

Appeal No. VA00/2/011

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

Fiat Auto (Ireland) Ltd

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Office, Workshop & Grounds at Map Reference 2U, Townland: Ballymount Great,
Clondalkin Ballymount, Clondalkin Co. Dublin

Quantum - adjacent comparison used - factual differences should be sorted

B E F O R E

Barry Smyth - FSCS.FRICS

Deputy Chairman

Tim Cotter - Valuer

Member

Michael Coghlan - Solicitor

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 22ND DAY OF JANUARY, 2001

By Notice of Appeal dated the 28th July 2000, the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £535 on the above described hereditament.

The Grounds of Appeal as set out in the said Notice of Appeal are that; "the valuation is excessive and inequitable and Qbad in law in accordance with the provisions of the Valuation Acts and on other grounds also".

The appeal proceeded by way of an oral hearing which took place on the 20th day of November 2000 in the offices of the Valuation Tribunal. The respondent was represented by Mr. Joseph McBride B. Agr.Sc, a District Valuer in the Valuation Office with almost 20 years experience. The appellant was represented by Mr. Thomas Davenport ARICS ASCS, a Valuer for Lisney Chartered Surveyors. The Valuers had exchanged their written submissions prior to the hearing which submissions they had also given to the Tribunal.

Having taken the oath, the valuers each adopted their written submissions and in addition gave oral evidence.

Material facts agreed or found by the Tribunal.

Situation.

The property is situated on the South Side of the Naas Road at its intersection with Turnpike road, close to the M50 roundabout and approximately 6 miles from the city centre.

The property has access off the Naas Road from the Turnpike Road.

This area has a mixture of commercial properties such as offices, hotels, car showrooms, etc.

The Property.

The property comprises of a modern detached three-storey building uniquely shaped with six curved corners and two angled corners. It has offices on all floors with a workshop and archive room at ground floor.

Valuation History.

In November 1998 the subject property was included in the quarterly revision of valuation for the first time at R.V. £535 which was appealed by notice dated 24th November 1998.

The Commissioner of Valuation on the recommendation of the appeal valuer made no reduction in the valuation.

An appeal against an RV. £535 was made by notice dated 28th July 2000.

Accommodation.

Accommodation agreed by both parties 767.1 sq. mts.

Ground, first and second floor offices 767.1 sq. mts. (8257 sq.ft.)

Ground floor – workshop 160.0 sq.mts / 1723 sq.ft.

Ground floor – archives room 34.4 sq.mts. (370 sq.ft)

Lease.

The entire building is held on a long lease with a break clause after 10 and 16 years. There is a 3 month penalty after 16 years.

The term is 25 years from December 1997 at a rent of £145,000 – per annum.

The Appellant's Case.

Mr. Thomas Davenport in his precis of evidence stated that;

1. The property is located within an area where the predominant use is industrial / warehousing. The area has a number of mixed commercial uses such as showrooms for car sales and building products together with new hotel developments. However the market for offices at this location would appear to be generally poor as evidenced by the lack of any major office development.
2. Although the property fronts onto the Naas Road and Turnpike Road, access to the property is available only from a slip road, accessed from Turnpike Road, This slip road also provides the main access to the Red Cow Interchange Industrial Estate and the

itinerant halting site which is located almost opposite the entrance to the subject premises.

3. The subject building is a combination of part industrial, part office use, with the major part of the ground floor being used for workshop/storage/plant room facilities. Internal finishes throughout this section of the ground floor are very basic.

The office accommodation which is primarily on the first and second floors does not have the benefit of raised access floors, air conditioning etc, which are normally found in most modern office buildings.

4. In arriving at a fair net annual value for this premises regard must be had to the fact that the subject is essentially designed and used for part industrial/part office use located within a predominantly industrial area with a consequent level of rental reflected.

NAV/RV

In arriving at a net annual value (and also rateable valuation) Mr. Davenport stated he had to have regard to the following;

- i) Section 11 of the Valuation (Ireland) Act 1852 and the requirements to make an estimate of net annual value.
- ii) Section 5 of the Valuation Act 1986 which provides for the adjustment of such net annual so as to ensure that the valuation arrived at bears the same relationship to the valuations of other properties whose valuations have been made or revised within a recent period.
- iii) His valuation of this property is based on the rental levels and rateable valuation of comparable properties.

