

Appeal No. VA11/5/168

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

O'Briens Wine Off Licence

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Property No. 526186, Office at 58 Upper Georges Street (First Floor), Dun Laoghaire, County Dublin.

B E F O R E

Maurice Ahern - Valuer, IPA V

Deputy Chairperson

Michael F Lyng - Valuer

Member

Mairead Hughes - Hotelier

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 21ST DAY OF FEBRUARY, 2012

By Notice of Appeal received on the 22nd day of August, 2011 the appellant appealed against the determination of the Commission of Valuation in fixing a valuation of €27,700 on the above described relevant property.

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

"On the basis that the NAV as assessed is excessive & inequitable." "These offices are in very poor condition with wet & dry rot and part of the roof missing. They would command a very low rental value if let in their actual state & further allowance must be made."

The appeal proceeded by way of oral hearing held in the offices of the Valuation Tribunal, Ormond House, Ormond Quay Upper, Dublin 7 on the 23rd day of January 2012. At the hearing the appellant was represented by Mr. Eamonn Halpin BSc (Surveying), ASCS, MRICS, MIAVI and the respondent was represented by Mr. Paul Ogbemor, BEng (Hons) Civil Engineering, a valuer in the Valuation Office.

Location

The property is located on the south side of Georges Street Upper close to Dún Laoghaire Shopping Centre.

Description

The subject property comprises first floor offices and a second floor store in a two storey mid-terrace premises. The construction is of red brick with pitched tiles roof.

Agreed floor areas, measured on a Net Internal Area (NIA) basis, are:

First Floor Offices	113.50 sq. metres
Second Floor Store	17.12 sq. metres

Basis of Valuation

The subject premises were the subject of a Revaluation as one of all rateable properties in the Dún Laoghaire County Council area. The Valuation Order for Dún Laoghaire County Council 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 the property appears.

Valuation History

A proposed Valuation Certificate was issued for the subject property on 15th June, 2010 which had a valuation of €30,000. Representations were lodged by the agent (Eamonn Halpin & Co. Ltd.) on behalf of the landlord on the 12th July, 2010 and the valuation was reduced to €29,200. An Appeal was lodged by the agent (Eamonn Halpin & Co. Ltd.) on behalf of the landlord with the Commissioner of Valuation on the 8th February, 2011 and the valuation was reduced to €27,700 due to 5% end allowance given for physical obsolescence. An Appeal was lodged to the Valuation Tribunal on the 22nd August, 2011

Appellant's Case

Mr. Eamonn Halpin, having taken the oath, adopted his written précis and valuation, which had been received by the Tribunal and the respondent, as his evidence-in-chief. He outlined to the Tribunal a number of areas which he asked the Tribunal to consider in assessing the Net Annual Value of the subject property.

He stated that the subject property is located away from the prime commercial centre of Dún Laoghaire. Despite being located in the centre of a retail parade, the block as a whole should be regarded as one of the most moderate office locations in Dún Laoghaire, as rental evidence demonstrates.

A large section of the rear office accommodation is suffering from wet and dry rot, partially collapsed ceilings, damage to the floors causing subsidence as well as significant holes in the roof. Mr. Halpin stated that this section had no commercial value. He also felt that the best of the accommodation is to the front where there are offices. These front offices were devalued by the fact that they are attached to the dilapidated section. In his opinion, he felt that the Commissioner had failed to value the premises in its actual state, as provided in the 2001 Act.

He also felt that the valuation levels used by the Commissioner for Georges Street Upper as a whole, i.e. €250 per square metre, are grossly unfair as they fail to take into account any of the superior office properties and locations in Dún Laoghaire. Almost all of these are assessed by the Commissioner at less than €250 square metre despite being fully modern and complete with parking. Mr. Halpin also stated that it was unsustainable to suggest that the subject (at €250 per sq. metre) is better than the comparables such as Mulgrave Street (at €225 per sq. metre), Northumberland Avenue (at €245 per sq. metre), Century Court (at 237.50 per sq. metre) and the rear ground floor return at 50 Georges Street Upper (at €100 per sq. metre). He also stated that there is a range of values for this type of property and that this particular unit falls at the lowest end of the range. Mr. Halpin felt 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.

