

Appeal No. VA89/0/190

**AN BINSE LUACHÁLA**  
**VALUATION TRIBUNAL**  
**AN tACHT LUACHÁLA, 1988**  
**VALUATION ACT, 1988**

**Donegal Potatoes Ltd**

**APPELLANT**

**and**

**COMMISSIONER OF VALUATION**

**RESPONDENT**

RE: Store, offices and land Lot No. 2B.4V at Colehill, Electoral Division of Castleforward,  
Co. Donegal  
quantum

**B E F O R E**  
**Henry Abbott**

**S.C. Chairman**

**Mary Devins**

**Solicitor**

**Padraig Connellan**

**Solicitor**

**JUDGMENT OF THE VALUATION TRIBUNAL**  
**ISSUED ON THE 2ND DAY OF MAY, 1990**

By Notice of Appeal dated 16th August, 1989 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £330 on the above described hereditament. The grounds of appeal stated that 1) the valuation is excessive and inequitable; 2) the valuation is bad in law; 3) This is a "farm building" within the meaning of Section 14 of the Valuation Act 1852 and amending legislation. 4) This is used for agricultural purposes and rates should not be payable on this property.

### **Description of property**

The property is located on the outskirts of Newtowncunningham, Co. Donegal about 12 miles from Derry City and 14 miles from Letterkenny.

This is a substantial warehouse type premises with ancillary buildings which is used for the storage and packing of potatoes. The main building consists of a 3 - bay symmetrically pitched portal framed structure with corrugated asbestos roof and wall cladding. Walls are of concrete. The office and canteen buildings are single - storey having a concrete brick outer skin and a flat timber framed roof with butyl rubber finish.

The extension is of steel portal framed construction with aluminium roof and wall cladding. Walls and floors are of concrete and the property is serviced by mains water, sewers and three-phase electricity.

### **Valuation History**

The subject property was first valued in 1977 at £620 rateable valuation. In 1978 this was appealed and reduced to £550. This was further appealed and in November 1978 the Circuit Court reduced the rateable valuation to £308.70. In 1988 the property was again listed for revision and following a first appeal the Commissioner of Valuation increased the rateable valuation to £330 and revised the description to include the word "offices".

### **Written Submission**

A written submission was received on 18th April 1990 from Mr. Patrick McCarroll, Chartered Surveyor, Auctioneer and Estate Agent of Bank Place, Carndonagh, Co. Donegal, in which he described the property and outlined the accommodation as follows:

Potato warehouse	5969.88 sq.m.	(64,259 sq. feet)
Office wing	98.18 sq.m.	( 1,035 sq. feet)
Canteen wing	138.72 sq.m.	( 1,493 sq. feet)
New extension	1210.07 sq.m.	(13,025 sq. feet)
<b>TOTAL</b>	<b>7416.85 sq.m.</b>	<b>79,836 sq. feet</b>

Mr. McCarroll said that part of the canteen building is incorporated into the new extension and that this would reduce the above areas by 38.4 sq. m. or 413.39 sq. ft. He said that this is a substantial warehouse in a rural location which was constructed originally and specifically as a potato warehouse. He said that the demand for such a property would be limited. Mr. McCarroll said that Donegal Potatoes was established to provide storage facilities and the

opportunity to market their produce from a central point. Donegal Potatoes itself grows approximately 50% of the through-put farming somewhat in the region of 325 acres. Generally speaking, he said, this building is used intensively for 3 months and it would be fully operational for 6 months of the year. Mr. McCarroll said that in the appellant's opinion the rateable valuation on this property should be in the region of £235.00 as follows:

Warehouse	64,259 sq. feet x £0.45	£28,916	
New extension	13,025 sq. feet x £0.45		£ 5,861
Offices	1,035 sq. feet x £1.00	£ 1,035	
Canteen	1,493 sq. feet x £1.00	£ 1,493	
<b>TOTAL</b>		<b>£37,305</b>	
<b>£37,305 x 0.63% = £235.00</b>			

Mr. McCarroll offered the following comparisons:

1. Ballymacarry, Buncrana, Co. Donegal. June 1987.

Some 79860 square feet of industrial buildings and land having a total area of 10.068 acres was purchased in June 1987 for £998,578.00.

A grant of 50% was received by the purchasers.

Purchase Price            988,578.00

less

50% grant                    499,289.00

Actual cost                 499,289.00

Allow for surplus land

6 acres x £3,550.00 x 1/2    10,650.00

Actual cost of building       488,639.00

Arriving at a Rental value:

£488,639.00 \_ 8 YP =    61,079.00

£61,079.00 \_ 79860 sq. feet = £0.76 sq.ft.

Mr. McCarroll added the following comments:

- (a) This is a modern purpose built industrial building located in the town of Buncrana.
- (b) The quality and specifications surpass the basic functional shell of the property under review.
- (c) This property has alternate uses and since being purchased is fully utilised.

2. Nena Models Ltd., Magheradrumman, Milford, Co. Donegal.

The rateable valuation assessment on this property was agreed with the Valuation Office in 1989 at £100.00.

Applying the 0.63% ratio this gives a rental of £15,873

$$£100 \times 0.63 \times 100 = £15,873$$

$$£15,873 \div 35,000 \text{ sq. ft.} = £0.45 \text{ per sq.ft.}$$

Mr. McCarroll commented that:

- a) This property has been purchased by a wool merchant for the storing of wool.
- b) This property is situated in a rural location similar to the property under review.
- c) A quantum reduction should be applied for the property under review.

