

Appeal No. VA11/5/021

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

**Elavon Financial Services Limited**

**APPELLANT**

**and**

**Commissioner of Valuation**

**RESPONDENT**

RE: Property No. 2171867, Office at Block E, Cherrywood Science and Technology Park,  
Cherrywood, Loughlinstown, County Dublin.

**B E F O R E**

**John F Kerr - BBS, FSCSI, FRICS, ACI Arb**

**Deputy Chairperson**

**Frank O'Donnell - FRICS, B Agr Sc, MIREF**

**Member**

**Veronica Gates - Barrister-at-Law**

**Member**

**JUDGMENT OF THE VALUATION TRIBUNAL**  
**ISSUED ON THE 19TH DAY OF DECEMBER, 2011**

By Notice of Appeal dated the 14th day of June, 2011 the appellant appealed against the determination of the Commissioner of Valuation in fixing a valuation of €256,000 on the above described relevant property.

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

"The valuation is excessive. There has been no regard to the available open market rental evidence."

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 13<sup>th</sup> day of October, 2011. At the hearing the appellant was represented by Mr. Aidan Reynolds MSCSI, MRICS. The respondent was represented by Mr. Dean Robinson, BSc (Hons) Surveying, a Valuer in the Valuation Office.

Both parties, having taken the oath, adopted their respective précis of evidence 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.

### **At Issue**

Quantum.

### **The Property**

The property is located in Cherrywood Science and Technology Park in south County Dublin. Cherrywood comprises a Business Park hosting a range of high profile tenants including Friends First, Dell, Covidien and Unicare. The property is located in Block E of Cherrywood Science and Technology Park off Wyatville Road in Loughlinstown. The Park is approximately 50 metres from exit 15 off the M50. The subject property is located on the second floor of a third generation office block within Cherrywood Science and Technology Park. As of the effective date of valuation there were 83 car spaces with this property.

### **Basis of Valuation**

The property was the subject of a revaluation as one of all rateable properties in the Dun Laoghaire/Rathdown County Council area. The valuation order for Dun Laoghaire/Rathdown County Council specifies the 30<sup>th</sup> September, 2005 as the valuation date. The valuation was derived from market rental information of comparable properties in the Dun Laoghaire/Rathdown rating authority area.

### **Valuation History**

The proposed valuation certificate issued on the 15<sup>th</sup> June, 2010 with a valuation of €308,000. Representations were lodged by Mr. Aidan Reynolds (Savills) for the subject property on the 7<sup>th</sup> August, 2010 and the valuation was reduced to €256,000. An appeal was lodged by the agent to the Commissioner of Valuation on the 8<sup>th</sup> February, 2011. The valuation remained

unchanged after this first appeal. An appeal was lodged to the Valuation Tribunal on the 20<sup>th</sup> June, 2011.

### **Valuation**

Second floor office	683.44 sq.metres	@ €240 per sq. metre	= €64,025
Car Spaces	83	@ €1,000 per space	= € 83,000
Valuation Office Estimate of NAV			€247,025
Rounded to: €247,000			

### **Accommodation**

The accommodation is accessed via two lifts and stairs, and toilets are provided at each level. There is a total of 83 car spaces, three of which are located at surface level immediately to the front of the building with the remaining 80 spaces located in Block G, Cherrywood, approximately 100 metres away from the subject.

### **Tenure**

The property was first let in June 2002 with a rent of €189,567.43 per annum with a six month rent free period. The tenant has the option to terminate the lease on the 15<sup>th</sup> May, 2012 on the provision of 12 months' notice and a twelve month rental penalty. In 2005 Elavon took a second lease for the ground and first floor but did not occupy the space until sometime after. For the purpose of this Tribunal the first floor space has not been valued.

### **Appellant's Case**

Mr. Reynolds stated that the primary evidence when assessing the rental value for the subject property as at the valuation date is the letting of the ground and first floor of the same Block E in Cherrywood. This is let on a 25 year lease with rent reviews on five year anniversaries and a 15 month rent free period. An analysis of this rent gives a rate per sq. metre of €209.50 and €750 per car space. However, it emerged during the hearing that the ground and first floor together of Block E are not on the valuation list.

His second comparison was the second and third floor of the Herbert Building, located at the Park, Carrickmines. This property comprises an area of 1,271 sq. metres on each floor and 50 car spaces. It is let on a 25 year lease at an annual rent of €710,897 including 50 basement car spaces. There is a break option at year 10 and an 18 month rent free period. Mr. Reynolds'

analysis of the rent at his second comparison property, taking into account the 18 month rent free period and amortising it over the first 10 years generates an effective average rate per sq. metre of €221 for the office area and €800 per car parking space.

Mr. Reynolds submitted that a fair NAV for the subject property would be €205,000 which he calculates as follows:

Offices	683.44 sq. metres @ €209.50 per sq. metre	= €143,180
Car Spaces	83 @ €750 per space	= <u>€ 62,250</u>
Total		€205,430
NAV Say		€205,000

He considered the primary evidence was the letting of the ground and first floor of the subject property in February, 2005.

### **The Respondent's Evidence**

Having adopted his précis as his evidence-in-chief, Mr. Robinson described the property as the second floor of a third generation office block within Cherry Science and Technology Park. It comprises 83 car spaces and an area of 683.44 sq. metres. This has been agreed by both parties. The property was let in June 2002 at a rent of €189,567 per annum with a six month rent free period and 83 car spaces. Subsequently Elavon took a second lease on the ground and first floor, but these have not been valued for rating purposes.

