

Appeal No. VA12/3/012

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

Ollie McPhillips

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Property No. 2210486, Retail Warehouse at Lot 2 / Unit 3 (Pt 0, 1), Woodbine Business Park, Woodbine Business Park, Hewitsland, New Ross Rural, New Ross, County Wexford.

B E F O R E

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

Deputy Chairperson

Mairead Hughes - Hotelier

Member

Rory Hanniffy - BL

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 18TH DAY OF JANUARY, 2013

By Notice of Appeal received on the 20th day of July, 2012 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of €85 on the above described property.

The grounds of appeal as set out in the notice of appeal are:

"The RV as assessed is excessive & inequitable & not in line with comparable properties already in the list."

"This unit is not a retail warehouse. It is comprised of a first floor showroom, office and store area. The store is unfitted and with only three metres of headroom. The building has no profile or frontage to any main road."

The appeal proceeded by way of an oral hearing held in the offices of the Valuation Tribunal, 3rd Floor, Holbrook House, Holles Street, Dublin 2 on the 19th day of September 2012. At the hearing, the appellant was represented by Mr. Eamonn Halpin, BSc (Surveying), MRICS, MIAVI, while Ms. Gillian Beale, BSc (Property Studies), MIAVI, Assoc. RICS, a Valuer at the Valuation Office, represented the respondent.

Both parties, having taken the oath, adopted their respective précis which had previously been received by the Tribunal as their evidence-in-chief.

The Issue

The issue between the parties was quantum, the appellant maintaining that the rateable valuation of €85 was excessive.

Valuation History

A Valuation Certificate (proposed) was issued on 18th October 2011 with an RV of €85. A Valuation Certificate issued on 22nd November 2011 and on 29th November 2011 the subject property was entered onto the Valuation List. An appeal was submitted to the Commissioner of Valuation on 30th December 2011 and on 29th June 2012 the Valuation Certificate issued unchanged. An appeal was then lodged with the Valuation Tribunal on 20th July 2012.

The Property

The subject property, constructed *circa* 2005, is a modern mid-terrace, purpose-built retail warehouse with steel frame and part block work/part double skin clad walls and a single skin roof with eaves height of 6.07 metres. The subject property is at Unit 3 in the Woodbine Business Park, situated on the N80 on the outskirts of New Ross in County Wexford. The accommodation comprises a ground floor foyer/reception area, while the first floor has a showroom, offices and store as well as an underdeveloped store area. The Planning Permission granted on the subject was for Retail Warehouse Development. All the usual mains utility services are connected to the property.

Accommodation

The area is measured on a Gross Internal (GIA) Basis, and has been agreed between the parties.

Block 1	Level 0	Retail warehouse (part Gr. Floor)	52.08 sq. metres
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Block 2	1 st Floor	Retail	270.60 sq. metres
Block 4	1 st Floor	Offices	18.85 sq. metres
Blocks 5b-6	1 st Floor	Store & Kitchen	27.41 sq. metres
Block 5a	1 st Floor	Store (under developed)	26.80 sq. metres
	1 st Floor	WC	4.42 sq. metres
Total Area			400.16 sq. metres

The Appellant's Case

Mr. Halpin, having taken the oath, adopted his précis as his evidence-in-chief. He argued that the mid-terrace location of the subject property is very moderate, that the property does not have any profile from the N30, and that a number of buildings on the said road restrict the profile of the property. He said that the 1st floor area is a mezzanine showroom and its value was over calculated when compared with other like property value comparisons in the Woodbine Business Park area. He described the subject mezzanine as having little natural light limited by the occasional clear roof panel, while the ground floor is accessed via a roller shutter and has no natural light, and that the entry is not used by the public. He said that the subject was subdivided from next door, and that the latter benefits from glazing. While acknowledging that the subject had Planning Permission granted for Retail Warehousing, he contended that in this type of location it added no incremental value to the unit. He said that this was borne out by the fact that the subject is in use as a showroom rather than as a Retail Warehouse. Mr. Halpin argued that the value level employed by the Commissioner for the mezzanine area of the subject is overstated when compared with other levels established in both the subject Business Park and in the general Wexford County Rating Authority area. In support of this argument Mr. Halpin introduced eight comparison properties, as follows:

Comparison 1: McManus Furniture, Unit 16, Woodbine Park is described by Mr. Halpin as a superior building in a superior location with double height interior, glazed double frontage onto the N30 and featuring a mezzanine showroom measuring 549.84 sq. metres valued at €27.33 per sq. metre. When compared with the valuation of €41 per sq. metre for the mezzanine at the subject, he said that the level applied to the subject mezzanine is totally unsustainable.

