

Appeal No. VA98/3/034

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

Allergan Pharmaceuticals (Ireland) Ltd.

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Factory at Map Reference 1A2G5C7 8c/1 Castlebar Road, Townland: Carrowbeg, U.D. Westport, Co. Mayo.

Quantum - Agreement at previous F/A, appropriate to add for additions

B E F O R E

Con Guiney - Barrister at Law

Deputy Chairman

Barry Smyth - FRICS.FSCS

Member

Finian Brannigan - Solicitor

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 31ST DAY OF JANUARY, 2000

By Notice of Appeal dated the 28th day of July 1998, the appellant appealed against the decision of the Commissioner of Valuation in fixing a rateable valuation of £3,150 on the above described hereditament.

The Grounds of Appeal as set out in the said Notice of Appeal are that; "the assessment is excessive and inequitable having regard to the provisions of the Valuation Acts and on other grounds".

The appeal proceeded by way of an oral hearing, which took place on the 7th day of July 1999 at the offices of the Valuation Tribunal, Dublin. The appellant was represented by Mr. Eamonn O’Kennedy B.Comm MIAVI, Valuation and Rating Consultant and the Respondent was represented by Mr. Colman Forkin B.Sc Surveying ARICS ASCS, a Valuer with nineteen years experience in the Valuation Office. Having taken the oath each valuer adopted as his evidence in chief his written submission, which had previously been exchanged with the other valuer and submitted to the Tribunal.

Material facts agreed or found by the Tribunal

1. Valuation History

The property described as factory was revised in 1994/4 and following appeal by Mr. O’Kennedy the valuation was agreed at £2,500. The property was again revised in 1996/4 to value new extensions and the valuation was increased to £3,150. This valuation was appealed and no change was made at first appeal stage and the valuation has now been appealed to the Tribunal.

2. Situation

The property is situated on the West Coast of Ireland on the outskirts of Westport, Co. Mayo approximately 165 miles from Dublin and 70 miles from Galway.

3. The Property

The property comprises a purpose built modern part two and part single storey factory/warehouse and laboratory and office building with ancillary accommodation. There is a very high standard of construction and finish appropriate to its use in the pharmaceutical industry.

4. Accommodation

Original factory/warehouse	201,606 sq.ft.
Ground Floor plant room	17,951 sq.ft.
First Floor plant	39,266 sq.ft. (part over warehouse)

Extension as per Mr. Forkin

	<i>M²</i>	<i>Sq.ft.</i>
2/s store/workshop	248.4 =	2,674
Gd. fl. Maintenance	346.2 =	3,729
1 st fl. Plant & Store	334.3 =	3,599
Chemical Store	302.9 =	3,261
Pallet Store	220.3 =	2,372
2/s laboratory	3,229 =	34,758
1/s packaging/prod.	958.1 =	<u>10,314</u>
		60,707

Extension as per Mr. O'Kennedy

Warehouse		51,500
Stores		<u>5,640</u>
		57,140

The Appellant's Case

Mr. O'Kennedy in his evidence stated *inter alia*:

1. The property has been developed piecemeal and it is now time for the Commissioner to apply a quantum reduction on the rate p.s.f. utilised rather than following the prior valuation on a smaller part of the premises.
2. Transport time from the premises to Dublin Port is 4½ hours and to Rosslare Port is 7 hours but it appears to be valued as if it is in for instance Arklow. Location must now be considered.
3. The quantum reduction should be 10% and in fact the letting market might indicate 30%.

4. His comparison of the Elan premises in Athlone is a building of a higher standard of only 100,000 sq.ft. compared to 200,000 sq.ft. on the subject and it is much better located yet is only valued at £2.00 p.s.f.
5. He should not have accepted the N.A.V. on the premises as they existed prior to the latest revision.
6. Mr. O’Kennedy provided six comparisons as set out hereunder.

1. Skehan Media, Sligo

R.V. £2,450

Warehouse	159,000 sq.ft. @ £1.62
	40,000 sq.ft. @ £1.75
Offices	34,000 sq.ft. @ £2.00

2. Digital, Galway

R.V. £2,520 1995 First Appeal

Warehouse	185,244 sq.ft. @ £1.40
	18,175 sq.ft. @ £1.75
Offices	30,000 sq.ft. @ £2.40

3. A.P.C., Galway

R.V. £2,520

Warehouse	18,000 sq.ft. @ £1.75
Warehouse	185,000 sq.ft. @ £1.40 Low Headroom
Offices	30,000 sq.ft. @ £2.40

4. Klopman International, Tralee
R.V. £2,865 1991 First Appeal

Warehouse 390,000 sq.ft. @ £1.15
Offices 10,000 sq.ft. @ £2.25

5. Atlantic Mills, Longford
R.V. £2,495

Warehouse 350,000 sq.ft. @ £1.25
Offices 7,648 sq.ft. @ £2.00

6. Elan Pharmaceutical, Athlone
R.V. £1,000 1993 Valuation Tribunal

Much superior hi-tech building in better location

100,000 sq.ft. @ £2.00

Mr. O’Kennedy estimated the rateable valuation of the premises at £2,800 calculated as follows;

