

Appeal No. VA11/5/138

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

Delaney, Locke, Thorpe Partnership

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Property No. 2202966, Office at Concourse Building, 4th Floor, Beacon Court,
Sandyford, 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

Aidan McNulty - Solicitor

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 14TH DAY OF FEBRUARY, 2012

By Notice of Appeal received on the 15th August, 2011 the appellant appealed against the determination of the Commissioner of Valuation in fixing a valuation of €194,700 on the above described relevant property.

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

"The rental levels being applied are too high for a property of this type, in this location."

The appeal proceeded by way of an oral hearing, which took place in the offices of the Valuation Tribunal, Ormond House, Ormond Quay, Dublin 7, on the 23rd day of December, 2011. The appellant was represented by Mr. Michael Doyle, MRICS, MSCS, ACI Arb, a chartered surveyor with Bagnall & Associates, Surveyors & Valuers, Property & Rating Consultants, and the respondent was represented by Ms. Fiona Quinn, BSc, ARICS, 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 being their evidence-in-chief. This evidence was supplemented by additional evidence given at 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.

At Issue

Quantum.

The Property

The subject relevant property comprises fourth floor offices within a five-storey office building known as The Concourse Building at Beacon Court. The offices have been fitted out to a high specification throughout with raised floors, air conditioning and are serviced by two lifts providing lift access to each floor. The subject property is laid out primarily as an open plan office with some ancillary offices and meeting rooms. There are six car parking spaces valued with the property.

Beacon Court is a mixed-use development comprising *inter alia* The Concourse office building, the Beacon Hotel, Beacon Hospital, apartments and a number of retail units.

Location

The subject property is located on the Blackthorn Road within Sandyford Industrial Estate, which has evolved in recent years into a mixed-use business park located approximately 10 kms south of Dublin city centre. The LUAS green line is located nearby.

Services

The property is served with mains power, water, telephone, storm and foul sewer.

Tenure

The property is understood to be held on a freehold basis.

Floor Areas

The agreed floor areas, measured on a net internal area (NIA) basis, are as follows:-

Block	Level	Use	Area sq. metres
A	4	Offices	585
	0	Car Spaces	6

Total area: 585 sq. metres

Plus six car parking spaces

Valuation History

September 2010: Valuation certificate (proposed) was issued with an RV of €194,700.

October 2010: Representations were lodged with the Commissioner of Valuation. The valuation remained unchanged.

February 2011: An appeal was lodged with the Commissioner of Valuation. The valuation remained unchanged.

August 2011: An appeal was lodged with the Valuation Tribunal on 15th August, 2011.

Appellant's Case

Mr. Michael Doyle took the oath, adopted his précis as his evidence-in-chief and provided the Tribunal with a review of his submission. The appellant made the following points:-

- The subject relevant property may be described as third generation offices, accessed via a glazed walkway.
- The emerging “tone-of-the-list” for like office space in the Sandyford Industrial Estate area is €280 per sq. metre.
- The initial tone calculated by the Valuation Office was considered to be €320 per sq. metre in the Sandyford Industrial Estate area but following a review of a basket of rental

evidence made available, he stated that the Valuation Office had reduced the level there to €280 per sq. metre with the exception of The Concourse Building.

- The rate set by the Commissioner of Valuation on the subject property of €320 per sq. metre was calculated by reference to an analysis of other properties which benefited from own door access and smaller floor areas on the ground floor of the subject complex.

Appellant's Comparison Properties

Comparison No. 1

Property: The Apex Building, Blackthorn Road, Sandyford Business Park.

Offices: @ €280 per sq. metre.

- Third generation office.
- Served by two lifts.
- Constructed at the same time as The Concourse, with similar specifications.

Comparison No. 2

Property: Blackthorn House, Blackthorn Road, Sandyford Business Park.

Offices: @ €280 per sq. metre subject to a 5% quantum discount over 1,000 sq. metres where applicable.

- Third generation offices.
- Served by two lifts.
- Located diagonally opposite the subject Concourse Building.

Comparison No. 3

Property: The Atrium Building, Blocks A & B, Blackthorn Road, Sandyford.

Offices: @ €280 per sq. metre subject to a 5% quantum discount over 1,000 sq. metres where applicable.

- Third generation offices.
- Large complex with major tenants such as Microsoft, Salesforce and Avaya.
- Each building served by eight lifts; and floor layouts encircle a large central atrium.
- Fitted out to a very high standard.

Comparison No. 4

Property: Burton Court, Burton Hall Drive, Sandyford.

Offices: @ €280 per sq. metre subject to a 5% quantum discount over 1,000 sq. metres where applicable.

- Third generation office.
- Served by a lift.
- Notable occupiers include NTR and Mars Ireland.

Comparison No. 5

Property: Ballymoss House, Ballymoss Road, Sandyford Business Park.

Offices: €280 per sq. metre subject to a 5% quantum discount over 1,000 sq. metres where applicable.

