

Appeal No. VA09/3/041

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

The Cliff House Hotel

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Property No. 2197424, Hotel at Lot No. 11B 13Aab, Dysert, Ardmore, Youghal 2, County Waterford.

B E F O R E

John Kerr - Chartered Surveyor

Deputy Chairperson

Mairéad Hughes - Hotelier

Member

Fiona Gallagher - BL

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 3RD DAY OF MARCH, 2010

By Notice of Appeal dated the 14th day of September, 2009 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of €1,170.00 on the above described relevant property.

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

"In comparison to similar properties, and having regard to the NAV, and tone of the list, the lack of facilities attached to the hotel, the village location and the seasonal nature of the business, we consider the RV to be excessive."

The appeal proceeded by way of an oral hearing held in the offices of the Valuation Tribunal, Ormond House, Ormond Quay Upper, Dublin 7 on the 10th day of December, 2009. At the hearing the appellant was represented by Mr. John Kenneally of Kenneally McAuliffe and Ms. Angelina Scanlan, BSc, MIAVI, a Valuer in the Valuation Office, represented the respondent.

Valuation History

The property was valued in October 2008 with a proposed RV of €1,340. Following representations in November 2008 from the appellant's agent, the Revision Officer made no change to the Valuation. In January 2009 the final certificate issued. This was appealed and subsequently the RV was reduced to €1,170 in August 2009. The appellant has appealed this decision.

The RV was assessed at 0.5% of the NAV as follows:

Hotel	4,896.02 sq. metres	@	€47.84 per sq. metre	=	€234,225.59
			Total NAV	=	€234,225.59

RV @ 0.5% = €1,171.12

RV Say €1,1710.00

The Property

The subject property is located in the village of Ardmore overlooking Ardmore Bay. Ardmore village is situated in west Waterford and is about 4 km off the N25 Waterford to Cork road. The village has a population of about 400 people. The subject property opened in 2008, having replaced the old Cliff House Hotel. It comprises one four-storey building and one five-storey building that are linked at basement level only. The hotel has 39 bedrooms with balconies, a reception, lounge, restaurant, 2 small meeting rooms, swimming pool, spa treatment area, an external hot tub and a small gym area housing 2 treadmills and a cross-trainer. This hotel is considered a destination location. It does not have a front garden and is situate at a cul-de-sac. Parking is provided in the basement for 39 cars and a further 11 along the access road.

Accommodation

External Floor areas are agreed as follows:

Total: 4,896.02 sq. metres

The Appellant's Case

Having taken the oath, Mr. John Kenneally adopted his précis as his evidence-in-chief. He then gave a brief description of the property's valuation history to the Tribunal. He described the location of the subject property constructed adjoining a lane in a cul-de-sac and with very little potential for passing trade. He said that the old Cliff House Hotel was knocked down and that the subject property replaced this building. He described the facilities at the hotel as limited due to space constraints and as such cannot cater for events such as large banqueting, conferences or big wedding groups thereby restricting trade potential. He said that the Cliff House Hotel building occupied a very small site and that there is no room for expansion as it is built into the side of a cliff. He also said that just 30 car spaces were available for guests in the basement as the remaining 9 were used for storing linen trolleys and other hotel equipment. He also mentioned that because of its layout, the building does not allow for direct access between the various levels as some of these floors are cut into the cliff face, thus preventing guests from moving directly between floors requiring them to change lifts at level minus 1.

The business is seasonal and accordingly the hotel opens four days per week during December and from Thursday to Sunday only during the rest of the winter to the middle of April, though it closes down fully from 4th January through to mid February. The hotel is now classified as a 5 star hotel but Mr. Kenneally advised the Tribunal that the pricing structure, in reality, shows very little difference between a 4 star and a 5 star property.

Mr. Kenneally also mentioned that the beach to the front of the hotel suffers from a raw sewage problem and that there are currently public notices in place warning the public of this issue. He confirmed to the Tribunal that the gross external area of the subject relevant property excludes the balconies.

Mr. Kenneally concluded his evidence by stating that he sought an RV of €55 on the subject property, detailed as follows:

4,896.02 sq. metres	@	€9 per sq. metre	=	NAV €190,944.78
RV @ 0.5%	=	€54.72		
RV Say		€55		

In support of his valuation, Mr. Kenneally introduced two comparisons, details of which are set out in Appendix 1 to this judgment.

Comparison No. 1

Faithlegg Hotel & Golf Club, is trading since 2000 and is located less than fifteen minutes drive from Waterford city, with a catchment population of 40,000 people. The subject property, the consultant valuer noted, is 1½ hours' drive away from the city. Faithlegg offers 66 bedrooms, 2 junior suites, 14 master bedrooms, bar, restaurant, conference and banqueting for 220 people, leisure centre and benefits from the adjoining 18-hole golf course and tennis courts, as well as 65 on site self-catering golf lodges. Faithlegg is open all year and has an RV of €1,396 with a gross external area of circa 6,112 sq. metres.