Valuation

Mr. Halpin contended for the following valuation.

First Floor Office (Front)	40.00 sq. metre	@ €200 per sq. metre	= €8,000
Less 50%			= -€4,000
1 st Floor Office			

(rear-dry/wet rot, holes in roof)	73.50 sq. m.	Nil
Attic Store	17.12 sq. metre @ €50 per sq. metre	= € 856
Total NAV		= €4,856
Say	€4,850	

In support of his opinion of net annual value of the subject property, Mr Halpin put forward eight comparisons.

1. Ground Floor 50, Upper Georges St., Dún Laoghaire

Property No. 526176

This property is close to the subject. It is a rear ground floor unit to be let as consulting room/office or store. This valuation was reduced from €300 per sq. metre to €100 per sq. metre on appeal to the Valuation Tribunal.

Property No. 526175

This is a ground floor unit eight doors away from the subject. The office level is €80 per sq. metre. Prior to appeal to the Tribunal it was valued at €300 per sq. metre.

2. First Floor Vacant, 2A Convent Road., Dún Laoghaire

Property No. 5002549

Offices 1st Floor valued @ €225 per sq. metre

Offices 2nd Floor valued @ €200 per sq. metre

This is a similar property to the subject, being located over a ground floor retail unit. It also has full natural light and is in good condition.

3. M.O'Callaghan P. Cowhey Solicitors, 51 Mulgrave St., Dún Laoghaire

Property No. 527154

This is a fully refurbished solicitor's office on Mulgrave Street. This property is much superior to the subject yet it is assessed at 10% less at €225 per sq. metre. The Offices at ground floor and first floor are both valued at €225 per sq. metre.

4. Financial Taxation and Trustee Services Ltd., Enterprise House, Century Court, Dún Laoghaire

Property No. 1106671

This is a purpose-built, modern high spec office complex in Century Court beside Dún Laoghaire Shopping Centre which is a prime location and with underground

parking. This is valued at €237.50 per sq. metre after allowances of 5% for accessibility.

5. CHL Consulting Co. Ltd., 51 Northumberland Avenue, Dún Laoghaire

Property No. 526334

These refurbished offices are far superior in terms of location, access and the fact that they are located alongside many other offices. The property is valued at €245 per sq. metre for ground floor and first floor offices.

6. Sherry Fitzgerald, 35 Upper Georges St, Dún Laoghaire

Property No. 526152

This is a two-storey office in Upper Georges Street. It is in an absolute prime location and finished to a good standard. The first floor offices are valued at €250 per sq. metre, ground floor offices valued at €300 per sq. metre and ground floor kitchen €70 per sq. metre. Second floor store is valued at €50 per sq. metre.

7. 1-2 Anglesea Buildings, Upper Georges St., Dún Laoghaire

Property No. 526140

This unit is also located in a prime location and finished to a good modern standard. The first floor offices are valued at €250 per sq. metre, ground floor kitchen at €70 per sq. metre and ground floor store at €50 per sq. metre. This valuation is currently under appeal to the Tribunal.

8. Desmond Mc Cabe, 116C Lower Georges St., Dún Laoghaire

Property No. 911634

Self-contained small first floor offices above ground floor retail unit on Lower Georges Street. Comparable location at other end of Georges Street. Valued at €225 per sq. metre.

Cross-Examination

Mr. Halpin agreed with Mr. Ogbebor that the subject property was rateable but, in his opinion, the rear offices were incapable of being used. Mr. Halpin also stated that his client was responsible for the internal repairs of the subject property. He believed that the rear first floor office could not be rented due to its condition and therefore he felt it should have a zero

rating. In regard to Mr. Halpin's comparisons Mr. Ogbebor put it to Mr. Halpin that his comparison number 1 was reduced from €300 per sq. metre to €100 per sq. metre because it is not valued as office and that his second comparison was in a secondary location. Mr. Halpin contended that it was eight doors from the subject in the same block. His third comparison was house/office, not over-shop and used solely as offices. Mr. Halpin's fourth comparison, Mr. Ogbebor contended, was different from the subject property but Mr. Halpin said that it was used as offices.

