

Appeal No. VA11/4/013

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

Dr. Enda Harhen

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Property No. 2208765, Surgery at Lot No. 6B, Vicarschoral Land (PT OF), Tuam Rural, Tuam, County Galway

B E F O R E

Maurice Ahern - Valuer, IPAV

Deputy Chairperson

Fiona Gallagher - BL

Member

Michael Connellan Jr - Solicitor

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 11TH DAY OF MAY, 2012

By Notice of Appeal received on the 14th day of November, 2012 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of €8 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 & inequitable for this property at this location."

"The level applied is excessive in view of the level applied to other medical centres/surgeries in Co. Galway."

The appeal proceeded by way of an oral hearing which took place in the offices of the Valuation Tribunal, Holbrook House, Holles Street, Dublin 2 on the 16th 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. Paul Mooney, BSc (Hons) Real Estate, 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.

Prior to commencement, Mr. Mooney raised a preliminary issue. He stated that Mr. Halpin in his précis had stated that the site of the subject property is subject to a right of way in favour of the HSE to the adjoining medical centre. Mr. Mooney stated that this point constituted a new ground of appeal, which had not been raised previously with the respondent. Accordingly, the Tribunal did not give consideration to this point.

Issue

Quantum.

Location

The subject property is located at Sean Purcell Road, Tuam. This location is away from the main commercial and retail centre of Tuam, close to the railway station. The majority of the land adjoining the subject property remains undeveloped.

Description

The subject property is a detached single-storey modern purpose-built medical centre comprising of five surgery rooms, reception, waiting room, staff room and kitchen, ancillary office and stores. There are also five Velux windows on the roof allowing extra sunlight into parts of the property without natural light.

Accommodation

The net internal area (NIA) of the medical centre, agreed by both parties, is 190 sq. metres.

Tenure

It is understood that the title is held freehold.

Valuation History

A proposed Valuation Certificate issued on 6th January 2011 with a RV of €140. Following consideration of representations made by the appellant, no change was made by the Revision Officer. The final certificate issued on 11th March 2011. An appeal was lodged by Mr. Eamon Halpin on 19th April 2011 to the Commissioner of Valuation. The outcome of the appeal was a reduction in the RV from €140 to €88. An appeal was lodged with the Valuation Tribunal on 15th November 2011.

Appellant's Evidence

Prior to moving his précis, Mr. Halpin referred to comparison no.3 on page 8 of his précis where he stated that the area for the surgery should have read 129 sq. metres @ €71.75 per sq. metre with a 5% allowance for quantum. Mr. Halpin, having taken the oath, adopted his précis as his evidence-in-chief. He stated that there was not a sufficient number of comparisons in the Tuam area comparable to the subject property. He read Section 49(1) of the Valuation Act, 2001 and backed up his reasons for looking outside the said area. Mr. Halpin referred to the location, description, accommodation and the site and development costs of the subject property. He then went on to describe his four comparison properties as follows:

Comparison No.1: Dunlo Medical Centre, Ballinasloe, Co.Galway.

NAV basis: Surgery, 386.14 sq.metres @ €4.60 per sq.metre. RV €105.

Comment: New, very fine purpose built medical centre on the outskirts of Balinasloe. Part of the front of the property is developed as a large retail pharmacy.

Comparison No.2: Gabriel Gilmore, Greenparks Nursing Home, Tuam.

NAV basis: Nursing home, 678 sq. metres @ €30.07 per sq. metre. RV €101.58.

Comment: Nursing home, close to the subject in non-prime location, of a similar single-torey type construction.

Comparison No.3: Dr. Ray Reid and Dr. Brendan Forde, Tigh Purcell Shopping Centre, Barna, Co.Galway.

NAV Basis:Surgery, 129 sq. metres @ €71.75 per sq. metre (with a 5% allowance for quantam). RV €46.

Comment: Modern purpose-built medical centre at Barna, Co. Galway, smaller in size than the subject and with retail potential, the level applied to this property was increased due to these factors.

Comparison No.4: Hazelwood Medical Centre, Castlegar Rd., Galway.

NAV basis: Surgery/offices, 54.67 sq. metres @ €64 per sq. metre. RV €17.50.

Comment: New ground floor medical centre vacant and to let at the time of revision as either medical centre or offices, much smaller than the subject.

In conclusion, Mr. Halpin stated that the subject property is comprised of a new medical centre located at Sean Purcell Road, Tuam, Co. Galway. The Commissioner's estimate of historic 1988 value for the subject property is unsustainable when considered in the light of the tone of the list for Galway County. The hypothetical tenant would weigh up all factors in any rental bid for the subject and it is clear from the tone of the list that the tenant would not pay 40-75% more per square metre for the subject than he would for other medical centre comparables cited by the appellant particularly as they are generally all superior to the subject in at least one aspect, be it location, passing trade or proportional size.