Mr. Davenport proposed a rateable valuation for the subject property as follows;

Offices (Ground, First & Second Floors)

8,257 sq.ft. @ £7 per sq.ft. = £57,799 (767 sq.m @ £75 pm²)

Ground Floor Workshop / Archive Room

2,093 sq.ft. @ £3 per sq.ft = £6,279 (194 sq.m. @ £32.20 pm²)

Total Net Annual Value £64,000

Reducing factor to translate NAV into RV 0.63%

Estimate of Rateable Valuation £64,000 x 0.63% = £400

Mr. Davenport provided 8 comparisons details of which are set out in full as an appendix to this judgement.

Oral Evidence.

In supplementary oral evidence Mr. Davenport stated that the North bound traffic and traffic coming off the M50 had to travel to the Long Mile Road junction, to gain access to the subject property.

He stated that this property was not a third generation building and had no sophisticated air conditioning. He felt that City West was a superior office location with easier access to and from the Naas Road.

Mr. Davenport under cross-examination by Mr. McBride said the N.A.V. is the rent a hypothetical tenant might pay for a property. Mr. Davenport agreed that there were sockets in the ground floor which would allow for the installation of a raised floor.

The Respondent's Case

Mr. McBride stated that;

1. The property is a unique building and comprises a very busy site and Head Quarters for Fiat. The front of the building has three signs advertising Fiat and Alfa Romeo.
2. The building provides office accommodation and training facilities in the workshop. The site provides good parking. A high level of security exists.
3. This property is located mainly in an industrial area but this landmark building has a very high profile.
4. The offices are finished to a very high standard.
5. The agent contends that there exists a "Tone of the list" for offices at this location. No such tone exists for this unique building at this superior location.
6. The best evidence of N.A.V is the actual rent achieved and the yield on the sale of the investment. The investment was sold around July 1999 for a sum of £3 million namely a net yield of 4.4%

The Respondent set out his Estimate of Rent/NAV for the subject as follows

£84,920.00

* Actual Rent at 12/97 = £145,000	Less 40.4%	=	NAV	=
£86,420				
			RV @ 0.63%	=
			£544.45	

**RV assessed @ NAV @ £84,921 RV @ 0.63% =
£535.00**

* Indexed back to November 1988 using Jones Lang LaSalle Irish Property Index Office ERV
350
@ 11/88 and 587 @ 12/97 = a reduction of 40.4%)

The actual reduction in the rents amounts to 41.4%

NAV devalues @

Offices	761.1m2	(8257 sq.ft)	@	£96.88/m²	(£9/sq.ft)	=	£74317
Workshop	160.0m2	(1723 sq.ft)	@	£53.82/m²	(£5/sq.ft)	=	£ 8611
Archives Room	34.4m2	(370 sq.ft)	@	£53.82/m²	(£5/sq.ft)	=	£
							<u>1851</u>
TOTAL NAV							£84799
RV @ 0.63% =	£534	Say 535					

Mr. Mc Bride provided five comparisons, the details of which are set out in full as an Appendix to this judgement.

In supplementary oral evidence Mr. McBride contended that this is one of the best sites on the Naas Road on the roundabout with frontage on to the roundabout.

He stated that the property was not spec built but purpose built for Fiat.

The building makes a statement. He maintained the offices were up to the standard of any office.

Mr. McBride stated that, as stated in many tribunal judgments, the best evidence is the passing rent.

He listed the following Tribunal appeals:

- | | | |
|----------------------|---|------------------------------------|
| VA97 /4 / 032 | - | Camden Crafts |
| VA97 / 6 / 070 | - | Donnachadh Ó'Mordha |
| VA98 / 3 / 087 - 106 | - | Diamond Shopping Centre Appeals |
| VA98 / 1 / 009 | - | River Island Clothing Company Ltd. |

He took the passing rent and used the Jones Lang LaSalle index which shows a reduction of 41.4%.

Thus, this gives an NAV and RV as shown on the valuation office figures.

Mr. McBride under cross-examination by Mr. Davenport agreed that the location of the subject property was secondary and he said it was valued on that basis. He said it was not valued as a third generation office. He said the finish of comparisons 3, 4, & 5 were superior.

Findings.

Having carefully considered all the evidence the Tribunal makes the following findings. The subject property is located in a secondary location and is not a third generation office development.

The tribunal recognises the access difficulty to the subject premises.

As in a number of recent cases before the Tribunal, the Tribunal once again asks that, where there is a difference of factual evidence between the appellant and respondents precis, that this should be sorted out before the hearing in order to avoid time wasting for the Tribunal.

Determination.

The Tribunal is not aware of any indices that would be appropriate to this type of property. As a general rule the Tribunal considers such indices to be of limited assistance in individual cases as

they are based on information relating to a basket of properties in various locations in Dublin and elsewhere. Nonetheless they do serve as an indicator of general trends and as such they do serve a purpose.

