject of revision and a proposed valuation certificate was issued on 26th January, 2007 with the property being valued at €700. Representations to the Revision Officer were received on 22nd February, 2007 and the valuation certificate was issued on 9th May with no change made to the rateable valuation. An appeal was lodged on 14th June, 2007 and on conclusion of the appeal the valuation remained unchanged. An appeal was then lodged to the Valuation Tribunal on 10th January, 2008.

The Property

The subject property, trading as Aldi Stores, is located on Rathmines Road, Dublin 6. Rathmines is approximately 2 miles from Dublin city centre. The property is the redevelopment of the front of a hotel. Aldi purchased the entire hotel and redeveloped the ground floor as a supermarket and the upper floors were sold and still operate as a Travelodge hotel. The property has a high street location, directly fronting on to Rathmines Road Lower, with gross street frontage of 27 metres. The ground floor consists of a supermarket of 600 sq. metres and stores of 186.4 sq. metres and the basement consists of stores/offices of 140.9 sq. metres. There is no rear access to the property, with all deliveries having to come from the main street through a side entrance. However there is a goods lift to the basement and a loading bay on the street for goods delivery. The internal finish is typically plain with ceramic tiled floors and standard suspended ceiling with inset lighting and air ducts. There are 21 pillars within the retail area and the eaves of the supermarket reduce to the rear of the

premises. The trolley bay is housed within the store. There is no parking attached to the supermarket, nor is there any on-street parking on the Rathmines Road Lower.

Floor areas

Retail:	600.3 sq. metres
Store 1:	63.55 sq. metres
Store 2:	43.77 sq. metres
Store 3:	57.04 sq. metres
Store 4:	22.08 sq. metres
Basement Office:	65.73 sq. metres
Basement Store:	75.2 sq. metres

Appellant's Evidence

Ms. Holland in her evidence contended for a valuation of €463.00 calculated as follows;

Ground Floor

Retail	600.3 sq. metres @ €100.00 per sq. metre
Store 1	63.55 sq. metres @ €50.00 per sq. metre
Store 2	43.77 sq. metres @ €40.00 per sq. metre
Store 3	57.04 sq. metres @ €40.00 per sq. metre
Store 4	22.08 sq. metres @ €50.00 per sq. metre
Basement Office	65.73 sq. metres @ €40.00 per sq. metre
Stores	75.25 sq. metres @ €35.00 per sq. metre

NAV €73,606.85

RV @ 0.63% = €463

Ms. Holland outlined the background to the property and confirmed that Aldi had nothing to do with the Travelodge hotel. She said that the subject property was 200/300 metres from the main shopping centre in Rathmines. She added that there was no parking associated with the property and there was no on-street parking in Rathmines, with the only parking in the vicinity being in Tesco's and the Swan Centre. She said that there were 21 pillars in the building, which she considered to be a high density of pillars and this impacted on the use of the building, with pillars in the main aisles. Ms. Holland confirmed that there was no rear access to the property and all deliveries had to come through the front. She also added that

the trolley bay had to be housed in the shop premises as there was no permission to have trolleys on the street and she confirmed that the ceiling in both the basement and the chiller was sloped and this impacted on the ability to stack goods in the storage area.

Ms. Holland offered three comparisons, namely Spar, Tesco and Dunnes Stores, all situated in Rathmines. Ms Holland's comparisons are attached at Appendix 1 hereto. These comparisons were also offered by Mr. Hickey.

Ms. Holland described her comparison number 1, Spar, as not wholly comparable; she advised that there are a limited number of comparisons in the area that she could have used. She said that Tesco and Dunnes are more comparable to the subject property. She described Tesco as a stand-alone supermarket with a minimum amount of pillars and ideal for the purposes of a supermarket. She indicated that the car park spaces were valued separately and any customer who shops in Tesco will have free parking. A valuation of €102.00 per sq. metre is placed on this property.

She described Dunnes Stores as being an anchor tenant in the Swan shopping centre that offers a good tenant mix and ample passing trade with a large underground car park offering a discount on parking to people who shop there. The property has a good eaves height with no restrictions from pillars and is a regular rectangular shape and has a valuation of €95.00 per sq. metre.

She concluded her evidence by stating that, in her opinion, the level of valuation attributed to the subject property was excessive in relation to the comparisons, having taken account of the disadvantages that the Aldi premises suffered from, including:

- No car park
- No proper loading bay
- Restricted customer movement and a restriction on the shelving arrangement within the store due to the number, position and size of pillars.
- The necessity of housing the trolley bay inside the store which is eating into valuable retail space.

Cross Examination

In cross examination Mr. Hickey queried the distance between Aldi and the Rathmines Centre with Ms. Holland and he indicated that it was closer to 170 metres or a two minute walk. He also raised a query about the area occupied by the pillars and about parking in the loading bay.

Ms. Holland accepted that the distance between Aldi and the main Rathmines retail centre was closer to 170 metres. She said it was the location of the pillars which created the restriction, not the amount of floor area that was taken up by them. She accepted that the distance between the pillars was between four and seven metres, but she indicated that this had a significant impact on the layout of the store from a shelving and display point of view. She confirmed that she was not aware of any other store where the trolley bay was inside and she also clarified that the difficulty with the loading bay was that it tended to be blocked by private cars, legally parked there early in the morning, when the delivery vans are trying to make their deliveries to the store.