- Third generation office.
- Served by two lifts.
- Tenants include Barclay Card and BMC Software.

Based on the foregoing criteria, Mr. Doyle concluded that the value of the subject should be determined as follows:-

Description	Area sq. metres	€per sq. metre	NAV
Offices	585	€280	€163,800
Cars	6	€1,250	€7,500
		Total:	€171,300
		Say:	€171,000

Cross-examination of the Appellant

In response to questions put by Ms. Quinn and the Tribunal, Mr. Doyle stated that:-

1. The Commissioner wished to apply a single rate per sq. metre for all third generation office space in Sandyford, regardless of floor area and specification, though Mr. Doyle acknowledged the application of a 5% quantum allowance on properties exceeding 1,000 sq. metres NIA.

2. Rents in Sandyford vary widely from €200 per sq. metre to over €400 per sq. metre depending on the size and age of the premises being offered and the nature of the covenant available from the tenant.
3. All parking at The Concourse is provided underground.
4. The “tone-of-the-list” is emerging for office space in Sandyford.
5. The Concourse serves as a link element for the scheme at Beacon Court.
6. The Mall is a covered enclosed area, whereas the Avenue is external, although covered.

Respondent’s Case

Ms. Fiona Quinn then took the oath and adopted her précis as her evidence-in-chief.

- The location, description, accommodation, floor areas and tenure details provided by the respondent were common case to those provided above by the appellant. The matter of the valuation applied to the car park spaces was not in dispute.
- The Beacon Court, she stated, is a mixed-use development completed to a high standard.
- Each of the comparison properties cited below by her are considered as stand-alone third generation office facilities.
- Each of those comparison properties is accessed from the Mall and/or Avenue and all feature similar specifications to the subject.
- The Concourse Building is a five-storey office block and all of the demises within were valued at the same time and at the same level at €320 per sq. metre.
- The comparison properties she chose, the first being an office located just behind The Concourse, the second within The Mall on the ground floor near a pharmacy, comparison numbers 3 and 4 also within The Mall, on the second floor, and her final comparison being an office located on the ground floor on the Avenue, are all valued similarly at a rate of €320 per sq. metre. She advised that none of those properties are served by a lift.
- Ms. Quinn explained that The Concourse Building in Sandyford is one of a cluster of buildings within the Beacon Court complex and is located in the area of a ventilated glass atrium mall. She referred to a location map on her précis and identified the location and footprint outline thereon of the various major development components of the Beacon

complex, including the internal Mall and external Avenue, The Beacon Clinic, The Concourse, The Beacon Hotel, Beacon Renal Centre and The Beacon Hospital, collectively known as The Beacon Court.

- Ms. Quinn advised that the property was the subject of a revaluation as one of all rateable properties in the Dún Laoghaire Rathdown County Council area. The Valuation Order specifies 30th 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 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 they appear.

Respondent's Comparison Properties

Comparison No. 1

Property: Suite 4, The Avenue, Beacon Court, Sandyford.
Occupier: WLI Trading Ltd.
NAV: €320 per sq. metre

Comparison No. 2

Property: Suite 33, The Mall, Beacon Court, Sandyford.
Occupier: CPA Finance Ltd.
NAV: €320 per sq. metre

Comparison No. 3

Property: Suite 5, The Mall, Beacon Court, Sandyford.
Occupier: RBC Reinsurance Ireland Ltd.
NAV: €320 per sq. metre

Comparison No. 4

Property: Suite 25, The Mall, Beacon Court, Sandyford.
Occupier: Alliance Unichem International Trading
NAV: €320 per sq. metre

Comparison No. 5

Property: Suite 4 & 5, The Avenue, Beacon Court, Sandyford.
 Occupier: WLI Trading Ltd.
 NAV: €320 per sq. metre

The respondent indicated that all of the foregoing properties located at Beacon Court are of a similar specification and construction to the subject. She advised that there were no representations made or appeals filed on her comparison numbers 1, 2, 4 and 5 and added that representations were handled by an agent on comparison property no. 3. She informed the Tribunal that an analysis of the rents passing in respect of the foregoing properties reveals a range from €28 per sq. metre for comparison 2, €40 per sq. metre for comparison 3, €64 per sq. metre for comparison 1, €99 per sq. metre for comparison 5 and finally €135 per sq. metre for comparison 4 and confirmed that all of the parking spaces associated with same were valued for rating purposes at €1,250 each. Lease terms range from 4 years and 1 month, 5 years, 9 years and 10 years, up to 35 years.

Valuation by the Respondent

The following represents the agreed area and valuation details of the subject property computed by the respondent, as submitted by Ms. Quinn during the course of the hearing:-

Level	Use	Area sq. metres	NAV per sq. metre
4	Offices	585	€320
0	Car Spaces	6	€1,250 per space
		Total:	€194,700

Valuation rounded to: €194,700

Cross-examination of the Respondent

Responding to various questions asked by the Tribunal and the appellant, Ms. Quinn stated the following:-

- 1) All comparisons offered by the appellant are third generation offices.

