

Appeal No. VA10/5/031

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

National Electrical Wholesalers (Ireland)

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Property No. 2188966, Warehouse at Unit 46, Rosemount Business Park, Ballycoolin, County Dublin.

B E F O R E

Fred Devlin - FSCS.FRICS

Deputy Chairperson

Patrick Riney - FSCS.FIAVL.FRICS

Member

Frank Walsh - Valuer

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 22ND DAY OF FEBRUARY, 2011

By Notice of Appeal dated the 20th day of August, 2010 the appellant appealed against the determination of the Commissioner of Valuation in the fixing a valuation of €355,000 on the above described relevant property.

The grounds of Appeal are set out in the Notice of Appeal attached at Appendix 1 to this judgment.

The appeal proceeded by way of an oral hearing, which took place in the offices of the Valuation Tribunal, Ormond House, Ormond Quay Upper, Dublin 7, on the 6th January 2011. The appellant was represented by Mr. Arthur Ryan, MIAVI, of Arthur Ryan, Property Consultants who has over 20 years experience as a Property Consultant. The respondent was represented by Mr. Liam Diskin, BSc Hons (Property Management & Investment), and BSc (Ord) Property Management & Estate Agency, a Valuer in the Valuation Office.

In accordance with the rules of the Tribunal, the parties had exchanged their respective précis of evidence prior to the commencement of the hearing and submitted same to this Tribunal. At the oral hearing, both parties having taken the oath, adopted their précis as their evidence-in-chief. This evidence was supplemented by additional evidence given during the hearing, either directly or via cross-examination. From the evidence so tendered, the following emerged as being the facts relevant and material to this appeal.

The Property

The subject property is a modern detached high bay warehouse with two-storey office accommodation. The warehouse accommodation has an eaves height of circa 11 metres, with concrete and double skin clad walls with double skin clad roof. The office accommodation has suspended ceilings with tiled and carpet floors. The property has good parking and loading facilities and is generally fitted to a good standard of accommodation, with a gas fired radiator central heating system fitted throughout. It also has a single-storey canteen and wc partitioned off within the warehouse, and there is a total of 72 car spaces.

Location

The property is located in Rosemount Business Park which is located on the Ballycoolin Road, just one kilometre from the N3 dual carriageway and circa 4 kilometres from the M50 Northern Cross Route. This is a large Business Park with a mixture of units consisting of large and small detached industrial units, semi-detached units, terraced units and there is also a small café. The units comprise of office and warehouse accommodation with some of the units having a yard attached. Each unit has at least one loading door with many of the large detached warehouses having several loading doors and dock levelers. All of the units have designated parking, however there is no common parking available in the park. Along with North West and Stadium Business Parks, the locality makes up the primary location for large industrial properties in the Fingal area.

Services

All required services are available and connected to the subject property.

Tenure

The property is held under a 25 year lease with 5-yearly rent reviews by National Electrical Wholesalers (Ireland) Ltd. It is also understood that the Landlord, Panther Properties Ltd pays the building insurance. The initial lease was agreed on the 8th March, 2006 at a rent of €300,000 per annum exclusive, which was subsequently abated to €270,000 per annum exclusive with affect from the 1st April, 2009.

Valuation History

The property was subject to a revaluation as one of all ratable properties in the Fingal County Council area. A valuation certificate (proposed) was issued on the 16th June, 2009. The property had a value of €386,000. Representations were submitted on the 16th July, 2009 by Mr. Arthur Ryan of Arthur Ryan Property Consultants. A final valuation certificate issued on the 11th December, 2009 with a value of €355,000. A first appeal was lodged on 5th February 2010 of Arthur Ryan of Arthur Ryan Property Consultants. Following an appeal to the Commissioner of Valuation the valuation was confirmed at €355,000. An appeal was lodged to the Valuation Tribunal on the 23rd August, 2010 by Arthur Ryan of Arthur Ryan Property Consultant.

Agreed Areas

Warehouse Area: 3134.16 sq. metres

Ground Floor Office: 332.80 sq. metres

First Floor Office: 332.80 sq. metres

Mezzanine 332.80 sq. metres

Appellant's Case

Having taken the oath and adopted his précis of evidence as his evidence-in-chief, Mr. Ryan accepted there was a mistake in his submission and agreed that the mezzanine space of

332.80 sq. metres should have been included, which would now add a sum of €5,644, giving a total of €328,623 for his opinion of net annual value.

In referring to his submission, Mr. Ryan pointed out that in his opinion the comparative method of valuation was the most appropriate and he referred to his five comparisons:

1. Unit 46 Rosemount Business Park, the subject property under appeal. The lease negotiations for the above unit commenced during late 2005 (valuation date) and the lease commenced in March 2006,
2. Unit 9 Rosemount Business Park. This unit, which adjoins Palace Foods was valued at the same time as the subject property but is valued at a considerably lower rate than the subject property. Mr. Ryan stated that an allowance had been made for the high site coverage in this instance but, in his opinion, this cannot explain the difference between a rate of €85 per sq. metre on this property and a rate of €2 per sq. metre on the subject property. The said valuation had been appealed and settlement reached between the parties.
3. Unit 400 Rosemount Business Park (Quinn Radiators). This unit was valued at the same time as the subject property but was valued at a considerably lower rate. Mr. Ryan stated that, in his opinion, an allowance had been made for quantum in this instance, but that this could not explain the difference between the rate of €85 per sq. metre on this property and the rate of €2 per sq metre on the subject property.
4. Unit 2 Rosemount Park Drive (Palace Foods). This Unit was valued at the same time as the subject property but, again, was valued at a lower rate than the subject. Mr. Ryan stated that, in his opinion, an allowance had been made for the quantum issue in this instance, but that this could not explain the difference between a rate of €90 per sq. metre on this property and a rate of €2 per sq. metre on the subject property. This unit also had the advantage of having dual frontage onto the main arterial route through the estate and to Rosemount Business Park.
5. Unit 3 Rosemount Business Park (Applied Sales & Distribution Ltd.) This unit was valued at the same time as the subject property but was valued at a lower rate

than the subject property. Mr. Ryan stated that he could not explain the difference between a rate of €90 per sq. metre on this property and a rate of €92 per sq. metre on the subject property given that they are “very equal in size.”

