

Appeal No. VA11/4/006

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

**Castle Davitt Furniture Limited**

**APPELLANT**

**and**

**Commissioner of Valuation**

**RESPONDENT**

RE: Property No. 2208473, Retail Warehouse at Lot No. 1B/Unit 6, Knockrower, Castlebar Rural, Castlebar, County Mayo.

**B E F O R E**

**Niall O'Hanlon - BL**

**Deputy Chairperson**

**Michael F Lyng - Valuer**

**Member**

**Thomas O'Driscoll - IPAV**

**Member**

**JUDGMENT OF THE VALUATION TRIBUNAL**  
**ISSUED ON THE 10TH DAY OF APRIL, 2012**

By Notice of Appeal dated the 12th day of October, 2011, the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of €220 on the above described relevant property.

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

"The other buildings in my estate are either derelict or have gotten rate reductions."

The appeal proceeded by way of an oral hearing at the offices of the Valuation Tribunal, Holbrook House, Holles Street, Dublin 2 on the 15th day of February, 2012. At the hearing the appellant was represented by Mr Eamonn Halpin, BSc (Surveying), ASCS, MRICS, MIAVI. The respondent was represented by Mr. Noel Rooney, Dip Env Econ, a valuer at the Valuation Office. Both parties having taken the oath adopted their respective précis which had previously been received by the Tribunal as their evidence-in-chief. From the evidence so tendered the following emerged as being the facts relevant and material to the appeal.

### **Location**

The property is located at Castlebar Business Park, Castlebar, Co. Mayo.

### **Description**

The property comprises a ground floor and mezzanine furniture showroom with car parking to the front.

Floor area: Agreed floor area is:

Ground floor showroom: 702.10 sq. metres

1<sup>st</sup> floor showroom: 674.54 sq. metres

### **Valuation History**

The subject property was valued as a new furniture showroom in 2011. The valuation certificate issued with an RV of €220. The occupier appealed this valuation to the Commissioner of Valuation. The RV remained unchanged at appeal stage and the occupier appealed to the Valuation Tribunal.

### **Appellant's Case**

Mr. Eamonn Halpin outlined to the Tribunal a number of points which he asked the Tribunal to consider in assessing the net annual value (NAV) of the subject property:

1. He said that the subject property is located in an unfinished industrial park with no main road frontage.
2. He stated that the property comprises an industrial shell which has been adapted by the addition of a mezzanine floor fitted as a furniture showroom.

3. He noted that the subject unit would be very unattractive to the hypothetical tenant, who would undoubtedly much prefer to be located in a designated retail park, or in a stand-alone unit with main road frontage.
4. It was his opinion that the proportion of valuation proposed for the first floor space is not in keeping with the broadly established tone for comparable properties around the country. The mere addition of the mezzanine, while almost doubling the size of the building, could not increase the value of the building by 50% as suggested by the Commissioner, especially considering that the construction cost of the mezzanine is estimated at only 15-20% of the entire construction cost.
5. Mr Halpin asserted that the effect of the mezzanine floor is to reduce the effective headroom on the ground floor from 6 metres to 2.5 metres which reduces its industrial value.
6. He stated that the occupier's goodwill and business acumen should not be taxed. They have been in the furniture business in Castlebar for 30 years and have built up considerable goodwill in the community. This allows them to trade from this unconventional location. The hypothetical tenant would not be attracted to this unit due to its type, nature, location and lack of profile or passing trade.
7. Mr Halpin stated that the local market had become oversupplied with superior retail/showroom units, which had further depressed the relative value of the subject and it would only be attractive if offered on very reasonable rental terms.
8. He stated that he was seeking to have the assessment of the subject property reduced to more fairly reflect its relative value taking into account its actual location and configuration, together with the level applied to other units in the area as he has shown by his comparisons.

Mr. Halpin contended for the following valuation:

Ground floor showroom	702.10 sq. metres	@	€30.75 per sq. metre	=	€21,590
First Floor showroom	674.53 sq. metres	@	€13.67 per sq. metre	=	<u>€9,221</u>
					NAV = €30,811
					@ 0.5% = €154.41

Say RV €150

In support of his opinion of the NAV of the subject property, Mr Halpin put forward five comparisons as follows:

**1. Monaghan & Sons, Breaffy Road, Castlebar, Property No. 2171299**

This property, Mr Halpin stated, is an exceptional showroom premises on a high profile main road site at the entrance to Castlebar Shopping Park. He felt that it was superior in every respect to the subject, namely in its location, frontage, design, construction and profile but is assessed by the Commissioner at only 9.34% more than the subject.