3. Part of the subject property which is let at a monthly rent of £400.

The premises let comprises:

"All that garage premises at Newtowncunningham including any furniture effects and fittings specified in the third schedule."

The furniture effects and fittings include almost 80 items.

All the items that are required to set up and establish a garage from day one.

Indeed as this was a fully operational garage premises there must be an element of Goodwill attached to this rental. In Mr. McCarroll's opinion 40% of the rental can be allocated as rental for the "furniture effects" and this would give a rental for the building of £240.00 per monthly or £2880.00 per annum.

This building has a gross external floor area of c.3932 square feet.

$$3932 \text{ square feet} \times £0.73 = £2880.00.$$

Mr. McCarroll commented that:

- a) This is a small compact unit already developed as a garage;
- b) The rental reflects the specialised nature of the letting.
- c) This is a once-off letting - there will be no demand for similar units in this complex;
- d) Again a quantum reduction would apply to the entire property.

Mr. McCarroll attached a copy of a valuation report prepared by Messrs. Lisney & Son which he said reflected

1. the size of the building,
2. the specialised nature of the property, and
3. the lack of demand for this type of building.

A written submission was received from Mr. Christopher Hicks, a valuer in the Valuation Office on 10th April 1990 in which he outlined the valuation history of the premises. Mr. Hicks commented on the 1978 Circuit Court judgement which fixed the rateable valuation of £308.70 and said that the judgement did not give a breakdown of this figure. However, he said, that the £308.70 fixed by the Circuit Court can be devalued as follows:

62,200 sq. ft. @ 74p per sq. ft. would yield a net annual value of £49,000. Applying the fraction of 0.63% to this would yield the rateable valuation of £308.70.

He said that the new offices built since the Circuit Court judgment would have to be added as follows:

1700 sq. ft. @ £2 per sq. ft. = Net Annual Value of £21.42 @ 0.63% = rateable valuation of £21.42

This added to the £308.70 gave a total rateable valuation of £330.

Mr. Hicks submitted five comparisons as follows:

1) **Inishleigh Farm Foods Ltd.** - 1984 First Appeal 1985 Revision

Buildings 36,400 sq. ft. @ £1.20/sq.ft. = £43,680

H.P. 300 @ £7 = £ 2,100

= £45,780 @ .61%

= RV £280

Buildings 15 to 20 years old in a rural location.

2) **Clonleigh Co-op** - 1984 Revision (NB 20/171)

Buildings 8,600 sq. ft. @ £1.55/sq.ft. = £13,330

Estimated NAV £13,330 @ .64% = RV £85

Good quality modern building.

3) **Winston Patterson Ltd.** - 1983 First Appeal (Stranorlar)

Buildings 35,800 sq. ft. @ £1.00/sq.ft. = £35,800

Grain Bins 720 tons @ £4 = £ 2,880

Estimated N.A.V. £38,680 @ .65% = £38,680

RV £250

Old buildings in the village of Ballindrait.

- 4) **Robert Smyth & Sons** - 1983 First Appeal (Stranorlar)  
 Buildings (some very old) 60,000 sq.ft. @ 75p = £45,000  
 Grain bins and silos 1190 tons @ £4 = £ 4,760  
 H.P. 640 @ £7 = £ 4,480  
 Estimated NAV £54,240 @ .66% = RV £360

- 5) **Irish Snacks Ltd.** - 1985 First Appeal (Dunfanaghy)  
 Factory in Gweedore Industrial Estate used as a potato store :-  
 45,800 sq.ft. @ £1.40 = £64,120  
 Estimated NAV £64,120 @ .55% RV £350

At the oral hearing which took place on 19th April 1990 in Donegal Town Mr. Patrick McCarroll appeared for the appellant and Mr. Christopher Hicks appeared for the respondent. Both the appellant and the respondent gave evidence as outlined in the written summaries of evidence.

At an early stage in the hearing it became evident that there was a fundamental disagreement on a point of fact between the parties as to whether the extension was built prior to and therefore included in the Circuit Court judgment of £308.70 rateable valuation. The Tribunal decided to adjourn the hearing to give the parties an opportunity to clarify the matter. On resumption both parties agreed that the extension was built subsequent to the Circuit Court judgement and was therefore not taken into consideration in that judgment. Mr. Hicks stated that although he was not bound by the Circuit Court judgment when revaluing the property, he had, nonetheless, to show respect for it and he therefore did not revise this but only took the extension into consideration and added an extra £21.42 in respect of this extension.

Mr. McCarroll said that the Commissioner of Valuation had not taken Net Annual Value into account in reaching a rateable valuation. He said that the Valuation (Ireland) Act, 1852 had prescribed an estimate of the N.A.V. as the basis of valuation, a concept which is re-stated in the Valuation Act, 1986. He said that in the Rosses Point Hotel Co. Ltd. - v - The Commissioner

of Valuation [1987 I.R.] p. 143 Judge Barron expressed the opinion that "profit earning ability is the basic element in determining the N.A.V."

The Tribunal has come to the conclusion that, having regard to the comparisons offered by both valuers and the fact that the subject premises serves a vibrant business in the vicinity and is a modern expanding premises, there are no grounds for reducing the valuation fixed by the Commissioner of Valuation and decide to affirm the rateable valuation of £330 in respect of the subject hereditament.