

Appeal No. VA08/1/007

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

**Absolute Hotel**

**APPELLANT**

**and**

**Commissioner of Valuation**

**RESPONDENT**

RE: Hotel at Lot No. 5 - 11 (inc. 16 -18 Sir Harrys Mall), Long Lane, John's C, Johns,  
County Borough of Limerick

**B E F O R E**

**John Kerr - BBS. ASCS. MRICS. FIAVI**

**Deputy Chairperson**

**Michael F. Lyng - Valuer**

**Member**

**Aidan McNulty - Solicitor**

**Member**

**JUDGMENT OF THE VALUATION TRIBUNAL**  
**ISSUED ON THE 18TH DAY OF JUNE, 2008**

By Notice of Appeal dated the 7th day of March, 2008 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of €3,200.00 on the above described relevant property.

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

"The Valuation is excessive, inequitable and bad in law."

The appeal proceeded by way of an oral hearing in the offices of the Valuation Tribunal, Ormond House, Ormond Quay Upper, Dublin 7 on the 29<sup>th</sup> day of April 2008. Mr. Terry Devlin, BSc (Surveying), ASCS, MRICS, MIAVI of O'Donnell Property Consultants represented the appellant and Mr. Ronan Browne, MRICS, ASCS, ACI Arb, MIAVI, a Valuer in the Valuation Office, represented the respondent. At the hearing both parties, having taken the oath, adopted their précis as their evidence-in-chief.

### **The Property**

The subject property is located on Sir Harry's Mall, King John's Island, Limerick, sited in the City's medieval quarter at the junction of the Dublin Road leading to the N11 and the northern route to Thomond Park, Shannon Airport, Ennis and Galway. The property is a modern six storey hotel that incorporates a total of 99 bedrooms, a bar, restaurant, conference rooms, a small gym area and spa/wellness centre with juice bar. The Absolute Hotel area is agreed at 8,366 sq. metres including plant rooms of 216 sq. metres, but excluding the allocated secure 42 space car park.

### **Valuation History**

The property was inspected for revision and the proposed Valuation Certificate was issued on 24<sup>th</sup> May, 2007 with a rateable valuation of €3,200. No representations were made to the Revision Officer and the Valuation Certificate was issued unchanged on 6<sup>th</sup> July, 2007. An appeal to the Commissioner was subsequently lodged and the result of the appeal was issued on the 11<sup>th</sup> February, 2008 unchanged at €3,200.00. The appellant appealed the Commissioner's decision to the Valuation Tribunal on the 7<sup>th</sup> March, 2008 on the issue of quantum in the assessment of the hotel. The assessment of the plant area was agreed and not in dispute.

### **Appellant's Case**

Mr. Terry Devlin, having taken the oath adopted his written précis and valuation, which had been received by the Tribunal, as being his evidence-in-chief. He stated that the valuation adopted by the Commissioner of Valuation was too high in view of the following:

1. The subject property is neighbouring St Mary's Park, Southhill, Garryowen, Roxboro on the North side of Limerick City, known for its anti social behaviour and general lawlessness. The location is not one which would be regarded as safe to walk in at night.

2. Mr. Devlin stated that his clients are seeking to maintain a good working relationship with Limerick City Council and at the request of the Council agreed to build a hotel in this location with a view to lifting and improving the general area. The venture has not proven to be a commercial success.
3. The property is not located in a business district and has no surrounding retail or office accommodation comparable with hotels in the city centre. The George, Best Western, Jury's and Marriott hotels are all located in the centre of the business and retail area of Limerick City. Patrick Punch's, the Clarion and the Hilton hotels are all located less than 1 mile from the city centre and are situated in prime locations on O'Connell Avenue, the Dock Road and the Ennis Road respectively. These locations can be safely accessed on foot from the city centre.
4. The poor location had the effect of being unable to attract a leading hotel brand with all the advantages and savings in areas such as advertising, centralised accounts, purchasing, staffing, management and cleaning.
5. Mr. Devlin, in light of the above, favoured the 3 star Quality Hotel, Roxboro, as the most appropriate comparison for valuation purposes with an allowance to reflect the 4 star status of the subject property.

Details of Mr. Devlin's comparisons are at Appendix 1 hereto.

Mr. Devlin contended for a rateable valuation of €2,460.00 as set out below:

Hotel	8,120 sq. metres @ €47.14 per sq. metre	=	€82,776.80
Plant	216 sq. metres @ €34.16 per sq. metre	=	<u>€7,378.56</u>
Total		=	€90,155.36
RV @ .63%			€2,457.97
RV Say			€2,460.00

### **Cross-examination**

Under cross examination by Mr. Browne, Mr. Devlin said that the location of the hotel was in an area that was not nice to walk in nor was it safe. St Mary's Park was a rough area behind the Cathedral and undesirable, he said, and the historical nature of the area and the attempt at architectural regeneration and redevelopment by the City planners has had no impact on the subject property. The entrance to the hotel has a row of terraced houses opposite with the end

house derelict and a second terraced property vacant, directly across from the entrance of the hotel.