Comparison 2: Dermot Kehoe Supply & DIY is located directly opposite the subject. Again, Mr. Halpin argued that while this premises is 2.5 times larger than the subject and a

quantum allowance was given, the retail warehouse ground floor portion measures 986.61 sq. metres with a valuation of €34.16 per sq. metre, while the mezzanine portion of this premises measures 573.63 sq. metres and is valued at €17.08 per sq. metre.

Comparison 3: Kilkenny Aquatics, Unit 4 Woodbine Business Park is described by Mr. Halpin as a Retail Warehouse. The Ground Floor Showroom here measures 331 sq. metres and is valued at €6 per sq. metre, agreed prior to hearing.

Comparison 4: Michael Murphy & Co., Unit 10 Woodbine Business Park, has a ground floor warehouse that measures 595 sq. metres and is valued at €34.17 per sq. metre. The value of this unit was addressed in VA05/1/022 – **Stephen McManus**.

Comparison 5: Orinoco Sports Ltd. (Lloyd Wilson), Unit 12, Ardcavan Business Park, Ardcavan, is on the edge of Wexford Town in a mixed-use retail and industrial park. It has a two-storey office with floor area of 129.60 sq. metres @ €41 per sq. metre and a 1st floor showroom of 89.10 sq. metres valued at €13.67 per sq. metre. Its warehouse area measures 630.5 sq. metres and is valued at €27.34 per sq. metre. Mr. Halpin stated that this premises is in a superior location to the subject.

Comparison 6: Darren Langrell Furniture Ltd., 4C Moyne Business Park, is on the old Dublin Road, Enniscorthy. Its value was agreed at 1st Appeal with the mezzanine area of 253.98 sq. metres established at €20.50 per sq. metre.

Comparison 7: George James, 1 Main Street, Gorey, is a unit that was built to the rear of the Main Street premises, and features a retail mezzanine floor area of 163.68 sq. metres, valued at €20.50 per sq. metre.

Comparison 8: Sweeney's Handcrafted Designers Ltd., Larkin's Cross, Barntown, Co Wexford is located about 8 kilometres from Wexford and has 218.68 sq. metres of showroom space at €41 per sq. metre, while the (new) mezzanine area which measures 111 sq. metres is valued at €6.85 per sq. metre. An additional mezzanine area measuring 82.80 sq. metres is valued at €6.85 per sq. metre.

Summarising his eight comparisons, Mr. Halpin said that the subject property is a 1st floor

mezzanine industrial unit, is fitted out as a showroom and, despite its Retail Warehouse Planning Permission, the complex does not have a retail park appearance. He said that the subject property is set out as an industrial terrace unit similar to other industrial units that are located to the rear of the subject. He concluded by adding that his preferred comparison property is number 2 above, but that comparison number 1 is better positioned and superior, while the remaining comparisons are submitted to provide a balance or range of values.

Cross-Examination of the Appellant

Mr. Halpin was asked by the respondent to inform the Tribunal if the subject unit was a warehouse or a retail warehouse. He replied that while the subject was in the list as a warehouse, it was nevertheless valued as a retail warehouse. He also accepted that units with main road frontage had higher levels applied than those that were positioned further back within the Business Park. The Appellant's agent, under further cross-examination, acknowledged that the subject "mezzanine" should be considered as a first floor unit.

Mr. Halpin concluded his direct evidence by saying that good rating logic was applied to the value of the subject Business Park back in 2005 but that the Commissioner in this case has not valued like with like.

Respondent's Evidence

Ms. Gillian Beale took the oath and adopted her written précis and valuation, which had been received previously by the Tribunal and the appellant, as her evidence-in-chief. Ms. Beale outlined the valuation history of the subject as detailed herein. She stated that she had measured the subject on a Gross Internal Area (GIA) basis as per the appropriate measurement guidelines, whereas the appellant had measured the subject on a Net Internal Area (NIA) basis. Ms. Beal confirmed that, following a reconsideration of the valuation prior to the Tribunal hearing, she had revised her opinion of valuation and had agreed to reduce the value of the 1st floor underdeveloped store from €41 per sq. metre to €27.33 per sq. metre. Consequently, Ms. Beale contended for a rateable valuation of €32 for the subject property, calculated as follows:

Retail Warehouse (Reception)	52.08 sq. metres @ €47.84 per sq. metre	€2,491.50
1st Floor retail/office/store/wc	321.28 sq. metres @ €41.00 per sq. metre	€13,172.48
1st Floor Store (underdeveloped)	26.80 sq. metres @ €27.33 per sq. metre	<u>€ 732.44</u>

Total €16,396.42

NAV = €16396.42 x .50% = €81.98

RV = €82

This is lower than the valuation of RV€85 currently in the Valuation List, which is the valuation under appeal.

