

Appeal No. VA14/5/359

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

Haydon Chartered Accountants

APPELLANT

And

Commissioner of Valuation

RESPONDENT

In Relation to the Issue of Quantum of Valuation in Respect of:

Property No. 2205270, Office(s) at Floors -1, 4, 110 Amiens Street, County Borough of Dublin

**JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 12th OF MAY, 2015**

BEFORE:

Barry Smyth –FRICS, FRISC, MCI Arb

Deputy Chairperson

James Browne – BL

Member

Thomas Collins – PC, FIPAV, NAEA, MCEI, CFO

Member

By Notice of Appeal received on the 4th day of September, 2014 the Appellant appealed against the determination of the Commissioner of Valuation in fixing a net annual value of €51900 on the above described relevant property on the grounds as set out in the Notice of Appeal attached to this Judgement at Appendix 1.

The appeal proceeded by way of an oral hearing which took place in the offices of the Tribunal, 3rd Floor, Holbrook House, Holles Street, Dublin 2, on the 11th day of February 2015. The Appellant was represented by Mr. Hillary Hayden. The Respondent was represented by Mr. Peter Gilsean, a Valuer in a Valuation Office. Both parties adopted a written submissions, which had previously been exchanged between them and submitted to a Tribunal, as being new evidence in chief given under oath.

The Property

The property comprises part of the 4th floor of a five-storey building. The property is over basement level and is a modern office building. The property was constructed in 2006 on a wedge shaped infill site. The total area of the building is agreed at 2,578m² together with parking for 16 cars. The subject property is agreed as an office space of 260.72m² with car spaces numbering two. Pedestrian and vehicular access to the building is from Amiens Street and access from the car park to the offices is by means of elevators which serve all floors. Internally the office accommodation is provided to a high specification with raised access floors, suspended ceilings and air condition.

Location

The subject property is located on the east side of Amiens Street, opposite the junction of Foley Street and Buckingham Street and adjacent to Connolly Station. It is known as 110 Amiens Street. A railway track and bridge form one boundary of the site.

Tenure

The subject property is held on a Leasehold basis. The passing rent is €58,107 but this is a related Party Lease.

Valuation History

The rating authority is Dublin City Council. The property was the subject of a re-valuation as one of all rateable properties in the rating authority's area. The property was valued on the 7th day of April 2011 as specified in the valuation order. A Proposed Valuation Certificate issued on the 23rd day of October 2012, valued the property at €129,000. No representations were received at representation stage. A final valuation certificate issued on the 16th day of December 2013 with a valuation of €115,800. An appeal was submitted to the Commissioner of valuation on the 8th day of February 2014. On the 8th of August 2014 the appeal manager allowed the appeal and issued a Valuation Certificate with a valuation of €51,900 (floor sub-divided). An appeal was lodged with the Valuation Tribunal on the 8th day of September 2014.

Issue

It is agreed that the only issue in dispute in this appeal is the quantum of the valuation of the property concerned.

Before the commencement of the oral hearing, the parties jointly advised the Tribunal that the outcome of this appeal would form the basis of an agreement between the parties in relation to appeals lodged with the Tribunal in respect of six other properties located in 110 Amiens Street, namely:

Properties at 110 Amiens Street, Dublin 1,

VA14/5/353: Property Number 2205264.
VA14/5/354: Property Number 2205265.
VA14/5/355: Property Number 2205266.
VA14/5/356: Property Number 2205267.
VA14/5/357: Property Number 2205268.
VA14/5/358: Property Number 2205269.

The Appellant's Evidence

Mr. Hayden having taken the oath, adopted his written précis and valuation, which had previously been received by the Tribunal as being his evidence in chief. He stated that the building, 110 Amiens Street, was a wedge shaped building located on Amiens Street at its junction with Foley Street and Buckingham Street in Dublin's North Inner City. He stated it was adjacent to Connolly Train Station, from which it is separated by the railway track and a bridge that form one boundary of the site. He considered it to be a secondary office location within Dublin City, and is well outside the Dublin 2, Dublin 4 and IFSC locations.

