

Appeal No. VA15/5/010

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

DJ Hayes

APPELLANT

and

Commissioner of Valuation

RESPONDENT

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

Property No. 1224987, Industrial Uses at 1A Main Street, Kilfinane, County Limerick.

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 29TH DAY OF SEPTEMBER, 2016

B E F O R E:

Rory Lavelle – M.A., FRICS, FSCSI, ACI Arb

Deputy Chairperson

Brian Larkin - BL

Member

David Gill – FSCSI, FRICS, FCI Arb, Dip Arb Law

Member

By Notice of Appeal received on the 4th day of September, 2015 the Appellant appealed against the determination of the Commissioner of Valuation in fixing a net annual value of €14,150.00 on the above described relevant property on the grounds as set out in the Notice of Appeal as follows:

“Taking the age, condition, location and lack of demand for similar properties it would not realise €14,510”.

The Tribunal, having examined the particulars of the property the subject of this appeal; having confirmed its valuation history; having examined and considered the written evidence and having heard the oral evidence on the 31st day of March, 2016 adduced before us by Mr D.J. Hayes on behalf of the Appellant, who contended for a net annual value of €5,510.00, and Triona McPartlan on behalf of the Respondent to the appeal,

DETERMINES

That the net annual value of the subject property be as set out below:

€6,250 (Six Thousand Two Hundred and Fifty) - Reduced

REVALUATION HISTORY

Valuation Date 1st March 2012 as specified in the Valuation Order

Proposed Valuation Certificate issued 10th June 2014 at €6,250.

Representations received 25th June 2014.

Final Valuation Certificate issued 11th September 2014 at €15,850.

Appeal submitted to the Commissioner 2nd February 2015. 31st July 2015 the Appeal Manager allowed the Appeal and issued a Valuation Certificate with a valuation of €14,510.

This decision was appealed to the Valuation Tribunal.

THE APPELLANT'S CASE:

Mr. Hayes appearing for himself took the oath and adopted his Precis as his evidence in chief.

Mr. Hayes went on to outline the lack of business in Kilfinane and contended that his premises was effectively unlettable being a former dance hall and in poor condition. He outlined the remoteness of this location and the substantial number of vacancies in the village, including units that were put forward as comparables.

The floor area is not in dispute.

Mr. Hayes included a number of comparisons including:

1. McCarthy's Hardware Store, Main Street, Kilfinane, Co. Limerick – this is a 8,000 sq.ft. premises with warehouse and yard vacant, which failed to let at €1.00 per sq.ft. The Commissioner for Valuations NAV was €15,770 or €1.97 per sq.ft. Mr. Hayes states that this premises sold for €70,000.
2. Hartnetts Hardware & Drapery – Sold in 2007 and vacant with 1,252 sq.ft. of retail and storage space, no yard or off street parking. The Commissioner for Valuations NAV is €17,220 or €13.75 per sq.ft. Mr. Hayes states that this premises is under offer at €50,000.
3. Ballyhoura Artisan Food Park formerly Kilfinane Enterprise Centre – Mr. Hayes states that the total floor area here is 8,000 sq.ft. constructed in the 1970s and vacant having been sold in 2015 for €100,000.

4. McDermott's Dance Hall, Ballylanders – vacant and available to rent with no takers at approximately €1.00 per sq.ft.
5. B.A.T. Engineering, Galbally Road, Ballylanders – modern industrial unit of 24,000 sq.ft. with half the premises available at €2.00 per sq.ft. in 2010 and has not been let since.

Mr. Hayes refer to other properties in Kilfinane, principally:

1. Mr. Kebab, Main Street – Mr. Hayes refers to the turnover of tenants in this property and it is currently vacant.
2. Second Glance, Main Street – Mr. Hayes estimates that the rent payable for this premises would be €50.00 per week and it is vacant and has seen a number of tenants in recent years.
3. Barretts Auto Sales and Repairs, Church Lane & Harry Nunan Chainsaw Repairs and Sales –

Mr. Hayes refers to the low level of appeals submitted. He also states that he does not use all the space in the subject premises and refers back to the original Commissioner of Valuation's estimate of €6,250.

Mr. Hayes estimate of NAV is €5,200 per annum.

THE RESPONDENT'S CASE:

Ms. McPartlan appearing on behalf of the Commissioner of Valuation took the oath and adopted her Precis as her evidence and chief.

Ms. McPartlan describes the property as a single storey building in use as furniture/soft furnishings showrooms and auctioneers office. She states that the showrooms and offices are in good condition and there is a fixed staircase access to the first floor.

Agreed floor areas are:

Level 0 – Shop	148.8 sq.m.
1A – Shop	182.28 sq.m.
2 – Store	33.48 sq.m.
3 – Store	95.2 sq.m.