Cross-Examination by the Tribunal

Mr. Ryan stated that the lease on the subject property was signed in March 2006 at a rent of €300,000 exclusive, with the landlord having agreed to cover the cost of the insurance of the buildings. He was aware that under Section 48 of the Valuation Act, 2001, the tenant was responsible for all outgoings. In his opinion, if the tenant had occupied the property under an FRI lease, this would not necessarily have meant that a higher rent would have been agreed, as the state of the property market at that time was not particularly strong. However, Mr. Ryan did accept that under Section 48 NAV is essentially an estimate of the open market rent of the property on an FRI basis.

Cross-Examination by the Respondent

In answer to a number of questions from Mr. Diskin, Mr. Ryan stated that he understood the property was built in the early 2000's and that it had been left idle for 3 to 4 years. Mr. Ryan stated that, in his view, the landlord would not have been willing to accept a lower rent at that time for a newly-constructed building, and that the landlord had not been involved in any of the fit-out. Mr. Ryan accepted that his comparisons nos. 2 and 4 are shared access buildings. He did not accept, however, that there should be any allowance for this reflected in the NAVs. Mr. Ryan also stated that despite there being shared parking and shared access for potential tenants in a number of his comparisons, or where the properties were attached or detached, there should be no difference reflected in the NAVs.

Respondent's Case

Mr. Diskin took the oath, adopted his précis as his evidence-in-chief and reviewed his submission. In particular, he referred to the revaluation of this rating authority area, and pointed out that valuation levels were derived from the analysis of available market information of comparable properties and applied to the subject property. Mr. Diskin stated that the valuation of this property on appeal to the Commissioner of Valuation was determined by reference to the values of comparable properties stated in the valuation list in which the property appears.

Mr. Diskin informed the Tribunal that the Valuation Office had carried out a survey of general valuation levels adopted in the Rosemount Business Park, which were as follows:

Type 1 – Units below 2,000 sq. metres are valued at €100 per sq. metre.

Type 2 – Units between 2,000 and 4,000 sq. metres are valued at €5 per sq. metre.

Type 3 – Units greater than 4,000 sq. metres are valued at €0 per sq. metre.

Mr. Diskin referred in detail to his comparisons, as follows:

Comparison 1, Harvey Norman Trading (Ireland) Ltd at Unit 9, Stadium Business Park, Ballycoolin Road, Dublin 11. This property had been agreed at the first appeal stage in March 2006 and had been assessed at €2 per sq. metre for the warehouse and office areas. Mr. Diskin also confirmed that a stepped rent applied for the first 5 years averaging €17,000, equivalent to €1 per sq. metre for the first five years.

Comparison 2. Wincanton (Ireland) Ltd., Unit 1a, Rosemount Business Park, Ballycoolin Road, Dublin 11. This property had been agreed at representations stage in September 2006 at a rate of €0 per sq. metre for the warehouse and office areas.

Comparison 3. Viking Direct Ireland Ltd. Unit 35, Rosemount Business Park, Ballycoolin, Dublin 11. This property had been agreed at first appeal stage in November 2005 at a level of €0 a sq. metre for the warehouse and office areas.

Comparison 4. Iron Mountain Ireland Ltd, Unit 33, Rosemount Business Park, Ballycoolin, Dublin 11. This property had also been agreed at first appeal stage at a level of €100 per sq. metre for the warehouse and office areas.

Comparison 5. Campbell Freight Agencies Ireland Ltd., Unit 5, Rosemount Business Park, Ballycoolin, Dublin 11. This property had been agreed at representations stage at a level of €100 per sq. metre for the warehouse/office areas.

Comparison 6. Tractamotors Ltd, Unit 12, Rosemount Business Park, Ballycoolin, Dublin 11. This property was owner occupied and had been agreed at representations stage and agreed at a level of €5 per sq. metre for the warehouse and office areas.

Cross-Examination by the Appellant

Under cross-examination by Mr. Ryan, Mr. Diskin stated that while he accepted that his comparison 2 (Wincanton Ireland Ltd), was in excess of 21,000 sq. metres, he stated that it was similar in construction to the subject and located in the same area. Mr. Diskin accepted his comparison 3 (Viking Direct Ireland Ltd) had additional buildings. Mr. Diskin was of the opinion that he had given substantial comparable evidence to justify a rate of €2 per sq. metre for the warehouse/office areas. He also stated that in his opinion the rental values between 2005 and 2007 had not changed much.

Findings

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

1. In the instant case, and as accepted by the parties, Section 48 of the Valuation Act, 2001 applies.
2. The Tribunal considers the respondent's comparison no. 1 to be most helpful in arriving at a fair and reasonable valuation.
3. The summary provided by the respondent of the general valuation levels adopted in Rosemount Business Park is of assistance in arriving at a fair and reasonable valuation.

Determination

The Tribunal has considered all of the above and has concluded that there should be no change in the valuation assessed by the respondent. The valuation of €355,000 is, therefore, affirmed.

And the Tribunal so determines.