He stated that the building was constructed in 2006 on a wedge shaped infill site which was bounded by Amiens Street to the north west, two storey railway arches and train line to the south east, and a HSE methadone clinic to the north east. He pointed out that the property comprises a five storey over basement office building extending to 2,578m² together with parking for 16 cars. He accepted that the offices were of a modern specification with raised access floors, suspended ceilings and air conditioning.

As well as the building being wedge shaped, he highlighted the combination of the large central lift core, the cut out for the access ramp to the basement car parks, together with the narrowing angle of the rear facade, as severely impacting usability of the space. As a result he stated the laying out of desks or cellular offices is extremely difficult and inefficient. This has meant that in order to secure tenants floors had to be split.

He pointed out that the ground floor retail units had never been leased. He also pointed out that a number of the other floors remained vacant. He further pointed out that the vacancy level of 40% has existed since 2006 and that there is severe difficulty in securing new tenants. He also highlighted issues with anti-social behaviour.

He contended for a valuation of €100/m², given the current valuation for the comparable buildings immediately in the vicinity such as the Bord Gáis building. He argued that the Bord Gáis building establishes the tone of the list for a modern office building in this location. He furthermore submitted that the irregular shape of the building should be taken into account. Other negative factors he highlighted were the inefficient floor layout, crime and anti-social behavioural problems in the area, the railway arches, train noise, and vibrations from trains. In particular he highlighted the fact that the Bord Gáis building, which was directly opposite, had its offices valued at €100/m². He felt the current valuation being placed on the subject property of €180/m² was illogical given the valuation on the Bord Gáis building across the street.

He put forward a number of comparisons as follows:

1. Bord Gáis/Irish Water Building.

This property was constructed in the early 2000s and comprises of a five storey, over basement office building extending to 2,950m² together with car parking for 13 cars. The offices are of a modern specification with raised access floors, suspended ceilings and air conditioning. He felt this property was the most comparable property and demonstrated 110 Amiens Street as directly across the street from it. The buildings are similar in terms of overall size and office specification and they have both been constructed within a couple of years of each other. Both buildings are affected by the crime and social problems in this part of the city. Both buildings are third generation offices.

2. The Steel Works, Foley Street, Dublin 1

He pointed out that these units comprise of older office units located at the rear of the Bord Gáis Building on Foley Street. That they are of modern specification extending from 81m² to 168m² together with basement car parking. He pointed out that this building was only a short distance, some 50m away, from 110 Amiens Street with which it competes for tenants. The building does not have the same profile as the Bord Gáis building, the suites are smaller, but each suite has its own front door which adds value to these properties. It is also third generation office. The current valuation for The Steel Works Building is €100/m².

3. Ulysses House, 22-24 Foley Street, Dublin 1

He highlighted that these units were a modern build and specification located close to the Steel Works and Bord Gáis buildings. He pointed out that these offices are located 50m away from 110 Amiens Street. Both buildings are third generation offices. The current valuation of Ulysses House is €100/m².

4. Talbot Street

Again he highlighted that this building was more similar to the subject property and was valued at €100/m².

Under cross examination he accepted that there was public transport in the area and that the building was of a third generation. He pointed out however that the property was in the City Centre, but in a disadvantaged area and that's why there were tax incentives with the building.

The Respondent's Evidence

Mr. Gilsonan, having taken the oath, adopted his written précis and valuation which had previously been received by the Tribunal as being his evidence in chief. In his evidence, Mr. Gilsonan contended for a rateable valuation of €180/m². He accepted that the building was a wedge shaped building, had noise issues from trains, that there was a methadone clinic close by and that there was resultant anti-social behaviour. He stated his duty was under Section 48 of the 2001 Act to arrive at a fair valuation. He stated the first key to this was rental evidence to base the rental valuation on, and that this evidence was then used to establish the NAV and an analysis of these rents was used to form a valuation on the property.