- 2) The hypothetical tenant would pay a higher rental rate per sq. metre for offices within The Concourse than for those comparison properties listed by the appellant, having regard to the mix of services, facilities, floor plan and plate options available at the Beacon Court, notwithstanding the similar specification in terms of build quality between the said comparison properties and the subject.
- 3) The first four comparisons cited by her range in floor area from 66 to 90 sq. metres and the fifth comparison measures circa 231 sq. metres, each fitted with solid floors (not raised), air-conditioned, configured and presenting as own-door office units.
- 4) On the basis of the foregoing, Ms. Quinn acknowledged that her comparison properties may not be classified as third generation in the normal sense, but disagreed with Mr. Doyle's opinion that they would accordingly be considered inappropriate comparables for the subject.
- 5) She acknowledged that she had no rental evidence to rely upon from lettings of offices within The Concourse Building and confirmed that all of her comparison units are smaller, own-door units and some feature three floors within, with access provided by internal stairs.
- 6) She confirmed that the "tone-of-the-list" for third generation office space in the Sandyford Industrial Estate area is established by the Valuation Office at €280 per sq. metre.
- 7) The offices within the Concourse complex are the only units in the Sandyford Industrial Estate valued at a level of €320 per sq. metre.
- 8) Some of the three-floor units listed in her comparison property schedule are let on a floor-by-floor basis.

Summations

Both the appellant and the respondent availed of the opportunity to provide summation statements which were a synopsis of the foregoing arguments and positions employed by them in both their précis of evidence and adduced at hearing.

Mr. Doyle emphasised that his client could not see any difference in the rental value of the subject property with that of other similarly aged and construction specified properties in the Sandyford Industrial Estate, as detailed in his schedule of comparisons. Accordingly in his

view, the Valuation Office has overstated the value of the subject by €40 per sq. metre and he requested the Tribunal to make the necessary adjustment to bring the value down to what he considers to be an as yet emerging “tone-of-the-list” at €280 per sq. metre.

Ms. Quinn contended that a “tone-of-the-list” has been established by the Commissioner of Valuation for offices in the Sandyford area at €280 per sq. metre but at a level of €320 per sq. metres specifically in the Concourse Building to reflect the added advantages to office tenants choosing the Concourse as supported by an analysis of rental evidence in both the former and latter locations and accordingly concluded that there were no grounds to warrant or support an adjustment to the subject NAV.

Findings

The Valuation Tribunal thanks the parties for their efforts, their written submissions, arguments and contributions at hearing.

The Tribunal finds that:-

1. The rental evidence proffered by the respondent on her comparison properties, though useful as a guide, must be viewed with caution having regard to the fact that the figures were based on information provided to the Valuation Office referring to actual passing rents disclosed on new leases, which commenced during 2004, another in 2005, two during 2006 and the fifth comparison at 2007 - all without reference to any allowances, inducements or any other forms of “savings”, if any, negotiated by those tenants.
2. Many Revaluation assessments have now been completed in the area, some were queried at Representation stage, fewer were tested at first appeal and many fewer still were brought forward for consideration by the Valuation Tribunal.
3. The evidence adduced at hearing suggests that a “tone-of-the-list” may be emerging for office space in the Concourse of Beacon Court and the broader area of the Sandyford Industrial Estate, but that said, the “tone” has not yet been fully settled.
4. With the evidence necessarily weighted more on the “tone-of-the-list” and less on rental evidence, the Tribunal is satisfied that the variations between the specifications cited by the parties of their respective comparison properties and most notably the absence of raised floors and lifts within the respondent’s comparators, the more developed tone of the Sandyford Industrial Estate offices serve as a valuable guide for the emerging tone

within The Beacon Court complex and specifically that of the subject relevant property within The Concourse Building.

5. The Tribunal is satisfied that the hypothetical tenant would consider the salient features of the respondent's comparisons as a higher value offering in rental terms than the subject.
6. The Tribunal is of the opinion that the hypothetical tenant would be guided by the latter own-door, smaller floor areas, smaller floor plates and ground floor locations, and compare such favorably over the subject fourth floor larger single floor plate option to be taken as a whole comprising c. 585 sq. metres.
7. The Tribunal also believes however that the value of the subject must also reflect the added benefit of the mixed uses and services offered at The Beacon Court, e.g. the hospital, hotel, retail shops, pharmacy, offices, underground protected parking and benefits accruing from the interaction between same within a master-planned extensive development scheme.

Determination

The foregoing considered together with all of the evidence submitted and adduced at hearing, the Valuation Tribunal calculates the valuation of the subject property, as follows:-

Level 4 Offices 585 sq. metres @ €300 per sq. metre	=	€175,500
Level 0 Car Spaces 6 @ €1,250 per space	=	<u>€ 7,500</u>
Total		€183,000

NAV €183,000

And the Tribunal so determines.