### **Basis of Valuation**

Mr. Robinson contended for the following valuation:

Second floor office	683.44 sq. metres @ €240 per sq. metre	= €164,025
Car Spaces	83 @ €1,000 per space	= <u>€ 83,000</u>
Total		€247,025
Valuation Office Estimate of NAV (Rounded)		€247,000

## Respondent's Comparisons

### 1. Property No. 2171865.

Second floor, Block D, Cherrywood Science and Technology Park.

Occupier: ISM Health.

Valuation Date: 30<sup>th</sup> September, 2005.

Accommodation	236.43 sq. metres @ € 240 per sq. metre =	€6,743
10 Car Spaces	@ €1,000 per space=	<u>€10,000</u>
NAV		€66,743
NAV (Rounded to)		€66,700

Mr. Robinson stated that this property is very similar to the subject property in terms of quality and build. The property is let at a rent of €72,735 per annum for 20 years, on an IRI basis with 5 year rent reviews from 15<sup>th</sup> January, 2003 and it also includes 10 car spaces. This equates to a rental rate of €65.34 per sq. metre per annum with 10 car spaces at €1,000 per space, per annum.

### 2. Property No. 2196490.

South Block, Rockfield Centre, Dundrum.

Occupier: Mott McDonald.

Valuation Date: 30<sup>th</sup> September, 2005.

Offices levels 1-5	1,601 sq. metres @ € 260 per sq. metre =	€416,260
Lobby	26 sq. metres @ € 260 per sq. metre =	€ 6,760
10 Car Spaces	@€1,250 per space =	<u>€ 12,500</u>
NAV		€435,520

Again Mr. Robinson stated that the property is similar to the subject property in terms of quality and build. This property has been valued at €260 per sq. metre. There are two leases, one from the 6<sup>th</sup> September, 2005 and the other from the 1<sup>st</sup> January 2006 with an annual rent of €49,753. This devalues at €268 per sq. metre, per annum and car spaces at €1,250 per space, per annum.

### 3. Property No. 2161686.

Unit 14, Sandyford Industrial Estate, Sandyford.

Occupier: Bank of Ireland.

Valuation Date: 30<sup>th</sup> September, 2005.

Offices	1,245 sq. metres @ €280 per sq. metre =	€348,600
39 Car Spaces	@ €1,250 =	<u>€ 48,750</u>
NAV		€397,350
NAV rounded to €397,000		

The respondent noted that this valuation was issued on the 15<sup>th</sup> June, 2010 at €447,000. Representations were made by Savills on the 12<sup>th</sup> July, 2010 and the valuation was reduced to €397,350. No appeal has been submitted to the Tribunal. This property is located in Sandyford Industrial Estate and is also a third generation office unit. It is let on a 25 year lease with 5 year rent reviews which lease commenced on the 1<sup>st</sup> September, 2000 and was reviewed on 1<sup>st</sup> September, 2005 for €390,000. This equates to a rate of €274 per sq. metre per annum and car spaces at €1,250, per annum.

4. Property No. 2150938.

Block A, Cherrywood Science and Technology Park.

Occupier: Dell

Valuation Date: 30<sup>th</sup> September, 2005.

Offices	4,910 sq. metres @ €240 per sq. metre =	€1,178,400
Less 5% for Quantum		€ (58,920)
186 Car Spaces	@ €1,000 per space =	<u>€ 186,000</u>
NAV		€1,305,480

Mr. Robinson advised that the above valuation was agreed by Mr. Aidan Reynolds of Savills. This property is very similar to the subject property in terms of quality and build. This property is let at an annual rent of €1,340,000 from May, 2005.

Mr. Robinson submitted maps and photographs of the subject property and his comparisons.

## Findings

1. The Tribunal accepts the argument of the appellant that the provision of parking in the instant case is most unusual and not reflective of market norms by reason of basement location remote from subject buildings.
2. The Tribunal acknowledges the agreement between the parties on the analysis of rental of the subject in 2002 which, includes parking calculated at €750 per space per annum and amortising the rent-free period over a term of 10 years, resulted in an equivalent annual rental of between €235 and €240 per sq. metre.
3. The Tribunal acknowledges the agreement between the parties that the respondent's Comparison No. 2 (Rockfield) would warrant a higher rating by virtue of its location, profile and proximity to public transportation services.
4. The arguments adduced at hearing by the parties and supported by their respective précis of evidence suggest that a basket of rentals contributing to the development of valuations of similar office accommodations, specifically in Cherrywood Science and Technology Park, comprises a number of rentals on both accommodation and parking which vary widely, thus reflecting the differences between them.
5. The Tribunal is satisfied that in the instant case the valuation on the subject property should be compared primarily with valuations of other properties similar to the subject; firstly, within Cherrywood and thereafter with similar accommodations within the greater rating authority area.
6. The Tribunal is mindful of the hypothesis agreed between the parties on how Comparison No. 2 in the respondent's précis, when valued by reference to its location and taking account of the rent-free period provided for in the lease, and its value on the list, might result in the value applied to the subject being reduced by approximately 7.5%. This reduction would apply on an adjacent rental also agreed between the parties of €245 per sq. metre, which would devalue to a sum of €226.63 per sq. metre.

7. Having regard to the special conditions applicable to the subject as noted at hearing, including the undeveloped site – described by the respondent as a pond – in close proximity to the subject, and the general undeveloped condition of much of the neighbourhood, the Tribunal is of the view that the valuation on the subject should be calculated on the basis of €225 per sq. metre plus €750 per car parking space.

### **Determination**

Having regard to all the foregoing, the Tribunal calculated the valuation on the subject property as follows:

Offices	683.44 sq. metres @ €225 per sq. metre	= €153,774
Car Spaces	83 @ €750 per space	= € <u>62,250</u>
Total		€16,024

NAV say €16,000

And the Tribunal so determines.