

Appeal No. VA11/5/121

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

**Flanagans Of Buncrana**

**APPELLANT**

**and**

**Commissioner of Valuation**

**RESPONDENT**

RE: Property No. 398942, Retail (Warehouse) at Deerpark Road, Mount Merrion, County Dublin.

**B E F O R E**

**Fred Devlin - FSCSI, FRICS**

**Deputy Chairperson**

**Joseph Murray - BL**

**Member**

**Frank Walsh - QFA, Valuer**

**Member**

**JUDGMENT OF THE VALUATION TRIBUNAL**  
**ISSUED ON THE 3RD DAY OF FEBRUARY, 2012**

By Notice of Appeal received on the 8th day of August, 2011 the appellant appealed against the determination of the Commission of Valuation in fixing a valuation of €276,000 on the above described relevant property.

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

*"Valuation excessive in view of open market rental of property and in view of property is not purpose-built and is a converted cinema." "Upper floors should be valued at lower level.*

*Large part of upper floors in corridors, stairs that were suitable to former use as cinema."*

The oral hearing in relation to this appeal was held in the office of the Valuation Tribunal, Ormond House, Ormond Quay Upper, Dublin 7 on the 3<sup>rd</sup> January, 2012. At the hearing the appellant was represented by Mr. Terry Devlin BSc (Surveying) MSCSI, MRICS of O'Donnell Property Consultants and the respondent was represented by Ms. Olga Harney, BSc (Hons) Property Studies, a Valuer in the Valuation Office. In accordance with the rules of the Tribunal, the parties exchanged their respective précis of evidence prior to the commencement of the hearing and submitted same to the Tribunal.

Prior to the commencement of the oral hearing, Ms. Harney and Mr. Devlin advised the Tribunal that they had carried out a joint inspection and measurement of the property concerned. As a result of this joint measurement, the agreed areas are as follows:

Ground Floor (spilt level)	693 sq. metres
Mezzanine space	381 sq. metres
First Floor	<u>562 sq. metres</u>
Total Area	1,636 sq. metres

### **Issue**

Quantum.

### **The Property**

The subject property was formerly the “Stella Cinema” property on Deerpark Road. It has been adapted for its current use as a furniture showroom by the addition of mezzanine-type floors. As an adapted property, the internal layout is quite poor and far from “user-friendly”. Set up over a number of floor levels it is somewhat of a maze internally. There is a large car park to the side of the subject property.

### **Location**

The property is located on Deerpark Road, Mount Merrion, Co. Dublin. Deerpark Road connects Mount Annville Road to North Avenue and South Avenue. There is a row of neighbourhood shops close to the property and a landmark public house located beside it. It is

located approximately 7km from Dublin city centre. Neighbouring areas include Stillorgan, Blackrock, Booterstown, and UCD is also in close proximity.

The main route to the area is the N11 and there are several bus routes.

### **Tenure**

It is understood that the property is held freehold.

### **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 30<sup>th</sup> September 2005 as the valuation date. Valuation levels were derived from the analysis of available open market rental information of comparable properties and applied to the subject property. The valuation of the 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.

### **Valuation History**

A Valuation Certificate (proposed) was issued on 15<sup>th</sup> June 2010. The property had a valuation of €276,000.

Representations were lodged by the appellant's agent on 21<sup>st</sup> October 2010 and the valuation remained unchanged at €276,000.

An appeal was lodged by the appellant's Agent with the Commissioner of Valuation on 8<sup>th</sup> February 2011 and the valuation remained unchanged at €276,000.

An appeal was lodged with the Valuation Tribunal on 8<sup>th</sup> August 2011.

The Commissioner of Valuation amended the valuation to €258,000 prior to the Valuation Tribunal hearing.

### **The Appellant's Evidence**

Mr. Devlin, having taken the oath, adopted his précis of evidence and valuation, which had previously been received by the Tribunal and the respondent, as being his evidence-in-chief. In his evidence, Mr. Devlin contended for Net Annual Value (NAV) of €88,000.

In his evidence, Mr. Devlin stressed that the subject property is located in the old “Stella Cinema” and it has been adapted for its current use over the years but is essentially a converted cinema building. The internal layout of the building is extremely poor with accommodation spread out over several different floor levels, accessed by steps and stairs.

He also confirmed that the mezzanine floors are a plywood base on wooden rafters supported by a steel frame. Also there is no lift in the building, meaning all stock must be manually transported to the upper floors.

### **Appellant’s Comparisons**

In Mr. Devlin’s opinion, there are no properties directly comparable to the subject property in the immediate locality. There are comparisons of furniture warehousing/showrooms located in the Stillorgan and Sandyford industrial estates and he included in his précis a number of these comparisons, together with comparisons of general warehousing properties in this location, to show the valuation levels applied to better located properties in similar use to the subject. (Details of these 5 comparisons are attached at Appendix 1 to this judgment.)