Comparison No. 2

The 2-star Round Tower Hotel located to the north of Ardmore Village. This property features 12 bedrooms, bar and restaurant and is approximately a third of the size of the subject relevant property.

Mr. Kenneally noted that, at the time of revision, the subject, Cliff House Hotel, was not graded as a 5 star hotel.

Cross-examination by the Respondent

In response to questions put by Ms. Scanlan, Mr. Kenneally declared that the subject was unique, he replied that the hotel had disadvantages with the topography and size of the site and that the hotel layout was on two separate levels with separate lifts serving the building. When asked if the Meeting Room could accommodate up to 120 people, Mr. Kenneally advised that only 100 people could be facilitated. Ms. Scanlan then asked Mr. Kenneally to comment on the Cliff House being a 5 star hotel charging corresponding prices. He said that the approved accommodation rates and the actual price paid were very different. He also commented that if a wedding was in progress at the hotel and at the same time a bus group of 40 tourists arrived, the hotel, due to its size and design considerations, could not cope with the second group's requirements.

Respondent's Evidence

Ms. Angelina Scanlan, having taken the oath, adopted her written précis as her evidence-in-chief. In her evidence, Ms. Scanlan contended for a rateable valuation of €1,170, calculated as set out below:

Hotel	4,896.02 sq. metres @ €47.84 per sq. metre	=	€234,225.59
	Total NAV	=	€234,225.59
RV @ 0.5%	=	€ 1,171.12	
RV Say	€1,171		

To support of her opinion of net annual value, Ms. Scanlan introduced three comparisons, details of which are set out in Appendix 2 to this judgment.

Comparison No. 1

The Faithlegg Hotel was common with the appellant's comparison no. 1, details as noted above and attached.

Comparison No. 2

The 3-star Sands Hotel in Tramore. This property has an RV of €500, an area of 2,706.43 sq. metres, and is located in the centre of Tramore. The hotel comprises 20 bedrooms, bars, restaurant, function room (capacity for up to 100 people) and a nightclub that can hold up to 250 patrons. The third comparison used by Ms. Scanlan was the 3-star Gold Coast Holidays Hotel which has 37 bedrooms, a function room (for up to 140 people) and leisure facilities. This property is 4km from Dungarvan, which, the Tribunal was advised, has a population of approximately 7,800. This comparison property, which closes for the winter months has an RV of €698.50, an area of 4,082.81 sq. metres and was valued in 1997.

Under cross-examination by Mr. Kenneally, Ms. Scanlan was asked to comment on the impact on the subject property due to the absence of a ballroom, gardens, a nightclub or unlimited car spaces. She replied that notwithstanding such shortcomings, the subject is unique and very attractive as a destination type high class boutique property at a very scenic location. Mr. Kenneally suggested to her that the appeal of such features, though important, was not sufficient to assist management of the hotel to secure good consistent volume trade, such as that associated with large conferences, weddings, meetings and the like. He explained

that the style and size of the hotel, with its 39 bedrooms, at a coastal destination was a significant limiting factor to trade. The consultant reminded the Tribunal the Faithlegg Hotel, conversely had 80 bedrooms, and its location should not be overlooked being close to the city and a population base of 40,000, whereas the subject property's catchment area had merely 400 people. Mr. Kenneally again repeated that the subject was assessed for grading during 2009 and that at the time of revision it was not actually rated by the Tourism Grading Authority.

Findings and Determination

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

1. The Faithlegg Hotel is the common and primary comparison. It is valued for rating purposes at €41 per sq. metre, whereas the Cliff House Hotel is valued at €47.84 per sq. metre. The former benefits from the range and nature of attractions on offer there, throughout the year, e.g. golf, tennis, propinquity to Waterford City and large catchment population, number of bedrooms, bars, lodges and facilities to cater for large groups, and considerable on-site free parking.
2. Based on evidence adduced, it appears that the Faithlegg Hotel is advantaged with certain economies of operations and management, and capable of attracting greater business opportunities given the foregoing features.
3. The subject property is a unique, exclusive, purpose-built hotel, but is limited in what it has to offer customers.
4. Whilst the location of the subject relevant property offers panoramic views of Ardmore Bay, the hotel does not have a large population base nearby.
5. The Cliff House Hotel is a destination type boutique hotel not capable of attracting or serving the needs of large groups of clients because of its size, number of bedrooms, areas of meeting rooms and parking limitations.

6. The subject property does not have any room to expand on its present site in any significant manner.
7. At the time of valuation management of the subject aspired to a 5-star grading of the property, but same was still awaited at the date of revision.

The above points support a reduction in the rate per sq. metre applied by the Commissioner of Valuation on the subject property.

Having regard to all of the foregoing, together with the evidence submitted and adduced at hearing, the rateable valuation of the subject property should be calculated as follows:

Hotel	4,896.02 sq. metres	@	€41 per sq. metre	=	€200,736.82
RV @ 0.5%	=		€1,003.68		
Say RV	€1,003				

And the Tribunal so determines.