**2. Fort Wayne Metals, Drumconlon, Castlebar , Property No. 2170232**

As with comparison 1, this property is a high specification, top quality industrial premises completed *circa* 2004. It has exceptional office quality, high profile and main road frontage. The factory element is valued at €27.32 per sq. metre.

**3. Cashin Printing, Castlebar Business Park, Property No. 2198047**

This is a top quality office and printing works, close to the subject. The workshop and two-storey offices are all valued at €30.75 per sq. metre.

**4. Cost Plus Sofas, Castlebar Shopping Park, Property No. 2192777**

This property has full main road frontage as part of the shopping park, adjoins similar high footfall users such as Halfords, Woodies, Toymaster and Harvey Norman and has a high quality specification for this type of retail property. This retail property is valued at €54.68 per sq. metre. The mezzanine is not included as it was built after the assessment.

**5. Woodies, Castlebar Shopping Park, Property No. 2186604**

This is the largest retail unit in the development, adjoins similar high footfall users such as Halfords, Cost plus Sofas, Toymaster and Harvey Norman and has a high quality specification for this type of retail property.

**Cross-Examination**

Mr Halpin agreed that the subject property is a modern unit with suspended ceilings, air conditioning and lift. He felt that it was at a disadvantage because it was located in an

industrial park with no possibility of erecting signage. In his opinion, all the factors should be taken into account when valuing retail units located in industrial parks. The hypothetical tenant would, he felt, shy away from the subject property unless a premium were attached. Mr Halpin believed that, because the unit has planning permission for retail, this would not add value as it was not located in a designated retail park. He felt that location was more important and that a prospective tenant would seek a 50% discount for difference in location.

### **Respondent's Evidence**

Mr Noel Rooney contended for a NAV of €220 as follows:

Ground Floor showroom	702.1 sq. metres	@	€38.75 per sq. metre	=	€27,206.37
First Floor showroom	674.54 sq. metres	@	€25.00 per sq. metre	=	<u>€16,863.50</u>
Total NAV					= €44,069.87
					@ 0.5% = €220.34

RV Say €220

Mr Rooney submitted five comparisons, three located in Castlebar Business Park with ground floor values of €40 - €44.42 per sq. metre and two located in Castlebar Retail Park with ground floor values of €52.63 - €54.67 per sq. metre, details of which are contained at Appendix 1 to this judgment. He told the Tribunal that the subject property was a modern retail warehouse in a good location in a business park, on the outskirts of Castlebar and that it was valued in line with similar type properties in the same location.

### **Cross-Examination**

Mr Rooney agreed under cross-examination that a business park location was not as good as a retail location. He stated that as Castlebar Furniture was the first unit dealt with in the development he looked at other similar units in the area when carrying out his valuation. Mr Rooney stated that car showrooms and factories were not relevant comparisons. He would not agree with Mr Halpin that €27.34 per sq. metre was the only level applied to industrial units in the business park as other units had valuations of €30.75, i.e. Cashin Printing close to the subject. Mr Rooney stated that, in his opinion, the location of the subject property and the fact that the signage was difficult to see were not too important in this case because furniture shoppers tend to look at several similar units before making a purchasing decision. In reply

to the Tribunal, Mr Rooney agreed that retail warehousing is always valued higher than industrial.

### **Findings**

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

- (1) The property is located in a predominantly industrial business park in a cul-de-sac.
- (2) The Tribunal notes that, due to location, signage is not possible on any main road.
- (3) The Tribunal considered also the evidence that signage was not visible in Castlebar Shopping Park.
- (4) The Castlebar Business Park is located off the main road.

### **Determination**

Having regard to the foregoing, the Tribunal determines that the NAV of the subject property is as follows:

Ground Floor Showroom	702.10 sq. metres	@	€36.00 per sq. metre	=	€25,275.60
First Floor Showroom	674.54 sq. metres	@	€22.95 per sq. metre	=	<u>€15,480.69</u>
			NAV	=	€40,756.29
			@ 0.5%	=	€203.78

RV Say €200

And the Tribunal so determines.