The Power City property in Sallynoggin (Comparison 2) is similarly positioned to the subject property as it is also in a residential area. However, the Power City unit has the advantage of being located on a busy road. While this unit is also an adapted building, it is superior to the subject property, in Mr. Devlin’s opinion, as it is set out on one level and also has good clear headroom.

The Roseglen Furniture Store, Dublin Road, Bray (Comparison 1) is also similar to the subject as it is an old, adapted building formerly used as a furniture store. However, similar to the Power City unit, this property enjoys profile onto a busy road and is also set out on one floor level (plus lower ground floor).

Mr. Devlin’s opinion of valuation is arrived at by reference to his comparisons attached to this judgment at Appendix 1.

### **Appellant’s Valuation**

(Amended in light of the joint inspection.)

Ground Floor (Split level)	693 sq. metres @ €83.55 per sq. metre	=	€57,900
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Mezzanine Space	381 sq. metres @ €20.00 per sq. metre	=	€7,620
First Floor	562 sq. metres @ €40.00 per sq. metre	=	<u>€22,480</u>
			NAV <del>€</del> 88,000

### **Cross-Examination**

In response to questions put by Ms. Harney and the Tribunal, Mr. Devlin stated that:

1. His comparison 1 (Roseglen Furniture) was also an adapted building but has a much higher profile on the main road in Bray.
2. The mezzanines of his comparisons 4 and 5 were valued at only 20% of the ground floor levels of those properties.
3. His comparison 2 (Power City) was in a much better location with more commercial activity, set out on one floor at ground level, yet is valued at €130 per sq. metre for retail warehouse.
4. Mr. Devlin again stressed the extremely poor layout of the subject property, with no lift for moving furniture.

### **Respondent's Evidence & Cross-Examination**

Ms. Harney, having taken the oath, adopted her précis of evidence and valuation as being her evidence-in-chief.

Ms. Harney said that in light of the joint inspection of the property earlier in the day, and being conscious of her role as an expert witness, she put forward a revised valuation as follows:

Ground Floor (Spilt Level)	693 sq. metres @ €160.00 per sq. metre	=	€110,880
Mezzanine	381 sq. metres @ €80.00 per sq. metre	=	€30,480
First Floor	562 sq. metres @ €140.00 per sq. metre	=	<u>€78,680</u>
Total			€220,040
Net Annual Value (Say)	€220,000		

Ms. Harney stated that her revised valuation was lower than that appearing on the valuation list and contained in her précis of valuation, but acknowledged that, as an expert witness, she was obliged to give to the Tribunal her own independent and objective opinion of Net Annual Value.

In support of her opinion of valuation, Ms. Harney introduced 5 comparisons, details of which are set out in Appendix 2 to this judgment.

Ms. Harney, in her oral evidence, explained that mezzanines in converted industrial-type buildings would be valued at a much lower percentage of the ground floor. She described the subject property as a retail showroom. Ms. Harney went on to suggest that, in her professional opinion, a 50% discount on the rate per sq. metre for the mezzanine would be more appropriate.

Ms. Harney agreed that the subject property had a poor layout as compared with her comparisons 1, 2, 3 and 4, but stressed that this was compensated for by the rate per sq. metre applied to the subject.

Her fifth comparison (Dundrum Lighting) was formerly a bakery, converted to a retail warehouse. It has poor vehicular access, poor street profile and is valued at €170 per sq. metre for ground floor retail.

## **Findings**

1. The legal basis for the valuation is Section 48(3) of the Valuation Act, 2001 and accordingly, the property must be valued (NAV) in “its actual state”. The Tribunal finds that the property concerned in this appeal is a former cinema, the interior of which has been remodelled to provide retailing space at 3 levels. The end result is a premises with inherent defects from a retailing point of view, such as an inefficient layout of space which is not customer friendly, low headroom in places and difficulties in moving stock in and out. These are factors a prospective tenant would have regard to in arriving at an opinion of rental value.
2. It has to be said that the valuers in this appeal acted in a highly professional manner in carrying out a joint inspection of the property concerned in order to provide the Tribunal with an agreed schedule of areas. Furthermore, Ms. Harney showed significant

professional integrity in amending her valuation, to the extent that she put forward a figure lower than that appearing on the valuation list.

3. The comparative properties offered by the appellant were most helpful to the Tribunal.
4. The Tribunal is satisfied that although the ground floor is split level, the entire ground floor area should be valued at the same rate per sq. metre.
5. The Tribunal is satisfied that the mezzanine and first floor are equally disadvantaged and therefore can be valued at the same rate per sq. metre.

### **Determination**

All of the foregoing considered, the Valuation Tribunal determines that the valuation of the subject property should be computed as follows:

Ground Floor (Spilt Level)	693 sq. metres @ €120 per sq. metre	= €83,160
Mezzanine	381 sq. metres @ €60 per sq. metre	= €22,860
First Floor	562 sq. metres @ €60 per sq. metre	= <u>€33,720</u>
Total		€139,740

Net Annual Value (Say) €140,000

And the Tribunal so determines.