

Appeal No. VA08/4/019

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

Margaret Attala

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Property No. 2193739, Hotel at Lot No. 12b/1, Deebert, Kilmallock, Kilmallock,
County Limerick.

B E F O R E

Michael P.M. Connellan - Solicitor

Deputy Chairperson

Aidan McNulty - Solicitor

Member

Niall O'Hanlon - BL

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 23RD DAY OF JUNE, 2009

By Notice of Appeal dated the 23rd day of December, 2009 the appellant appealed against the determination of the Commissioner of Valuation in fixing a valuation of €270.00 on the above described relevant property.

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

"On the basis that the RV as assessed is excessive and inequitable. The RV makes insufficient allowance for the type, nature & particularly the location of the subject."

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 24th day of April, 2009. At the hearing the appellant was represented by Mr. Eamonn Halpin, BSc (Surveying), ASCS, MRICS, MIAVI, of Eamonn Halpin & Company, Ltd. Mr. David Molony, BSc, MRICS, a Valuer in the Valuation Office, represented the respondent, the Commissioner of Valuation.

The Property Concerned

The subject property, a hotel known as the “Deebert House Hotel” is located on the outskirts of Kilmallock, County Limerick, approximately 0.5km from the town centre on the Knocklong/Kilmallock Road which is a minor road.

It comprises of a new 3 storey over basement hotel with 20 bedrooms, small restaurant/bar with ancillary kitchen, store, WCs and staff facilities. There is a private meeting room on the ground floor. The first floor has the main bedroom accommodation of 11 rooms. The roof space has been developed with a further 9 bedrooms. There is a lift to all floors.

The basement has no natural light and is used as general stores, boiler house and other ancillary space. There is car-parking for 16 cars at the hotel with a further overflow car-park across the road.

Kilmallock is a small town with population of c1443 inhabitants and is approximately 40km from Limerick City and 33km from Mitchelstown.

The accommodation (floor area agreed) is:

Hotel 1,495 sq. metres

Basement 287 sq. metres

All main services are connected. The property itself is in excellent condition throughout and is finished to a high standard.

Valuation History

This is a first valuation of a new property. A proposed valuation certificate issued on 19th February, 2008 and set out a rateable valuation of €70.00. Representations to the Revision

Officer, made by Mr. Halpin on behalf of the appellant, were unsuccessful. Mr. Halpin then appealed the valuation to the Commissioner and that appeal was also unsuccessful, the valuation remaining unchanged at €70. It is against this decision that the appeal was lodged to this Tribunal.

Appellant's Case

Having taken the oath Mr. Halpin adopted his précis (as amended in respect of the number of rooms) as being his evidence-in-chief. He then gave a brief description of the subject property and pointed out that the land around it was hilly and that the hotel was situated in a low density population area. It was not on a national primary route and was not in a recognised tourist area and this, he said, restricted business particularly in the period outside the "summer months".

The town of Kilmallock had a population of 1,443 (2006 census). The hotel primarily served the needs of the local community and seasonal visitors to the area. There was little or no passing trade.

He then pointed out that the basement has no natural light and the ceilings there were only 2.2 metres high. The planning authority imposed strict restrictions in relation to the hotel as the hotel occupied the site of a former mill. The restrictions shaped the height and design of the buildings.

He said there were no bedrooms on the ground floor. It consisted of an entrance and reception which is small, a bar and restaurant and one room, a kitchen etc. The first floor has 11 en-suite bedrooms.

The bedrooms on the second floor differed from those on the first floor as they were not as well furnished. Some of these bedrooms had bathrooms attached.

Heating was provided by a "wood pellet" fed boiler. This took up a fair portion of space both for the boiler and storage of the pellets.

There was a small yard at the side of the building with parking for 16 or 17 cars.

The hotel was on the site of an old mill and because of this the planners inserted special conditions in the permission whereby the appellants had to retain certain features – the yard, the entrance archway to the hotel etc. The entrance archway was the original archway entrance to the mill. He then referred to the photographs attached to his précis. The hotel itself replicates the old mill building in design.

He also referred to room occupancy figures for 2007 (74%) and 2008 (63%). The room occupancy for 31.12.08 was 41%.

He also referred to a set of trading figures for the months of August, September, October, November and December 2007 (Hotel opened in August 2007) and for the year 2008 and for January, February and March 2009.

He pointed out that the provision of food was the main earner in the turnover of the hotel. The hotel itself was family run and this would account for the success of the hotel to date. He said that if the hotel was put on the market for letting there would, in his opinion, be no takers. He gave two comparisons in his précis.

Comparison 1: Castle Oaks Hotel in Castleconnell. This, he said, had an RV of €17.43. The NAV was calculated on 2,228 sq. metres at €28 per sq. metre. The hotel was 13 kilometres from Limerick city centre, was just off the main Limerick/Dublin road and was set on 24 acres overlooking the River Shannon. The rate per room varied from €79 - €90 per night whereas the subject hotel charged €50 - €73 per night. This hotel was much superior to the subject premises.

Comparison 2: Rathkeale House Hotel, a common comparison. This has an RV of €68.22. The NAV was calculated on 2,415 sq. metres @ €30.75 per sq. metre. This was a superior hotel to the subject hotel. It had 29 bedrooms with a large bar and function area for up to 300 and is open for weddings. It has in his opinion a substantial passing trade. It is highly visible from the main road.