Mr. Halpin stated that the application of the tone of the list must be for comparable properties and suitable allowances for advantages and disadvantages must be taken into account when formulating a fair NAV. All properties, even those of similar function, are not necessarily of similar value and the primary defining factors are almost always location and functionality. This is of particular relevance to the subject property and must be given full weight in any consideration of the premises in terms of the broader tone.

Mr. Halpin then sought a RV of €50 for the subject property, as follows:

Estimated NAV as at 1988 on a one year with another basis:

NAV basis: Medical Centre (Overall)	174.13 sq. metre @ €54.68 per sq. metre =	€9,521
Stores	15.87 sq. metre @ €27.34 per sq. metre =	€ 434
		€9,955

@ 0.5% = €49.77

Say RV €50

Cross-Examination

In response to questions from Mr. Mooney, Mr. Halpin stated that two of his comparisons were not on the list and that comparison number one in his précis was a property within a different rating authority area. Mr. Halpin further stated that there were no comparable medical centres in the Tuam area even though there was a number of surgeries assessed, but they were, however, much smaller than the subject property. Mr. Halpin was questioned by Mr. Mooney as to why he ignored the 49 or so other surgeries in Co. Galway when putting forward his comparisons. Mr. Halpin stated that his comparisons numbers three and four were within the same rating authority as the subject property.

Respondent's Evidence

Mr. Mooney adopted his précis as his evidence-in-chief. He stated that since reference to the location, description and accommodation of the subject property had already been made, there was no need to discuss these again. He stated that the subject property was close to schools and to a large residential area, had good parking and good wheelchair access. He informed the Tribunal that the areas had been agreed with the appellant.

Mr Mooney contended for the following valuation of the subject property:

Level 0	Block A-M	Surgery 190 sq. metres @ €88.8 per sq. metre	€16,872
Valuation Office Estimate of NAV			€16,872
RV			€84

(The Tribunal noted that the RV being contended for by the respondent at hearing was lower than the RV in the valuation list, which is €88.)

In support of his opinion of rateable valuation, Mr Mooney put forward the following comparisons:

Comparison No.1: Dr. Jarlaith Deignan, Palace Medical Centre, Tuam.

Level 0 Surgery	99.82 sq. metres @	€5.67 per sq. metre	€9,549.77
Level 1 Surgery	<u>55.15</u> sq. metres @	€4.68 per sq. metre	<u>€3,015.60</u>
Total NIA	155.00 sq. metres	Total NAV	€12,565.37
RV	€62		

Comment: This property, located on the north side of Tuam town, was purpose-built in 2008 as a medical centre. An opticians and a pharmacy attached to the medical centre are separately valued.

Comparison No.2: Dr Seamus Cunningham, Glebelands, Dublin Road, Tuam.

Surgery 67 sq. metres @ €5.69 per sq. metre NAV €6,411.23 RV €30.47

This property, purpose-built as a doctor's surgery in 1992, is located 650 metres from the subject property.

Mr. Mooney stated that there are other surgeries in Tuam town but that they are more like consulting rooms. He further stated, with regard to the subject property, that there had been no agreement on areas at appeal stage but that these were later agreed at 190 sq. metres

Cross-Examination

In response to questions put forward by Mr. Halpin, Mr. Mooney stated that comparison property number one in his précis is one third smaller in size than the subject property but that the rate per sq. metre of €5.35 is on the list for surgeries and medical centres in the area. Mr. Mooney further stated that it is not fair to value the subject property on an overall basis, as the comparisons were valued on a ground and first floor basis. When further questioned by Mr. Halpin, Mr. Mooney stated that some allowance for quantum had been given. Mr. Mooney stated that a rate of £7/€8.89 per sq. foot was too high and that a rate of £6/€7.62 per sq. foot was too low. In Mr. Mooney's opinion, a rate of £6.50/€8.26 per sq. foot or €8.88 per sq. metre would be sufficient.

Findings

The Tribunal thanks the parties for their efforts, their written submissions, arguments and contribution at the hearing and, having carefully considered all the evidence and arguments adduced by the parties, makes the following findings:

1. The Tribunal is satisfied that the rate of ~~€~~88.88 per sq. metre applied to the subject property by the respondent is fair and reasonable.
2. However, the Tribunal is of the view that a discount should be applied to the store.
3. The comparison of most assistance to the Tribunal was the respondent's comparison number one, which is a purpose-built medical centre on the outskirts of Tuam.

Determination

In light of the foregoing, the Tribunal determines the valuation of the subject property as follows:

Medical Centre (Overall)	174.13 sq. metres @ € 88.80 per sq. metre	=	€15,462.74
Store	15.87 sq. metres @ € 44.40 per sq. metre	=	<u>€ 704.63</u>
Total NAV			€16,167.37
€16,167.37 @ 0.5% =			€ 80.84

RV Say ~~€~~1

And the Tribunal so determines.