

Appeal No. VA96/4/008

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

Glanmire Industries Limited

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Factory at Map Ref: 1.1A.1G/3, Townland: Wallingstown, E.D. Caherlag, R.D. Cork
Upper, Co. Cork

Quantum - Appropriate rate psf for factory space in Cork

B E F O R E

Fred Devlin FRICS.ACI Arb.

Deputy Chairman

Brid Mimmagh Solicitor

Member

Michael Coghlan Solicitor

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 22ND DAY OF JULY, 1997

By Notice of Appeal dated the 8th day of August 1996 the Appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £665 on the above described hereditament.

The grounds of appeal as set out in the Notice of Appeal are that "the assessment remains excessive and inequitable (quantum only)."

This appeal was heard by way of an oral hearing which took place on the 11th day of March 1997 in the District Courthouse, Cork. The Appellant was represented by Mr. Alan McMillan, a Director of Donal O'Buachalla & Company Limited and an Associate of the Society of Chartered Surveyors and a member of the Irish Auctioneers and Valuers Institute. The Respondent was represented by Mr. Terry Dineen, B.Agr.Sc, and a District Valuer with over twenty two years experience in the Valuation Office.

The subject property comprises an extensive industrial premises occupying an 8 acre site in the Little Island Industrial Estate, convenient to Cork city centre.

The main factory and warehouse building was constructed c. 1980 and is of steel portal frame construction with metal clad infill walls and a flat metal decked roof carried on latticed horizontal steel trusses. The floor is of mass concrete construction and eaves height is approximately 5.7 metres (18' 9"). Gas fired central heating is provided in both the manufacturing and warehousing areas.

At the front there is a single storey office building of brick and block wall construction incorporating single glazed anodised aluminium frame windows and a flat felt roof. The floors are of concrete construction and the offices are finished with smooth plastered walls and suspended acoustic ceilings. Gas fired heating is provided in the office area. The usual public services are connected to the property. In addition to the above there are ancillary plant rooms and ESB substation.

The site area is fenced and affords generous circulation space for large vehicles and car parking space for staff.

Accommodation:

The areas measured on a gross external area basis are agreed as set out below.

Factory/Warehouse 42,532 sq.ft.

Offices	6,859 sq.ft.
Ancillary Buildings	<u>5,080 sq.ft.</u>
Total Area	<u>54,471 sq.ft.</u>

Valuation History:

The subject property was first valued at the 1982 revision at £800. The Appellant lodged an application for revision in 1994 and the property was listed in the 1995/4 revision list and valued at £765 which was reduced to £665 by the Commissioner of Valuation at first appeal stage. It is against this determination that the appeal to this Tribunal now lies.

The Appellant's Evidence:

Mr. McMillan, having taken the oath adopted as his evidence in chief his written précis and valuation which had previously been submitted to the Tribunal and the Respondent.

Mr. McMillan in his evidence said that he had arrived at his opinion of net annual value in accordance with the Valuation Acts and in so doing had regard to the following:-

1. In November 1988, market conditions were poor due to the recession and the demand for buildings of the size of the subject was limited at this time.
2. The premises were built c. 1980 and are of basic construction and finish with no special adaptations.
3. The assessments of other premises in Cork as set out in Appendix 1 attached to this decision.

Having regard to the foregoing he valued the property as follows:-

Factory	42,534 sq.ft. @ £1.75 psf = £ 74,435
Offices	6,859 sq.ft. @ £3.00 psf = £ 20,577
Plant rooms etc.	5,080 sq.ft. @ £1.25 psf = <u>£ 6,350</u>
	NAV <u>£101,362</u>
	RV @ 0.5% = £507

Plus Miscellaneous (agreed) = £ 30

RV £537. Say £540.

Mr. McMillan said that the factory roof was subject to water penetration and that to date the cause was unidentified. In response to a question from Mr. Dineen, Mr. McMillan said that whilst his comparison number 2 i.e. Cantrell & Cochrane premises was the subject of a decision by this Tribunal, the devaluation as contained in his précis was his own. Mr. Dineen said that he did not agree with Mr. McMillan's devaluation and put forward the following devaluation as being more appropriate.

Offices	6,576 sq.ft. @ £2.75 psf
Bottling hall	14,042 sq.ft. @ £2.50 psf
Warehouse etc.	53,000 sq.ft. @ £1.82 psf

He and Mr. McMillan agreed that the warehouse in this property was 9 metres high.

The Respondent's Evidence:

Mr. Dineen, having taken the oath adopted as his evidence in chief his written submission and valuation which had previously been submitted to the Tribunal and the Appellant.

Mr. Dineen said that the Little Island Industrial Estate is the best in the Cork area and contended that this should be reflected in net annual value.