Mr. Halpin offered 3 estimates of value as follows:

Method 1: Comparative Method

Hotel Ground & First Floor:	1,041 sq. metres	@ €27.34 per sq. metre = €28,461
Developed roof space accommodation:	454 sq. metres	@ €20.50 per sq. metre = € 9,307
Basement etc:	287 sq. metres	@ €10.25 per sq. metre = <u>€ 2,940</u>
Total NAV		= €40,708
Say NAV €40,000 @ 0.5% = RV €200		

Method 2: Profits Method Approach

Turnover for the year 2008 - €05,017.90

Restated at 1988 levels (less 60%) = €362,007

NAV @ 7% = €25,340 at 0.5 % = RV €126.70 – Say RV €127

Method 3: Estimated Market Value 1988 - €190,000

NAV @ 10% = €19,000 @ 0.5% = RV €95.

Cross Examined by Mr. Molony

Mr. Molony referred to the Representations made by Mr. Halpin to the Revision Officer. In this document at page 2 thereof, Mr. Halpin valued the entire hotel (first and second floor together at €27.34 per sq. metre and the basement at €10.25 per sq. metre). He also made a 10% reduction for size and location whereas in his valuation furnished to the Tribunal he separated the first and second floors of the hotel valuing the ground floor and first floor at €27.34 per sq. metre and the second floor at €20.50 per sq. metre. He made no allowance for size or location.

He asked Mr. Halpin why he changed from his valuation as set out in his Representations to the Revision Officer and that as set out in his application to the Tribunal.

In reply Mr. Halpin said that between the Revision stage and preparation of his case for the appeal he recollected a decision of the Tribunal in relation to a premises in Mallow which was substantially similar to the premises under appeal herein, a concession was allowed for different floor accommodation and even though it was outside the rating area he considered it a better method of dealing with this valuation.

In relation to the three methods of valuation adduced by him in his evidence and précis, he maintained that the “Profits Method” could be used and was used at times.

Mr. Molony put it to him that since the late 1990's this method was discontinued.

In relation to the €190,000 mentioned in his third method, he said that this was based on his experience of valuations in 1988. Pubs were selling at that time at £50,000/€60,000. It was, he said, an educated guess based on experience. There was no concrete evidence to back up his figure. He put forward this as a method of valuation but was not putting much weight of evidence on it.

In relation to his Comparison No. 1, Castle Oaks Hotel, he agreed that this valuation was made in 1994 and was on the "Profits" method.

In relation to his Comparison No. 2, Rathkeale House Hotel, (common to both parties to the appeal), he said that he had visited the hotel. He agreed that it was by-passed and cut off from the main route but he maintained that it was highly visible from the main road but that you had to leave this road to access it. Mr. Molony said that he travelled the main road 2/3 times a year and that you could not see the hotel. Mr. Halpin disagreed. He said that you got a side view and possibly a view of the hotel. Mr. Halpin said that this hotel had a more prominent location than the subject premises – a major advantage.

Respondent's Case

Mr. Molony having taken the oath adopted his précis as his evidence-in-chief.

He said that the subject hotel was 3-star rated, had 20 en-suite bedrooms, restaurant, bar and a meeting room for 20 people and that there was further car-parking across the road from the hotel as well as road side car-parking. It relied on local trade and had no great competition. The nearest town was Charleville. He referred to a brochure for the hotel giving information re. accommodation etc. exhibited in his précis.

The floor areas were agreed. In relation to the basement he said that an allowance had been made for the loss of natural light etc. He pointed out that €30.75 per sq. metre is the lowest level for similar hotels in the Limerick area. €27.32 per sq. metre was used for workshops, industrial premises and not for hotels.

In reply to a question from the Tribunal he said that the accounting method of valuation was no longer used. He said that his three comparisons were all 3-star hotels. Levels pertaining to Comparison No's 1 and 2 as set out in his précis are €30.75 per sq. metre. These hotels are similar in size to the subject property.

Rathkeale has a similar population to Kilmallock but he would prefer to stay in Kilmallock – it was more secure and comfortable.

He was not relying on his Comparison No. 3, Fitzgerald's Woodlands House Hotel, Adare, but was relying on his Comparisons No. 1 and 2, the Rathkeale House Hotel and the Mustard Seed, Ballingarry. He considered these valuations as fair and equitable.

Cross Examined by Mr. Halpin

Mr. Molony stated that he must look at hotels for the level to apply and ruled out the judgment in **VA99/3/059 - Castle Hyde Hotel (E & H. Speekenbrink)** as a comparison. He further pointed out that over time valuations on the List would dissipate and that in his opinion the Tribunal would place more credence on more recent judgments.

Mr. Molony said that he did not seek accounts in relation to the subject premises. He formed his opinion of valuation from floor areas, location, comparisons etc. It was not customary to seek accounts.

He reiterated that he valued the subject hotel on the tone of the list. He again agreed that he was not relying on his Comparison No. 3 as it was of a higher standard. It was a country house hotel and was mentioned in the "Blue book". It was noted for its good food – it was renowned for food.

He agreed that Rathkeale House Hotel had no basement. The basement in the subject property was valued at a reduced rate, as it had no natural light and low ceiling heights.

Findings

The Tribunal has carefully considered the evidence and arguments adduced by the parties and finds as follows:

1. The hotel should be valued as one unit.
2. No copy of the “Mallow” judgment referred to by Mr. Halpin was furnished. The Tribunal are not aware of the terms of this judgment.
3. The basement in the subject property should be valued separately.
4. €30.75 per square metre is the lowest rate for similar type hotels in the Limerick rating area.

Determination

In view of the foregoing the Tribunal determines the valuation of the subject property to be €64 as calculated below:

Hotel	1,495 sq. metres	@ €30.75 per sq. metre	=	€45,971.25	
Basement	287 sq. metres	@ €24 per sq. metre	=	€6,888.00	
		Total	=	€52,859.25	
Estimated NAV (€52,889.25 @ 0.5%)				=	€264.29
Say €64					

And the Tribunal so determines.