This property is primarily an office building with some ancillary industrial space. The subject property is in a better location than the Clonmel Enterprise building. The Tribunal feels that £8 per sq.ft. is the correct figure for the office content of the subject property.

Having carefully considered all the evidence and arguments adduced at this appeal the Tribunal determines the rateable valuation of the subject property, calculated as follows:

Offices (Ground, First and Second Floors)

8257 sq.ft @ £8 per sq.ft = £66,056

Ground floor Workshop / Archive Room

2093 sq.ft @ £4 per sq.ft = £ 8,372

Total net annual value	=	£74,428
Say	=	£75,000 N.A.V.
R.V. reducing factor @ 0.63%	=	£473 R.V.
Say	=	£475 R.V.

COMPARISON No. No. 1**RATED OCCUPIER** THOMAS KELLY LTD**LOCATION** TURNPIKE ROAD, REDCOW.

AREA 236.4M2 (2524 SQ.FT) **SALE/RENT** LEASE 25 X5 FROM
9/96 £28,250 PER
ANNUM

NET ANNUAL VALUE £18,254 **RATEABLE VALUATION** £115

ANALYSIS GROUND FLOOR RETAIL 236.4M2 (2542 SQ.FT) @ £77.2/M2 (7.17/SQ.FT)

OBSERVATIONS

1. RV ASSESSED 96/4 APPEAL
2. PROPERTY IN MUCH PORER LOCATION THAN SUBJECT PROPERTY.
3. PROPERTY BACKS ONTO HALTING SITE
4. BUILDING WOULD NOT COMPARE CONSTRUCTION WISE. NO LIFT.

COMPARISON No. No. 2**RATED OCCUPIER** CLONMEL ENTERPRISES LTD**LOCATION** TURNPIKE ROAD, REDCOW.

AREA 273.4M2 (2555 SQ.FT) **SALE/RENT**

NET ANNUAL VALUE £15,330 **RATEABLE VALUATION** £955

ANALYSIS 273.4M2 (2555SQ.FT) @ £55.15/M2 (£5.12/SQ.FT)

OBSERVATIONS	5. RV ASSESSED 96/4 APPEAL
	6. PROPERTY IN MUCH POORER LOCATION THAN SUBJECT PROPERTY
	7. PROPERTY BACKS ON TO HALTING SITE
	. BUILDING WOULD NOT COMPARE CONSTRUCTION WISE. NO. LIFT

COMPARISON No. No. 3

RATED OCCUPIER	PREMIER DIRECT INSURANCES LTD	TAX DESIGNATED
AREA		

LOCATION	TALLAGHT NEAR THE SHOPPING CENTRE
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AREA	773.6M2 (8327 SQ.FT) SALE/RENT
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NET ANNUAL VALUE	£83,333	RATEABLE VALUATION	£525
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ANALYSIS	773.6M2 (8327SQ.FT) @ £107.6/M2 (£10.00/SQ.FT)
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OBSERVATIONS	1. PROPERTY REVISED 94/4 APPEAL NO CHANGE
	2. GOOD OFFICE NEAR THE SHOPPING CENTRE, DESIGNATED

COMPARISON No. No. 4

RATED OCCUPIER	RHONE-POULENC-RORER (IRL) LTD
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LOCATION	CITY WEST BUSINESS PARK
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AREA 937.9M2 (10096 SQ.FT) **SALE/RENT** £118,225 PER ANNUM
(GROSS EXT)

NET ANNUAL VALUE £64,714 **RATEABLE VALUATION** £414

ANALYSIS 397.9M2 (10096SQ.FT) @ £70/M2 GROSS EXTERNAL (£6.50/SQ.FT)

OBSERVATIONS

1. RV ASSESSED 1998/4 REVISION
2. RV ASSESSED ON A GROSS EXTERNAL BASIS
3. LOCATED IN CITY WEST NEW CORPORATE OFFICE PARK NEAR RATHCOOLE

COMPARISON NO. No. 5

RATED OCCUPIER IOMEGA IRELAND

LOCATION CITY WEST BUSINESS PARK UNIT 3008

AREA 2318.88M2 **SALE/RENT**
(24960 SQ.FT)

NET ANNUAL VALUE £162,381 **RATEABLE VALUATION** £1,023

ANALYSIS 2318.88M2 (24960SQ.FT) @ £70/M2 GROSS EXTERNAL (£6.50/SQ.FT)

OBSERVATIONS

1. RV ASSESSED 1998/4 REVISION
2. RV ASSESSED ON A GROSS EXTERNAL BASIS
3. LOCATED IN CITY WEST NEW CORPORATE OFFICE PARK NEAR RATHCOOLE