Main Warehouse	201,606 @ £2.00	£403,212
Plant Room		
Ground Floor	17,950 @ £1.50	£ 26,925
First Floor	39,265 @ £0.50	£ 19,633
(Part Over Warehouse)		
Extension		
Warehouse	51,500 sq.ft. @ £2.00	£103,000
Stores	5,640 sq.ft. @ £1.50	<u>£ 8,460</u>
		£558,240
	Say	£560,000

RATEABLE VALUATION

£560,000 @ 0.5%		£2,800
H.P.	3,573 H.P. @ £0.05 = £178 Say	£ 180
Water Tanks	500,000 gls @ £0.10 per 1,000 gls =	£ 50
Boilers	36,000 lbs @ £1.50 per lb = £54 Say	<u>£ 55</u>
		£3,085
Allow 10% Quantum to take account of large letting size of premises.	Less	<u>£ 300</u>
		£2,785
	Say	£2,800

Under cross-examination Mr. O’Kennedy provided the following information;

1. That his comparisons numbers 4 – Klopman International, Tralee and No. 5 – Atlantic Mills, Longford were inferior to the subject premises and they were included principally for illustration.
2. His comparison No. 3 – A.P.C., Galway as noted in his submission has low headroom and he is not relying on it unduly.
3. In summing up Mr. O’Kennedy said that there was no basic evidence for the £2.00 p.s.f. in this locality and that even on the East Coast rents were less than £2.00 p.s.f. for premises of this size. The location and size should be taken into account.

The Respondent’s Case

Mr. Forkin in his evidence stated *inter alia*;

1. That a large part of the subject property was agreed at £2,500 by Mr. O’Kennedy arising out of the 1994/4 revision and that the same rates used in that appeal are used in the current appeal.

2. The premises are to a very high standard well in excess of standard type factories.
3. It is also maintained to the highest standards.
4. Mr. Forkin provided three comparisons the details of which are set out in full in an Appendix to this judgment. In summary these comparisons are as follows;

- Portion of the premises the subject of this appeal agreed at R.V. £2,500 and analysed as:

Factory	201,606 sq.ft. @ £2.00 p.s.f.
Plant	17,951 sq.ft. @ £1.50 p.s.f.

- Another premises owned by Allergan and an agreed rateable valuation of £450 analysed as:

Offices	5,368 sq.ft. @ £3.00 p.s.f.
Factory	5,145 sq.ft. @ £2.00 p.s.f.
Production space	14,310 sq.ft. @ £3.50 p.s.f.
Plant	@ £2.00 p.s.f.

- Baxter Healthcare in Castlebar which is analysed as:

Factory	231,329 sq.ft. @ £2.00 p.s.f.
---------	-------------------------------

Agreed at first appeal 1996/4.

Mr. Forkin also said that in the Elan premises in Athlone other areas were agreed or fixed at higher rates p.s.f. than those provided by Mr. O’Kennedy.

Mr. Forkin estimated the rateable valuation of the premises at £3,150 calculated as follows:

	<i>Sq.ft.</i>	<i>p.s.f.</i>		
2/s store/workshop	2,674	@ £2.00	=	£12,806
Gd.fl. maintenance	3,729	}		
1 st fl. Plant & Store	3,599	@ £1.00	=	£ 3,599
Chemical Store	3,261	@ £1.50	=	£ 8,450
Pallet Store	2,372	}		
2/s Laboratory	34,758	@ £2.25	=	£78,206
1/s packaging/prod.	10,314	@ £2.00	=	<u>£20,628</u>
				£123,689
Estimated N.A.V.	£123,689	x 0.5%	=	£618.45
Add for increase in HP	592 HP	@ £0.05	=	<u>£ 29.60</u>
				£648.05
Say:	£650 plus old valuation £2,500		=	<u>£ 3,150</u>

In cross examination Mr. Forkin provided the following information:

1. He agreed that the Elan premises has 100,000 sq.ft. valued at £2.00 p.s.f. in a Valuation Tribunal decision VA93/1/081 but that other areas are a lot different and have higher rates and he does not accept that the Elan buildings are higher quality than the subject premises.
2. That it is not appropriate to compare these premises with factory premises and thus make an allowance for quantum.
3. These premises are a high-tech pharmaceutical plant. There are no market rents available for comparison purposes for a unit of this size.

In summing up Mr. Forkin said that his comparisons were more appropriate than Mr. O'Kennedys and show the figure applied to be fair and reasonable.

Determination

In this instance the Tribunal is greatly influenced by the fact that Mr. O'Kennedy and the Commissioner agreed the rateable valuation on a very large portion of these premises as recently as the 1994/4 FA. The premises at that stage extended almost to 202,000 sq.ft. of factory space as well as plant of another 57,000 sq.ft. In view of the size of the accommodation it is reasonable to assume that any necessary reduction for quantum was taken into account in reaching this agreement. In the opinion of the Tribunal the extra space involved in the extension does not affect the question of quantum to any material degree and therefore the Tribunal is of the view that it is appropriate to continue with the old valuation and add for the new accommodation at the same rates as applied in the original accommodation which is effectively what is being done by the Commissioner and therefore the Tribunal affirms the rateable valuation at £3,150.