Mr. Hickey then questioned Ms. Holland on her comparisons and asked how she could arrive at a similar level of valuation to Dunnes and Tesco when there is a significant size difference between these units and the subject property. He also asked her to identify her comparisons for the valuation of the stores, as she had not offered any comparisons for the stores area in her précis of evidence. Ms. Holland responded that, in relation to the overall level of valuation, the disadvantages of the subject property justify comparison with the valuations of Dunnes and Tesco and she indicated that she had valued the stores by way of comparison to the retail section. She further added that these were the only supermarkets in the area that she could use for comparison purposes.

Respondent's Evidence

Mr. Hickey in his evidence confirmed that he was happy with the property description as given by Ms. Holland and he confirmed that 3 of his 5 comparisons were the same as Ms. Holland's. He said that the difficulty for him as a valuer was in trying to arrive at a fair valuation. He confirmed that the subject property was in a good location and he pointed out that there were 170 apartments adjacent to the property. He noted that the problem of parking in the area affected all of the businesses locally and confirmed that there was no direct parking for the subject unit. In response to the Chairperson, Mr. Hickey outlined why he felt

the previous development had failed and he believed that the original layout was bad and that the quality of tenants was poor from the outset. The fact that the car park was on the roof was not the most suitable arrangement. He also confirmed that the expansion of the Swan Centre took a lot of the business locally and ultimately the place closed down. Mr. Hickey furnished five comparisons namely Dunnes Stores, Spar, Unit 1, Rathmines Town Centre, Tesco (all in Rathmines) and Aldi (in Parnell Street) and details of these are attached at Appendix 2.

He acknowledged that he was not aware of any direct comparisons with similar floor area for retail use in the immediate vicinity; however the comparisons that he had used were for larger and smaller floor areas in this vicinity in Rathmines. He added that the level of valuation adopted reflects the actual size of the subject property, being much smaller than the traditional and established supermarkets but larger than the local convenience supermarkets and shops. Mr. Hickey submitted that the valuation of €700 was not excessive in relation to the existing tone of the list in view of the size and location of the subject property.

Cross Examination

Mr. Hickey, responding to queries regarding the pillars, and parking and delivery issues, stated that the hypothetical tenant is likely to first of all look at road frontage, which is significant at 27 metres, and also at the size of the unit, and while the pillars would be a factor there were no pillars in Zone A as they start seven metres back. He also added that parking was a problem for all the businesses in the area. Regarding the sloped ceiling in the chillers and store area, Mr. Hickey accepted that the lower the height of the ceiling, the less the benefit of the store area, but he confirmed that he had taken account of all these features in arriving at his valuation. He further added that Ms. Holland had not provided any comparisons for the stores area to show why the valuation was too high and there was no breakdown of the valuation in her comparisons.

In response to a query on quantum allowance for larger premises, Mr. Hickey confirmed that it depended on the type of property and he added that in trying to get the valuation right he valued it higher than Dunnes Stores but lower than the Spar property. Ms. Holland advised that the differential between Dunnes Stores and Tesco was 7% yet it was 46% between Tesco and Aldi and asked how this is the case. Mr. Hickey confirmed that the property was valued in accordance with the tone of the list.

Findings

The Tribunal has carefully considered all of the oral and written evidence provided by the parties and the arguments adduced at the hearing and makes the following findings:

1. The subject property is a conversion of a hotel and not purpose built and accordingly has limitations for use as a supermarket.
2. The location of pillars within the building impacts in a negative way on the functionality of the property for use as a supermarket, particularly with regard to the layout of shelving, displays and movement in the aisles.
3. The Tribunal finds both parties' comparisons helpful and prefers the common comparisons, Dunnes and Tesco. While these are not ideal in terms of comparison to the subject property, they are the best that were offered. The Tribunal notes the difficulty in identifying similar comparisons in the immediate vicinity.
4. The Tribunal has taken account of the perceived negative aspects of the property including the fact that there is no rear access, a lack of parking and the difficulties experienced in relation to the delivery of goods to the premises.
5. The Tribunal accepts the point made by Mr. Hickey that we should not assess the valuation of the stores area, as no comparisons were offered by the appellant. In this regard the Tribunal bears in mind the provisions of Section 49(1) and 28(4) of the Valuation Act 2001 that where a revision or revaluation takes place following a material change of circumstances the determination "*shall be made by reference to the values as appearing on the valuation list relating to the same rating authority area as that property is situate in, of other properties comparable to that property.*" This the appellant failed to do in relation to the stores area of the subject property. We have however noted that both the respondent and appellant agreed to a split of the stores area of 79.1 sq. metres between chiller rooms at 57.04 sq. metres and store room of 22.08 sq. metres and the Tribunal determines levels of €75 per sq. metre and €60 per sq. metre on these areas respectively.

The Tribunal therefore determines the net annual value and rateable valuation of the property concerned to be as follows:

Ground Floor

Supermarket	600.3 sq. metres	@ €120.00 per sq. metre	= €72,036.00
Store 1 (3.5m)	63.5 sq. metres	@ €70.00 per sq. metre	= €4,445.00
Store 2 (2.6m)	43.8 sq. metres	@ €60.00 per sq. metre	= €2,628.00
Store 3	57.04 sq. metres	@ €75.00 per sq. metre	= €4,278.00
Store 4	22.08 sq. metres	@ €60.00 per sq. metre	= €1,324.80

Basement

Offices	65.7 sq. metres	@ €60.00 per sq. metre	= €3,942.00
Stores	75.3 sq. metres	@ €55.00 per sq. metre	= <u>€4,141.50</u>

NAV €2,795.30

@ 0.63% = €84.61

Say €85.00

And the Tribunal so determines.