He stated that Bord Gáis building was grouped with Foley Street properties at €100, but he accepted that this was an incorrect valuation. He accepted, under cross examination, that it was wrong to have two buildings side by side with such dissimilar valuations.

Mr. Gilsonan pointed out that in the case of the subject property a valuation level of €200/m² was applied with a 10% allowance given for special local factors to arrive at a NAV of €51,900.

For his comparisons Mr. Gilsonan put forward a table of items valued €200/m² on Amiens Street, Talbot Street, Abbey Street Lower and Eden Quay. All of these properties had a value in the region of €200/m² which then applied to a category of third generation offices situated east of O'Connell Street, westwards of Amiens Street including Marlborough Street, Talbot Street and Eden Quay. Approximately half of these properties were appealed to the Valuation Tribunal.

The valuation was determined at appeal to the Commissioner on the following basis:

| Description: | Value: |
|---|----------------------------|
| 4 th Floor Office - 260.72m ² @ €200/m ² | €52,144.00 |
| Car spaces - 2no. @ €2,500/m ² | €5,000.00 |
| Less 10% allowance for special local factors <i>(This 10% allowance is to reflect the disadvantages particular to the subject property).</i> | (€5,214.40) |
| Total NAV | <hr/> €51,929.60 <hr/> |
| Say | <hr/> €51,900.00 <hr/> |

The subject is valued at €51,900.

Mr. Gilsonan concluded by requesting that a valuation of €51,900 be entered in the valuation lists as representing the net annual value for the subject property in accordance with Section 48 of the Valuation Act 2001.

Mr. Gilsonan put forward seven pieces of marketing information relied on by the Commissioner for comparisons. Four of these pertained to lettings in 110 Amiens Street, while two were from lettings in a modern third generation office block at 77-80 Amiens Street, some 50m north of the subject and from a letting in the Steel Works on Foley Street.

The Tribunal Findings

1. The Tribunal has carefully considered all the evidence and arguments introduced by the parties and find as follows:
 - (i) The Tribunal accepts the evidence that the building known as 110 Amiens Street occupies an inferior location from an office point of view, than any of the comparisons put forward by the Respondent. Both in terms of the configuration of the building, the effect of the configuration and the efficient use of the available accommodation, the buildings proximity to railway arches and the noise associated therewith, are all factors that a prospective tenant would take into account when arriving at his opinion of rental value.
 - (ii) The Tribunal accepts that there is an emerging tone of the list in this area but that the subject property, is more closely associated with the area encompassing the Bord Gáis building and Foley Street.
 - (iii) The Tribunal accepts that the property is located in a less desirable area of the City Centre, and would be considered a tertiary office location.

- (iv) When looking at the comparisons of properties in the local area there is a clear inconsistency in the valuations of price to properties such as Bord Gáis which is 20m away from the subject property, and that of the subject property. Therefore having regard to the comparative evidence and the various factors put forward by both parties, and referred to in evidence, the Tribunal has come to the conclusion that the property concerned should be valued at €100/m².

Determination

Having regard to the foregoing, the Tribunal determines the net value of the property concerning as follows:

| No. | Description: | Value: |
|------------|---|-------------------|
| 1 | 4 th Floor Office - 260.72m ² @ €100/m ² | €26,072.00 |
| 2 | Car spaces - 2no. @ €2,500/m ² | €5,000.00 |
| | Total NAV | <u>€31,072.00</u> |
| | | Say €31,100 |

Therefore the Tribunal values the subject property at €31,100.

Notes

In accordance with the Agreement expressed by the parties, the values of the properties which are the subject matter of appeal, reference no's VA14/5/353: Property Number 2205264, VA14/5/354: Property Number 2205265, VA14/5/355: Property Number 2205266, VA14/5/356: Property Number 2205267, VA14/5/357: Property Number 2205268, VA14/5/358: Property Number 2205269 are to be valued at €100/m² in respect of the office accommodation and €2,500 per car space.

And the Tribunal so determines.