

Appeal No. VA96/3/036

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

Lee (Ireland) Ltd

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Factory and Land at Lot No. 2A, Town of Ardee (pt. of), ED: Ardee Rural, RD: Ardee I,
Co. Louth
Quantum

B E F O R E

Liam McKechnie - Senior Counsel

Chairman

Fred Devlin - FRICS.ACI Arb.

Deputy Chairman

Rita Tynan - Solicitor

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 14TH DAY OF OCTOBER, 1997

By Notice of Appeal dated 26th July 1996 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £580 on the above described hereditament. The grounds of appeal as set out in the Notice of Appeal were that

1. "The valuation is excessive and inequitable
2. The valuation is bad in law".

The Property

The subject property comprises a typical detached factory premises located on a minor county road about one mile west of Ardee which is a small town on the main Dublin to Derry Road.

The factory was constructed in two stages with the original structure being completed in 1979 and extended in 1994. The building is of steel portal frame construction with a low pitched roof of galvanised steel decking with an average eaves height of about 5 metres (say 16ft). The infill walls are of concrete block construction with insulated metal cladding over. It would appear that whilst the factory is occupied and used as a single entity the original section is not fully intercommunicating with the 1994 extension. Offices, toilets and staff facilities are provided in the original building and additional toilets and staff facilities are also provided in the extension.

All the usual mains services are connected to the property which also has the benefit of oil fired central heating and a sprinkler system.

Accommodation

The agreed floor area are as set out below:

Original Building	SqFt	SqM
Offices	6,540	608.6
Factory	24,950	2,318.8
Loading Bay	2,214	205.7
Plant Room	969	90
Extension		
Smokers Canteen & Cloakroom	3,159	293.5
Factory	18,133	1,684.6
Loading Bay	1,216	113
Canteen etc.	<u>3,159</u>	<u>2,435</u>
	57,181	5,314.2

Valuation History

The property was first valued in 1981 at a rateable valuation of £450. Following the extension completed in 1994 the premises was listed for revision in 1995 and the valuation

determined at £580 which figure was confirmed at first appeal stage by the Commissioner of Valuation. It is against this decision that the appeal to this Tribunal now lies.

The Oral Hearing

At the oral hearing held in Dublin on 27th January 1997 the Appellant was represented by Mr. Alan McMillan ASCS, a Director of Donal O'Buachalla & Company Limited and the Respondent was represented by Mr. Malachy Oakes a District Valuer in the Valuation Office. Prior to the hearing the valuers submitted to the Tribunal and exchanged between them written précis and valuations which were formally adopted by them at the oral hearing as being their evidence in chief.

The Appellant's Evidence:

Mr. McMillan contended that in determining net annual value in accordance with the Valuation Acts it was necessary to have regard to prevailing market conditions at the relevant date. In his opinion the demand for an industrial building of 5,300 m² in Ardee was very low and this obviously would have a bearing on rental values. Whilst he accepted the proposition that the actual occupier could be the hypothetical tenant as envisaged under Section 11 of the 1852 Valuation Act it must be assumed that such a tenant would be knowledgeable of the market and would formulate an opinion of rental value accordingly. In addition the hypothetical tenant would take into account the inherent drawbacks of the property such as poor natural lighting and the fact that the two sections of the property are not intercommunicating.

Mr. McMillan further contended that as Ardee is a small town it could not compete with the rival attractions of nearby larger towns such as Drogheda and Dundalk which were successful in attracting high-tech industries. As further proof of the difficulties faced by the town Mr. McMillan pointed out that the IDA have been singularly unsuccessful in attracting new industry into Ardee over the past 20 years notwithstanding the fact that it had a land bank available for development purposes adjoining the subject property.

Having regard to the prevailing market conditions Mr. McMillan put forward the following valuation.

Offices/Staff Area	9,699 sq.ft. @ £2.25 =	£21,823
Factory (Including plant and loading areas)	47,842 sq.ft. @ £1.25=	<u>£59,353</u>

Total: £81,176
Net Annual Value say: £80,000

Rateable Valuation at .05% = £400

In support of the above valuation Mr. McMillan submitted 10 comparisons as set out in Appendix 1 attached to this judgment.

