

Appeal No. VA00/2/013

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

**Duggan Steel (Ireland) Ltd.**

**APPELLANT**

**and**

**Commissioner of Valuation**

**RESPONDENT**

RE: Factory Land at Map Reference 4B, Townland: Tullamaine (Ashbrook), RD: Callan, ED:  
Earlstown, County Kilkenny  
Quantum - Limited user warehouse

**B E F O R E**

**Barry Smyth - FSCS.FRICS**

**Deputy Chairman**

**John Kerr - MIAVI**

**Member**

**Tim Cotter - Valuer**

**Member**

**JUDGMENT OF THE VALUATION TRIBUNAL**  
**ISSUED ON THE 25TH DAY OF JANUARY, 2001**

By Notice of Appeal dated the 28th day of July 2000, the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £770 on the above described hereditament.

The Grounds of Appeal as set out in the said Notice of Appeal are that:

" The Valuation is excessive, inequitable and bad in law having regard to the Provisions of the Valuation Acts and on other grounds also.

The appeal proceeded by way of an oral hearing which took place in the Council Chamber, Kilkenny County Council, John Street, Kilkenny on the 19<sup>th</sup> day of January 2001. Mr. Tom Davenport of Lisney appeared on behalf of the appellant. Mr Denis Maher ARICS, District Valuer with 25 years experience in the Valuation Office appeared on behalf of the respondent.

In accordance with the Rules of the Tribunal, the parties had prior to the commencement of the hearing exchanged their précis of evidence and submitted the same to this Tribunal.

### **Material facts agreed or found by the Tribunal.**

#### **Location**

The premises are situated in the townland of Tullamaine on the west side of the Kilkenny to Clonmel Road approximately 3 miles north of Callan and 8 miles south of Kilkenny. The area is predominantly agricultural in character.

#### **Description**

The property is a newly constructed steel stockholders premises comprising two large warehouse premises one with two storey offices and two smaller retail workshop buildings on an overall site of approximately 19 acres.

The front warehouse is of steel portal frame construction with single skin metal cladded walls under a pitched roof with inset corrugated translucent roof lights. The front of this building contains a two storey office/ staff section and this accommodation is laid out at ground floor comprising a reception area general office toilet and canteen facilities. The upper level comprises a general office, boardroom and two private offices. The building is used for steel storage and fabrication purposes and has two 5-ton gantry cranes at 5.5 m. height running the depth of the building.

The front warehouse area has an eaves height of approximately 7.6m and is completely open-ended at the rear to provide vehicular access between it and the rear warehouse.

The rear warehouse is L shaped and of similar construction to the front warehouse with recycled steel decking to walls and roof and is also open-ended and partly open at the side. A canopy 4.6m approximately extends over these open-ended sides.

A smaller workshop is located beside the rear warehouse. This workshop is of steel frame construction with a pitched clad and insulated roof above metal clad walls. Eaves height is approximately 5.6m.

A retail building is located to the south east corner of the site and is of steel frame construction with part concrete block walls below double skin metal cladding elevations. The roof is double skin pitched metal decking incorporating translucent panels. This building has an eaves height of c 5.5 m and internally comprises solid floors, fluorescent strip lights and double glazed windows. There is a canopy extending over the front of the building.

There is a small security office at the main entrance gate leading to a car park at front of the office block with a capacity for 17 cars. Substantial open storage yards have been developed to the north side of the buildings. These comprise both hardcore and concrete finished surfaces.

Additional rateable items include a 60 ton weighbridge, a 30,000 gal waste tank and horsepower.

**Agreed accommodation is as follows**

Description	SQ.M	SQ.FT
Two Storey Offices	555	5,974
Front W/H/ Production	2,894	31,152
Canopy	205	2,207
Rear Warehouse	3,658	39,376
Canopy	400	4,305
Workshop	306	3,294
Retail Unit	222	2,390
Cutting W/shop(open store)	84	904
Canopy	61	656
Security Hut	7	75

Concrete Yard	1,650	17,761
Hardcore yard	5367	57,770
<b>Total Buildings</b>	<b>8,392</b>	<b>90,033</b>
<b>Total Yards</b>	<b>7013</b>	<b>75,490</b>

**Title**

Freehold

**Valuation History**

The property was first valued in 1998 Revisions at £814. An appeal was lodged against this assessment and at first appeal the valuation was reduced to £770.

**APPELLANT'S CASE****Valuation Considerations**

The property is located on the outskirts of Callan which would be considered a rural location.

The immediate surrounding area is almost entirely agricultural in character with much of the adjoining land being devoted to farming operations. Demand for an industrial building of this type within a predominantly farming and rural location would be limited and would be reflected in rental bids from a hypothetical tenant.

**Building**

The buildings are specifically designed, constructed and used as a steel stock holding facility in connection with the business of the importation, storage and distribution of steel.