Mr. Devlin was asked by the Tribunal if there was access to a major bus route to service the hotel to which he replied not to his knowledge but he could not be certain. He was further asked if he was surprised when the hotel was rated four star. He said they did not expect the four star rating which was recently granted. He told the Tribunal that there were no restaurants, cinemas, coffee shops and no commercial activity in the location of the subject relevant property.

### **Respondent's Case**

Mr. Ronan Browne, having taken the oath, adopted his précis as being his evidence-in-chief. He assessed the rateable valuation of the subject property as follows:

Hotel	8,120 sq. metres @ €61.51 per sq. metre	=	€499,461.00
Plant	216 sq. metres @ €34.17 per sq. metre	=	<u>€7,381.00</u>
Total		=	€506,842.00
RV @ .63%			€3,193.10
RV Say			€3,200.00

Mr Browne stated that the valuation adopted by the Commissioner of Valuation was in line with his comparisons, that the subject property was in his opinion located in a modern redevelopment area and the assessment of rateable valuation by the Commissioner was akin to his prime comparator the Clarion Hotel. He stated that he had valued five hotels in the City and as a result had a good familiarity with Limerick hotels. He said that the subject property was in the old historic medieval quarter of Limerick City, similar to that of the Christ Church area of Dublin.

Mr. Browne said the building was fully air conditioned with restaurant and bar overlooking the river, making full use of the location and aspects as a riverside hotel. It was a futuristic hotel with double height spacious reception with secure car parking (which is included in the hotel's RV assessment) within metres from the Reception. The hotel's prominent location is enhanced by the effective lighting at night of the hotel and immediate area.

He said Mr Devlin's selected comparisons were the Patrick Punch Hotel at Punch's Cross, some 1.4 kilometres from the city centre and the Quality Hotel, Roxboro which had no air conditioning, or proper heating, with long corridors with non permanent lighting which was left to guests to turn on and off. It also had a car park which was not secure and a halting site on the opposite side of the road. Mr. Browne stated that his principal comparison was the Clarion Hotel at Steamboat Quay with a four star rating and a riverside location which adjoins a major traffic artery a short distance from the city centre. It has a ground floor restaurant, bar and health and fitness club with car parking arrangements with a nearby multi-storey car park. It is between an established commercial area, new office developments, restaurants and licensed premises. The subject property was a mere 600 metres from trendy retail shops, five or six pubs such as Flannery's, Ryan's, and Dolan's. The improving districts of Patrick Street, Denmark Street, William Street and Robert Street, and Milk Market were accessible and easy to reach and all were enjoying continuous modernisation and redevelopment.

Details of Mr Browne's comparisons are at Appendix 2 hereto.

### **Cross-examination**

Under cross examination by Mr. Devlin, Mr. Browne said the area was enjoying redevelopment which could be seen at Barringtons Hospital, the newly erected five storey building and the multi storey car parks, licensed premises, offices and apartments between the subject property and O'Connell Street, a distance of a mere 750 metres away. Within easy reach of the subject property in Elm Street and Wine Street, there were multinational retail outlets. Robert Street and Milk Market also had small units with a big car park servicing that area in addition to the multi storey car parking nearby. Mr. Browne confirmed that in arriving at his assessment he took into consideration the four star rating, the accessibility to all amenities, comparable hotels, the type and size of the subject and its distance from the city and its location. In his view the entrance to the Clarion and the entrance to the subject property are similar. He confirmed that he had spoken with the City Council planners and that although not yet in progress, there are rumours that there will be further redevelopment in the future in the area around the subject property.

## Findings

The Tribunal having carefully considered all the evidence and arguments adduced by the parties makes the following findings:

1. Weighted evidence should not be applied to the subject property on the basis of star rating as the subject in this case has traded as a hotel for a four month period only.
2. Forty-two parking spaces for 99 rooms may be considered somewhat deficient and restrictive to trade.
3. As confirmed in evidence, the location of the subject is not within an upmarket residential area and is characterised by limited choices of restaurants, leisure and recreational facilities in the immediate area.
4. The fronting lane at the entrance to the subject property, as evidenced by photographs, does not appear to reflect a four star hotel location. In addition, photographic evidence does not indicate any soft landscaping or outdoor amenities of any nature available for the use and enjoyment of the hotel's patrons.
5. Future development plans by the Local Authority cannot be considering in arriving at an estimate of the the net annual value of the property.

## Determination

The Tribunal having regard to the foregoing determines the rateable valuation of the subject property to be as follows:-

Hotel	8,120 sq. metres @ €57.00 per sq. metre =	€462,840.00
Plant	216 sq. metres @ €34.17 per sq. metre =	<u>€7,380.72</u>
Total	=	€470,220.72
RV @ .63%		€2,962.39
RV Say		€2,960

And the Tribunal so determines.