Ms. McPartlan points to two key rental transactions being:

1. Grandstand Bookmakers, Kilfinane, Co. Limerick – 18.94 sq.m., lease commencing 1st January 2012, lease term 3 years, rent per annum €4,800, NER €4,466. Retail

Zone A Rent €18.94 @ €230 (Valued at €110 – Zone A), NAV €2,080. Mr. Hayes disputed this rent.

2. Mr. Singh, Kilfinane, Co. Limerick – total floor area 71.85 sq.m., lease commencement 1st January 2013, lease term 10 years, rent per annum €6,829, NER €6,955.34. The Commissioner of Valuations assessed Zone A rent of €150 per sq.m. valued at €110 per sq.m. Mr. Hayes states that this is now vacant.

In providing evidence to support the contention that Equity and Uniformity had been applied in assessing NAV for the subject and comparisons on the list Ms. McPartlan referred to 18 properties valued in the vicinity of the subject at €110 per square metre– Zone A with the subject property the only one on appeal to the Valuation Tribunal.

Ms. McPartlan refers to 4 comparables from the list:

Comparable 1: 1225020 – Main Street, Kilfinane

Large retail unit valued at €110 per sq.m. – total NAV €17,220

Comparable 2: 5004676 – Ballyhoura Farm Supplies, Kilfinane

This is an end of terrace single store premises in use as farm supply shop with very basic block walls and corrugated roof. The Commissioners NAV equates to 44.14 – Retail Zone A @ €110 per sq.m. plus stores giving an NAV of €4,860.

Comparable 3: 1225015 – Centra, Main Street, Kilfinane

Ground floor mid terrace property in use as post office and shop in the centre of the Village with the upper floors in domestic use. A Zone A rent of €110 per sq.m. is applied giving a total NAV €12,670.

Comparable 4: 1224911 – Munster Tractor & Plant, situated on the Spa Road, Kilfinane located off the main street.

Workshop and stores in an industrial building, mezzanine offices 54 sq.m. @ €10.00 per sq.m., yard 425 sq.m. @ €2.50 per sq.m., stores 38.69 @ €25.00 per sq.m and workshop 230.40 @ €25.00 per sq.m. Total NAV €8,320.

Ms. McPartlan estimates her NAV as:

NAV

Level 0 – Shop	148.80 @ €50.00 per sq.m.	€7,440
Level 1A – Shop	182.28 @ €30.00 per sq.m.	€5,648
Level 2 – Store	33.48 @ €25.00 per sq.m.	€ 837
Level 3 – Store	95.20 @ €25.00 per sq.m.	€2,380
Shop less 10% end allowance		€1,612.50
	Total NAV	€14,512.90
	Say	€14,510

CROSS EXAMINATION/SUMMING UP:

Mr. Hayes in cross examination pointed out that the Centra unit was very much superior to his premises and questioned the lack of rental evidence that NAVs in the town are based on.

In questioning from the Tribunal Members Ms. McPartlan pointed to a lack of evidence being available to inform rental values and that villages in Co. Limerick had been ranked to provide a scheme on which NAVs were then based.

Mr. Hayes in questioning from the Tribunal Members pointed out that the village is 14 miles from Mitchelstown, 16 miles from Tipperary Town, 6 miles from Ballylanders and 10 miles from the N21.

Ms. McPartlan in her summing up referred to the €50.00 per sq.m. used in assessing the NAV in the shop unit as being a reduction on the rates applied to other properties on the Main Street and referred to the fact that this premises has not been valued by the Commissioner on a zoned basis.

FINDINGS AND DETERMINATION:

The Tribunal particularly notes that the original proposed Valuation Certificate issued 10th June 2014 was for a figure of €6,250.

The Tribunal further notes Mr. Hayes comments regarding the actual lettability of the premises and high vacancy rates in the village.

Further the Tribunal took account of Mr. Hayes' evidence regarding the likelihood of actually achieving a rent in the order of the proposed NAV as of the date of valuation.

In terms of the rental transaction comparisons put forward by the Respondent the Tribunal noted that both of these have an actual rent per annum of €4,800 per annum in the case of Grandstand Bookmakers and €6,829 in the case of Mr. Singh. No rental evidence was put forward to justify the case for the adoption of a higher base for rental levels in the village in the village.

The Tribunal finds that any occupier in this location is likely to be confined as to the level of rent they will pay and that the use of zoning and rents applied per sq.m. to the individual parts of the building will lead to distorted and inflated rents where there is actually no market functioning on this basis.

Accordingly the Tribunal finds that the original valuation of €6,250 should be applied.