In support of her opinion of Net Annual Value, she introduced five comparison properties, as follows:

Comparisons 1 & 2

John O’Leary t/a Display Studios, Unit 5, Woodbine Business Park and **Cedarwood Kitchens Ltd.**, Unit 12, Woodbine Business Park are located in the same park as the subject property. The ground floor value level applied to the retail warehouse in comparisons 1 and 2 is €47.84 per sq. metre and €54.67 per sq. metre, respectively, while the 1st floor retail offices and stores are valued at €41 per sq. metre in both instances.

Comparison 3

Stephen McManus Unit 9, Woodbine Business Park is a ground floor retail warehouse, fronting onto the N30, measuring 331.24 sq. metres with a value applied of €49 per sq. metre.

Comparison 4

Anne Duffy Interiors, Unit 9 (first floor), Woodbine Business Park is a fully glazed unit, and comprises a 1st floor retail warehouse valued at €41 per sq. metre.

Comparison 5

Unit 4 Woodbine Business Park (vacant) comprises a ground floor retail warehouse valued at €47.84 per sq. metre and a 1st Floor mezzanine is valued at €41 per sq. metre.

Cross-Examination of the Respondent

Ms. Beale was asked to comment on her comparison 4 (valued at €41 per sq. metre for 1st floor retail warehouse), and whether the hypothetical tenant might prefer that premises to the subject property. She said that the hypothetical tenant might prefer her comparison 4 property but that she relied on the ‘tone of the list’, that she did not make any allowance for the

disadvantages as noted by Mr Halpin, such as lack of natural light, the limited nature and design of the ground floor entrance and that her comparisons were well chosen. She further stated that the subject has Planning Permission granted for Retail Warehousing.

In summary Ms. Beale said that the 'tone of the list' is well established, that 1st floors are valued at €41 per sq. metre in the area and requested the Tribunal to ignore the appellant's comparison 3 (Kilkenny Aquatics) as it is a warehouse and not a retail warehouse.

Findings

The Tribunal has carefully considered all the evidence and arguments adduced by the parties and finds as follows:

1. The Tribunal notes the absence of adequate fenestration in the subject property, its mid-terrace location and its compromised profile to the road.
2. The Tribunal is satisfied that the 1st floor of the subject property is designed as a mezzanine but should in fact be described properly as a first floor, albeit with a difference.
3. Under the circumstances the Tribunal is of the opinion that a common rating level should apply in this particular case to both the ground and 1st floors as there is only one user and the property is designed so as to be exclusive to one user only and the space above is ancillary to the warehouse use of the premises.
4. The Tribunal notes that no comparable comparison property values were given in evidence by either party which might reflect similar low profile conditions as the subject. The respondent confirmed to the Tribunal during the hearing that public access was not encouraged to the subject property and that the design of the unit did not readily facilitate such access.
5. The respondent acknowledged in her evidence that her comparison 5 (Unit 4, Woodbine Business Park – Vacant - 1st Floor mezzanine,) was valued at a high level when compared with 1st floors in the other comparisons, each of which was valued at €41 per sq. metre.

6. The Tribunal notes that the description of the upper floor in this case is agreed by the parties as first floor and not as a mezzanine as was earlier argued by the appellant.

Determination

Mindful of the foregoing, together with all the evidence submitted and advanced at hearing, the Tribunal considers that a fair and reasonable valuation on the subject should be calculated with a reduction of *circa* 10% to reflect the fact that the subject relevant property is more akin to a Wareroom than a Retail Warehouse unit. The amended valuation is calculated as follows:-

Retail Warehouse (Reception)	52.08 sq. metres @ €38.00 per sq. metre =	€ 1,979.04
1st Floor office/store/wc	321.28 sq. metres @ €38.00 per sq. metre =	€12,208.64
1st Floor Store (underdeveloped)	26.80 sq. metres @ €27.33 per sq. metre =	<u>€ 732.44</u>
TOTAL NAV:		€14,920.12

Rateable Valuation - $€14,920.12 \times 0.5\% = €74.60$

Say RV = €75

And the Tribunal so determines.