All of the buildings on site are of basic steel-framed construction with steel cladding to walls and single skin steel decking to roof. There is no heating or insulation in any of the warehouse and workshop buildings and the two main warehouses on site are open-ended.

The front warehouse is used for loading and unloading purposes and the steel decking walls to this building have been perforated to allow for the extraction of exhaust fumes from lorries, which drive into the warehouse for the purpose of loading and unloading.

The rear warehouse is constructed with recycled steelwork following the demolition of the previous buildings on the site formally in the ownership of Heat Merchants Limited. The floor of the second warehouse is a combination of part concrete, part compacted earth. The concreted section is used as access for forklifts while the steel is stored on compacted earth.

Because of its type of construction, the rear warehouse is not suitable for overhead cranes and is mainly used as ancillary storage to the front warehouse building.

In addition the two overhead travelling cranes in the front warehouse are limited to a maximum of 5 ton capacity.

The design and construction of the warehouses render the premises suitable only for storage purposes and the buildings in their existing state are completely unsuitable for any manufacturing use.

The two-storey office accommodation is not a separate building but is contained within the main warehouse structure.

### **Quantum**

In arriving at a fair net annual value for the subject, regard must be had to the fact that the hypothetical tenant must take the entire under a single letting in a full repairing and insuring basis. The total amount of accommodation is 90,000 sq.ft. and a suitable quantum allowance should be made to reflect the overall size of this property.

### **Summary**

In summary the property comprises warehouse units, open-ended with no heating or insulation, limited to basic storage use and located within a predominantly rural area. All of the above

factors would have a major bearing on the level of rent a hypothetical tenant would bid for a property of this type.

### **Appellant's Valuation**

#### **Offices**

5,974 sq.ft. @ £2.50 per sq.ft. = £14,935 (555 sq.m. @ £26.91 per sq.m.)

#### **Front Warehouse**

31,151 sq.ft. @ £1.25 per sq.ft. = £38,939 (2,894 sq.m. @ £13.50 per sq.m.)

#### **Rear Warehouse**

39,375 sq.ft. @ £1 per sq.ft. = £39,375 (3,658 sq.m. @ £10.75 per sq.m.)

#### **Workshop Building**

3,294 sq.ft. @ £1 per sq.ft. = £3,294 (306 sq.m. @ £10.75 per sq.m.)

#### **Retail Building**

2,390 sq.ft. @ £2 per sq.ft. = £4,780 (222 sq.m. @ £21.50 per sq.m.)

#### **Open Stores**

904 sq.ft. @ £0.75 per sq.ft. = £678 (84 sq.m. @ £8 per sq.m.)

#### **Canopies**

7,168 sq.ft. @ £0.50 per sq.ft. = £3,584 (666 sq.m. @ £5.40 per sq.m.)

#### **Security Hut**

75 sq.ft. @ £2 per sq.ft. = £150 (7 sq.m. @ £21.50 per sq.m.)

#### **Yards**

##### **Concrete Area**

17,760 sq.ft. @ £0.10 per sq.ft. = £1,776 (1,650 sq.m. @ £1.08 per sq.m.)

Hardcore Area

57,770 sq.ft. @ £0.05 per sq.ft. = £2,888 (5,367 sq.m. @ £0.53 per sq.m.)

<b>Total Net Annual Value</b>	£110,399
<b>Reducing Factor to translate NAV into RV</b>	0.5%
<b>Estimate of Rateable Valuation</b> £110,399 x 0.5%	£552
<b>Add agreed Miscellaneous Item for Motive Power Weight Pit, Tank,</b>	RV£18
 <b>Total Rateable Valuation</b>	 £570

### Respondent's Case

The property is developed on a site formally occupied by Avonree Buildings and latterly by Callan Wood prior to purchase by Duggan Steel (Irl.) Ltd.

Site purchase costs by Duggan Steel (Irl.) Ltd. amounted to £262,226 in 1996 to include the old buildings, which were subsequently demolished.

Construction and site development costs for the new buildings have been submitted at £1,576,073. This amounts to approx. £17.50 p.s.f. ( £188 per m<sup>2</sup>) including site development costs.

The property is valued on the basis of a NAV of £150,587 on buildings plus agreed R.V. of £18 on additional rateable items resulting in a total R.V. of £770. This represents a reduction in valuation of £44 on the Valuation assessed by the revising valuer and is in my opinion a fair and reasonable figure.