The Respondent's Evidence

Mr. Oakes in his evidence described the property and put forward the following valuation supported by two comparisons as set out in Appendix 2 attached to this judgment.

Main Offices	6,539 sq.ft. @£3.00 psf	£ 19,617
Canteen	1,522 sq.ft. @£2.50 psf	£ 3,805
Factory Offices	1,637 sq.ft. @£2.50 psf	£ 4,092
Original Factory	24,950 sq.ft. @£2.00 psf	£ 49,000
New Extension	18,133 sq.ft. @£2.00 psf	£ 36,266
Loading Bays	3,430 sq.ft. @£1.50 psf	£ 5,145
Compressor Rooms	969 sq.ft. @£1.50 psf	<u>£ 1,453</u>
		£120,278

RV @ .05% = £601

But say: £580

In additional oral evidence Mr. Oakes said he considered the Chilton Electric premises (i.e. his comparison No 2) to be the best comparison available as it too was located in a small town reasonably close to Ardee. He pointed out that whilst the subject was much smaller nonetheless he had applied the same rate psf to the manufacturing area. When questioned about the Wellman premises at Ardee (Mr. McMillan's comparison No 1) he said that he did not consider this property to be comparable as the structure was in very poor repair. He agreed that the Farrell premises (his comparison No 1) was much smaller than the subject but other than that he could make no further comment as he had not inspected the property.

Determination

The Tribunal has carefully considered all the evidence adduced at the Oral Hearing and has examined the comparisons put forward in evidence by both valuers and makes the following findings.

1. Ardee is a small town and not unexpectedly there would be a limited demand for industrial premises with an area of 5,300 sq.m.
2. Of all the comparisons submitted the Tribunal attaches most weight to that in relation to the Chilton Electric premises in Dunleer.
3. The Tribunal considers the Farrell Brothers premises in Ardee to be also helpful notwithstanding the fact that it is less than half the size of the subject. The evidence in relation to the Wellman premises is of little assistance in that both valuers expressed the opinion that it was a dated warehouse premises in poor condition.
4. Mr. McMillan's comparisons 2 to 6 are situated throughout the country in different rating areas but nonetheless they do give a broad picture of typical rental levels for industrial premises which in several instances are somewhat similar in size to the appeal hereditament. The remainder of Mr. McMillan's comparisons are of no assistance to the Tribunal whatsoever as they mainly relate to open market sales.
5. The Tribunal accepts Mr. McMillan's evidence that Ardee does not appear to be an attractive location for industry and that there had been little new investment of this nature in the town for several years. In many ways it is not dissimilar to the town of Dunleer but on balance Dunleer is more convenient to Drogheda and Dundalk and is more accessible by road and rail to Dublin. Accordingly therefore whilst the Tribunal attaches considerable weight to the Chilton Electric evidence it has come to the conclusion that some allowance must be made for the difference in location between the two properties. The Chilton Electric premises is of course much larger than the appeal hereditament and this too is a factor to be taken into account.

The Tribunal does not accept Mr. Oakes analysis of the Tribunal's decision in relation to Chilton Electric. In the Tribunal's opinion a more accurate analysis of the rateable valuation of £920 is as follows:

Offices	11,927 sq.ft. @£2.88 =	£ 34,350
Factory	74,134 sq.ft. @£1.88=	£139,372
External Store	280 sq.ft. @£1.50 =	<u>£ 420</u>
	Total:	£174,142
Rateable Valuation @ .5%	=	£870
Add HP	=	<u>£ 44</u>
Total RV		£914
But say:		£920

Determination

Having regard to the foregoing the Tribunal determines the rateable valuation of the subject property to be £520 based on a net annual value calculated as set out below.

Offices	9,699 sq.ft. @£2.65 =	£25,702
Factory	47,842 sq.ft. @£1.65 =	<u>£78,939</u>
	Total:	£104,641
Net Annual Value Say:		£104,000
Rateable Valuation at .05%	£	520