

Appeal No. VA97/2/046

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

Bernard O'Callaghan, The Cliff House Hotel

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Licensed Hotel at Map Ref: 5a, Ballybunion, ED: Killehenry, RD: Listowel, Co. Kerry

Quantum

B E F O R E

Con Guiney - Barrister at Law

Deputy Chairman

Barry Smyth - FRICS.FSCS

Member

Ann Hargaden - FRICS.FSCS

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 6TH DAY OF NOVEMBER, 1998

By Notice of Appeal dated the 24th day of April 1997 the Appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £250 on the above described hereditament.

The grounds of appeal as set out in the Notice of Appeal are that:-

- "(a) The valuation is excessive in comparison to similar properties.
- (b) The RV is excessive having regard to the NAV."

The relevant valuation history is that the hereditament was first valued as a hotel in 1968. Extensions were valued in 1970, 1980, 1983 and 1990. The 1994 revision dealt with recent extensions and refurbishments and increased the rateable valuation from £185 to £250. In June 1994 the occupier appealed the revised valuation to the Commissioner of Valuation. In March 1997 the Commissioner's decision was issued leaving the rateable valuation unchanged.

A written submission prepared by Mr. N.J. McAuliffe of Kenneally McAuliffe, Rating Consultants on behalf of the appellant was received by the Tribunal on 7th November 1997.

The written submission contained two methods for calculating the R.V. using the capital value basis at 30th April 1994 the R.V. was estimated at £134. Using the turnover basis averaged over the two years of 1994 and 1995 the R.V. was estimated at £132. The written submission concluded that an equitable R.V. for the subject premises was £133.

Finally the written submission contained a schedule of three comparisons.

A written submission prepared by Mr. Daniel Griffin on behalf of the respondent was received by the Tribunal on 12th November 1997. Mr. Daniel Griffin B.Comm., Grad. Dip P& D Econ. is a District Valuer with 17 years valuation experience in the Valuation Office.

The written submission contained four methods for estimating the R.V. Using the comparative method a R.V. of £310 was obtained. Using a cost of bedrooms method an R.V. of £270 was obtained. A capital value basis established an R.V. of £270. Finally a re-constituted net profits method produced an R.V. of £210.

The written submission noted that the valuations differed significantly depending on the method used. It concluded that a reasonable mid range figure produced an N.A.V. of £50,000 and an R.V. of £250.

The written submission contained a schedule of six comparisons. The written submission also contained a copy of the accounts for Calbere Ltd. in the year ending 30th April 1995.

The oral hearing took place in the Council Chamber, Tralee Urban District Council on 20th November 1997. The appellant was represented by Mr. N.J. McAuliffe of Kenneally McAuliffe and the respondent was represented by Mr. Daniel Griffin.

At the outset of the hearing the representatives of the appellant and the respondent agreed the total gross external area for the subject premises being 27,335 sq.ft.

In his sworn testimony Mr. McAuliffe adopted his written submission as his evidence to the Tribunal and stated the hotel was heavily seasonal in its trade, the major part of its turnover occurring in the months of June, July and August. The subject property had been developed by its owners to cope with bus tours and a minimum of 40 bedrooms was required for this. Mr. McAuliffe stated that during the off season the bar only opened for five days of the week and then only in the evening. The restaurant also remained closed during the off season.

Mr. McAuliffe also stated that his comparisons showed that the valuation of the subject property is out of line with the tone of the list in the area.

In further evidence Mr. McAuliffe stated that he considered a valuation based on capital value or turnover were the appropriate methods with respect to a hotel.

In further evidence Mr. McAuliffe said that he had put a capital value of £450,000 on the subject premises based on the turnover for 1994 and 1995 and looking at the net profit for the business and extrapolating from that. He had put a figure of 7% on the yield because this was an unattractive business due to the factors of seasonality and bad location. The normal range for yield would be 7% to 9%. Mr. McAuliffe stated this business succeeded because of the family input.

In his sworn testimony Mr. Griffin adopted his written submission as his evidence to the Tribunal. He stated that the subject premises was one of five hotels in the town, being the only three star hotel there. He further stated that the R.V. was well supported by his comparisons. In further evidence Mr. Griffin stated that the White Sands Hotel, Ballyheigue was his preferred comparison.

In cross examination by Mr. McAuliffe it was put to Mr. Griffin that a square footage basis for valuation was not usually used in connection with hotels. Mr. Griffin replied that the square footage basis is one method used by the Valuation Office among a number of other methods used.

With reference to the White Sands Hotel, Mr. Griffin stated that this property was valued on a comparative basis. This hotel was similar to the subject property in its accommodation, grading and the seasonality factors.

At this stage in the hearing Mr. McAuliffe called Mr. Andrew O'Donnell, an accountant to give evidence. Mr. O'Donnell in his sworn testimony confirmed the seasonal nature of the business carried on at the subject premises, approximately 90% of the turnover occurred during the months June to September. Mr. O'Donnell stated that the bar trade represented 37% of gross profits. This part of the business was a low margin one.

Mr. Kevin O'Callaghan, the proprietor of the subject premises gave sworn testimony. He confirmed that the bar in the premises opened at 6.00 pm during the off season. He also stated the restaurant may be opened in the off season where a request for this is made.

In his submissions, Mr. Griffin said that Mr. McAuliffe had not analysed the appellant's comparisons. The comparisons provided by the Valuation Office were better evidence and they were all seasonal.

Mr. Griffin said that Mr. McAuliffe's R.V. equates to an N.A.V. of £26,600. This devalues at £0.97 p.s.f. which was less than the rate p.s.f. for industrial buildings. Mr. Griffin stated that his valuation took account of the tone of the list as he was obliged to do by statute. The opposite, he said, applied in the comparisons provided by Mr. McAuliffe.

Mr. Griffin suggested that the figures for turnover in the years 1994 and 1995 did not reflect the benefits of the extensions carried out in 1994. The valuation suggested by Mr. McAuliffe was less than the R.V. of £185 which attached to the premises when it had 20 bedrooms before the last revision.

In his submissions Mr. McAuliffe said that the square footage basis of valuation was inappropriate for valuing hotels. He said the tone of the list was not being maintained in the comparisons offered to the Tribunal. This was shown by the Golf Hotel, which was a comparison offered by himself and the Valuation Office and The Towers Hotel offered by the Valuation Office.

The Tribunal has considered the written submissions of the appellant and the respondent. The Tribunal has also considered the evidence of Mr. McAuliffe, Mr. O'Donnell and Mr. O'Callaghan on behalf of the appellant and the evidence of Mr. Griffin on behalf of the respondent.

Finally the Tribunal has considered the submissions of both Mr. Griffin and Mr. McAuliffe.

The Tribunal finds the turnover figures provided by the appellant does not reflect the benefits of the extension providing extra bedrooms which underlaid the valuation before this Tribunal.

The Tribunal further finds that the valuation arrived at by the respondent which was at the middle range of four different methods employed by the respondent is reasonable. Furthermore the Tribunal is influenced in this finding by comparison Number 1 of the respondent, the White Sands Hotel.

Accordingly, the Tribunal affirms the decision of the Commissioner of Valuation in fixing a rateable valuation of £250 on the subject premises and the Tribunal determines the R.V. of the subject premises to be £250.