### Respondents Valuation:

	<b>m<sup>2</sup></b>	<b>ft<sup>2</sup></b>	<b>£/m<sup>2</sup></b>	<b>Total £</b>
Offices	555	5,974	29.6	16,429
Warehouse/Production	2,894	31,151	19.91	57,630

Canopy at above	205	2,207	10.76	2,206
Warehouse	3,658	39,376	13.45	49,200
Canopy at above	400	4,305	1,076	4,304
Workshop	306	3,294	16.15	4,942
Retail Store	222	2,390	32.30	7,171
Cutting Workshop	84	904	10.76	904
Canopy at above	61	657	10.76	656
Security Hut	7	75	21.52	151
Yards (storage)				
Concrete Tarred	1,650	17,761	1.61	2664
Hardcore	5,363	57,729	8.00	<u>4,330</u>
<b>N.A.V. Total</b>				<b>£150,587</b>
	R.V. @ 0.5%			=£752

### **Agreed valuation on additional items**

Weighbridge Pit	
30,000 gal water tank	
Horse, power	<u>£18</u>
R.V. Total	£770

### **Determination:**

As noted by the parties at the very start, the main difference between the parties relates to the appropriate rate p.s.f. to be applied to the warehouse buildings. Although there are differences on virtually all other areas, except the £75 p.s.f. on the security hut, they do not contribute significantly to the difference in valuations.

Although not a technically specialised building, these buildings do have a very limited user and are very specialised in that regard. In the Tribunal's opinion there would be few hypothetical tenants, however we acknowledge that the existing occupier must be regarded as a hypothetical tenant and there would of course be others either in the same business or other business requiring such open storage or at least limited covered storage as the appellant company.

A second factor that we must bear in mind is that the total floor area in the subject hereditament is approximately 90,000 sq.ft. so quantum must be a factor. There is a lack of evidence in the market of rents for this type and size of premises. This is not a criticism of the valuers, it is simply a fact of the market. The evidence presented indicates that there is a much greater demand to purchase this type of property or to buy a site and build this type of property than there is to rent it. Consequently, we do not put a lot of weight on the devalued capital value basis, the system of providing us with a sale price and then deriving a rent from that.

The Duggan Steel premises in Kilkenny city must be a guide to us. It is a decision of the Tribunal that was followed when that premises was subsequently extended and an agreed valuation followed so it must be of some guide to us. The Kilkenny People premises was the one rental value that might also have been a guide to us but of course the property does not compare with the subject premises in terms of quantum.

Many of the comparisons provided were either of older buildings or specialised buildings that essentially comprise some sort of cladding for manufacturing or process plant as stated by Mr. Maher. Taking those points into account, The Tribunal determines as follows:

Offices	555m <sup>2</sup> @ £29.50/m <sup>2</sup>	( 597 sq.ft. @ £2.75 p.s.f.)	£16,372.50
Front Warehouse	2894 m <sup>2</sup> @ £16.25/m <sup>2</sup>	(31,151 sq.ft. @ £1.50 p.s.f.)	£47,027.50
Attached canopy	205m <sup>2</sup> @ £10.75/m <sup>2</sup>	( 2,207 sq.ft. @ £1.00 p.s.f.)	£ 2203.75
Rear Warehouse	3658m <sup>2</sup> @ £10.75/m <sup>2</sup>	(39,376 sq.ft. @ £1.00 p.s.f.)	£39,323.50
Attached canopy	400m <sup>2</sup> @ £10.75/m <sup>2</sup>	( 4,305 sq.ft @ £1.00 p.s.f.)	£ 4,300.00
Work shop	306m <sup>2</sup> @ £16.25/m <sup>2</sup>	( 3,294 sq.ft. @ £1.50 p.s.f.)	£ 4,972.50
Retail store	222m <sup>2</sup> @ £21.50/m <sup>2</sup>	( 2,390 sq.ft. @ £2.00 p.s.f.)	£ 4,773.00

Cutting Workshop	84m <sup>2</sup> @ £10.75/m <sup>2</sup>	( 904 sq.ft. @ £1.00 p.s.f.)	£ 903.00
Canopy	61m <sup>2</sup> @ £10.75/m <sup>2</sup>	( 657 sq.ft. @ £1.00 p.s.f.)	£ 655.75
Security Hut	7m <sup>2</sup> @ £21.50/m <sup>2</sup>	( 75 sq.ft. @ £2.00 p.s.f.)	£ 150.50
Concrete Yard	1650m <sup>2</sup> @ £1.50/m <sup>2</sup>	(17,761 sq.ft. @ £0.15 p.s.f.)	£ 2,475.00
Hardcore Area	5363m <sup>2</sup> @ £0.75p/m <sup>2</sup>	(57,700 sq.ft. @ £0.075 p.s.f.)	<u>£ 4,022.25</u>
			£127,179.25
			@ 0.5%
			= £635.89
		Say	= £636.00
	Add £18 as agreed for horsepower		<u>= £ 18.00</u>
	Weigh Pit & Tanks		= £654.00
		Say	= £655.00

And the Tribunal so determine.