Respondent's Evidence

Mr. Ogbebor, having taken the oath, adopted his written précis and valuation, which had been received by the Tribunal and the appellant, as his evidence-in-chief. Mr. Ogbebor outlined the valuation history of the subject as referred to previously in this judgment. He contended for a NAV of €27,700, calculated as follows:

First Floor Offices	113.5 sq. metres @ €250 per sq. metre	=	€28,375.00
Second Floor Store	17.12 sq. metres @ €50 per sq. metre	=	€ 856.00
Less 5% end allowance given for physical obsolesce		=	<u>(€1,461.55)</u>
Total		=	€27,769.45

NAV say €27,700

Mr. Ogbebor submitted five comparisons, all located on Georges Street Upper, as follows:

1. First Floor Offices, No. 18, Georges Street Upper, Dún Laoghaire

Property No. 526115

Valuation date 30th September 2005. Office valued at €250 per sq. metre. Property held on a 20 year lease with five yearly rent reviews from the 1st October 2001 at an annual rent of €1,554 fixed on the 1st October 2006 (FRI basis). This equates to 245.72 per sq. metre.

2. First Floor, No. 6 Anglesea Buildings, Georges Street Upper, Dún Laoghaire

Property No. 526143

Valuation date 30th September 2005. Office valued at €250 per sq. metre. 25 year lease with five yearly rent reviews from the 1st December 1998 at an annual rent of

€28,000 fixed on the 1st December 2008 (FRI basis). This equates to €27 per sq. metre.

3. First Floor, No. 67, Georges Street Upper, Dún Laoghaire

Property No. 526204

Valuation date 30th September 2005. Office valued at €250 per sq. metre. The property is held on a 9 year 9 month lease with five yearly rent reviews from 1st June 2001 at an annual rent of €25,400 fixed on the 1st June 2006 (Fri basis). This equates to €401 per sq. metre.

4. First Floor No. 5, Anglesea Buildings, Georges Street Upper, Dún Laoghaire

Property No. 526147

First Floor offices valued 30th September 2005 @ €250 per sq. metre. First floor store valued @ €100 per sq. metre. 10 year lease with five yearly rent reviews from the 1st April 2000 at an annual rent of €29,000 fixed on the 1st April 2005 (FRI basis). This equates to €32.49 per sq. metre for the office and €100 per sq. metre for the store.

5. First Floor, No. 49, Georges Street Upper

Property No. 526174

Valued on the 30th September 2005. Office valued @ €250 per sq. metre and Store valued at €100 per sq. metre. This property is held on a 25 year lease with five yearly rent reviews from the 21st August 2000 at an annual rent of €15,000 fixed on the 20th August 2005 (FRI basis). This equates to €60.40 per sq. metre for the office and €100 per sq. metre for the store. This property adjoins the subject property.

Cross- Examination

Mr. Ogbemor confirmed to the Tribunal that all his comparisons were on Georges Street Upper. In reply to Mr. Halpin, Mr. Ogbemor stated that he felt that the rental value is higher in Georges Street Upper for ground floor retail nearer the shopping centre, but for 1st floor offices same value applied throughout the street. He also stated that he inspected the subject property after the Valuation Order was signed.

Findings

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

1. The Tribunal does not accept the appellant's suggestion that the rear of the subject property has no value.
2. The appellant did not put forward any first floor comparisons in the immediate vicinity of the subject property with a rate lower than €250 per square metre.
3. All of the respondent's comparisons were first floor properties on Georges Street Upper valued at the rate of €250 per sq. metre.
4. The Tribunal considers that the 5% allowance given by the respondent in respect of the physical obsolescence of the subject property is insufficient.
5. The Tribunal notes that the parties were in agreement on the rate per sq. metre to be applied to the second floor store.

Determination

Having regard to the foregoing the Tribunal determines that the Net Annual Value of the subject property is as follows:

First Floor Offices	113.5 sq. metres @ €250 per sq. metre	=	€28,375.00
Less 10% (for physical obsolescence)		=	<u>(€2,837.50)</u>
			€25,537.50
Second Floor Store	17.12 sq. metres @ €50 per sq. metre	=	<u>€ 856.00</u>
Total		=	€26,393.50

NAV say €26,300

And the Tribunal so determines.