Mr. Dineen said that in arriving at his opinion of net annual value he had regard to the following statement contained in a previous decision handed down by this Tribunal.

"The Tribunal finds that the indication of a standard of £2.25 for standard factory space in the Cork area produces a reasonable rate of return of capital to ensure a continued supply of same." (**Henkel v. Commissioner of Valuation - VA93/3/004**)

Mr. Dineen said that he considers the statement to be significant and in an appendix to his précis he elaborated further upon its importance. Rather than paraphrase Mr. Dineen's comments on this matter it has been decided to include this in full with this decision as Appendix 3. Mr. Dineen also pointed out that in the Little Island Industrial Estate the premises are currently valued on three different bases:-

1. those made prior to 1989 and pre-switch to NAV methods
2. those made 1989 to 1993 with a reduction factor of 0.63%
3. those made post 1994 with a reduction of 0.5%.

In addition, Mr. Dineen relied upon three comparisons as set down in Appendix 2.

Having regard to the comparisons and the relevant statement from the Henkel decision, Mr. Dineen valued the property as follows:-

Factory	42,532 sq.ft. @ £2.25 psf = £	95,697
Offices	6,859 sq.ft. @ £3.25 psf = £	22,291
Ancillary Buildings	5,080 sq.ft. @ £1.75 psf = £	<u>8,890</u>
NAV		<u>£126,879</u>
RV @ 0.5%	Say £	635
Add ancillary items as agreed	£	<u>30</u>
Total		<u>£ 665</u>

Determination:

The Tribunal has carefully considered all the evidence and arguments adduced at the oral hearing and makes the following preliminary observations.

1. The Tribunal has carefully examined the contents of Mr. Dineen's appendix to his précis of evidence and to a degree understands the sense of frustration contained therein. However, as far as this Tribunal is concerned the issue of the appropriate

fraction for the County Cork area was dealt with comprehensively in the Showerlux case (VA93/3/046) and several others. It is not the intention of this Tribunal to reopen this argument again.

2. *Section 11 of the Valuation (Ireland) Act 1852* as amended by *Section 5 of the 1986 Act* sets down the basis of net annual value. Section 11 states "... an estimate of the net annual value thereof; that is to say, the rent for which, one year with another, the same might in its actual state be reasonably expected to let from year to year, the probable average cost of repairs, insurance and other expenses (if any) necessary to maintain the hereditament in its actual state, and all rates, taxes and public charges, if any, (except Tithe, Rentcharge) being paid by the tenant".

Hence it follows that rates are a factor which should be borne in mind when arriving at net annual value and to that extent there is some merit in Mr. Dineen's argument. However, this Tribunal must look at the comparisons and all the evidence adduced to it and on that basis arrive at what it considers to be the proper net annual value of the subject having regard to all the circumstances of the case.

3. The Tribunal is conscious that anomalies exist within the rating lists of all Rating Authorities and whilst the 1986 Act attempted to address the problem, anomalies will continue to be a feature of the valuation system until such time as a general revaluation is carried out. The Valuation Office is not in any way to blame for the situation that has arisen and indeed in the general scheme of things the Commissioner and his Valuers do the best they can to ensure equity prevails between Ratepayers under what is an imperfect system.
4. In relation to this appeal this Tribunal has carefully considered the details of all the comparisons submitted by the Valuers and finds the evidence in relation to the Showerlux premises and Cantrell & Cochrane premises to be the most relevant. The Hendrickson letting is also relevant. The Tribunal accepts Mr. Dineen's uncontested evidence that Little Island Industrial Estate is the best location of its type in the greater Cork area. It also accepts that the subject property affords good quality manufacturing and warehousing accommodation on a large site with generous circulation and car parking space. These are all factors which must be reflected in the valuation.
5. The Tribunal notes that the devaluation of the Cantrell & Cochrane premises put

forward by Mr. McMillan is his own devaluation and not extracted from the decision of the Valuation Tribunal. Mr. Dineen put forward a different devaluation which this Tribunal considers to be more appropriate and notes that Mr. Dineen placed a figure of £1.82 psf on the warehouse area and £2.50 psf on a bottling hall.

6. Having regard to the foregoing and taking into account all the evidence and arguments adduced at the oral hearing the Tribunal determines the rateable valuation of the subject property to be £575 calculated as set out below.

Factory/Warehouse space	42,534 sq.ft. @ £1.90 psf =	£80,814
Offices	6,859 sq.ft. @ £3.00 psf =	£20,577
Plant room etc.	5,080 sq.ft. @ £1.50 psf =	<u>£ 7,620</u>
NAV		<u>£109,011</u>
	But Say	£109,000
RV @ 0.5%		£ 545
Add miscellaneous items as agreed		<u>£ 30</u>
Total RV		<u>£ 575</u>

